ALIDE Asociación Latinoamericana de Instituciones Financieras para el Desarrollo

NATIONAL, MULTILATERAL AND REGIONAL DEVELOPMENT FINANCE INSTITUTIONS AND GOVERMENTS ACTIONS AND MEASURES AGAINST THE CRISIS - COVID 19

REPORT N°8

Let's Think Small When it Comes to Development Banks and COVID-19
By Sergio Gusmão Suchodolski, President of the Development Bank of Minas Gerais (BDMG), First Vice-President of the Brazilian Association of Development Institutions (ABDE) and Member of the Board of the Latin American Development Association (ALIDE); and Modesto Junior is the Chief Economist of BDMG[1]

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LET'S THINK SMALL WHEN IT COMES TO DEVELOPMENT BANKS AND COVID-19
By Sergio Gusmão Suchodolski And Adauto Modesto Junior[2]
May 28, 2020

Subnational development banks in Latin America can help speed the recovery.
BELO HORIZONTE – As governments consider how to respond to COVID-19, one potential solution has been flying under the radar: subnational development banks, or SDBs.

These institutions are similar in mission to regional or national development banks like the World Bank, the Inter-American Development Bank or the BNDES of Brazil. But SDBs operate, as the name suggests, at a much more local level. Examples include the Institute for the Development of Antioquia – IDEA in Colombia and the Development Bank of Minas Gerais in Brazil, where we both work.

These entities are often neglected by researchers in development studies, who tend to focus on the big players. But SDBs can amplify the reach and effectiveness of development networks by serving as the last-mile specialist on the ground, identifying opportunities and connecting local actors to global sustainable development-oriented funds. To do so effectively in the wake of the pandemic will require new ways of thinking about how these instruments are used.

As the world enters what the International Monetary Fund has called the "Great Lockdown," with an unprecedented decline in economic activity that resembles the worst days of the Great Depression, there is growing consensus in favor of a massive response from the public sector through countercyclical instruments, such as income-transfer schemes and liquidity support programs. Professors Stephany Griffith-Jones and José Antonio Ocampo recently pointed out the role of development banks in this context. Because of their financial model, with a focus on returns but also on advancing the Sustainable Development Goals (SDG), these institutions are able to take more risks and support firms and projects that traditional commercial banks would not, especially under current market conditions. The existing global network of over 400 development institutions have a combined total asset base of roughly US$11 trillion and commit around $2 trillion each year to projects, according to Griffith-Jones and Ocampo.

They also argue that expanding this commitment by only 20% in the context of the COVID-19 crisis would add another US$400 billion to the current response efforts. As a comparison, during the 2007-2009 financial crisis, development institutions increased their lending by 36% according to a global survey with 90 banks from 61 countries.

But big regional and multilateral development banks on their own often come up short. Indeed, there is a common flaw in their deployment as countercyclical instruments that undermines their potential to fight the current economic turmoil. That is because most of them, regardless of their access to funding and trained personnel, have little or no contact with medium and small enterprises and local governments. And this is also valid for institutions with regional offices, since they are often located in the country's capital or main business city and are focused on the biggest projects. That distance prevents them from having a more detailed perspective of local needs and concerns, including those that are driven by cultural norms and institutions – both formal and informal ones. For example, each of Brazil's 27 states and 5,570 municipalities have their own pieces of legislation that can affect a project's design and implementation.

It can be challenging and costly for a multilateral or regional bank to deal with this complexity without partnering with a local branch that could help it navigate through these intricate waters. That distance often creates a gap between what the development banks have to offer and what local economic actors are demanding, which may lead to an inefficient allocation of resources. Hence, for development banks to be more efficient – and to reach that 20% increase – it is crucial

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that they position themselves closer to the ground, acting in coordination with SDB's, which can take advantage of their local expertise and operational capacity. Efficiency gains can come, for example, from lower transaction costs related to a faster credit-analysis process with the support of the local partner and effectiveness gains are related to the identification of a larger pool of eligible projects.

Last year, economists from 30 Latin American development banks met in Belo Horizonte, Brazil to debate common challenges and opportunities for their institutions. One of the key findings was that, regardless of whether they were located in El Salvador or Argentina, local development banks were lacking adequate funding and guarantee instruments to fulfill their potential to finance viable projects within their jurisdictions.

To fill the gap, subnational development banks should work together and tap multilateral institutions to leverage available resources. At BDMG, for example, we signed a €100 million agreement with the European Investment Bank (EIB) last year to finance renewable energy projects. The current agreement is already supporting three solar energy projects that will have an installed capacity of 31.3 GWh per year and avoid 47.9 tons of CO_2. This partnership allowed EIB to generate development impact according to its mandate in one of the least developed areas in Brazil, thousands of miles away from its headquarters in Luxembourg.

More recently, in the context of COVID-19 response, a strategic partnership allowed the Plata Basin Financial Development Fund – Fonplata – to finance projects for municipalities in Minas Gerais, such as sewage and water treatment systems, construction and reform of health care and social assistance facilities

These examples show that effective technical and financial partnerships between development banks is not a mere operational detail, but rather a guarantee that development projects can be implemented and produce meaningful results.

Over the next few months, we will all need a new toolkit and strategy to face and beat the Great Lockdown's economic effects. SBDs are an important tool to help us through most recovery project's last mile implementation steps. They can help us climb out of the current economic abyss faster, especially in the context of Latin America.
https://americasquarterly.org/article/lets-think-small-when-it-comes-to-development-banks-and-covid-19/

- **BRAZIL**

Government publishes MP to institute new credit guarantee program including small businesses
Explica June 2, 2020
Pilar Olivares
The government of President Jair Bolsonaro published on Tuesday a provisional measure to institute the Emergency Program of Access to Credit to small and medium-sized companies of 20 billion reais (US$3,643 million).

According to the MP published in the Official Gazette, the Federal Government is authorized to increase its participation in the Guarantee Fund for Investments (FGI), managed by the National Bank for Economic and Social Development (BNDES), up to 20 billion reais (US$3,643 million), exclusively for coverage. Operations contracted under the Emergency Credit Access Program.

The participation increase will be made through the subscription of quotas in up to four sequential installments in the amount of up to R$5 billion (US$911 million) each, and the contribution should be concluded by December 31, 2020. . had previously reported that the economic team had finalized a proposal to create a new credit guarantee program.

The inclusion of small businesses comes amid widespread complaints about the difficulty in accessing credit, with financial institutions denying loan requests for fear of default ahead.

The program is aimed at companies with annual gross sales between 360 thousand reais (US$65,574) and 300 million reais (US$54.6 million) in 2019, according to the MP.
https://www.explica.co/government-publishes-mp-to-institute-new-credit-guarantee-program-including-small-businesses

- **COLOMBIA**

  BANCOLDEX

Bancóldex Emergency Line for MSMES
IDB Investment May11/2020
Project Scope and Objective
The project consists of supporting Banco de Comercio Exterior de Colombia S.A. ("Bancóldex"), with a senior loan. The total amount of the loan is up to US$170 million, composed as follows: (i) A loan from IDB Invest for an amount of up to US$100 million; (ii) US$50 million mobilized through possible co-financing to be financed by IDB Invest in its capacity as administrator of the China Co-financing Fund for Latin America and the Caribbean (the "China Fund"); and (iii) Co-loan from Development Finance Institute Canada (FinDev Canada) for an amount of up to US$20 million. The resources will be used to support MSME's needs through the emergency line Program "Colombia Responde para Todos" or through other financial instruments created to alleviate the current COVID-19 situation.

"Colombia Responde para Todos" is an emergency line which seeks to expand financing to MSME's from different economic sectors, through financial intermediaries. IDB Invest loan and support is key to provide liquidity and short to medium term resources to MSMEs so it's sustainability and feasibility is ensured in a context of cash flow pressure due to the lockdown and economic activity paralysis.

Environmental and Social Review
- Overview of Scope of IDB Invest E&S Review The environmental and social review of the proposed transaction was carried out through desk research and phone calls with the client. Bancóldex is an existing IDB Invest client.
- Environmental and Social Categorization and Rationale The proposed operation is classified as an FI-3 according to the IDB Invest Sustainability Policy. Bancóldex has requested an emergency credit line to support micro and SME client's sub-borrowers primarily through short term working capital funding to address immediate financing needs as a result of the COVID-19 pandemic. Roughly 55% of the funding will go to micro and small enterprises, and the remaining to medium sized enterprises. The dominant sectors within this segment include commerce (37%) and small manufacturing (36%). Average loan sizes are US$17K, US$56K, and US$164K for micro, small and medium sized enterprises respectively. The average tenor is 2.5 years. As a second-tier bank, Bancóldex will channel funds through approved Colombian financial intermediaries in reaching the target MSME clients.
- **Environmental and Social Risks and Impacts** The main E&S risks of this project are associated with Bancóldex's capacity to identify and manage the E&S risks associated with its lending activities. Bancóldex has a well-developed Environmental and Social Management System that it applies at the level of direct operations and through Financial intermediary clients. The environmental, social, health and safety ("ESHS") impacts and risks associated with sub-loans through this emergency credit line are expected to be minimal in nature.
- **Mitigation Measures** Bancóldex will be required to apply local law, the IDB Invest list of excludes activities, and their existing ESMS in operations for which a more detailed E&S review is required. Additionally, Bancóldex will undertake IDB Invest's online training course.
- **E&S Action Plan**: N/A
- **Contact Information** for project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see Investment Summary tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.
  https://www.idbinvest.org/en/projects/bancoldex-emergency-line-msmes

- **COSTA RICA**

Development banks

¢900 Billion (US$1,586 million) Fund to Revive the Economy
QCostarica, May 142020
The SUGEF, Conassif and the state banks agreed to the elimination of procedures and the relaxation of conditions to access the 900 billion colones (US$1,586 million) fund that seeks to revive the economy.

(QCOSTARICA) The Superintendencia de Entidades Financieras (SUGEF) and Consejo Nacional de Supervisión del Sistema Financiero (Conassif) will eliminate requirements and relax conditions to boost the loan fund of ¢900 billion colones (US$1,586 million) that the Government announced last week (May 8), as the main bet for economic revival.

The announcement of these new conditions by the Superintendency of Financial Institutions, the Supervision of the Financial System and state banks are to be made official on Friday, said the Minister of Planning (Mideplan), Pilar Garrido, in an interview on Telenoticias on Wednesday.

"The only way to be able to reopen businesses by people who do not have enough savings or working capital at the moment, is to have someone give you very cheap credit that you pay in a year and a half or two, with symbolic payments (in between), at a preferential rate and dose affect your credit record," said Garrido.

The minister explained in detail the changes are endorsed by the SUGEF, Conassif and state banks, the Banco Nacional de Costa Rica (BNCR), Banco de Costa Rica (BCR) and the Banco Popular y de Desarrollo Comunal (Popular), although the conditions of the loan fully remain with each financial institution
According to the minister, banks will have the autonomy to make the decision not to participate, "but that is not the world I have had from the managers, they are absolutely willing to assume the whole set of rules and to help in this crisis unprecedented for the country and which requires extraordinary measures to be taken".

The minister added that she is already in talks with private banks to join the initiative.

These modifications also include the creation of a fund to serve as a guarantee for banks. It is an injection of ¢200 billion colones (US$352 million) from the Banca para el Desarrollo (Development Bank) with the National Development Fund (FONADE) as a guarantor to the banks.

These are the more important changes to be announced this Friday:

Credit record: the credit evaluation that each bank makes of the applicant will be with the record from last December or the first quarter of this year (whichever is better) so that it does not reflect the effects of the COVID-19 pandemic.

Reduction of rates: each bank will be able to reduce its interest rates below floor rates, according to its own evaluation of each case and supported by the support and security that will be endorsed by FONADE.

Credit guarantee: the National Development Fund will provide the guarantees to cover the credit portfolios of the state banking entities, according to the particularities of each sector. Thus, for example, the tourism sector (hotels, restaurants and the rest of the chain) will have its own guarantee fund so that borrowers who do not have guarantors are not excluded from the possibility of a loan.

Moratorium on payments: each company or person that takes out a loan with this special fund will have a grace period of up to two years in the repayment of installments. The only requirement will be to make a "symbolic" payment at least every 180 days.

Another aspect of the loans is the repayment can be in relation to billing, that the repayment is based on billing or income received and not a fixed payment.

“That is why this measure is robust, beneficial and can change the face of the productive sector,” added Garrido.

Where is the money coming from?
The minister assured that the ¢900 billion colones (US$1,586 million) will come entirely from the capital of the state banks and that the government did not inject fresh resources into the coffers of state banks for new loans to the productive sector.

“The state bank has resources to lend, according to the budget of each entity,” assures the minister.

“What the Government did was to make a call, in this case to the state banks, to find out how many resources they had available to lend to the productive sector and that is the amount that was presented to the population at a press conference,” said Garrido.

“They are not fresh resources, it is about the resources that the banks have already budgeted for different economic activities and it depends on the demand for credit, the banks would handle budget transfers from different activities to others,” said Douglas Soto, manager of the BCR.

Soto explained that the bank will shift around loan resources, for example, if the big business sector demand is low, more funds will be made available to the small and micro business sector.
https://qcostarica.com/%C2%A2900-billion-fund-to-revive-the-economy/

- **CUBA**

Cuba wants Cubans abroad to open accounts in its banks, and the embargo might allow it.
Miami Herald May 29, 2020
Nora Gámez Torres and Mario J. Penton
The Cuban government does not allow citizens who emigrate to vote or invest on the island, but it will now let them open accounts on the island’s banks in dollars.

The measure is an attempt to attract much needed foreign currency into the country when the coronavirus pandemic has shut down tourism and plunged the economy into a new low. And a little known exception included in the U.S. embargo tied to lawful travel to Cuba might allow it, although the answer is not straightforward.

A government resolution published in the island’s Official Gazette last week allows “natural persons” to open dollar accounts at the Banco Metropolitano S.A.; Banco Popular de Ahorro; and Banco de Crédito y Comercio.

The resolution repeals a similar one published in October last year that only referred to “natural persons residing in the country.” The state-run Cuban Press Agency confirmed that the change expands the possibility of opening accounts in foreign currency to non-residents.

The resolution does not clarify whether non-Cuban citizens who do not live on the island would also have that same opportunity, but neither does it exclude them.

The accounts are linked to cards that can be used at dollar stores since October, but so far they only sell home appliances. This might change soon since the new resolution also leaves open the possibility for other government stores to sell in dollars.

The dollar accounts can also be used to import home appliances, auto parts and hardware from abroad through state companies.

The accounts can receive money in various foreign currencies, but the government imposes a 10 percent tax if U.S. dollars are deposited in cash.

The new regulation seems to cater to Cuban emigres who want to help their families on the island.

Magdiel Bustamante, 41, came to South Florida four years ago. He has five children in Cuba and travels there frequently.

He is thinking of opening a bank account on the island so that his family could buy home appliances, he told the Miami Herald.

"I think it is also a good option that would allow me to travel without so much cash within Cuba. The problem is that you cannot use [bank issued] cards at the paladares or other private businesses," Bustamante said.

Does the Embargo Allow it?
Surprisingly, despite several rounds of tightening of the U.S. embargo against Cuba under the Donald Trump administration, Bustamante might be able to open the account without violating U.S. laws.

Although the embargo generally prohibits financial transactions involving Cuba, there are many exceptions tied to legal travel to the island under one of the 12 categories currently authorized, including family travel.

If a Cuban American visits family in Cuba, opens the bank account there and uses it only while on the island for living expenses, the person would not be violating the embargo regulations, according to the Cuban Asset and Control Regulations (CACR) from the Treasury Department.

"Persons subject to U.S. jurisdiction who are traveling to Cuba pursuant to one of the 12 authorized categories of travel may open and maintain bank accounts in order to access funds located in Cuba for authorized transactions," Treasury said in its most recent published guidance regarding Cuba sanctions.

The regulations clarify that while the U.S. person can keep the account, he or she won't be able to access it or use it "unless the account holder is located in Cuba and is engaging in authorized transactions."

The payment of living expenses and "the acquisition in Cuba of goods for personal consumption" are considered "authorized transactions."

But this is when things get complicated.

Other embargo restrictions targeting the Cuban military might complicate those wanting to use the bank accounts to buy at stores in Cuba, including ones selling in dollars. Most are operated by CIMEX, a company linked to the military and included in a list of restricted entities kept by the State Department.

Travelers are "prohibited from engaging in direct financial transactions" with these entities, the Treasury Department says in its guidance.

So while opening a bank account in Cuba may be legal, using it to pay blocked companies is not.

Treasury would have a hard time keeping track of how a traveler uses a local bank account on the island, but the fear of violating the embargo might be enough deterrence for many.
Bustamante, who said he didn't know about the embargo regulations, said he would not do "anything illegal that could jeopardize" his residency status in the U.S.

The Treasury Department did not reply to a request for comment. The State Department referred questions to Treasury.

Who Wants to Put Money in a Cuban Bank Account?

But experts doubt emigres would be pouring money into the island's banking system.
Amid a global pandemic, people are more cautious with their money. Remittances to the island have already dried up because many Cuban Americans, who send the most among Cubans living in other countries, have lost their jobs or seen their wages reduced.

In 2019, Cubans in the U.S. and other nations sent more than $3.7 billion to family and friends on the island, according to estimates from the Havana Consulting Group, based in Miami. But the group notes that almost half of that amount reaches the island through informal channels, which have been affected by travel restrictions due to the coronavirus pandemic.

Experts also point to the lack of rights Cuban migrants face.

Cuban economist Elías Amor, who lives in Spain, warned of the legal vacuum surrounding Cubans residing abroad. Cubans staying longer than two years abroad are considered "emigres" and lose many rights like voting, access to the healthcare system, or traveling back to the island without government authorization.

"Be very careful with these accounts for non-residents who lack the rights to litigate sanctions and [question] administrative processes. You have to be alert," he said.

The lack of trust in the Cuban banking system and government was a common topic among social media users discussing the new measure.

"What guarantees do I have as a client that my USD account will not be frozen in the future?" asked a user with the Twitter handle @mike_timba. "Does the banking system have so much liquidity? If the problem worsens, can I withdraw all the money without problems?"

For Antonio Portilla, a Cuban who lives in South Florida, doing business with the island's government "only has bad consequences."

"The same country that stripped me of my residency because I decided to move to another place, that took away my right to inherit and to choose, now wants me to give it my dollars, which I earn with the sweat of my brow. I don't think so," he said.

Portilla, a doctor who abandoned an official medical mission in Central America to come to the U.S., also noted that the government would continue taxing dollars in the new bank accounts.

"It's an insult," he said. If you live in Cuba, "you have to buy [food and most items] in a currency that you don't earn, and then they take away 10 percent of the money that your relatives send you. It's too much."
https://www.miamiherald.com/news/nation-world/world/americas/cuba/article243053401.html

- **USA**

The Federal Reserve Bank issued new guidance for the Main Street Lending Program
Lexology May 27, 2020.
Manatt Phelps & Phillips LLP - Jonathan H. Lemberg, Neil S. Faden and Craig D. Miller
In addition to an expanded set of Frequently Asked Questions (FAQs), the Federal Reserve posted forms and documentation to be used in connection with loans made under the Program together with extensive instructions on their use. The new guidance does not include the date on which the Program will start.

The publication of many of the forms needed for the Program is a welcome contrast to the manner in which the Paycheck Protection Program (PPP) was rolled out by the Treasury Department. The PPP was largely characterized by a lack of clear instruction as to loan documentation and much confusion about many of the specifics of the program, which were partly addressed by ongoing updating of the FAQs during the course of the PPP. By contrast, the guidance for the Main Street

Lending Program includes full forms of documents that are unique to the Program, including forms to be used by lenders to register for the Program, forms of participation agreement and servicing agreement and related documents, and forms of certifications and covenants that must be provided by lenders and borrowers for each loan. Each lender is allowed to use its own form of loan agreement, but the new guidance specifies certain terms that must be included and also provides sample provisions that can be modified and included in a lender's loan documentation.

While much of the information released by the Federal Reserve consists of documentation that implements terms that were already contained in the term sheets that were released by the Federal Reserve on April 30, there is some new, noteworthy information.

Affiliated Groups. The FAQs provide new guidance regarding affiliated groups. First, there is clarification on what it means for a borrower to have "significant operations in the United States." To be eligible for a loan under the Program, a borrower must have significant operations in the United States, which can mean 50% or more of (i) its assets located in the United States; (ii) its annual net income generated in the United States; (iii) its annual operating revenues generated in the United States; or (iv) its annual consolidated operating expenses (other than debt service) generated in the United States. The FAQs state that a borrower may consolidate its subsidiaries, but not its parent company or sister subsidiaries, to determine whether it meets this test.

The FAQs also set out some limitations that impact affiliated companies. The Main Street Lending Program consists of three facilities—the "New" facility, the "Priority" facility and the "Expanded" facility. Each facility has different terms and eligibility criteria. An affiliated group of companies can only participate in one Main Street facility, and the entire group can only participate in either a Main Street facility or the Primary Market Corporate Credit Facility, which is another lending program authorized under the CARES Act. An affiliated group can have different loans under one type of facility, but the total participation of all borrowers cannot exceed the maximum loan size that the affiliated group as a whole is eligible to receive on a consolidated basis.

Subsidiaries of Foreign Companies. U.S. subsidiaries of a foreign company can be eligible borrowers under the Main Street facilities, but the proceeds of the loan can only be used for the benefit of the U.S. borrower, its consolidated U.S. subsidiaries and other affiliates of the borrower that are U.S. businesses.

Private Equity Funds. The FAQs contain unfavorable news for private equity funds and their portfolio companies. First, private equity funds themselves will not be eligible for loans under the Program. Based upon Small Business Administration (SBA) regulations with respect to PPP loans, private equity funds are deemed to be primarily engaged in investment or speculation. This made them ineligible for PPP loans, and also makes them ineligible for loans under the Program. At the same time, SBA affiliation rules will apply to the portfolio companies of private equity funds. Therefore, if sufficient control exists, a portfolio company will have to aggregate the number of employees and 2019 annual revenues of the portfolio company itself with those of the private equity fund's other portfolio companies to determine whether it meets the employment and annual revenue limitations of the Program (maximum of 15,000 employees and $5 billion in revenue). This may make it difficult for portfolio companies to remain within those limitations. Since affiliated group members can only participate in one type of Main Street facility, even if the limitations can be met on an aggregated basis it may be difficult to determine which type of facility will be best to use, since it is likely that not all portfolio companies will be able to qualify for the same type of facility and the private equity fund may not have sufficient control over each of its portfolio companies to dictate a uniform approach to choosing one facility.

Unavailability of Other Credit. The FAQs, and the Borrower Certifications, added a new certification requirement that had not previously been disclosed. The Main Street Lending Program has been established under regulations governing the Federal Reserve that allow the Federal Reserve, in the case of an emergency, to extend credit to entities that are not depositary institutions. One of the requirements of the regulations is that participants in such a program must be unable to secure adequate credit accommodations from other banking institutions. Accordingly, a certification to that effect has been included in the Borrower Certifications. The Federal Reserve has provided some leeway on this in the FAQs, which state that in order to make the certification it is not necessary to show that no credit is available at all from other sources. Instead, the certification may be made if the amount, price or terms of credit available from other sources are inadequate for the borrower's needs during the current unusual and exigent circumstances. Borrowers are not required to show that they have been denied credit by other lenders or to document that the amount, price or terms of credit available elsewhere are inadequate. While this provision is not very precise, we believe it signals that the Federal Reserve is not intending to take a hard line on this certification. Still, as we saw with the PPP, political pressure may lead to changes in how certifications relating to the need for these types of emergency loans are viewed. It would be prudent for a borrower under the Program to have an understanding of what kind of credit might be available to it and the terms on which it might be able to borrow in the current market. At a minimum, it may be helpful to contact your usual lenders to try to get indicative terms and keep a detailed summary of those conversations in your files. In addition, borrowers should ensure that their governing body's minutes and discussions that authorize the entity to enter into the Program clearly document the inadequacy of other credit sources.

Guidance for Lenders. The new guidance from the Federal Reserve demonstrates a measured and thought-out approach to implementing the Main Street Lending Program. While some commentators have noted that the Federal Reserve's cautious approach makes it unlikely that the Program will be of much help to small businesses, we believe the professionalism demonstrated by the Federal Reserve's actions to date may make it easier to get funding in an orderly manner to mid-market and lower-mid-market companies that are facing financial difficulties due to the pandemic[3].

Federal Reserve loan program targets mid-size businesses
Market Place, Jun 3, 2020
Justin Ho
The Paycheck Protection Program loans are aimed at helping the country's smallest businesses make it through the pandemic. This week, the Federal Reserve will be rolling out another loan program aimed at larger businesses called the Main Street Lending Program.

When you look at the details of the program, Karen Petrou, managing partner at Federal Financial Analytics, said maybe the name's a little misleading.

"It's only the 'Main Street' program if the Main Street in your town looks a lot like Park Avenue," she said.

Businesses with as many as 15,000 employees may apply. Loan sizes range from US$500,000 to US$25 million. Petrou said that's not much for a company like General Motors, but it is for small businesses.

"Small grocers, cafes, restaurants, hairdressers, car repair shops — many of them never see a half a million dollars in annual revenue, let alone could pay back a loan that big," Petrou said.

The program's more likely to appeal to specialized manufacturers, like software companies and other mid-sized businesses, according to Matt Hetrick, who runs the accounting firm Harmony Group.

He said for some of those companies, borrowing money might make sense in the long run.

"What's the cost of losing all of that talent or shutting this thing down versus the cost of borrowing some money to get through an expected loss period?" Hetrick said.

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3 https://www.lexology.com/library/detail.aspx?g=9cd90634-8066-462c-98ef-1fe520aaf547&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2020-06-05&utm_term=

Smaller companies may not be able to apply for these loans, but they'll benefit, said Jeremy Swan at the accounting and advisory firm CohnReznick.

"Let's just say that you are a small local grocery store. Who are your suppliers? Typically, they're going to be the medium- and largest-size businesses," Swan said.

The Fed's charging more interest than the PPP program, and these loans can't be forgiven. Businesses will have to pay them off in four years.

Nathan Rogge, president and CEO of the Bank of Southern California, said that's not enough time for many of his clients.

"These are clients that are clearly in duress. They don't know where things are going," Rogge said. "When you give them a loan with such a short amortization, it's really hard to get comfortable with it."

Congress appropriated almost $700 billion for the Paycheck Protection Program, but Fed Chair Jerome Powell has said there basically won't be a limit to this one. The Treasury and Federal Reserve can simply make more funds available.

Since the money won't run out, Rogge said a lot of businesses are holding off.

"Businesses and banks are in a position of 'let's wait and see exactly how this works. I just don't feel that urgency to have an application in the day that it opens up,'" Rogge said.

In the meantime, he's been helping clients apply to other federal and state loan programs with longer repayment windows.
https://www.marketplace.org/2020/06/03/federal-reserve-loan-program-aimed-mid-size-businesses/

- **EIB**

EIB and UNOPS sign new agreement to help governments better respond to emergencies and natural disasters
News June 4, 2020.
In line with the European Consensus on Development and the UN Sustainable Development Goals, the agreement will facilitate global cooperation in response to exceptional circumstances such as the current COVID-19 crisis.

UNOPS and the European Investment Bank (EIB) will work together to target challenges to sustainable development, including climate change.

The partnership will work to strengthen healthcare systems and promote regional integration to generate economic growth.

The EIB and UNOPS have signed a framework agreement on Thursday, 4 June 2020.
This represents the first operational agreement of this kind signed between the EIB and a UN agency.

The agreement follows a memorandum of understanding signed by EIB and UNOPS in 2016 which focused on impact investments in sustainable infrastructure.

Through UNOPS expertise and life-saving role in timely and efficient procurement, and the quality infrastructure mandate it carries across sectors, the EIB and Team Europe can count on UNOPS full support to strengthen health systems and address the acute economic and social consequences of COVID-19 and beyond.

UNOPS and EIB share the same key values: efficiency, transparency, accountability, and the strong dedication to empower local communities.

Through this framework agreement, the EIB can entrust UNOPS through its General Assembly mandate on the procurement of goods, works and services to provide support to governments to better respond to and be prepared for emergencies and crisis situations.

This is the first operational agreement of this kind between the EIB and a UN agency and was signed by President of the EIB, Werner Hoyer, and Under-Secretary-General and Executive Director of UNOPS, Grete Faremo, during an online ceremony under the strict COVID-19 social distancing rules currently in place across Europe.

Speaking at the signing ceremony, Under-Secretary-General and Executive Director of UNOPS, Grete Faremo said: "This is an important milestone in the partnership between UNOPS and the European Investment Bank. UNOPS and EIB share the same key values: efficiency, transparency, accountability, and a strong dedication to empowering local governments and communities. This agreement allows us to support governments globally to better respond to emergencies, and I look forward to working together in the years to come."

Speaking at the signing ceremony, President of the EIB, Werner Hoyer said: "The value of multilateral partnership cannot be overstated. That's why at the European Investment Bank Group we are pleased to continue deepening our collaboration with the United Nations family in our 160 countries of operation. The agreement that we are signing today with UNOPS will mean that by pooling our respective experience and expertise we can achieve more impact in responding to crises, not only in the context of COVID-19 and as part of the "Team Europe" effort, but also facing future natural disasters and conflicts, where an urgent and coordinated response is crucial to save lives and livelihoods."
https://www.eib.org/en/press/all/2020-137-eib-and-unops-sign-new-agreement-to-help-governments-better-respond-to-emergencies-and-natural-disasters

- **CABEI**

CABEI, KfW and EU contribute US$350 million to MSMEs affected by COVID-19 through the Financial Sector Support Facility
News May 29, 2020
Tegucigalpa, May 29, 2020.- Today, the Central American Bank for Economic Integration (CABEI) with the support from German Financial Cooperation through KfW and the European Union launched the Financial Sector Support Facility for US$350 million to finance micro, small and medium-sized enterprises (MSMEs) affected by the COVID-19 crisis.

Through the Facility, CABEI makes credit resources amounting to US$350 million available to MSMEs to finance their working capital and investment needs through its network of financial institutions throughout the region. Eligible MSMEs include those in such sectors as agri-food chain production, renewable energy, energy efficiency, cleaner production, hospitality and tourism, construction, creative industry, media, trade and service provision.

Likewise, eligible MSMEs may access a Credit Guarantee Fund, Non-refundable Seed Capital and Technical Assistance. Partial guarantees for environmental credits are granted through the Green MSME Initiative, which aims to facilitate access to investment finance in order to reduce C02 emissions and protect the environment. Seed capital donations to young enterprises come from the DINAMICA-Seed Capital Initiative, which seeks to promote the financing of young entrepreneurship and innovation. DINAMICA-Seed Capital and Green MSME are tripartite initiatives of the European Union, KfW and CABEI.

The DINAMICA and Green MSME Initiatives have an amount of up to US$83 million from the Government of Germany through its KfW Development Bank. The European Union, through its Latin America Investment Facility (LAIF) supports the two programs with an amount of US$28.5 million for guarantees, seed capital and non-reimbursable technical assistance.

In this regard, CABEI Executive President, Dr. Dante Mossi stated that, “Through this Facility, CABEI responds to the urgent financial needs of MSMEs, enabling them to restore their productive capacity, recover the jobs lost during the crisis and boost the economy of the countries."

Dr. Mossi added that, “It should be noted that this sector contributes to generating 33% of the GDP of the region's economies and that it is an important engine for job creation, generating nearly 45% of the economically active population (EAP) throughout the countries of Central America."

This Facility is part of the COVID-19 Emergency Support, Preparedness and Economic Reactivation Program for up to US$1.97 billion approved by CABEI on March 31, 2020 in response to the impacts of the pandemic and to support this key sector for the economies of the Central American region.

For her part, Jolita Butkeviciene congratulated CABEI and the German cooperation for the initiative, highlighting that, “There has been excellent collaboration between all the parties involved to react quickly and in a coordinated manner to the challenges posed by the COVID pandemic. Likewise, this launch demonstrates the will of the European Union to continue working with our partners in the region through financing mechanisms such as blending in sustainable and innovative sectors that are in line with the priorities promoted by the European green pact.”

On behalf of the German Government, Deputy Head for Central America at the Ministry of Cooperation (BMZ), Iris Ahr pointed out that, “CABEI has played an important role in the response to the economic and social crisis caused by COVID-19 in Central America. In addition, German Cooperation has continued supporting the transition to more social and sustainable economies to face Climate Change. We plan to be able to support the Financial Sector Support Facility with additional resources amounting to US$100 million for MSMEs affected by COVID-19.”

Finally, Dr. Mossi thanked the financial support and flexibility of the European Union and German Financial Cooperation through KfW to promote and participate in the design and financing of the Facility. CABEI is in talks with other entities that have been invited and have shown great interest in participating in the financing of the Program, including the International Cooperation Development Fund (ICDF) of the Republic of China Taiwan, International Development Finance Corporation (DFC) of the United States of America, European Investment Bank (EIB), UN Women/Italian Cooperation, FONPRODE and the Costa Rican Tourism Institute; the latter specifically for direct support to the tourism industry in Costa Rica.

The institutions highlighted the importance of MSMEs as one of the key actors in the region's economy and one of the sectors most affected by the crisis caused by the pandemic. The facility shows the commitment to continue supporting the Central American region.
https://www.bcie.org/en/news-and-media/news/article/cabei-kfw-and-eu-contribute-us350-million-to-msmes-affected-by-covid-19-through-the-financial-sector-support-facility

CABEI prints five-year Formosa bonds
Latin Finance June 4, 2020
Jo Bruni
Central American development bank sells US$375 mln worth of debt, above the US$200 mln minimum
The Central American Bank for Economic Integration (CABEI) sold US$375 million worth of bonds on Wednesday in a transaction that was listed in Taipei and Luxembourg, an official told LatinFinance.

CABEI priced the five-year floating rate notes at three-month Libor plus 145 basis points, where it had given initial price talk and final guidance. The bookrunners were HSBC and CTBC Bank.

"This was a very good final result, above the US$200 million minimum issuance that we had announced," Jesús Guzmán, head of capital markets at the development bank, said in a telephone interview. "Orderbooks were over US$400 million," he said.

The bank had planned to issue between US$200 million and US$400 million worth of notes. CABEI announced on April 20 that it had increased capital to US$7 billion from US$5 billion, with pledges of at least US$255 million from each of its founding members countries, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. The 40% increase in capital raised the bank's lending capacity by roughly 45%, or approximately $1 billion, to more than $3 billion a year, according to CABEI.

Then, in late April, the bank sold US$750 million worth of 2% 2025 notes to fund part of a US$1.96 billion emergency lending program it launched earlier that month to address the economic impact of the coronavirus pandemic in Central America. The notes were yielding 2.033 on Wednesday. Their average yield since issuance has been 1.956%, while the minimum yield reached was 1.896% on May 28. These notes traded down 0.2798 points in price to bid 99.8456 on Wednesday.

In March this year, CABEI issued MXN6 billion (US$253 million) in floating-rate notes in Mexico, while in February it got a loan from the German development bank KfW for €31 million ($33.7 million).

In November last year, the bank placed US$375 million worth of five-year green bonds at 85 basis points over Libor. After that, it signed a €180 million credit line from the French development agency AFD in December.
Moody's gives CABEI an Aa3 rating, while S&P Global and Japan Credit Rating assign it a AA.
https://www.latinfinance.com/daily-briefs/2020/6/4/cabei-prints-five-year-formosa-bonds

CABEI approves US$50 million to Honduras for prevention, detection and treatment of COVID-19
News, May 26, 2020
Tegucigalpa May 26, 2020.- The Central American Bank for Economic Integration (CABEI) approved US$50 million to the Republic of Honduras to increase efforts for the prevention, detection and treatment of COVID-19, as well as to mitigate the pandemic's economic impact on the country.
The funds aim to provide fast-disbursement financial resources to strengthen preparedness and response capacities in the face of the pandemic. In addition, the resources will protect vulnerable groups and employment, foster macroeconomic stability and promote economic recovery in the country.

CABEI Executive President, Dr. Dante Mossi, stated that, “The Bank supports the efforts of each of its member countries in dealing with this crisis, reaffirming its commitment and support to doing everything possible during the health emergency to overcome this global economic challenge."

By means of this operation, the Republic of Honduras becomes the first country to receive financing from CABEI's Development Policy Operation (DPO) program; this new instrument was approved by the Bank in January of this year in order to support the countries of the SICA region in the implementation of priority policy actions and development results that strengthen the maintenance of macroeconomic stability.

The operation falls under the framework of CABEI's COVID-19 Regional Support, Preparedness and Economic Reactivation Program, specifically its third component: Credit to Finance Public Sector Operations.
https://www.bcie.org/en/news-and-media/news/article/cabei-approves-us50-million-to-honduras-for-prevention-detection-and-treatment-of-covid-19

The Republic of Korea and CABEI sign a US$50 million Trust Fund for Grants to support the Central American region
News May 19, 2020
This is the single largest non-reimbursable financial cooperation in CABEI’s history
Tegucigalpa, May 19, 2020- Within the framework of the Republic of Korea’s recent incorporation as a non-regional member, the Central American Bank for Economic Integration (CABEI) and

Ministry of Economy and Finance (MoEF) signed a US$50 million Grant Agreement for non-reimbursable financial cooperation to be channeled through a Trust Fund managed by CABEI.
The Agreement's financial resources, to be received over the next five years, will contribute to develop economic, financial and technical studies for the design and execution of important projects in the Central American region, especially those that look to enhance regional integration and sustainable development amongst eligible countries.

As such, these resources will be used to identify and prepare projects that include international content, technologies and best practices, especially from the Republic of Korea, in relevant areas such as Health, Energy, Social and Productive Infrastructure, Freight and Passenger Transportation, Information and Communication Technologies (ICT) and Climate Change Adaptation and Mitigation, among others.

For his part, CABEI's Executive President, Dr. Dante Mossi, stated that such Agreement "further strengthens our relationship with the Republic of Korea and Asia taking into account that, through this cooperation, the transfer of knowledge and technology to the Central American region can be used to formulate initiatives in key sectors; while best practices in areas such as economic development and growth will be widely promoted, considering they have led this Asian country to become the eleventh economy of the world."

Likewise, Dr. Mossi pointed out that "this Agreement takes place at a key moment, during which additional initiatives can be implemented to support the region's response to the COVID-19 crisis, especially in the Health sector."

The Republic of Korea officially joined CABEI as a non-regional member on December 31, 2019 through a US$450 million capital subscription which accounts to a 7.2% shareholder stake and made its first of four capital installments for US$28.1 million on January 10, 2020. Likewise, loan agreements with official resources for US$500 million have been signed for public and private sector projects. Such loans have been focused on developing areas such as road infrastructure, construction and equipment of hospitals, as well as energy through the production and distribution of natural gas, among others.
https://www.bcie.org/en/news-and-media/news/article/the-republic-of-korea-and-cabei-sign-a-us50-million-trust-fund-for-grants-to-support-the-central-american-region

CABEI approves US$50 million for COVID-19 emergency to the Republic of El Salvador
News, May 08, 2020
The financing will support the Government in its efforts to implement health prevention and containment measures in order to prevent the spread of the COVID-19 pandemic.
Tegucigalpa, May 8, 2020 - The Central American Bank for Economic Integration (CABEI) approved US$50 million in financing to the Republic of El Salvador in order to partially reimburse the expenditures made through the granting of the monetary compensation bonus to unemployed and economically disadvantaged people affected by the pandemic; the latter was carried out within the framework of measures implemented to deal with the COVID-19 emergency in the Republic of El Salvador.

The operation falls under the framework of CABEI's Regional COVID 19 Support, Preparedness and Economic Reactivation Program, specifically its component No. 3. Credit to Finance Public Sector Operations.

The program aims to provide rapid financial resources and disbursements to the countries of the Central American Integration System (SICA) and other extra-regional countries to finance operations for the prevention, detection and treatment of COVID-19, while mitigating its economic impact on countries.

CABEI Executive President, Dr. Dante Mossi, stated that, "We are living through a huge challenge, the Bank's priority is to support countries to overcome the crisis. As the Bank of Central America, which was created by Central Americans to foster the region's development, CABEI is committed to responding promptly and quickly to requests made by its member country to deal with the economic consequences of the coronavirus pandemic."

Salvadoran Minister of Finance, Attorney Nelson Fuentes, highlighted the importance of this financing for the Government, taking into consideration the financial challenges of the State as a result of the COVID-19 Emergency and emphasizing that the resources resulting from this loan will form part of the country's Economic Emergency, Recovery and Reconstruction Fund and will be aimed at complementing the integral financing for actions in benefit of the population in the framework of the national emergency.

Attorney Fuentes thanked CABEI for its streamlined support to the country, especially during this crisis, in which the support of Multilateral Banking Institutions by means of concessional loan conditions becomes key for the countries of the region.

The loan was approved for a term of up to 20 years, including a five-year grace period and a six (6) month LIBOR interest rate, which will be revisable and adjustable on a semi-annual basis; the initial margin established by CABEI will be one hundred and seventy-five (175) basis points.
https://www.bcie.org/en/news-and-media/news/article/bcie-aprueba-us50-millones-para-emergencia-covid-19-en-la-republica-de-el-salvador

- **BDC**

BDC reports on progress on the support it has delivered so far to business owners impacted by COVID-19
News May 15, 2020
MONTREAL, May 15, 2020—As Canada moves into its third month of lockdown, BDC is taking stock of the situation to date, and looking forward to how it will further support economic recovery in the months ahead. The Bank was early to market in March, when the novel coronavirus began its spread across the country, offering impacted businesses working capital loans of up to US$2 million with flexible repayment terms. Its goal: To bridge these businesses through to a more stable time.

Taking stock of the last two months
“Businesses have been hit hard in the face of this public health crisis. As Canada’s bank for entrepreneurs, one of BDC’s most important roles is to supply credit in times of difficulty,” stated Michael Denham, President and CEO, BDC. Since March, when compared to pre-COVID times, BDC has:
- Deployed more than US$1 billion in new financing* to Canadian SMEs of all sizes;
- Authorized 10 times more working capital loans, in dollars; and,
- Processed nearly 40,000 postponements for its clients representing US$771 million in postponed payments.

The Bank also initiated the BDC Capital Bridge Financing Program—convertible notes for eligible Canadian start-ups with a current financing round being raised through qualified existing and/or new investors.

More recently, the Bank launched new programs in coordination with its shareholder, the Government of Canada, as part of the Business Credit Availability Program (BCAP). Denham: “The scale of the crisis made it important for us to act together with private sector financial institutions and federal government partners to respond to as many entrepreneurs as possible.” These programs include:
- the BDC Co-Lending Program—up to US$12.5 million per company, for smaller businesses with cash flow needs. These loans can now be accessed through Canada’s financial institutions.
- the BDC Mid-Market Financing Program—up to US$60 million in junior loans per company, for larger businesses with greater liquidity needs, done jointly with the borrower’s primary financial institution. The details of this program are still being finalized and will be made available in the coming weeks.

Looking forward: Advice to recover and rebuild
We know there has never been a more difficult time to run a business. However, we also know the recovery will come," added Denham. "We have more than 60,000 entrepreneurs as clients across Canada and—while the situation is still very difficult—when we talk to them and see how innovative and resilient they have been over the past weeks, I can tell you that it makes us both hopeful and proud at BDC to be by their side and to contribute to the recovery."

That is why BDC has launched three new advisory service solutions, accessible remotely, to help businesses plan for recovery in which its experts provide advice on online sales optimization, operations and cash flow resilience and workplace health risk mitigation.

BDC has made it a point to provide as much information as possible to help entrepreneurs navigate through the various support programs available. The Bank has launched a dedicated hub on its website that includes free tools and advice, such as a COVID-19 business toolkit and a list of available support measures.
**This figure does not include reporting from BCAP programs.*
https://www.bdc.ca/en/about/mediaroom/news_releases/pages/bdc-reports-progress-support-delivered-business-owners-impacted-covid19.aspx

BDC to provide new support for medium-sized companies to help navigate COVID-19 as part of Government of Canada's Business Credit Availability Program (BCAP)
News May 11, 2020
Program to provide liquidity for medium-sized businesses whose credit needs exceed what is already available through the BCAP
MONTREAL, May 11, 2020—With the goal of helping Canadian medium-sized businesses face the financial challenges brought on by the COVID-19 pandemic, BDC, Canada's bank for entrepreneurs, announced today the creation of the Mid-Market Financing Program.

The objective of the new program will be to bring liquidity to medium-sized companies particularly impacted by COVID-19 and whose credit needs exceed what is already available through the federal government's Business Credit Availability Program (BCAP), as well as other measures previously announced by BDC.

"The current situation is putting pressure on all business owners, big and small. With this additional support, medium-sized companies will be able to maintain their staff, preserve supply chains and manage cashflow. We understand it will take time for both the economy and Canada's businesses to stabilize and this new financing program is designed to serve as a bridge through this crisis," said Michael Denham, President and CEO of BDC.

As part of this new initiative, BDC will make additional credit available to complement businesses' existing debt facilities, working closely with their primary lenders. The Bank anticipates that qualifying companies will have annual revenues in excess of approximately US$100 million. These commercial loans, which will take the form of a junior loan done jointly with the business' primary lender, will range in size between US$12.5 million and $60 million each. To be eligible, companies must have been financially stable and viable prior to the current economic turmoil.

"Since the beginning of this crisis, our government has promised to listen to Canadian businesses—of every size, in every sector, in all regions of the country—and has committed to doing whatever it takes to support them through this. We've created programs and measures to ensure hard-working Canadian business owners and entrepreneurs have the support they need to weather this storm and are able to rebuild when we are on the other side," said the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade. "BDC's Mid-Market Financing Program will build on our existing lending supports and will help medium-sized businesses with much-needed liquidity."

As with other BCAP offers, BDC will work with Export Development Canada (EDC) as well as private sector lenders to support access to additional capital for Canadian businesses in all sectors and regions. Program details are still being finalized. Additional information will be made available

by BDC in the next few weeks. Interested business owners are encouraged to visit bdc.ca/coronavirus to sign up for an update once details become available.
https://www.bdc.ca/en/about/mediaroom/news_releases/pages/bdc-provide-new-support-medium-sized-companies-help-navigate-covid19-government-canadas-bcap.aspx

- **KFW**

SMEs are responding creatively to the coronavirus crisis.
Dr Volker Zimmermann, KfW
Research Focus on Economics. No. 291, 2 June 2020
Many small and medium-sized enterprises are responding creatively to the coronavirus crisis, with 43% adapting their product/service offerings, sales method or business model. When combined with businesses that still plan to do this, that percentage even rises to 57%. Companies that were hit particularly hard by the crisis and those that have previously innovated are leading the charge. In response to the coronavirus crisis, 43% of small and medium-sized enterprises have modified their products and services, sales methods and business model. When combined with businesses that are still planning to do this, that share even rises to 57%. This remarkably high percentage is an expression of the high level of resourcefulness SMEs possess in navigating the crisis.

At the forefront are retailers, which have been hit by the crisis particularly hard, with 56% of them having already made adjustments. Small businesses with fewer than five employees, however, have also adjusted their offerings ata distinctly high rate of 42% – as compared with their normal innovation activity.

Companies that have already introduced innovations in the past have made adjustments in response to the coronavirus crisis at a particularly high rate of 57%. This underscores the fact that the ability to develop and successfully implement innovations also enables enterprises to swiftly respond to crisis situations, which makes innovators more crisis-resilient than non-innovators
https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-2020-EN/Focus-No.-291-June-2020-SME-ideas-corona.pdf

- **CAF**

CAF sets up social bonds in euros
Latin Finance, May 20 2020
Latin American development bank hires Crédit Agricole, BNP Paribas and Bank of America to arrange a benchmark-sized deal

Latin American development bank CAF is holding calls with investors this week and setting up a benchmark-sized sale of social bonds denominated in euros, said a source involved in the deal.

CAF has hired Crédit Agricole, BNP Paribas and Bank of America to lead a medium-term transaction next week, depending on market conditions, the source said.

According to Manuel Valdez, head of debt capital markets funding and derivatives at CAF, the deal would be the development bank's first public offering of social bonds. "It is based on our theoretical framework of social bonds and in line with principles of social bonds," he said in an email to LatinFinance.
CAF created the social bond framework to fund emergency financing

CAF created the social bond framework to fund emergency financing programs for its member nations to deal with the coronavirus pandemic, Valdez said. It will use the proceeds to provide financing for healthcare spending and emergency economic support, he added.

CAF announced a US$2.5 billion emergency credit line in early April to counteract the economic downturn from the pandemic. It also introduced a US$300 million credit line for healthcare in the region in early March to go along with US$2.8 million in grants to Argentina, Ecuador, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay.

Earlier this month, CAF raised US$800 million from the sale of three-year notes to support countercyclical lending in Latin America during the coronavirus crisis.
https://www.latinfinance.com/daily-briefs/2020/5/20/caf-sets-up-social-bonds-in-euros

- **FONPLATA**

FONPLATA supports Argentina's efforts to fight the COVID-19 health and socioeconomic emergency
News, May 25, 2020
The Development Bank has granted almost US$55 million to this member country to fight the COVID-19 health and socioeconomic emergency. In the national sphere, funds were aimed at the construction of modular emergency hospitals in several provinces, the purchase of appropriate individual protection and hygiene equipment and of a monitoring system consisting of a 360 dome for the Argentine Border Centers, and at strengthening the Support Program for Local Assistance in Emergencies to assist the most vulnerable population with income support schemes and ensure social lockdown conditions.

In response to the coronavirus health emergency in the region, the Development Bank made available to its member countries a special non-reimbursable cooperation fund, special funding lines to address the situation through fast-track procedures for approval and disbursement, and agreed on the possibility of restructuring existing loans.

Land-Border Centers Protection
In this month of May, FONPLATA approved a US$1.11 million disbursement to support the fight against the COVID-19 in the Argentine Land-Border Centers. This funding comes from the activation of the "contingent situations" provision of the loan operation granted by FONPLATA to the Argentine Republic for the partial funding of the "Infrastructure Integration Program" and will be used for the purchase of appropriate individual protection equipment (face masks, hand sanitizer, coveralls, disposable gloves, and sanitary masks, among others) and for the implementation of a monitoring system consisting of a 360 dome.

Support to local governments
In last April, a loan operation was approved to develop the Support Program for Local Assistance in Emergencies, which aims at strengthening local governments in the implementation of protection and assistance policies during the COVID-19 health emergency. This program is aimed at protecting the most vulnerable social groups against the effects of the virus in Argentina, both in terms of income and support measures to ensure social lockdown conditions. Besides, the program provides resources to strengthen the care capacities of local health systems. The loan will be implemented through the Ministry of the Interior in coordination with the Ministry of Health. The program total cost is US$15 million, of which US$12 million will be funded through FONPLATA, and the remaining US$3 million, through local contribution.

Still in April, another US$25 million disbursement was granted to the Province of Buenos Aires to mitigate the socioeconomic effects of the COVID-19 through the implementation of the second stage of the Program to Strengthen the School Food Service. School lunchrooms and their distribution system play a relevant role in social inclusion in Argentina, role that adds to the efforts of the province in face of the emergency caused by the coronavirus.

The country has also requested the activation of the contingent situations provision with regard to the loan operation with FONPLATA for the partial funding of the second stage of the program for the "Interruption of the vectorial transmission of T. Cruzi and control of Chagas disease in Argentina". It involved a US$1.5-million disbursement to hire field technicians to strengthen the health-care personnel protection and training actions in accordance with the recommendations of the World Health Organization – WHO.

Modular emergency hospitals
In the end of March, Argentina received US$15 million from FONPLATA for the construction of 11 modular emergency hospitals in different localities and provinces, which enabled the country to increase its bed capacity with 760 hospital beds, of which 240 are exclusively for intensive care patients and 520 for other treatments that require hospitalization. Once the coronavirus health emergency is over, these new hospitals will stay in place to be used by the local communities.

Likewise, the country has obtained a non-reimbursable technical cooperation of US$200,000 to improve professional medical services, purchase supplies, logistics and equipment for the implementation of the Emergency Center. In total, Argentina has already received more than US$54.8 million to strengthen its response measures to face and mitigate the coronavirus health and socioeconomic emergency.
https://www.fonplata.org/en/news/25-05-2020/fonplata-supports-argentinas-efforts-fight-covid-19-health-and-socioeconomic-emergency

First funding granted by FONPLATA to non-sovereign public sector, the Brazilian BDMG
News, May 15, 2020
FONPLATA granted an 8-year US$36-million revolving line of credit to the Development Bank of Minas Gerais – BDMG, Brazil, which will be used to fund projects initiated by the municipalities of the State of Minas Gerais.

This operation with BDMG (Banco de Desenvolvimento de Minas Gerais) is the first funding granted to a non-sovereign public sector in the history of Fonplata, and provides the possibility of including projects similar in nature that have already been identified in other member countries.

BDMG is a financial institution founded in 1962 under the control of the State of Minas Gerais, which owns almost 90% of its capital. The purpose of BDMG is to promote the State's economic, financial, and social development. Thus, it supports micro, small, medium, and big enterprises and works to meet the funding demand of the State's municipalities.

This action will enable Fonplata to increase the volume of funding to Brazilian municipalities, which due to the size and geography of the country, is more effective when implemented through strategic partnerships such as the one that will be carried out through the approved operation. The first stage of the funding provided by this line of credit will support 17% of the projects of all municipalities in this State.
https://www.fonplata.org/en/news/14-05-2020/first-funding-granted-fonplata-non-sovereign-public-sector-brazilian-bdmg

FONPLATA grants additional funding to Argentina to address the COVID-19 pandemic
News, May 12, 2020
The Development Bank approved new disbursement of more than one million US dollars for the purchase of appropriate protective material (face masks, hand sanitizer, coveralls, disposable gloves, sanitary masks, among others) to help strengthen the services needed to guarantee hygiene in Argentine Border Centers, as well as for the implementation of a monitoring system consisting of a 360 dome.

These funds correspond to the activation of the "contingent situations" provision of the ARG-35/2017 loan transaction granted by Fonplata to the Argentine Republic for the partial funding of the "Infrastructure Program for Integration" and which, at this time, allows the country to have 5% of the total amount allocated to the service of mitigating the health and social emergency caused by the COVID-19 pandemic.

This disbursement adds to the more than US$53 million that Argentina received from Fonplata to address the effects of COVID-19 and that the country will apply to strengthen its response measures to mitigate the health and socioeconomic emergency caused by the pandemic.

In response to the coronavirus health emergency in the region, the Development Bank made available to its member countries a special non-reimbursable cooperation fund, special funding

lines to address the situation through fast-track procedures for approval and disbursement, and agreed on the possibility of restructuring existing loans.
https://www.fonplata.org/en/news/14-05-2020/first-funding-granted-fonplata-non-sovereign-public-sector-brazilian-bdmg

- **COFIDES**

Scaling up cooperation among Development Finance Institutions (DFIs) in response to COVID-19
Press Release, 16 May, 2020
Madrid May 16, 2020. Today, we are facing a health and economic crisis unprecedented in its size and complexity - affecting both supply and demand, developed and developing countries – and disrupting markets, trade, investment-led growth and job creation. The IMF anticipates a global economic contraction of 3% while the World Bank foresees a 35% decrease in FDI flows to developing countries due to the impact of COVID-19.

Our group of more than 25 development finance institutions (DFIs)[4] has an important role to play by responding quickly and flexibly to support the private sector in developing countries through the crisis. A robust private sector is critical to maintain markets and employment and, eventually, accelerate the recovery and build economic resilience. An unprecedented level of coordination is needed if we are to deliver a response that is proactive and systemic in its impact.

At our semi-annual (and first virtual) Roundtable on May 5, our group committed to a collaborative course of action in response to the crisis that will leverage our different strengths and geographies. Our goal is to work together to mobilize billions of dollars of funding to help the private sector deliver critical healthcare supplies, ensure micro, small, and medium businesses have access to capital, and strengthen global supply chains which sustain millions of workers in developing countries. We will also scale-up the provision of long-term capital for restructuring and building back better across the most affected sectors including transportation, tourism, food supplychains and logistics, and with a close eye on our gender and climate goals. The role of technology will also be a focus with the goal of increasing digital connectivity for the vulnerable as well as leveraging technology to improve access to markets and services.

Coordinating our efforts with the public sector will be needed to promote reforms and create the regulatory environment to attract investors back to developing countries. We will also need to work closely with the public sector to leverage public resources that allow DFIs to accelerate and scale up in the most vulnerable situations. Ensuring that concessional resources are used in line with the DFI Blended Concessional Finance Principles for Private Sector Projects will also be key to maximize impact and reinforce efficient markets.

Closer collaboration has already begun in Nepal, the Sahel, Ethiopia, Madagascar, Sierra Leone and the Democratic Republic of Congo where DFIs are piloting country-level collaboration to strengthen private investment flows and create jobs, particularly for youth and women, and promote economic diversification. A new Joint Collaboration Framework Agreement (JCFA) brings together the approach developed through these pilots with Deutsche Investitions und Entwicklungsgesellschaft (DEG) and PROPARCO joining International Finance Corporation (IFC) as the first JCFA signatories.

The crisis is a tragedy. But if we succeed in redefining how we work together, we can help countries overcome the crisis and help them on the path to achieving their long-term development ambitions.
https://www.cofides.es/en/noticias/notas-de-prensa/scaling-cooperation-among-development-finance-institutions-dfis-response

[4] Including AfDB, ADB, AIIB, BIO, BSTDB, CDC Group, CDP, COFIDES, OeEB, EBRD, EDFI, EIB, DEG, FinDev Canada, Finnfund, FMO, ICD, IDB Invest, IFU, IFC, MIGA, NDB, Norfund, OFID, Proparco, SIFEM, SOFID, SBI-BMI, SIMEST, Swedfund.

- **IADB**

Panama will expand access to productive financing for MSMEs in light to COVID-19
NEWS RELEASES, June 02, 2020
IDB Loan OF $150 Million Will Benefit Micro, Small and Medium-Sized Companies in the Agricultural Sector, as Well as Other Sectors Relevant Tto the Country's Economy
Panama will expand access to productive financing for micro, small and medium-sized enterprises (MSMEs) in light of the COVID-19 crisis with a loan of US$150 million approved by the Inter-American Development Bank (IDB), the first tranche of a loan for a significant total of US$300 million.

The program will prioritize support for the sustainability of agricultural MSMEs and their value chain to support employment due to the crisis, and with a focus on food security. Similarly, the program may also finance other relevant sectors that have been affected by the current crisis.

It is expected to improve the short-term financial capabilities of MSMEs so that they can overcome temporary liquidity problems and continue their operation. In the medium term, productive financing will make it easier for MSMEs to continue operating and meet the increase in demand due to the impact of the crisis.

The program will support the sustainability of MSMEs by measuring its impact with sales revenue and with the percentage of employment on total MSMEs employment in the country.

Program resources will be executed through a trust managed by Banco Nacional de Panamá (BNP), which will act as trustee and executing agency. These resources may be channeled to the beneficiary MSMEs through eligible financial institutions whose focus is on micro and small companies or directly through the BNP.

Panama will receive, by the beginning of 2021, a second loan for another US$150 million, totaling a contribution of US$300 million as part of the IDB's support for the country's economic recovery.

The IDB loan of US$150 million has a repayment term of 25 years, a grace period of five and a half years and an interest rate based on LIBOR.
https://www.iadb.org/en/news/panama-will-expand-access-productive-financing-msmes-light-covid-19

The IDB and the Government of Sweden Launch Innovative Portfolio Guarantee in Guatemala
NEWS RELEASES May 27, 2020
The Inter-American Development Bank (IDB) and the Government of Sweden have signed an agreement that establishes an innovative risk transfer mechanism to support development in Latin America and the Caribbean (LAC). The instrument will provide a Guarantee of up to US$100 million from Sweden, enabling the IDB to increase lending up to US$300 million for new projects in Bolivia, Colombia, and Guatemala. The Guarantee will focus on efforts related to poverty alleviation, climate change, and gender equality, which are priorities for the partners and the LAC region and is intended to serve as a model for future efforts.

In response to the current crisis caused by COVID-19, the Government of Sweden and the IDB have agreed to launch the Guarantee in Guatemala to sustain quality of life and the incomes of vulnerable populations impacted by the pandemic through support to the Fondo Bono Familia program. Guatemala's Ministry for Social Development will be responsible for the implementation of the program, while the IDB will provide technical assistance and US$100 million in additional financing, enabled by the Guarantee from the Government of Sweden.

"The COVID-19 pandemic is a challenge to societies all around the world," said Sweden's Ambassador to Guatemala, Anders Kompass. "Those hardest hit are the poor, especially informal workers and women. This is a global challenge that can only be met through new partnerships based on innovation. This unique collaboration between Guatemala, the IDB and Sweden is a great example of such a partnership."

“I thank the IDB, and Sweden for their belief in and willingness to support Guatemala by facilitating access to resources that will benefit those who are most vulnerable,” remarked Alvaro Gonzalez Ricci, Minister of Finance of Guatemala. “The deployment of these new resources into the economy will help generate the conditions for a reactivation of the economy as a whole.”

Carlos Melo, the IDB’s Representative in Guatemala, said, “As the first operation under this innovative initiative with Sweden, this effort will work through the Program for Economic Rescue to strengthen support to the most vulnerable populations, seeking to guarantee quality of life particularly at this time when issues like malnutrition can generate lasting effects that will be difficult to overcome. This program will operate through transfers and intends to make electronic payments, promoting financial inclusion and banking, avoiding conglomerations, and adhering to social distancing guidelines.”

This new mechanism is a result of the IDB’s innovative finance initiatives, which seek to go beyond traditional financing instruments to help LAC countries achieve the United Nations Sustainable Development Goals (SDGs) and, given the current context, also support COVID-19 recovery. It builds upon a longstanding Sweden-IDB partnership, which has worked in transparency, gender and diversity, and climate change, among other topics.
https://www.iadb.org/en/news/idb-and-government-sweden-launch-innovative-portfolio-guarantee-guatemala

IDB-AFD Strengthen Partnership in Times of COVID-19 Crisis and Beyond
NEWS RELEASES, May 20, 2020
he IDB Group and Agence française de Développement (AFD) Group have virtually held their fourth Deep Dive Meeting on May 20, 2020, stressing not only the importance of strengthening the partnership momentum, but also thinking ahead towards future strategic collaborations and co-financing operations in Latin America and the Caribbean (LAC).

Towards this end, IDB and AFD have exchanged on the modalities of the support to be brought to Latin American countries both in their immediate to rather short terms responses to COVID-19, and on the medium to long-term recovery plans. These could be developed further, leading to a potential joint-cooperation aligned with climate and SDGs objectives, key drivers of the IDB-AFD partnership.

Proof of this ongoing cooperation is the signing of one cofinancing agreement and the approval of two grant agreements between IDB and AFD: A Policy based loan to support the decarbonization plan of Costa Rica (AFD: US$150 million and IDB: US$230 million, approved by the Legislative Assembly on May 16, 2020, to tackle the constraints of the pandemic) and two AFD grants to IDB regional facilities on gender parity and ageing populations in Latin America and the Caribbean, for US$4,3 million.

Ana Maria Rodriguez, IDB Vice President of Sectors and Knowledge, stated that “While COVID-19 has brought many aspects of life to a standstill, at the IDB, we are working around the clock to find innovative ways to provide solutions and additional resources to our countries, acting together with our multilateral partners -such as the AFD Group. We cannot control the ongoing pandemic, but we can be responsible in the way we respond to it. Cooperation, alignment and swift process must be guiding principles in our ongoing partnership.”

Laurence Breton-Moyet, AFD’s Director of Strategy, Cooperation and Communication, further stressed “Increased coordination between regional and national development banks will be key to promote sustainable development pathways and transition plans in the post-COVID response and to effectively channel development finance towards deeply rooted sustainable recovery investment plans. Bringing all public development banks to the table to facilitate such exchanges is clearly one of the objective of the 1st Global Summit of Public Development Banks that will take place on November 12 in the margins of the Paris Peace Forum.”

IDB and AFD Groups have a strategic cooperation track record in the area of climate change (decarbonization pathways, urban development, energy, transportation), and sustainable

development. The two institutions signed a co-financing agreement in November 2018 targeting US$1 billion by 2021. The 2020 Deep Dive Meeting has allowed experts to dig into promising sectoral discussions on biodiversity, climate change, urban development, governance, gender equality, infrastructure, social sectors, migration and financial innovation, further enhanced by the participation of IDB Invest and Proparco, and finalizing with a discussion on the 2020-21 pipeline.
https://www.iadb.org/en/news/idb-afd-strengthen-partnership-times-covid-19-crisis-and-beyond#

Paraguay will strengthen public policy and fiscal management to tackle COVID-19
NEWS RELEASES, May 18, 2020
US$210 Million Loan From The IDB And Kif Will Address Public Health And Economic Impact Caused by the Pandemic
The Inter-American Development Bank (IDB) approved today a loan for Paraguay to strengthen the efficiency and effectiveness of its public policy and fiscal management to address the public health and economic crises triggered by COVID-19. The project calls for a total of US$210 million in lending, of which US$160 million will be financed by the IDB and US$50 million by the Korea Infrastructure Development Co-Financing Facility for Latin America and the Caribbean, or KIF, which is administered by the IDB.

Among other policy measures, the project will support temporary transfer programs that will benefit more than 300,000 low-income families, allowing them to buy food, medicine and basic goods, and a 40% increase in the country's health care budget so as to take on the public health emergency caused by COVID-19.

The implementation of the project will also include measures to safeguard the incomes of informal workers, through subsidies and other tools to support micro, small and medium-sized enterprises (Mipymes). In addition, it will provide liquidity to companies affected by the economic consequences of the pandemic.

The project also aims to help the State in economic and fiscal terms in the post-pandemic period by supporting reforms designed to boost the efficiency of the public sector in areas such as public health, education, social protection, fiscal matters and government institutions.

The operation will also encourage knowledge exchange between the governments of Paraguay and South Korea based on the latter's valuable experience in tackling the pandemic.

The US$160 million loan financed by the IDB is over 20 years, with a grace period of five and a half years and an interest rate based on LIBOR. The KIF co-financing of up to US$50 million will be over 25 years, with a grace period of seven years and an interest rate of 2.5%.
https://www.iadb.org/en/news/paraguay-will-strengthen-public-policy-and-fiscal-management-tackle-covid-19

- **OECD**

OECD and UN institutions demand green economic recovery from Covid-19
BusinessGreen June 5, 2020
Michael Holder
The growing global consensus on the need to build a green recovery from the economic wreckage of the coronavirus crisis has been yet further underlined by a set of green policy demands released today to mark World Environment Day by host of influential institutions, including the OECD and the UN Development Programme (UNDP).

The 12 organisations which make up the Partners for Inclusive Green Economy have identified 10 core principles they argue should inform national and international recovery efforts, with a strong focus on tackling climate change, biodiversity loss, sustainable development, and inequalities.

As countries prepare stimulus plans to rebuild their economies from the damage causes by the coronavirus pandemic, the institutions are calling on governments to use the opportunity to "redouble efforts to meet the ambitions of the Sustainable Development Goals and the Paris Agreement".

Fiscal stimulus and financial aid packages handed to struggling industries and businesses should "accelerate the transition to a fair and green economy - not undermine it", the recommendations state, while also stressing the importance of reducing future systemic risks and boosting economic resilience.

In addition, they call on governments to accelerate the energy transition, "tackle" fossil fuel subsidies, strengthen human rights protections, combat gender inequality, and focus on assisting small and medium companies with the shift towards greener practices.

"Pursuing economic recovery, social protection as well as human and ecosystem health need to be an overarching goal for countries," said Kumi Kitamori, head of green growth at OECD (the Organisation for Economic Co-operation and Development). "We need to build a more resilient, inclusive and sustainable economic model that prioritises green and low-carbon policies."

Others backing the demands include the International Labour Organisation, United Nations Industrial Development Organisation, Poverty-Environment Action for SDGs, UN Environment Programme, Global Green Growth Institute, and the Green Economy Coalition.

UNDP Administrator Achim Steiner said the path to recovering from the devastating impacts of Covid-19 provided economies, societies and communities with an opportunity to "push the hard reset button on their relationships with the environment".

"In particular, we must insert the DNA of a green economy into all recovery efforts - this is crucial not only to protect ecosystems and biodiversity and restore nature but it will also bring other concrete benefits including the creation of new green jobs and reductions in inequalities while fostering more resilient communities," he said.

Calls for a green economic recovery that accelerates decarbonisation and builds in greater resilience to shocks have reached fever pitch in recent weeks, with hundreds of major companies, investors and influential organisations and campaign groups seemingly broadly united on the issue.

The European Commission last month unveiled a major €1.85tr recovery package it promised would prioritise the shift to a net zero economy, while Germany this week announced plans to assign €40bn to climate-related initiatives as part of its new stimulus package.

In the UK, Prime Minister Boris Johnson has signalled his desire to "build back better" from the current crisis by investing in green infrastructure and the government is set to unveil its own hotly-anticipated economic recovery package next month, with the Treasury reportedly pushing for a focus on a "green industrial revolution".

However, details remain scant at present and campaigners were left disappointed yesterday when it was confirmed that the Bank of England's Covid Corporate Financing Facility (CCFF) has provided billions of pounds in loans to carbon intensive businesses with seemingly no climate-related conditions attached.
https://www.businessgreen.com/news/4016111/oecd-institutions-demand-green-economic-recovery-covid-19

OECD calls for billions in funding to fight COVID-19 in LatAm
Latin Finance, May 26, 2020
Joe Rowley
Latin America requires greater physical, political and economic integration, backed by hundreds of billions of dollars in funding, to tackle structural weaknesses that are undermining its response to the coronavirus pandemic, OECD Secretary-General Ángel Gurría said on Friday.

"The Marshall Plan today would be worth around US$130 billion in today's money, and Latin America requires not just one, but several," he said during a webinar hosted by the Inter-American Dialogue.

The Marshall Plan was a recovery program by the US government to help rebuild Western Europe after World War II.

Compared to more developed countries that have committed around US$8 trilling to US$9 trillion in mostly debt-financed funding to combat the virus, most Latin American nations are less equipped to respond and also face more severe consequences, according to Gurría.

With few exceptions, healthcare systems in Latin America are weaker and less resilient, governments have fewer resources to contain the spread of the virus and overcrowded and unsanitary living conditions for a large section of the population make social isolation virtually impossible, Gurría said.

"The coronavirus looks like it is already having a greater effect on developing and emerging countries," he said.

Before the crisis
Weak economic growth rates from before the coronavirus pandemic and high levels of household and corporate debt have also hindered the ability of several Latin American countries to respond to the crisis.

"The OECD has been denouncing the fact that trillions of dollars every year was being issued in non-financial corporate debt that was just one notch above the investment grade... and one systemic hit away from being downgraded," he said.

The secretary-general also noted that the rapid spread of the coronavirus across the region has exposed the lack of integration between Latin American countries, both in terms of physical infrastructure and policy coordination.

"There is a need for further integration in Latin America, there is a need to upgrade and update policies, there is a need to increase revenue streams and part of the revenue stream is to stop the evasion of tax payments," he said.

With the exception of a handful of countries, such as Argentina and Brazil, Gurría said most Latin American countries have tax-to-GDP ratios well below the OECD average, which has resulted in fewer resources spread more thinly and an increased dependence on more volatile revenue sources, according to Gurría.

"Latin America is getting hurt by the fall in commodity prices, the fall in oil prices, it is being hurt by the [drop in demand from] trading partners and it is also getting hit by [the fall in] remittances, so you are being hit from everywhere," he said.

'Building back better'
Latin America's response to the COVID-19 pandemic should not detract from broader efforts to promote regional integration, but go hand-in-hand with them instead, Gurría said.

The OECD has taken steps to help countries identity and punish tax evaders, introducing automatic information sharing between tax authorities in 139 countries covering around 50 million bank accounts worth some €5 trillion (US$5.45 trillion), he said.
International standards for taxing digital companies are also being negotiated by OECD member states and are set to be revealed in October with the aim of being approved the following month at a summit in Saudi Arabia, he added.

"You don't need to have finis hed with the pandemic before you can start 'building back better' as the phrase goes," he said.

Latin American countries have also been exerting greater influence with the OECD itself. Costa Rica recently joined Chile, Mexico and Colombia as the fourth member nation from the region, and another three countries have applied.
Brazil is among the most vocal of the potential new members and it has lobbied hard for its inclusion, actively seeking to raise its profile among other members – efforts that could soon pay dividends.

"What the Brazil is doing is smart. They are not waiting for a decision, but they are joining more and more committees and more subcommittees and more working groups and advising on more instruments of the OECD. Brazil is now like family and it is in the kitchen," Gurría said.
https://www.latinfinance.com/daily-briefs/2020/5/26/oecd-calls-for-billions-in-funding-to-fight-covid-19-in-latam

- **Asian Development Bank**

6 Ways to Jumpstart a Green Recovery from COVID-19
News Article June 5, 2020
By Bruce Dunn, Director, Safeguards Division concurrently Officer-in-Charge, Environment Thematic Group and Erin Sinogba, Communications and Knowledge Management Consultant, Environment Thematic Group

In the popular imagination, the coronavirus disease (COVID-19) pandemic has been a boon for the natural world. With more than a third of the global population under some level of lockdown, we've delighted to see skies burst back into blueness and wild animals venturing into urban neighborhoods. It's been easy to convince ourselves that wildlife and the environment have flourished. The truth, however, isn't so reassuring. The pandemic has created an increase in poaching, animal trafficking, illegal fishing and other environmental crimes. It's caused a surge in food, plastic, and infectious medical waste. And it's put a roadblock in front of a much-needed international agreement on key biodiversity and climate goals.

With countries across Asia and the Pacific gradually loosening their quarantines, we must bring the focus back to nature and address the pandemic through green and inclusive recovery. For many, this will be a challenge because of the high demand for healthcare and social protection. But the choice between the environment on the one hand and the economy on the other is a false one. Experts have found that green investments generate significant jobs and sustainable benefits to economies. Early investment is also ultimately cheaper than the trillions of dollars needed to respond to future crises. As we begin to emerge from months of lockdown, here are six measures that decision-makers can take to jumpstart their own green recoveries.

1. Improve air quality and hygiene
Recent air quality improvement and reduced carbon emission from lockdowns can be sustained by continuing flexible working arrangements and enabling the use of non-motorized transport. Cities such as Bogotá and Sydney are creating designated lanes and pathways for walking and biking to reduce crowding on public transport and provide a safe and healthy way to exercise. Governments can further improve air quality through policy reforms, incentives, and investments in sustainable transport, clean energy, and green urban planning.

Across Asia and the Pacific, millions of people lack access to basic drinking water or sanitation services, making it challenging to follow handwashing and other hygiene guidelines to prevent the spread of COVID-19. Emergency water provision, handwashing facilities, and temporary latrines can be provided to communities and waste sector workers, coupled with campaigns that teach and encourage proper handwashing. Disposal of medical waste must follow proper guidelines to minimize pollution and the spread of disease. In the medium term, investments to improve water supply, sanitation, and solid waste management (including the 3Rs of 'reduce, reuse, recycle') should be substantially increased to protect human health and the natural environment.

2. Protect wildlife and restore ecosystems
Protecting the region's natural capital and developing sustainable land-use practices are crucial to reducing future outbreaks of zoonotic diseases. This will require increased enforcement of regulations against poaching, wildlife trafficking, and habitat destruction. Governments can use stimulus funds to hire additional wildlife rangers and increase the use of remote monitoring technologies such as camera traps and drones in compliance with physical distancing requirements and travel restrictions. To curb wildlife trade, there is growing public support in Asian countries to close illegal and unregulated wildlife markets. Provinces in the People's Republic of China have developed compensation schemes for farmers to transition from breeding exotic animals for trade to rearing other livestock or producing tea and herbal medicines. To restore ecosystems, governments can create cash-for-work programs for environmental public works, such as river restoration, and pest control to benefit native wildlife.

3. Support urban agriculture to improve food security
Urban and community farming has grown in popularity to address food and nutritional needs due to the supply chain disruptions caused by COVID-19 lockdowns. Fruits and vegetables grown in just 10% of a city's gardens and green spaces can provide 15% of the local population with their basic needs. Investing in urban agriculture and related services can generate jobs at a rate of 1 for every 50-100 citizens. It also saves energy and reduces emissions from storage and transportation, can reduce retail prices for consumers. Urban gardens can also provide environmental benefits. Governments may consider supporting resilient and localized food supply chains to ensure continued production and distribution of safe, diversified, and nutritious food while protecting livelihoods, the environment, and health. Such support should include improving access to high-speed internet services to expand agricultural e-commerce.

Some of these ideas are already happening. In the wake of the pandemic, Singapore has initiated a grant program for local farmers and entrepreneurs as part of a plan to meet 30% of its nutritional needs with locally-grown food by 2030. In the Philippines, government agencies are providing urban residents with seeds, planting materials, and training to create urban vegetable gardens. Governments can also encourage agroecology and agroforestry farming approaches, as well as integrated pest management, to help restore soil and forests, strengthen food security and climate resilience, and protect livelihoods.

4. Invest in green livelihoods
This is a key way countries can address unemployment and rebuild economies. Green business sectors can provide resilient livelihood opportunities while improvements in digital infrastructure can support remote working, telehealth, and e-commerce. To address unemployment resulting from the crisis, economists have recommended education and training for green jobs. Livelihood programs can support restoring and enhancing natural capital, such as Pakistan's 10 Billion Tree Tsunami program, or rehabilitating green urban spaces and nature-based tourism destinations.

Micro, small- and medium-sized enterprises, which employ the most people in Asia and the Pacific, will need financial and technical assistance to adopt green technologies and transition to green business models, products, and services. Support for larger companies can be linked with actions to improve their environmental performance, which can include information disclosure and greening their supply chains. Sustainable solutions to adapt industries to the new normal, such as developing and monetizing virtual tourism experiences, should also be promoted.

5. Build climate and disaster resilience
The Global Commission on Adaptation has estimated that investing US$1.8 trillion globally from 2020 to 2030 in resilience-building measures could generate US$7.1 trillion in total new benefits. Therefore, stimulus support for large infrastructure investments should ensure that projects are designed and planned to be ecologically sensitive, low-carbon, and resilient to climate and disaster impacts. Nature-based solutions—such as protecting coral reefs or restoring mangrove forests to act as natural buffers against storm surges—are cost-effective and have major co-benefits for biodiversity, ecosystems food supply, local economic opportunities (like tourism) and provide aesthetic and cultural benefits to communities. Farmers can implement climate-resilient farming tactics that preserve open areas to absorb increasing volumes of rain during the monsoon season.

6. Innovative financing that supports green investments
Innovative financing mechanisms will be needed to meet the large investment needs of a transformative green recovery. Environment, social, and governance (ESG) investments have performed better than the broader market in the early months of the pandemic and may be key to integrating support for environmental sustainability into stimulus packages. Financial institutions can issue green and blue bonds to raise capital and invest in programs and project to provide growth, and jobs while delivering environmental benefits. The Export-Import Bank of Korea's green recovery initiative is a good example. Countries can also use or reform economic instruments such as taxes, levies, penalties, and subsidies for collecting domestic revenues and providing incentives for stimulating sustainable and low-carbon investments to achieve a green recovery and longer-term, climate-resilient development.
https://www.adb.org/news/features/6-ways-jumpstart-green-recovery-covid-19

ADB, Japan to strengthen collaboration to assist Asia in response to COVID-19
Devdiscourse, June 2, 2020
"ADB and JICA have a long history of collaboration and partnership in a number of key areas including supporting DMCs to accelerate progress toward achieving universal health coverage (UHC) and co-financing on quality infrastructure," said Mr Asakawa.

sian Development Bank (ADB) President Masatsugu Asakawa and Japan International Cooperation Agency (JICA) President Shinichi Kitaoka today reaffirmed their commitment to strengthen collaboration to assist ADB's developing member countries (DMCs) in their response to the novel coronavirus disease (COVID-19) pandemic.
"ADB and JICA have a long history of collaboration and partnership in a number of key areas including supporting DMCs to accelerate progress toward achieving universal health coverage (UHC) and co-financing on quality infrastructure," said Mr Asakawa. "COVID-19 poses serious health, social, and economic threats to the region. It is important that we find ways to enhance our collaboration, including cofinancing, to help developing member countries address the pandemic."

In their call, the two presidents discussed the economic and social status of Asian and Pacific economies in the wake of the pandemic and their organization's respective assistance packages.

ADB announced a $20 billion assistance package on 13 April to address the needs of its DMCs as they respond to the COVID-19 pandemic. The package includes $13 billion for quick and affordable budget support to help DMCs counter the severe macroeconomic impacts arising from the pandemic with countercyclical expenditure with the focus on the poor and the vulnerable. Some $2.5 billion of the package is available as concessional and grant resources and about $2 billion is earmarked for loans and guarantees to the private sector to rejuvenate trade and supply chains. ADB will expand its technical assistance to DMCs in designing, improving, implementing, and monitoring health and other sector actions against COVID-19.

JICA is preparing a COVID-19 crisis response emergency support loan program to strengthen countries' capacity to respond to COVID-19 and revitalize economic activities in those hit hard by the pandemic. Its assistance will be provided as standalone loans or co-financing with multilateral development banks, including ADB.

ADB and JICA have a strategic partnership to co-finance US$10 billion in quality public infrastructure investment between 2016 and 2020. The two organizations also established in 2016 the US$1.5 billion Leading Asia's Private Sector Infrastructure (LEAP) Trust Fund to promote private financing for infrastructure development, including through public-private partnerships.

The two organizations are also collaborating at country and regional levels in the areas of health security, UHC, and specific health issues concerning the elderly under a partnership signed in May 2017.
https://www.devdiscourse.com/article/international/1075701-adb-japan-to-strengthen-collaboration-to-assist-asia-in-response-to-covid-19

ADB Governors Approve Corporate Financial Matters in First Virtual Annual Meeting
News Release, May 22 2020
MANILA, PHILIPPINES (22 May 2020) — The Board of Governors of the Asian Development Bank (ADB) today approved ADB's financial statements and the allocation of its 2019 net income in its first-ever virtual Annual Meeting held amid the novel coronavirus disease (COVID-19) pandemic. The approval came at the first stage of the 53rd Annual Meeting of the Board of Governors—a Business Session among the Governors or their designated representatives from 68 members of ADB.

The second stage of the Annual Meeting, including seminars with Governors and other senior government officials, members of the private sector, representatives of international organizations and civil society organizations, youth, academia, and the media, is currently scheduled for 18–21 September 2020 in Incheon, Republic of Korea.

"Our immediate priority is to provide vital support to developing member countries as they confront the COVID-19 pandemic and return their economies to a path of sustainable growth," said ADB President Masatsugu Asakawa in his remarks to the meeting. "Your approval today of the financial statements and allocation of net income ensure that we have the tools and financial stability to address the enormous challenges that now affect the lives and economies of millions of people across our region."

"Our choices and efforts today will determine whether we can overcome the current health care and economic crises," said the Chair of the Board of Governors, and Deputy Prime Minister and Minister of Economy and Finance of the Republic of Korea Hong Nam-Ki. "The ADB should turn this crisis into an opportunity, while enhancing knowledge sharing on COVID-19 policy responses and expanding support for low-income countries and vulnerable groups."

The Board of Governors adopted a resolution to allocate US$1.069 billion of net income, the highest in the bank's history, from ADB's 2019 ordinary capital resources. The 2019 net allocable income is higher than the US$841.4 million recorded in 2018, due largely to an increase in income from lending operations and liquidity investments, as well as a drop in nonsovereign loan loss provisions.

The allocable net income will be distributed as follows: US$615.7 million to the ordinary reserve to support ADB's capital adequacy and provide an earnings base to generate net income; US$259.5 million to the Asian Development Fund, which provides grants to ADB's low-income member countries; US$130 million to the Technical Assistance Special Fund, which provides a stable and predictable funding source for ADB's technical assistance, as well as increased support to respond to the COVID-19 pandemic; US$30 million to the Regional Cooperation and Integration Fund; US$24 million to the Climate Change Fund; and US$10 million to the Asia Pacific Disaster Response Fund.

Governors also approved the bank's annual financial statements. ADB's ordinary capital resources' operating income totaled $1.1 billion in 2019, up from US$889 million in 2018. The 2019 net income was US$1.554 billion, up from US$750 million in 2018.

ADB is actively supporting its members as they address the effects of COVID-19 through its US$20 billion response package announced on 13 April. ADB has approved a series of measures to streamline its operations for quicker and more flexible delivery of assistance. Visit ADB's website to learn more about our ongoing response.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.
https://www.adb.org/news/adb-governors-approve-corporate-financial-matters-first-virtual-annual-meeting

- **<u>Basel Committee on Banking Supervision</u>**

Basel Committee on Banking Supervision Discussion paper on "Designing a Prudential Treatment for Crypto-Assets" and industry response
Lexology, May 13 2020
As exposure to crypto-assets is becoming more and more relevant to banks, the Basel Committee on Banking Supervision (Basel Committee) issued a timely discussion paper in December 2019 inviting an industry response on the topic of crypto-assets. The paper formed part of the Basel Committee's broader plan to monitor market and regulatory developments revolving around crypto-assets in the banking system, the qualification of banks' direct and indirect crypto-asset exposures through periodic data-collection exercises, and assessment of appropriate prudential treatment for banks' exposures to crypto-assets.

In the paper, the Basel Committee called for industry responses in relation to the following topics:
- A common understanding on the features and risk characteristics of crypto-assets that should be taken into consideration when designing prudential treatment for banks' exposures to crypto-assets; and
- General principles that should guide the design of prudential treatment by banks to their crypto-assets exposures.

The industry's response was coordinated by the Global Financial Markets Association (GFMA) and was published in the GFMA's response paper dated March 2020. Points of interest include:

Basel Committee: Definition of "crypto-asset" includes where the following features can be identified–digital/virtual nature, reliance on cryptography and use of distributed ledger technology.

- GFMA's response: there is no wide-spread agreement on the definition of "crypto-assets", but the GFMA identified types of crypto-assets in its proposed approach to classification and understanding of crypto-assets in Annex A of the response paper.

  Basel Committee: General principle of prudential treatment: "Same risk, same activity, same treatment"

- GFMA's response: Highly supportive of the above risk-based principle, but did not encourage an overly simplistic framework. GFMA thinks although there are unique risks associated with high risk crypto-assets, banks can leverage existing frameworks to tackle these risks, as seen in their proposed framework in Annex B of the response paper.

Basel Committee: Channels of bank exposures to crypto-assets and framework for identifying corresponding risk and prudential treatment:
- GFMA: the GFMA has made a list of potential channels of bank exposures to crypto-assets, with the corresponding assessment of whether the exposure is direct or indirect, overall risks related to banks' exposure to the activity for determining the prudential treatment and recommended prudential treatment should banks engage in activity with "high risk" crypto-assets (see Annex B to the response paper)[5].

- **<u>World Bank</u>**

World Bank Group: 100 Countries Get Support in Response to COVID-19 (Coronavirus)
PRESS RELEASE MAY 19, 2020
Unprecedented Crisis Could Push Up to 60 Million into Extreme Poverty

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[5] https://www.lexology.com/library/detail.aspx?g=d75eef1d-b4ef-42e7-89df-ae7865c46eee&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2020-05-14&utm_term=

WASHINGTON, May 19, 2020— The World Bank Group today announced its emergency operations to fight COVID-19 (coronavirus) have reached 100 developing countries – home to 70% of the world's population. Since March, the Bank Group has rapidly delivered record levels of support in order to help countries protect the poor and vulnerable, reinforce health systems, maintain the private sector, and bolster economic recovery. This assistance, the largest and fastest crisis response in the Bank Group's history, marks a milestone in implementing the Bank Group's pledge to make available US$160 billion in grants and financial support over a 15-month period to help developing countries respond to the health, social and economic impacts of COVID-19 and the economic shutdown in advanced countries.

"The pandemic and shutdown of advanced economies could push as many as 60 million people into extreme poverty – erasing much of the recent progress made in poverty alleviation," said World Bank Group President David Malpass. "The World Bank Group has moved quickly and decisively to establish emergency response operations in 100 countries, with mechanisms that allow other donors to rapidly expand the programs. To return to growth, our goal must be rapid, flexible responses to tackle the health emergency, provide cash and other expandable support to protect the poor, maintain the private sector, and strengthen economic resilience and recovery."

Of the 100 countries, 39 are in Sub-Saharan Africa. Nearly one-third of the total projects are in fragile and conflict-affected situations, such as Afghanistan, Chad, Haiti, and Niger. The International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) have also fast-tracked support to businesses in developing countries, including trade finance and working capital to maintain private sectors, jobs and livelihoods.

The Bank Group's support through grants, loans and equity investments will be supplemented by the suspension of bilateral debt service, as endorsed by the Bank's governors. IDA-eligible countries that request forbearance on their official bilateral debt payments will have more financial resources to respond to the COVID-19 pandemic and fund critical, lifesaving emergency responses.

"The bilateral debt-service suspension being offered will free up crucial resources for IDA countries to fund emergency responses to COVID-19," said Malpass. "Nations should move quickly to substantially increase the transparency of all their governments' financial commitments. This will increase the confidence in the investment climate and encourage more beneficial debt and investment in the future."

he Bank Group's operational response will strengthen health systems, support the poorest households, and create supportive conditions to maintain livelihoods and jobs for those hit hardest. Country operations will deliver help to the poorest families through cash transfers and job support; maintain food security, nutrition and continuity of essential services such as clean water and education; target the most vulnerable groups, including women and forcibly displaced communities, who are most likely to be hit hard; and engage communities to support vulnerable households and foster social cohesion. The scale and speed of the Bank Group's response is critical in helping countries mitigate the adverse impacts of this crisis and prioritize the human capital investments that can accelerate recovery.

The Bank Group's operations in 100 countries aim to save lives, protect livelihoods, build resilience, and boost recovery by:

- Strengthening health systems, monitoring, and prevention, particularly in low-income countries and in fragile and conflict-affected situations. The Bank Group's health response addresses emergency containment and mitigation needs for COVID-19, including strengthening countries' health systems to treat severe cases and save lives. Establishing and supporting efforts in fragile and conflict-affected situations is a priority, given the rapidly growing number of cases in some of these countries.
- Disbursement is already underway on US$20 million to Senegal and US$35 million to Ghana, which includes funding to strengthen disease surveillance systems, public health laboratories, and epidemiological capacity for early detection. A US$20 million IDA grant was approved for

Haiti that aims to enhance testing, minimize spread through contact tracing of confirmed cases, and provide laboratory and protective equipment for health care staff.

- Scaling up social protection: The Bank Group is leveraging countries' existing social protection systems to help families and businesses restore income, preserve livelihoods, and compensate for increasing prices and unexpected medical expenses. These safety nets will need to be augmented with safe, direct food distribution, accompanied by key information on nutrition, social distancing, and hygiene.

In Uzbekistan, a US$95 million financing package includes funding for cash support to low-income families and one-off unemployment benefits, while in Tunisia US$100 million is being reallocated from the existing portfolio to help finance additional social benefits and grants to small and medium-size enterprises.

- Supporting businesses and preserving jobs: The International Finance Corporation (IFC) continues to implement its US$8 billion fast-track financing facility, which aims to keep companies in business and preserve jobs. Close to 300 clients have requested support, and the facility may be oversubscribed. Building on this effort and market demand, IFC aims to provide US$47 billion in financing to developing countries over 15 months. Cumulative COVID-19 related commitments under IFC's Global Trade Finance Program, which supports small and medium-sized enterprises involved in global supply chains, have totaled 1,200 transactions across 33 countries for US$1.4 billion, with 51% of this volume in low-income and fragile countries.

Procuring medical equipment and supplies: Many developing countries import most, and in some cases all, of the medical supplies critical for fighting COVID-19, leaving them extremely vulnerable to supply disruptions and export restrictions.

- In Pakistan, the first consignments of personal protective equipment (PPE) – including masks, gloves, protective suits, gowns, coveralls, shoe covers, goggles, and face shields – have already been delivered to doctors and paramedics. This assistance is part of a larger package that includes US$25 million for emergency cash transfers to poor and vulnerable households. On April 23, the World Bank approved US$100 million for the Philippines to procure materials including PPE, essential medicines, test kits, and key equipment such as mechanical ventilators, cardiac monitors, and portable x-ray machines. In Iraq, the World Bank redeployed US$33.6 million to help finance the supply of essential equipment and supplies and strengthen intensive care unit (ICU) capacity at public hospitals.

The Bank Group is helping countries access critically needed supplies and equipment, for example, by identifying interested suppliers and negotiating prices and conditions.
https://www.worldbank.org/en/news/press-release/2020/05/19/world-bank-group-100-countries-get-support-in-response-to-covid-19-coronavirus

- **IMF**

Platform for Collaboration on Tax releases toolkit to help developing countries tackle the complex issues around taxing offshore indirect transfers of assets
News June 4, 2020
Washington, D.C., June 3, 2020 - The Platform for Collaboration on Tax (PCT) released a Toolkit on the Taxation of Offshore Indirect Transfers (OIT) providing guidance on the design and implementation issues when one country seeks to tax gains on the sale of interests in an entity owning assets located in that country by an entity which is a tax resident in another country. This is the third Toolkit published by the PCT [6] to provide guidance on areas of international taxation of particular concern to developing countries.

This toolkit addresses a concern of particular significance to developing countries, mostly but not exclusively natural resource rich countries—primarily from the perspective of the country where

[6] The PCT earlier released a toolkit on Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Investment in 2015, and another for Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses in 2017. Others are in varying stages of development and public comment.

the underlying assets are located. Taxation of the indirect transfer of assets such as mineral rights, and other assets generating location specific rents such as licensing rights for telecommunications, has been the subject of protracted public interest. This topic is a concern in many developing countries, magnified by the revenue challenges that governments around the world face as a consequence of the COVID-19 crisis.

The significance of this issue was recognized in the development of the OECD led Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the “MLI”). The MLI includes a provision based upon the OECD and UN model tax conventions, for purposes of extending the reach of existing tax treaties to allocate rights to tax such indirect transfers to location countries, should treaty partners so choose.

The toolkit assesses the economic rationale for such an allocation of taxing rights on such transfers to the country where the underlying assets are located. The toolkit proposes that location countries may wish to tax offshore indirect transfers of at least those assets which are immovable—within the meaning of current UN and OECD model treaties—and perhaps additional assets that also generate location specific rents. If location countries do wish to extend taxing rights to such transfers the toolkit suggests two models for domestic legislation which such countries may adopt.

The first model seeks to tax the resident asset owner under the deemed disposal model- treating it as having realized the gain on the assets in question immediately before the transfer and reacquired the asset immediately after the transfer. The second model seeks to tax instead the non-resident seller of the asset. The toolkit also suggests a model definition of immovable property for the purposes of such domestic legislation and provides further guidance to support enforcement and collection.

This toolkit takes into account extensive comments received during two rounds of public consultation in 2017 and 2018 from numerous groups representing country authorities, civil society organization and the private sector.

The launch of this toolkit will be complemented with a launch webinar in the coming weeks. French and Spanish versions of the toolkit will follow, as well as virtual learning opportunities based on the toolkit.
The PCT is a joint initiative of the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations (UN) and the World Bank Group (WBG). More information can be found at https://www.tax-platform.org/
https://www.imf.org/en/News/Articles/2020/06/04/pr20235-platform-for-collaboration-on-tax-releases-toolkit-to-help-developing-countries

The Great Reset. Remarks to World Economic Forum Kristalina Georgieva, Managing Director, IMF
News June 3, 2020
My thanks to His Royal Highness the Prince of Wales and to Professor Schwab for bringing us together.

Now is the time to think of what history would say about this crisis. And now is the time for all of us to define our own role.

Will historians look back and say this was the moment of a Great Reversal? Today, we see very worrying signs.
One hundred and seventy countries are going to finish this year with a smaller economy than at the start of the year, and we already project that there will be more debt, bigger deficits, and more unemployment. And there is a very high risk of more inequality and more poverty.

Unless we act. So, what would it take for historians to look back at this crisis as the moment of a Great Reset?

From the perspective of the IMF, we have seen a massive injection of fiscal stimulus to help countries deal with this crisis, and to shift gears for growth to return. It is of paramount importance that this growth should lead to a greener, smarter, fairer world in the future.

It is possible to do this. Provided that we concentrate on the key elements of a recovery—and act now. We don't need to wait.
At the IMF, we see some tremendous opportunities. First, let me first talk about green growth.

Governments can put in place public investments—and incentives for private investments—that support low-carbon and climate-resilient growth.

Many of these investments can lead to job-rich recovery—think of planting mangroves, land restoration, reforestation or insulating buildings. Think of the key sectors for reducing carbon intensity where both the public and private sector can invest.

I am particularly keen to take advantage of the low oil prices we see today, to eliminate harmful subsidies and introduce a carbon price that would work as an incentive for future investments.

Second, let me talk about smarter growth. We know the digital economy is the big winner of this crisis. But we must not allow the digital divide to widen so that some countries and communities fall further behind. This would bring more pain than gain in the future.

So, it is critical that institutions like the IMF support investments that will shrink the digital divide—working in partnership with the World Bank and others.

We also need to think carefully about how to make sure the jump in growth and profitability in the digital sector leads to benefits that are shared across our societies.

And that takes me to my third point—fairer growth.

We know that—if left to its own devices—this pandemic is going to deepen inequality. That has happened in prior pandemics.

We can avoid this if we concentrate on investing in people—in the social fabric of our societies, in access to opportunities, in education for all, and in the expansion of social programs so we take care of the most vulnerable people. Then we can have a world that is better for everyone.

I want to conclude with an example from the past. William Beveridge, in the midst of the Second World War, put forward his famous report in 1942 in which he projected how UK should address what he called the 'five giant evils.' That famous 'Beveridge Report' report led to a better country after the war—including the creation of the National Health Service that is saving so many lives today in the UK.

And my institution, the IMF, was created at this time as well—at the Bretton Woods Conference.

So, now is the moment to step up—and use all the strength we have—to turn the page. In the case of the IMF we have a one trillion-dollar financial capacity and tremendous engagement on the policy side.
This is the moment to decide that history will look back on this as the Great Reset, not the Great Reversal.

And I want to say—loud and clear—the best memorial we can build to those who have lost their lives in the pandemic is to build a world that is greener, smarter and fairer.
https://www.imf.org/en/News/Articles/2020/06/03/sp060320-remarks-to-world-economic-forum-the-great-reset

- **<u>Global Environment Fund</u>**

GEF Council agrees on $700 million for urgent environmental action
News June 3, 2020
The Global Environment Facility's governing body, meeting remotely, has agreed on $700 million for projects and programs to help developing countries keep advancing urgent environmental priorities through and beyond the coronavirus pandemic. The new and expanded programming under the GEF-7 replenishment cycle spans oceans, chemicals, land use, wildlife trafficking, green shipping, and climate change adaptation, and the LDCF work program focuses on helping vulnerable countries and communities continue to build their climate resilience. The GEF Council also selected a new CEO and Chairperson, Carlos Manuel Rodriguez, who will take over from Naoko Ishii in August.

In a boost to international environmental action at an uncertain time for the world economy, the Global Environment Facility's governing body has agreed on US$700 million for projects and programs that will help developing countries protect marine biodiversity, fight wildlife trafficking, tackle dangerous uses of mercury, and fortify defenses against climate change in the agriculture and fisheries sectors, in basic services such as drinking water, and other areas.

The GEF Council, meeting remotely due to the coronavirus pandemic, endorsed the multilateral trust fund's US$645 million proposed work program as well as US$60 million in projects from the GEF-managed Least Developed Countries Fund which focuses on climate resilience in the world's poorest countries.

Delegates across 17 time zones, from Mexico to New Zealand, discussed the urgency of continuing to work together to address environmental challenges to ensure there is no backsliding on global priorities in a time when many governments are rightly focused on managing public health crises and related economic shutdowns. They also reached consensus on a new administrative budget for the GEF to maintain business continuity throughout the coronavirus crisis period.

It was the last GEF Council meeting presided over by Naoko Ishii, whose second term as CEO and Chairperson of the 183-member body ends in July.

During her tenure, the GEF broadened its approach to tackle the underlying drivers of environmental degradation in addition to their symptoms, with a focus on the transformation of key economic systems through integration, new Impact Programs, and multi-stakeholder partnerships that tackle pressures on nature from human systems.

"I am so thankful to you, the Council, GEF families and partners, and the staff of our GEF Secretariat, for shifting our focus towards the root causes of environmental degradation, and to the central importance of system-wide changes," she told the virtual session. "Many institutions have successful projects. But few institutions manage to move from a project logic to a system logic, let alone have the courage of catalyzing systems-wide change. That is what we have been trying to do together at the GEF – identifying the key ingredients of system-wide change and investing in those at scale. I believe we have made good progress – but we have not arrived at the final station yet."

On the first day of the Council meeting, Costa Rican Environment and Energy Minister Carlos Manuel Rodriguez was named the GEF's next CEO and Chairperson for a four-year term beginning August 1, 2020.
In a document prepared for the Council meeting, the GEF Secretariat outlined the ways the coronavirus pandemic has informed the trust fund's approach, including an expansion of efforts to confront wildlife trading and to reduce the conflicts between human systems and nature that have brought people and wildlife dangerously close together.

The new work program, which spans 72 countries, is expected to mobilize US$3 billion in co-financing from other sources and directly benefit 12 million local people in project areas. It includes the expansion of three existing programs – the Global Wildlife Program, the Food Systems, Land

Use and Restoration (FOLUR) Impact Program, and the Global E-Mobility Program – to new countries, extends funding support to the GEF Small Grants Programme, and launches two new programs: Common Oceans and GOLD+.

The Common Oceans program, led by FAO and co-implemented by UNDP and UNEP, aims to improve the sustainable management of 12 million hectares of marine protected areas beyond national jurisdiction, and support moving 943,000 tons of several globally over-exploited fish species to sustainable levels. This program will address the sustainable use and conservation of biodiversity in areas beyond national jurisdiction, which are subject to multiple threats including over-fishing, pollution, habitat loss, degradation, and climate change impacts.

Another new program, GEF GOLD+, will support the elimination of mercury from the artisanal and small-scale gold mining sectors in developing countries through formalization, access to finance and markets, and access to mercury-free gold mining technologies. This program extends the planetGOLD program that was approved in the GEF-6 replenishment cycle and will be managed by Conservation International with the support of UNEP, UNDP and UNIDO.

The latest GEF work program also includes four blended finance projects, which aim to attract private investment where it is critically needed. These include a green shipping platform to retrofit shipping fleets for increased fuel efficiency; a forest conservation and climate-smart agriculture fund designed to de-risk local financing in developing countries; a wildlife bond that will unlock institutional investor financing for the conservation of the black rhino in South Africa; and a livelihood carbon fund that will generate returns to investors through certified carbon offsets.

The Council decided to launch a working group of interested Council members and GEF Secretariat staff members to support an updated private sector engagement strategy and related implementation plan, which would be discussed and considered at the next GEF Council meeting.

In the second and final day of their meeting, Council members also approved $60 million in projects from the GEF-managed Least Developed Countries Fund. The projects are focused on helping vulnerable countries and communities continue to build their climate resilience, which will be particularly relevant to address the impacts of the COVID-19 crisis. Those projects across eight countries – Burkina Faso, Djibouti, Haiti, Lao PDR, Liberia, Mauritania, Tanzania, and Yemen – are expected to generate or increase income and sustain livelihoods, and also tackle fragility and security concerns through concrete adaptation measures and policies. They will mobilize $257 million in co-financing, which is not required for the LDCF, from other sources. The Council also approved the business plan and budget for the LDCF and Special Climate Change Fund (SCCF) for the next fiscal year. Read the chair's summary.
The documents of the 58th GEF Council meeting are available here.
https://www.thegef.org/news/gef-council-agrees-700-million-urgent-environmental-action

Global Environment Fund approves US$27mln for new projects in Latin America and Caribbean
The Santiago Times June 5, 2020
The projects will take place in Brazil, Mexico, Nicaragua, Peru and Uruguay and will be implemented by FAO.
SANTIAGO – The Global Environment Facility (GEF) on Thursday approved more than USD$27 million for projects to be implemented by the governments of five countries in Latin America and the Caribbean, with the support of the Food and Agriculture Organization of the United Nations (FAO).

Three country projects and one bi-national project will support communities to conserve marine biodiversity, improve the sustainability of food chains, reverse land degradation, boost sustainable food production, and improve public and private management of water resources.

These new initiatives add to a portfolio of 53 projects that have mobilized over US$181 million from the GEF in 18 countries in the region. “Transforming agricultural practices becomes even more relevant during the COVID-19 pandemic. We have to have sustainable and resilient production systems that allow us to be prepared to face disruptions such as health crises or the ravages of climate change" explained Ignacia Holmes, Policy, Environment and Climate Change Officer.

Sustainable management and restoration of the dry forest of the north coast of Peru
FAO and the International Union for Conservation of Nature will implement a project that received USD 7.6 million from the GEF, with a co-financing of USD 53.5 million from the Government of Peru.

The objective of the project is to restore and sustainably manage the dry forests of the north coast of Peru, facilitating the conservation of biodiversity and ecosystem services, increasing the resilience of communities and their livelihoods, and reducing degradation from the earth.

The project will improve the effectiveness of the sustainable management of five protected areas for a total of 250,250 hectares. In addition, it will restore landscapes in 2,278 hectares of forests and promote agreements with producers, avoiding the emission of 2 million tons of CO_2 benefiting 16,800 people.

Mexico: from hook to plate
The new project in Mexico is a strategy to strengthen sustainable fishing to safeguard marine biodiversity and food security, which ranges from hook to plate.

With US$9.2 million from the GEF and co-financing of US$40.3 million from the Mexican government, the project will conserve marine biodiversity and promote sustainable livelihoods in communities through joint management.

The project will apply improved management practices in 399,114 hectares of land conservation areas, 1,597,751 hectares of marine conservation areas, and 925,031 hectares of productive marine landscapes. As a result, the project seeks to reduce by 25,104 metric tons the catch of overexploited marine fisheries.

Uruguay and Brazil: integrated watershed management
The GEF will contribute US$4.8 million to a project for the joint management of its transboundary water resources in the Merín lagoon basin and its associated coastal lagoons.

The Merín lagoon is the largest in Uruguay and the second largest in Brazil, and the region has great economic potential for fishing and aquaculture. The project will favor the expansion of river transport between countries without damaging biodiversity, and will strengthen the capacities of the public and private sectors, emphasizing the sustainable and efficient use of water, the preservation of ecosystems and their services, and adaptation to climate change.

Intensify food production in a sustainable way in Nicaragua
With US$5.5 million from the GEF, and co-financing of US$48 million, Nicaragua will transform food systems in the protected areas of the biological corridors of the southern Caribbean coast and the San Juan River.

The project will work with beef and dairy cattle value chains, promoting sustainable approaches that can slow down the expansion of the agricultural frontier and deforestation in ecosystems of global importance.

Public-private partnerships to improve the adoption of sustainable agricultural intensification methods, restoring the productivity of idle land and reducing livestock emissions are some of the project strategies.
https://santiagotimes.cl/en/2020/06/05/global-environment-fund-approves-27mln-for-new-projects-in-latin-america-and-caribbean/