«From Pandemic to Recovery. The Role of Development Banks»

Conference Report

Executive summary

Planned at the height of the global socio-economic crisis, the Online Conference "From Pandemic to Recovery. The Role of Development Banks" aims to highlight the significant role of development banks in setting the right balance between short-term incentives and long-term vision supporting national economies in this turbulent period.

The Conference has focused on two main issues that are at the core of every after-shock recovery: sustainable infrastructures and the well-being of small and medium-sized enterprises.

This Conference is the first step towards the upcoming "Finance in Common" IDFC Summit that will gather in Paris, on November 12, 2020 and for the first time, all the Public Development Banks (PDBs) and their ecosystem. This event has been built around four main questions:

1. Do PDBs have a common role and responsibility, a common function in the financial systems? The aim of the "Finance in Common" Summit is to demonstrate, with the help of academics, of international organizations, of other stakeholders and through the voice of the banks that PDBs can indeed play a common role and make a difference in the global development agenda if their financing capacity – i.e. $2.5 trillion – serves a more efficiently coordinated purpose.

2. Are PDBs contributing sufficiently to the collective agenda aligned with the 2030 Agenda of the UN and the Paris Agreement?

3. The third question is how, in a multilateralism approach, a community of development banks, can actually come together and create a global coalition that will be able to tackle global challenges. Can PDBs make a global collective contribution to sustainable development agenda?

4. The fourth and ultimate issue here relates to the financing challenges and solutions for sustainable development. How are we going to finance our respective economies with the long-term goal of achieving the SDGs?

The concrete illustrations and implementation of these questions were encapsulated in the issues discussed along the “From Pandemic to Recovery” Conference with the voices of high level representatives of the international organizations, all PDBs from MDBs to regional associations, regional and national development banks, in the unique circumstances generated by the current pandemics. Ideas shared to build back better together for a resilient and inclusive global economy:

- **What type of collective action is required to avoid a long recession and make the post-Covid-19 recovery a sustainable one?**
- **How can Public Development Banks help economies cope with short-term employment support and long-term necessary transformation of industries?**
- **How can they implement the transition towards an inclusive, resilient and environmentally – friendly economy?**

The following interventions echoed these questions with a specific focus on the support to SMEs and innovative approaches to develop Sustainable Infrastructure.

Opening Session

Igor Shuvalov

Chairman of VEB.RF, host of the Conference

- Good afternoon, everybody. Russia, through VEB.RF, is the part of the International Development Finance Club (IDFC). The leader of the Club, Monsieur Rémy Rioux, helped VEB.RF a lot with the preparation for this Conference.
- We have asked for this assistance and to get together just as a preparatory course before the First Global Summit of Development Banks “Finance in Common” in Paris in November. As a member of the International Development Finance Club, we do support the idea

of the Summit. It was a good, actually great idea, Mr. Rioux, to organize all Development Banks in Paris, where we can discuss the sustainable development agenda.

- We found ourselves in the situation where the COVID-19 has stopped the sustainable development agenda, and we were blocked in our apartments and houses.
- Nevertheless, now everybody speaks about the agenda on recovery after the pandemic.
- Today we would like to discuss two major points: Infrastructure and SMEs and to be better prepared before the Summit in Paris.
- We gather today to have more common sense and common agenda, because we will be a group of many people in Paris, and we need to be well prepared and acquainted.
- I thank you all, participants and speakers today. I hope that in the end we will have more clarity before the Summit in Paris.
- We will have two prerecorded messages from the Secretary-General of the United Nations António Guterres and the OECD Secretary-General Ángel Gurría.

António Guterres

Secretary-General of the United Nations

- The COVID-19 pandemic is exposing and exacerbating social economic and infrastructure inequalities and challenges.
- Development Banks can play a significant role in supporting the pandemic response and recovery by providing financing for infrastructure and other public goods, and by promoting financial inclusion.
- The recovery cannot be a returned to old failed approaches and systems. We must raise our ambitions and recover better guided by the 2030 Agenda and the Sustainable Development Goals.
- I welcome this Conference focusing on financing for micro small and medium size enterprises that have been hit hardest by the pandemic and all sustainable infrastructure, a critical component of a strong recovery in the areas of healthcare, transport and digitalization.

- A people centered, rights based, green recovery from this pandemic will require an integrated response based on correcting the failures of the past and redoubling our efforts to achieve the Sustainable Development Goals.
- I send you best wishes for your discussions.

Ángel Gurría

Secretary-General of the OECD

- Ladies and gentlemen, it is my pleasure to address the Development Banks conference.
- The COVID-19 crisis continues to create unprecedented challenges for our economies and societies threatening to reverse much of the progress that we have achieved promoting development.
- The 6% decline in global GDP that we have projected for 2020 in our most recent Economic Outlook is larger than any other decline in the 60 years of the OECD's existence.
- Moreover in the event of a second wave of infections, global GDP could decline by more than 7,5%.
- Emerging markets and developing economies remain particularly exposed to the effects of the pandemic. Most of them do not have solid social security and welfare systems and have high levels of labor informality. A large part of their populations cannot remain at home because they need to earn their living daily; many of their children do not have access to high speed Internet or even television to move to virtual education.
- These countries need extra support. This is where the role of Development Banks comes in. They are crucial players to help emerging economies and developing countries face the COVID-19 crisis and implement recovery strategies focused on sustainability and inclusiveness.
- This is particularly true for two key areas that will be discussed in today's Conference. First – the role of SMEs and a need to provide support to these firms; and second – to undertake much-needed infrastructure investment.

- SMEs have been among the most vulnerable and the hardest hit by the COVID-19 crisis. Small businesses in OECD countries account for around 75 % of the jobs in the most severely affected sectors. Millions of SMEs are at risk of bankruptcy in both OECD and in partner countries.

- Analysis on a set of 16 European countries suggested in a three-month confinement scenario 38 % of the firms would run out of liquidity without government support.

- In emerging and developing economies, SMEs face greater challenges as there is less direct government support available. The support of Development Banks is therefore essential to offer liquidity relief while at the same time providing SMEs with the tools to become more innovative, more resilient for the future.

- The OECD has been hard at work to support this effort. Our Scoreboard on SME Financing, for example, provides data and the framework to underpin policymaking. In addition are SME and Entrepreneurship Outlook and the SME Policy Index are leading benchmarking tools to build better institutions and implement structural reforms that enable SMEs to continue developing innovative solutions to lead to recovery.

- Now let us turn to the issue of infrastructure investment. Today it is estimated that globally we need around $6.3 trillion of annual investments to deliver environmentally friendly and climate resilient infrastructure to eradicate poverty and, very important, to transition towards a low carbon global economy. To achieve this goal, however, we do not only need more infrastructure investment, but we also need better, more inclusive infrastructure investment.

- Again, Development Banks can play a much bigger role in achieving this aim, using their leverage to channel funds into transformative investments that can help generate millions of jobs globally, and deliver inclusive and sustainable development. Your financial muscle can help mobilize private finance and shape private sector behavior.

- As institutions combining a public policy mandate, well, you have leverage, you of course accumulate project management expertise, so Development Banks can ensure that private players in the infrastructures sphere – foreign or domestic - adhere to responsible business conduct and sound infrastructure standards.

- There are huge opportunities for Development Banks to innovate with multisector coordination processes, new business models involving the private sector, and the creation of new regional value chance.
- The OECD standards and instruments can help get the environment for infrastructure investment right. We are developing guidance to help public actors better manage infrastructure policy to get a good economic and social return on public investment.
- For example, the OECD Compendium of Good Practices on Quality Infrastructure – that is a key reference for all those looking to improve the quality of infrastructure investment. And our OECD Framework for the Governance of Infrastructure can help policymakers to prioritize, to plan to budget, to deliver, to regulate, to evaluate infrastructure investments that support sustainable and inclusive growth. That will reduce inequalities; that will improve well-being; that will generate jobs and attract private investment.
- One promising area for Development Banks and other partners is to use such high-level policy guidance to develop operational tools and principles for Development Banks themselves.
- Excellences, ladies and gentlemen, dear friends, the role of Development Banks remains paramount, as we seek to mobilize finance in these unprecedented times to combat the pandemic, to sustain social equity and achieve environmental sustainability. The OECD remains committed to intensify our work with development financial institutions to support SMEs, to support sustainable infrastructure in partnership with governments, with global fora, like the G20, and the private sector.
- Let us join forces to build back better for stronger SMEs and for more sustainable and quality infrastructure. Thank you.

Dr. Bandar Hajjar

Head of the Chairs of MDBs for 2020, President of the Islamic Development Bank Group (IsDB)

- I would like to express my gratitude and recognition for organizing an event of such a high level. Participation and discussion of issues related to Development Banks are very important. We must share our experience, knowledge, opinions on what can be done in terms of the economy and further development against the backdrop of the COVID-19 pandemic.

- Over the past few months, we have implemented several packages of measures and initiatives, and this includes mobilizing our forces and resources to turn things around for the better.
- We also paid attention to the financial sector; we provided insurance schemes and other tools. We have deployed special means to respond to the changing situation, as now we are going through a difficult period.
- We have launched a number of mechanisms. We have published several articles on understanding value chains.
- Of course, international Development Banks are doing a lot to neutralize the threat that we all face. We are trying to speed up our work related to the development of infrastructure, financial instruments.
- The private sector and SMEs were most affected by the pandemic. For our part, we have made a serious commitment to invest $10 billion to eliminate the aftermath of the COVID-19 pandemic. We have dedicated platforms for coordination and transparency that we work with.
- We also think about the future. What can Development Banks do in the future? There are many transformations and changes taking place now, mainly in business. We discuss this a lot and understand that from a technological point of view, many different changes are taking place. It is necessary to think about improvements that can be made for the future.
- We must do more to meet our proper expectations. We must provide funding and do everything we can to cope with the impact of the crisis.
- We must make a serious choice. We live in conditions of the globalization, but nevertheless, certain changes are taking place, and we must adapt. We must develop and try to implement our reforms in order to tackle the consequences of the pandemic.
- There are industries that are the most important for all of our countries. 80% of these industries were severely affected by the crisis.
- We must take into account that the crisis may drag on, and we must plan for the long term. We must accelerate.

- I would like to express my gratitude to everyone present at this event. Thanks to the organizers for the opportunity to speak to you.

Rémy Rioux

IDFC Chairperson, Chief Executive Officer of the Agence Française de Développement (AFD), co-host of the Conference

- My dears friends – Bandar Hajjar, President of the Islamic Development Bank on behalf of all Multilateral Development Banks; I am very pleased also to see so many friends: Ece, Patrick, Stephen, Bobby – all of you in this virtual room to work together and, of course, very special thanks to VEB, a member of the IDFC.
- I would like to cheer you, Igor Shuvalov, for hosting this very important event. I am here on behalf of the IDFC. I am also here as the host of the “Finance in Common” Summit that will take place on November 12, in Paris.
- We gather today to prepare this first pre-Summit on the way to Paris; there will be others by November in Latin America, in Africa, in Europe and in Asia to prepare the best possible results between all Public Development Banks. Let me first set the stage and remind you what we are building.
- There are four questions that we are trying to answer by November. The first question is the question of our “raison d’être”. There are 450 Public Development Banks in the world: multilateral, international, regional, national, subnational, even at the local level – this group is very large. Is there a common thesis?; Is there a common role and responsibility? Is there a common function in the financial systems? This is something we have to discuss and verify. I am convinced that with our public mandates and our roots in our respective economic and social fabrics, we can build bridges between the governments and the private sector; between the domestic and international agendas; between global and micro economic solutions; between short-term and long-term. This is what we will try to demonstrate with the help of academics, of international organizations, of various stakeholders and, of course, with the voice of the banks loud and clear. If we share this thesis, if we are consistent, if we are coordinated, our $2.5 trillion financing can and will make a difference.

- My second question is – are we contributing sufficiently to the collective agenda that we set in 2015 in Addis? This agenda was elaborated for global development of the economy to promote the development of the planet. It is exactly this agenda, which now comes to the floor against the backdrop of a raising pandemic. We should pay attention to green finance that is designed to protect the environment.
- The third item on the agenda is collective action. The question here is whether we, as a community of Development Banks, can actually come together and create a global coalition that will be able to tackle global challenges and support multilateralism. Can we actually make a global collective contribution to the sustainable development agenda?
- The fourth and the ultimate issue here is the funding. How are we going to fund the development of our respective economies? The gist of the problem here is how we can have a productive dialogue with the most productive collaboration possible. There is no doubt this effort will require contributions and mobilization from the private sector, NGOs and R&D. How could we interact with the other stakeholders to spur the transition ?.
- Let me finish my speech by stating the following. If we can develop an ambitious collective agenda that will address all the four issues I raised, we should be able to restore the economies. We are starting this work here and now. Here I would like to pay special attention to the issue of the present day – primarily support for SMEs, which had been hit very hard during the pandemic.
- Thank you very much for your attention.

Infrastructure vulnerability during the COVID-19 outbreak: assessment, policy responses and the outlook for long-term recovery.

Infrastructure financing as an anti-crisis measure and a tool for long-term development. How will private project finance and investor attitudes change? Sustainable infrastructure as a key to the future prosperity. Healthcare, social and green infrastructure in the spotlight: prospects, challenges, conditions.

Marie Lam-Frendo

Chief Executive Officer of the Global Infrastructure Hub

- Good morning, evening and afternoon, as I am here with you from Sydney. First, I would like to thank the Russian State Development Corporation for the invitation to speak today on this important topic in front of such a distinguished audience and alongside so many colleagues from the G20 forum and beyond.
- For those of you unfamiliar with our organization – the Global Infrastructure Hub, or GI Hub as we call it, was created by the G20 in 2014. Our role is to support the G20, the development and the delivery of its infrastructure agenda. Beyond the direct support to the G20 Forum, we support G20 governments with data driven insight, sharing and advocating unique practices across the infrastructure lifecycle and capacity building programs. The need for that kind of support is actually significant and really requires collective actions. We work very closely with the private sector, governments and development finance institutions.
- Infrastructure related investment should and will play a central role in the short to medium and long-term measures to help drive the global economic recovery. Having the right infrastructure is really critical to addressing world's challenges, which have emerged from the crisis along with the issues we've predated such as the need to better mobilized product capital, advanced, sustainable, inclusive and resilient infrastructure. As well as boosting the adoption of technology in infrastructure.

- To help set the scene for this section on infrastructure, I will begin with a few observations from a global perspective. Starting from an investment perspective, we have seen some significant impact globally as a result of the pandemic. Revenues across all sectors have been diminishing, with some sectors affected more than others have, and most notably transport.
- Just for enlisted infrastructure according to ADAC in June 2020, valuation showed a significant decrease globally at 8% across all sectors. More specifically, airports dropping by 11% in valuation, roads by 17% and ports by 21%. For construction, we have seen disruption to the supply chain. Countries reliant over the years on importing building materials and equipment from other parts of the world due to their low cost and high efficiency have been highly impacted.
- Another disruption is related to the labor import and construction projects. So, giving the social distancing and stay at home requirements imposed by governments, numbers of workers on site if they could be there at all, has had to decrease. This has forced contractors to reconsider how they operate.
- For the broader infrastructure sectors, the impact of COVID-19 has hit industry hard and fast with multiple closures of businesses. This is resulting in job losses, which is significant, even construction accounts for much as 10% of employment globally.
- However, it is important to note that despite the impact of COVID-19 there is still a base line of confidence in infrastructure as a key asset to diversify investment portfolio. International investors are confident that their long-term infrastructure strategy will pay off especially in sectors like energy.
- A notable silver lining from COVID-19, if I can say that, has been an increased focus on sustainable investment. The market sentiment is increasingly showing that people want to see corporations, governments investing their available money in quality infrastructure. Even in the pre-COVID period, this trend was starting to come through. A global survey we did last year found that 36% of investors identify achieving environmental sustainable and government objectives as a top priority even at the expense of financial performance. More than double to percentage of the same survey 3 years earlier. The trend is very steep. And COVID-19 has just added momentum to that trend around the world.

- As we have seen, countries have been progressively evolving their approaches to stimulate since the start of the crisis, driven by the speed at which countries are recovering from the pandemic. This rapidly evolving landscape makes it highly challenging for policy makers to determine where to invest when it comes to infrastructure. However, the number really showed the value of infrastructure investment as in the neighbor of this much-needed economic recovery.

- In a recent report provided to G20 Finance ministers in July, the GI Hub analyzed more than 3000 fiscal multiplier across G20 economies and found that public investment that includes infrastructure is more effective than increasing economic output over the medium-term than other types of public spending. And that on average has achieved a fiscal multiplier of about 1.5 within only 2 to 5 years versus the 1.0 for public spending.

- Importantly, for the private sector it also establishes that public investment raises productivity and private output in the long run. Moreover, that in times of recession public investment is generally less likely to crowd out private economic activity. This study also shows that the public investment multiplier may increase beyond 1.5 when monetary policy is accommodative and interest rates are close to 0.

- Therefore, beyond this initial perspective what role can Development Banks play, getting us from where we are right now to where we need to be. First, as it comes to support existing infrastructure projects in the immediate term. The liquidities support provided by multilateral Development Banks has been a valuable emergency measure deployed in several regions. As an example, the European Bank of Reconstruction and Development providing working capital loans for banks to municipalities and utilities to support them through periods where revenues are curtailed. Direct loans also to infrastructure service provider as means for emergency liquidity, also providing investment financing of public sector clients to enable projects, to continue after projects have been diverted to the emergency response. And last but not least, providing guarantee products in all grounds in line with multilateral Development Banks and hence principle of blended finance.

- Second, as we reached a tipping point now, where collaboration between the public and the private sectors to get projects off the ground must happen as the only way to deliver on the expectations of communities towards infrastructure. Both sectors have major challenges to consider. Private sector, on one hand is understandably eager to manage the risk, and the public sector have significant balance sheet constraint. They need to work for these issues together and rule better than Development Banks to facilitate close discussion. Share knowledge that can help to solve problems and to replicate and scale up innovative funding and financing solution prudent work elsewhere in the world.

- We are expecting the report of G20 later on this year on how innovative finding and financing could support closing the flow of infrastructure investment in the medium to long-term. Our toolbox of innovative funding in financing mechanism addressed the pinpoints around revenue, risk mitigation, financing levers with the end goal of helping projects becoming more bankable and financially sustainable on the long run. It features more than 16 innovative transaction examples, very often facilitated by multilateral banks and development finance institutions. They could be replicated or scaled up in over geography.

- Last but not least. It is critical to ensure infrastructure are privatized to support a transformative recovery. This was actually outlined by my colleague, the President from the IsDB, too. Our study for G20, the one that I mentioned earlier, that was reported back to G20 Ministers in July presented analysis of infrastructure programs that are transformative in nature meaning that they have maximum impact, help achieve both local economic recovery and broader policy objectives, aligned with the G20 quality infrastructure investment principles.

- One such program showing the impact that Development Banks can have a highly complexed and impactful sector is Turkey's healthcare PPP program. In this example Turkish Ministry of Health leveraged the experience of the private sector in designing, building and operating almost 30 hospitals and work very closely with couple of MDBs actually in contract structuring using best practices. This resulted in a robust procurement framework, with early stakeholder engagement and in going monitoring in MDBs leading to an enhanced bankability of the project, which it turn attracted more private capital. The program has also been able to deliver universal access to help healthcare in the country and an increase of more than 40 000 beds, contributing to Turkey significantly reduced infant mortality rate and increased life expectancy.

- In the report we are going to be launching in a month time that shows really the private investment in infrastructure across the different sectors, social infrastructure, which includes hospital, is really largely declining. That is definite in itself and very worrying factor especially in the light of the pandemic that we are currently facing. Obviously in terms of trying to get private sector within social infrastructure in especially hospital these are not the easiest PPPs to structure.

- Therefore having the MDBs and when I took this example of the Turkish hospital really require the combination of three different MDBs which actually work hand in hand to provide all of different risk mitigation instruments, liquidity facility to ensure that the projects could actually be bankable.

- Here you had a very close work with the government, with the MDBs, with the credit rating agency. It is actually quite critical to ensure projects could be supported and visible to credit agency in the early days to give confidence into the future rating of the project and also some private sector partners from the very early days were involved.

- I think this specific program is actually a really like testimony of how all of the ecosystem when it works together could actually come to a very tangible outcome not only for one project but at a program level and add us some direct results to the entire country.

- Therefore, transformative infrastructure projects are where our efforts can have maximum impact to enable a more sustainable, inclusive and resilient infrastructure. That is critical to our shared future. While any infrastructure matters, it can no longer be nice to have the way we have done things up to now is to change. Infrastructure needs to be transformative for economies and more importantly to the populations. When you see the reversal of progress globally that’s being made on reducing poverty due to the impact of the pandemic, it makes you realize how much more vital all of us is now than before COVID-19.

- We have this focus on advancing those transformative recovery agendas and we look forward to continue to work with multilateral Development Banks and development finance institutions, and really work with you all on this vital and necessary work. I really look forward to hearing more insight from the panel and I would like to thank you very much.

Octavio B. Peralta

Secretary General of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

- I believe investment in sustainable infrastructure will continue to rise and intensify going forward. However, because of the pandemic, in the near term, there will be a quick but short shift towards social infrastructure such as in healthcare, education, and housing settlements, among others.
- In the long-term however, as the U.N. Secretary-General has mentioned in his speech, the focus after the pandemic should be on economic infrastructure such as roads, airports, transport, water, waste treatment, energy, telecom and others.
- In the Philippines, the economy was badly hit during the pandemic. There was a realization in government that there has been a deficiency of investment in health care infrastructure – hospitals, medical supplies and technology, cure and vaccine, and research and development, including quarantine facilities. There was also deficiency in supply chain infrastructure and logistics, not only in manufacturing but also in the food chain.
- All these elements of infrastructure are necessarily important but healthcare will be the key priority, as this will help us calibrate the things that we heard from the very beginning of the discussions.

Marcos Troyjo

President of the New Development Bank (NDB)

- Igor, thank you very much for the invitation. It is a pleasure to participate in this very important discussion.
- I think one of the most tangible effects that we will see emerging from the pandemic and this with COVID-19 world, post-COVID-19 world is the metamorphosis of the concept of sustainable infrastructure. This is true about sustainable infrastructure, but it is also true about sustainable development as a whole. Because in the same way that in the 1980s infrastructure meant something, infrastructure going forward is going to mean something else.

- Especially this becomes even more acute as we have a very interesting paradox in the world today. On the one hand, you have this abundance of resources unlike crisis we have seen in the past, this is not a crisis of liquidity; there are huge amounts of resources and savings out there. On the other hand, there is a shortage of projects of sustainable development and sustainable infrastructure that are in the same time viable and bankable.
- One of the consequences is that if multilateral Development Banks had not existed, they would have had to be invented. I think that the pre-1940 situation invited for the emergence of Development Banks. The post-2020 world will invite for the emergence of new Development Banks.
- New Development Banks will have to combine traditional infrastructure with social infrastructure, sustainable infrastructure. So, some of the elements that you have described earlier on in the survey that you have referred to, if they were correlated before COVID-19, they're going to be even more intertwined in the world post-COVID-19.
- For example, if you think about telecom, connectivity, or IT infrastructure, that is immediately associated with the rise of educational levels. The rise of educational levels on the other hand is an input to the economy 4.0 as the transition from a capital-intensive economy to a tallied intensive economy as we transited from manufacturing to mind-facturing. We are going to have that paradox in mind.
- It is true, we cannot leave 19th century and 20th century infrastructure challenges behind, and we have to be there for water sanitation, for water supply, for railroads. However, we are also going to be there for the infrastructure of the economy 4.0.
- The beauty about it and that "silver lining" is that not only multilateral Development Banks can become more complex, can become more of a wide service platforms bringing in the private sector, doing cross-institutional investments. One Development Bank partnering up with the other in presenting a solution to this or that specific country or client. We can also use these new 21st century technologies to tackle the challenges of the past.
- I see the road going forward for sustainable infrastructure and the role of the new Development Banks as a challenge in complexity, as a challenge in sophistication. Perhaps the most important deficit that

we see out there in this current juncture is the deficit of international cooperation.

- Among other things, Development Banks are not only providers of resources, but they also convene solutions. The role that we play should be more prominent.

Igor Shuvalov

Chairman of VEB.RF, host of the Conference

- I would like to thank Marcus from New Development Bank, where Russia is the party. There is liquidity, there is a leverage, there is a lot of expertise. However, there is no in the common sense how to pursue and no combined power to scope with these difficulties.
- Now we have a huge support from the government. For the period of last 6 months, we have issued guarantees to support commercial banks in order to provide commercial loans to different kinds of enterprises. We expect to issue more than $5 billion of our support instruments for commercial sector.
- We are talking about the physical and social infrastructure. Using my expertise and my past within the Government, we are negotiating with both public power and commercial banks how to promote a new role of urban development.
- Because in all the cities, in new approach to the cities, we can think about clean water, public transportation, waste management, affordable housing. All those things, which would offer a better life for people, but at the same time taking the lessons after the pandemic period. It is not the repetition of itself, the existing model of bigger and smaller towns. We are focusing at the moment how to pursue this urban development agenda, to combine all the resources – public and commercial – and provide all those projects with financial support in the biggest hundred towns of Russia where we have more than a half of the population of the country.
- This may be another angle, but social and physical infrastructure should be very close to common people. They should foresee the future and understand that we are developing their lives along with them and the initiatives now, not that it will happen maybe in 5 years' time. At this point, I would like to thank Global Infrastructure Hub,

which I think is a very good initiative for G20. We watch closely for the, as I can call it, library of the solutions. I think we will cooperate very closely in the future.

- It is very important to meet together in November in Paris. Now, to develop infrastructure, to develop the support for SMEs, we need to be global in our common agenda. Not to just spend money, we need to raise green finance, we need to understand how to better invest in infrastructure. Both sides, the basic infrastructure and social. That is why this is very important to comprehend what vehicles, how to get money from the investors, how to spend that money for the projects in order not to repeat ourselves, in order just to see the future. Thank you.

Rémy Rioux

IDFC Chairperson, Chief Executive Officer of the Agence Française de Développement (AFD), co-host of the Conference

- I think, the oldest public Development Bank in the world is probably Caisse des Dépôts et Consignations, which gathers French savings and invests for common good. It was created by Napoleon in 1816, so it dates back more than 200 years.
- Probably the oldest, I would say, international Development Bank, is the Agence Française de Développement, the AFD, created in London during World War II by General de Gaulle in 1941.
- That is why we believe so strongly in the role of these public financial instruments, in development processes. As I said, not by themselves. Marie Lam-Frendo told it very eloquently, that they have this capacity to mobilize the private sector with new instruments like blended finance.
- The crisis, which has not affected yet probably the provision of infrastructure, but we know there was an existing gap. We certainly have to de-multiply to answer the needs in the coming years and decades.
- In infrastructure, we can discuss individual infrastructure investments and finance. What we can provide in terms of defining and setting trajectories is also very important. We all know, especially on energy that we are now in a very comprehensive and deeper transition. And

certainly governments, private investors, commercial banks need to know where and at what pace governments are going in the direction of a more renewable, probably, and less in coal and in fuel. That is where public banks combining the capacity to invest, but also the capacity to do research and intervene in the definition of policies, can bridge various actors and capacities. That is especially important for infrastructure because infrastructure is both protecting people, its safety nets in the end, but also protecting the planet.

Patrick Dlamini

Chief Executive Officer of the Development Bank of Southern Africa (DBSA)

- Thank you very much, Mr. Program Director, and good afternoon from South Africa to the fellow panelists. I thank the Secretary-General of the United Nations, my colleague Mr. Rémy Rioux at IDFC and the Chairman of Vnesheconombank Mr. Shuvalov. Thank you very much to VEB and organizers of this event, at least for letting us hear a powerful voice from Marie Lam-Frendo, my friend from Australia. Thank you also to all fellow panelists and the head of the chairs of MDBs, Dr. Bandar Hajjar, the President of the Islamic Development Bank.
- It is a quite abnormal time for both advanced economies and emerging economies. We have seen something that we have never been able to see at least in the past 100 years, not that we were alarmed, but this is something, that people say, a “once in a lifetime” crisis. I believe, these kinds of crisis allow us to begin to embrace and to ask ourselves together with our governments and DFIs how we can prepare ourselves and create much more robust resilience in our social infrastructure as well as economic infrastructure, and how to strengthen our economies.
- I am talking from the continent that has above 37 of the 54 countries having less developed vulnerable economies or “fragile” economies. You can imagine the impact of this pandemic on the people of the continent, where the central fiscal was not be able to intervene quite decisively to minimize the impact. We lost massive number of jobs, our Small and Medium enterprises were completely decimated, and as a result people were out of work.

- This pandemic really revealed the glaring lines of social economic issues that we, from emerging economies are faced with. Going forward, we have an opportunity as the world, given the setup by the United Nations of the Green Climate Fund, as the agency for a sustainable infrastructure and the agency for inclusive economies. How do we make sure that we partner as DFIs and as global citizens together with governments? I am looking here at the developed nations and the emerging economies to make sure that we will have a much more resilient economic world and we will have much more inclusive economies. It is not going to be easy, but these are kinds of agendas that we need to start looking quite deeply into.

- An earlier speaker, I think that was the Secretary-General of the OECD, literally touched the issue of migration from emerging economies to the developed world. How do we make sure that these economies begin to create sustainable and meaningful jobs for their own citizens? So that you minimize the migration of people from the economies in search of a better life in the developed world. These are the kinds of things that are doable, if you ask Mr. Program Director, but we have the approach, and our approach – welcome together to the developed world. We need to start coming up with the agenda that will talk to these inclusive economies, that will talk to these new opportunities. Because this pandemic has brought opportunities. We need to start really looking at driving infrastructure as a catalyst for the economic recovery in our countries. I mean we also call it a “fly wheel” that really can be able to propel our economies, back into functional economies and be able to create meaningful jobs.

- However, what needs to be done is to put much more money into project preparation and early feasibility studies, it is the risk capital that Governments expect from us as DFIs, so these projects can become more attractive in terms of the economic returns to the private sector, as well as the pension funds.

- We need to pay attention to the critical sectors of our economies. DFIs need to play a more effective advisory role to governments, identify critical projects that have to be undertaken. We need to be able to create an element of cushion and resilience in our economies. For us it says to pay more attention to certain skillsets and to certain systems.

- I believe, Mr. Program Director, that the information system is going to be also quite a critical thing to look into, as the infrastructure there is going to be quite important. Our people should be able to interact on this platform safely, with also a mindset that they are not going to be taking advantage because of the weaknesses in the system, because of the hyper security trends in the system.

- I think, Mr. Program Director, that as DFIs with a much more pronounced role, and given the pandemic, we need to partner with each other both in the developed world and developing nations, to work closer and share intelligence, systems, knowledge and even skills. The developed world has much more advanced, sophisticated skills than the developing nations.
- What then becomes more important is how we begin to share the skills between the developed and the developing world so that the developing world can also be able to have more resilient and well-prepared projects, therefore they are much more attractive to investors. Thank you very much, Mr. Program Director.

Edwin Syahruzad

President Director PT Sarana Multi Infrastruktur (Indonesia)

- I think in the current circumstances Indonesia would like to share our view. Indonesia has a historic fiscal discipline for more than 50 years. Our debt-to-GDP ratio representing only 30% at the moment.
- We have a space to finance projects that are socially important. I would remind you that Indonesian government has established us, a Development finance institution, 100% owned by the Government, to be able to catalyze projects in such a way that the government can provide support to those projects.
- We, as a fiscal tool of the government, can play a role to bridge the investors' appetite in this context of return. We can still promote projects that are not quick return in a short time, but also we can play a role to mitigate and to provide such a support, so that investors can still play a role in participating in this kind of project through Public Private Partnerships (PPPs).
- We have done a couple of projects under this circumstances, for example what we have done in Trans-Sumatra Toll Road project. Perhaps everybody knows that Sumatra is our second largest island in Indonesia, and the toll road has been developed in this island to

accelerate local economic growth. We play our role in a way of catalytical role by providing support to close the gap.

- The government provides support in such a way, that at the end it can be conducted as a project that attracts investors.

Stephen Groff

Governor of the National Development Fund of Saudi Arabia (NDF)

- Thank you, Mr. Shuvalov and VEB, and thank you, Rémy from IDFC for having me.
- Rémy mentioned he's serving as the representative of the world's oldest public Development Banks, and I'm perhaps representing one of the world's newest public Development Banks. The NDF is the product of a decision that the Kingdom of Saudi Arabia took in 2017 to start the processes of setting up a new DFI for the Kingdom.
- This also builds on a point Marcos Troyjo made - if we did not have MDBs, we would have to invent them. I think this is a recognition on a part of The Kingdom that in a time where the future is a bit more uncertain, particularly for those countries that are dependent on hydrocarbon extraction, there's a need to diversify economies, there's a need to seek other forms of revenue.
- It is not possible to do it solely through direct budget support and direct budget allocations. Establishing a DFI, a public Development Bank, was the decision to help in that regard.
- In hindsight, and following the crisis we've all been experiencing over these last several months, this was a great decision on the part of the Saudi government. We've played a very central role in response to the pandemic here, mostly in dealing with the challenges that SMEs face with respect to access to finance, with respect to business continuity and a large number of other areas.
- While the toll of the pandemic is immense, this also represents an opportunity for public development banks. We have all talked about the crisis that we are facing at the moment with respect to long-term impacts, with respect to the fiscal situations that many countries face. Public development banks can and should play a role in the recovery.

- We can also start more broadly with what Mr. Guterres and Mr. Gurria said when they were opening this Conference. We know the scale of the challenge that world faces. If we think about what we are facing right now, it may force governments to think more creatively about the use of private finance, and about the use of public Development Banks in the facilitation of that private finance.
- Government budgets are under stress globally, and that's going to force us to think about not just using regular budget revenue, but to solve problems and to think more imaginatively about how to engage the private sector, and it is a space where public Development Banks and multilateral Development Banks sit.
- I think it is really an important moment, not that a renaissance for public Development Banks is necessary, but it is a time to think about this the role for public Development Banks. Additionally, we can consider the role of this type of finance in helping us address the challenges that we see in infrastructure.
- We have the private sector and institutional investors, as Patrick Dlamini and others have said. They may be a bit reluctant right now, given the uncertainty that we are facing, but in the long run they need to make investments that are not collinear with equity and bond markets.
- Governments are facing revenue shortages, so there is a natural marriage here right now. There will still be several months if not a year of struggle, but I do think that there is an opportunity where we can leverage more private investment in infrastructure. The public Development Banks, multilateral Development Banks are going to be central to this.
- I think this is a great session. And the timing of this kind of discussion is important. The discussion that we will be having in November is also critically important. I think that we need to figure out ways that we can sort of collectively leverage the work that we're all doing to realize this bigger and better future that we know that we need.

SMEs support policies – sustainable development as a core of a new normality

The current crisis has affected SMEs disproportionately, and has revealed their sensitivity to the supply and demand shock (in particular with regard to their liquidity) with a serious risk that over 50% of SMEs will not survive the next few months. Government support for SMEs as a short- and medium-term instrument for economic recovery.

Mario Ohoven

President of European Confederation of Associations of small and medium enterprises (CEA-PME), President of the German Mittelstand Association of Small and Medium-Sized Enterprises

- I am really honored to discuss so important issues with such an outstanding panelists today. Thank you. As you know, I am a representative of the European Association of SMEs, European Entrepreneurs, where I serve as President. This Association is the largest voluntary association for Small and Medium-sized business that currently represents 34 Member associations. The Association represents nearly 2.1 million companies and more than 20 million employees across Europe.
- I also lead The German Association for Small and Medium size business BVMW. As a politically independent Association, we are representing more than 960 000 companies in Germany alone. As such, we are the largest voluntary association in Germany. This «Mittelstand» is the cradle of the entrepreneurship.
- People that stand in our societies are the resilient backbone of the European economy.
- At the beginning of April European Entrepreneurs have approved a COVID-19 response resolution. Mid-April we called for a «Reload Europe Strategy» and mid-May, we wrote a wake-up letter to Ursula von der Leyen. I met the Prime Minister of Italy Giuseppe Conte in order to discuss the urgent need of European SMEs.

- We understand that we must act together. Only a strong Europe can face difficult global challenges. There is no other way. The current health crisis is the mirror of world vulnerabilities. It calls for collective answer within the international development financing community – National and regional Development Banks are deeply rooted within their constituencies and can help build a more collaborative and efficient global architecture for sustainable development.
- The EU is launching a trillion-dollar program with most of the money going into cleaning up rotten national budgets, while the economy is rapidly shrinking. I add: while the SMEs are almost going bankrupt!
- The EU´s inadequate support system is now to revive the economy. Effective support can only be achieved by overcoming bureaucratic pedals that exist at European and national levels. The EU Commission wants to provide a total amount of 2000 billion euros. The total amount of funding required can be calculated relatively easily. There are 200 million households in the European Union. These spend an average of 18.000 euros per year. With 200 million households and an assumed loss of 2 000 euros each, this means that 400 billion euros would have to be paid out in order to roughly compensate the companies for their losses.
- It is not a question of trillions of euros to get the economy going again. The fine speeches can kill the truth. This is not about the economy but about saving the states from bankruptcy. The weakness of the problem countries are mainly in the state sector and less in the private one. Bureaucracy is particularly striking. My conclusion is that the fact that states did not restructure their budgets in good times is now taking its toll. Why not to finance grants for SMEs with this money? We are more than convinced that this measure would help the economy much more.
- We are now looking forward to see what the single governments under the direction of the European Commission will decide to do for SMEs under the REACT-EU national schemes. We are confident that you - the heads of the world’s Development Banks - will take into serious account the need to have lively modern and competitive SMEs in order to bring the world economy back on track after this serious crisis.
- Please remember one lesson from the last crisis in 2008: 80% of new jobs created in Europe after 2008 were created within Small and Medium-sized companies. They are the last ones to fire and the first

to hire. Please bear that in mind. IDFC should play a major role in building this new collective dynamic, together with its partners such as Multilateral Development Banks, regional associations and the World Federation of Development Finance Institutions.

- More than ever public Development Banks have a role to play for the SMEs. Both counter-cyclical to cope with the crisis and in support of investments for the definition of new development models. The Global Summit of Public Development Banks in November 2020 will provide an opportunity to form a new coalition of actors and to launch a collective dynamic aimed at fostering coordinated responses to global issues. Our Association of European entrepreneurs and BVMW will strongly support your efforts. We need strong Development Banks – especially in Africa – to overcome the current crisis.
- Thank you very much for the opportunity to meet and exchange experiences with you. Strong SMEs in a strong world! Thank you.

Ece Börü

Chief Executive Officer of Industrial Development Bank of Turkey (TSKB)

- As a developing country, we are working hard to address the investment gaps in full cooperation with DFIs and the government. In our loan portfolio, sustainable investments with a share of 74%, with SDG aligned investments in areas such as renewable energy, energy and resource efficiency, environment protection, women's employment and healthcare facilities.
- The global pandemic has precipitated a multi-dimensional global crisis with economic, financial and social aspects.
- In Turkey to contain the adverse effects of the COVID-19, the Central Bank and the Banking Regulation and Supervision Agency BRSA have taken serious measures. It has cut policy rate by 3,75% and decided to carry out in a front-loaded manner its government buying program from the market and introduce facilities involving reserved requirements to improve banks lending capability.
- In the meantime BRSA temporarily relieved the rules on non-performing loan classifications.

- BRSA also incorporated a forbearance mechanism to adjust capital adequacy ratios of the banking sector. Bankruptcy postpones and short-time working allowances helped firms to manage the working capital needs during the pandemic. These measures have brought additional capacity for the lending operations of the banking sector.
- It also gave strength to finance SMEs that would have difficulty in accessing bank finance in an environment of high uncertainty. As we all know SMEs sustain substantial a value added function while supporting employment and economic growth by way of the strengthening the links to the supply chain. SMEs are the backbone of the Turkish economy with their contribution to labor force by 70% and production by 50%.
- The banking industry has been trying to support the business environment including SMEs and Mid Cap companies by way of their payment deferrals, loan-redemption schedule changes and restructuring debts while extending maturities of the loans where needed.
- As TSKB we have been increasing our capacity for working capital loans. We put our full efforts to coordinate these periods in close and effective relationship management with clients, public authorities, our lenders and all related stakeholders. Thank you.

Edgardo Alvarez Chávez

Secretary General of the Latin American Association of Development Financing Institutions (ALIDE)

- Thank you very much, colleagues on the panel. My special thanks to VEB.RF, IDFC and AFD for this invitation to participate in this remarkable event.
- For those of you who are not familiar with ALIDE – we are the community of Financial Institutions that generates banking solutions for the development of Latin America and the Caribbean. ALIDE is an Association of banks integrated in these institutions. ALIDE provides services to them and acts as a forum for discussion of topics concerning the role of Development Banks and for exchange of the experiences and good practices.

- ALIDE as well as VEB.RF is also aligned with the "Finance in Common" Summit. Our General Assembly will take place on October 7th and with a series of digital events will pave the way to the Paris Summit in November.

- Regarding to the COVID-19 crisis, our institutions have worked in two ways: it was identified, as critical that companies should maintain liquidity and to prevent the breaking of payment chain and for people – to maintain their income.

- Programs were designed to provide short-term liquidity to companies prioritizing payments to suppliers and to workers. Tax-payment, banking debts and other public services were deferred. Partial subsidies were given to the firms to avoid dismissal of workers.

- Here are some examples. The Reactivate Peru Program provided more than $17.3 billion with more than 400 thousand companies involved. In which 94% were Micro, Small and Medium-size companies. In Mexico development banks contributed with more than $14.5 billion. NAFIN and Bancomext together supported nearly 300 thousand SMEs.

- In Brazil by August, 13 the National Bank for Economic and Social Development – BNDES, had approved about $11 billion to combat the crisis feeding near 17100 of companies, from which 99,7% were SMEs.

- We think that the effect of employment would have been much more serious if these measures had not been taken. Finally, we believe that the most successful measures were prioritizing short-term working capital credits as well as guarantees granted by states in favor of banks.

Javier Diaz Fajardo

Chief Executive Officer of the Bancóldex (Colombia)

- Thank you very much for having us in this wonderful panel. I would summarize Bancóldex's involvement in this COVID-19 pandemic as being an effective provider of liquidity to Medium, Small and Micro-enterprises. I would say that is the main thing we have done. It has been through the provision of working capital. We have developed and we have put out there more than 20 credit facilities.

- We have actually obtained contractual commitments from our financial intermediary partners in Colombia to lower rates between 200 and 500 basis points.
- We have taken to heart our countercyclical mission as a development try-an institution.
- To give you a sense of magnitude, in 8 months of 2020 we have deployed more money than we did in the total of 2019, which had already been a record year for us. We have taken our credit facilities outside of the major capital cities of Colombia. We have also done landmark transactions in our own funding. We did a very interesting transaction with MIGA - the agency of the World Bank.
- We actually in the process merged a subsidiary of Bancóldex, which does direct landing to SMEs, especially on the leasing funds. I guess in times of crisis the best of companies comes out.
- If you take your countercyclical commission to heart which we have done, we have actually done more in 8 months then we would do in a typical year or in a typical 2-year timeframe. That makes us very proud.
- Last but not the least. We have also set out a cultural initiative. We collaborated with the Ministry of Culture of Colombia paying homage to Beethoven’s 250th birthday. We have set six pianists and artists to be with people who have been sick, who have been isolated, and who have lost a family member. We actually took our cultural mission to heart and collaborated with relevant institutions to bring a ray of light and of hope to individuals who have suffered greatly.

José Ignacio de Mendiguren

President of the Bank for Investment and Foreign Trade of Argentina (BICE)

- Our government has been actively working in supporting SMEs, because Argentina was in deep crisis. For four years, we have been in recession. We were approaching default.
- In this context, Alberto Fernandez’s government made a political decision to support companies and to preserve jobs. Apart from resolving the domestic and foreign debt, we launched a whole series

of financial measures designed to find solutions for this unprecedented crisis we are living.

- We provided loans and subsidies to make sure that all companies had sufficient amount of working capital to maintain their activity. One in every four companies decided to take these loans at subsidies rate. In the case of our bank, also, we offered an interest rate that was 25% lower than the market standard.
- The government also decided to pay directly part of salaries to those who work in the most affected industries. The program covered more than 300 thousand companies, half of the country’s businesses.
- In addition, we have launched the support package – the biggest in Argentina's history. Our bank has been an active participant of this process through different tools to support the economy.

Rémy Rioux

IDFC Chairperson, Chief Executive Officer of the Agence Française de Développement (AFD), co-host of the Conference

- SMEs are now facing common challenges because of this COVID-19 crisis.
- SMEs financing is an area of particular excellence and attention of PDBs. There are 125 out of the 450 public Development Banks, which are specifically devoted to SMEs. Javier Diaz Fajardo was explaining how it happens in Columbia and others. They are able especially in times of crisis to transform liquidity that Central Banks or through debt relief or other ways are deployed into concrete financing for firms, for projects, for investment.
- It is extremely important to connect the macroeconomic financial dimension and macroeconomic, and that is where public banks, especially at national and local level are of extreme importance.
- There is a very specific issue in Africa, where AFD through its subsidiary Proparco is so deeply investing. The very good news in Africa for the last 20 years is the emergence of vibrant private sector, African private sector and SMEs, Ayman Sejini knows it very well, and they are in a very deep crisis. When growth will come back after the pandemic, we have to pay a lot of attention that there are firms

able to serve it and to create the jobs for women and youth that are most needed.

- The last point, I want to stress the importance of public equity, investment in capital. This is something that public banks are able to do and will do more and more.
- Beyond our financing, what public banks are providing is also some sort of public commitment, public guarantee especially to mobilize the private investors, meaning that as a public institution we also commit behind an investment and that we will somehow secure the contract and the implementation and the result.
- The best way to express such commitment is to invest in capital, is to provide public equity. We will explore this one question during the "Finance in Common" Summit with other colleagues in this room. Thanks a lot.

Ayman Sejini

Chief Executive Officer of Islamic Corporation for Development (ICD)

- ICD covers 55 member countries from four continents including countries like Indonesia, Malaysia to Pakistan from Asia and then from Jordan and the GCC countrie to Turkey and all the way to North Africa and Sub-Saharan Africa. In our network we connect 119 financial institutions and in Africa alone this number is 42 financial institutions..
- We do provide a line of finance to those financial institutions in order to be able to support and grow SMEs. Our local and regional partners, the bankers, know the local markets well.
- In general, we have a wide range of financing products and advisory solutions in our business offerings to support private sector development in our member countries. These offerings include: Line of Finance to financial institutions, Direct Term Financing to real sector, long term Infrastructure Financing, advisory solutions such as Corporate and Sovereign Sukuk issuance, Islamic Finance Institutions advisory services.
- We do issue Sukuks – Sharia compliant bonds. Sukuk is one of the instruments that have been helpful to finance projects; they are

efficient, liquid, rapid and flexible. For example, it is possible to exit some of the funds to invest in other projects and move on much faster.

- At ICD, in order to build our own ecosystem, we developed the ICD Global Connect Platform called “The Bridge”. The initiative is built and centred on ICD relationship with institutions. Through them, the IsDB Group would leverage access to the country and avail financing opportunities that are otherwise missed due to financial constraints of local Institutions or due to inaccessibility of the IsDB in their country of operations. It aims to be the future cloud-based, next-generation, full-featured networking and fulfilment platform hosted by ICD for the benefit of its network of 119 Financial Institutions worldwide.
- We believe that the development institutions altogether provide around $200 billion; meanwhile the need of development financing surpasses $3 trillion. The capital market or debt capital market DCM and ECM would help a lot in reducing or in closing that gap.
- We have a project called BRAVE (The Business Resilience Assistance for Value-adding Enterprises) designed through joint efforts between the ICD and the Small and Micro Enterprise Promotion Service (SMEPS), an NGO based in Yemen. The aim of the BRAVE project was to combine value chain design principles, grant-matching scheme concepts for MSMEs and banking credit practices within an integrated framework that responds to the challenges of the private sector operating in a conflict zone with key focus on pro-poor/value-adding sectors namely: agribusiness, fisheries, private health care and garment. Through BRAVE, we have actually been able to capture international funding like from the World Bank or other institutions that have shown interest.
- SMEs have global potential thanks to e-commerce which might reduce trade costs by two thirds, in comparison to normal transactions. SMEs have the potential of leveraging e-commerce to improve accessibility to customers, markets and trade information. SMEs will need to consider how to prioritize the policy and regulatory environment to favor digital transformation of the economy. To this end, MDBs can support SMEs’ transit into digital transformation and e-commerce via capacity building and technical assistance programs. MDBs can establish and manage SME Funds and partner with relevant ministries in targeted countries with the aim to increase the volume of exports/services by SMEs. MDBs can form a platform for

public-private dialogue to drive and support policy and institutional change and structural transformation to promote e-commerce.

- MDBs work with SMEs by Providing lines of finance or credits, advisory solutions to SMEs as well governments in relation to private sector development, risk-sharing and credit guarantee schemes, blended financing, technical assistance and business development programs, and matching grants, to name a few. Developers and researchers have attempted to find evidence on these approaches and to measure its additionality and how SMEs specifically benefit from each intervention. From there, we can design interventions that should be specific on country conditions with a clearer view of the type of systemic and targeted support needed.

Igor Shuvalov

Chairman of VEB.RF, host of the Conference

- Let me first introduce the current governmental politics to support SMEs. It is well known that in Russia, bigger companies prevail over SMEs, but the national goal is to promote SMEs, where more than 50% of employees would be involved in SMEs and microbusinesses. We are still far from that point, only a quarter of the employees are now involved in the smaller companies. However, the national goal is to promote it and support it.
- In March, the self-isolation started in Russia, and the government responded immediately with the tax rates reduction, and immediately imposed tax holidays.
- The government instructed VEB to cooperate with commercial banks to provide guarantees in case of default. VEB will provide liquidity and will be responsible for the financial gap. The demand of funding is huge, and maybe in our modern history this is the first time when we supported the SMEs in such a scale.
- The current idea is to promote more support for the biggest Russian banks. They will provide loans, with lower, than the market price, rates.
- A crucial issue for VEB is urban development, where SMEs will feel a new life renaissance. They will understand that they will be involved in new development of their local businesses and local communities.

- The first agenda, which we have explored, is infrastructure. How to develop modern infrastructure, which will be the basic element for modern sustainable development.
- The second one – SMEs. How to support and promote SMEs to change the life dramatically.
- The agenda of VEB so far is to promote liquidity, to promote support for SMEs, to concentrate our capital with commercial banks, to promote infrastructure, to raise funds issuing green bonds, generally, the agenda of sustainable development. This should change lives of people dramatically in the period of 4-5 years. That is how we work. Thank you.

Amina J. Mohammed

Deputy Secretary-General of the United Nations and Chair of the United Nations Sustainable Development Group

- Thank you. I listened carefully to all my colleagues and this is a very interesting discussion.
- The pandemic has drawn our attention to issues that have been escalating recently. We did not pay enough attention to many of these issues earlier, but now they will be reflected in the global agenda. Many economies will now find themselves in a much more vulnerable position than before, so we need to think about responses that will allow us to continue to develop sustainable economies, to achieve the goals of a green and more inclusive economy.
- Development Banks will play an important role in the transition to more sustainable development in 2021. We have already seen the great role of the international Development Banks, of the African Development Bank and other Development Banks, which in fact form the financial agenda to strengthen the economy in the future.
- Development Banks play an essential role in overcoming liquidity problems. They were able to help rebuild the tourism industry in many countries, as well as back Small and Medium-sized enterprises that needed significant support to rebuild their operations.
- National Development Banks, which support Small and Medium-sized enterprises, of course play a significant role in introducing various government support measures, including supporting working capital, providing banking guarantees, financing and subsidizing Small and Medium-sized enterprises, as well as providing the economy with the transition to adapt to new conditions. This is the second important role that international Development Banks can play - shaping the economic development agenda.
- The third point that I would like to note is a more active participation of the private capital. This is the potential that we have not yet fully exploited, but which should be used more often to resolve our issues.

National Development Banks will play a vital role in attracting additional investments that is necessary for economic recovery. We have many examples that our speakers presented today.

- The fourth aspect of the activities of national Development Banks is their influence, their contribution to the development of the economy. It seems to me that we could discuss these issues in more detail. We could meet and see the national Development Banks at the center in order to improve the global economic situation.
- Thank you for the opportunity to present my point of view. These four points, which I have noted, are among the main ones in order to move towards economic recovery on a global and national scale. Thank you for your attention.

Cesare Maria Ragaglini

Deputy Chairman of VEB.RF, former Ambassador to the United Nations

- Ladies and gentlemen, we have reached the final session of this Conference. Everything we heard today during the debate was very sound, very focused on priorities and had the strategic vision.
- All participants have underlined the greater need for a great cooperation among Development Banks, and now we have to find the best tools to implement it.
- This renewed awareness of those global problems requires global solution, global action and global solidarity.
- We heard the words of the Deputy Secretary-General of the United Nations Ms. Amina Mohammed, which were very inspired, much focused and with the clear orientation.
- In these turbulent times, we need a compass; we need a sure and clear stable point of reference. In order to face the enormous problems and challenges we all have, it is a matter of satisfaction for Development Banks to know that they can count on the unconditional support of the United Nations Organizations.
- Let me thank Igor Shuvalov, the host of the Conference, on behalf of all participants for reuniting around this virtual table so many friends and colleagues, so many countries represented by the Secretary-General of the United Nations, over 170 Development Banks

represented by all of you, and several trillions of dollars of assets. This means that there is a clear and strong commitment from the banks to act together with intelligence, with determination and for the future prosperity.

Igor Shuvalov

Chairman of VEB.RF, host of the Conference

- It was a very good discussion, thanks to Ambassador Cesare Ragaglini and for his cooperation with International Development Finance Club, and Mr. Rémy Rioux.
- It was brief and very useful; we covered very important and very sharp issues. Now we need some time, a few weeks to redevelop these issues. We will discuss internally and we will prepare ourselves for the Paris Global Summit with around 450 people that are acting as the heads of international, local, regional, domestic banks for development or bodies for development. Thank you.

Rémy Rioux

IDFC Chairperson, Chief Executive Officer of the Agence Française de Développement (AFD), co-host of the Conference

- Thanks a lot to the Deputy Secretary-General; she very clearly said the ambition and the potential that we are trying to tab through this increased and friendly cooperation between all of us.
- Thanks for the friendship, the hard work. My gratitude to VEB and you Igor and to you Cesare for this excellent discussion we had.
- A small video of “Finance in Common” Summit, that we saw, gives us the flavor of what we are talking about with all colleagues, CEOs of public Development Banks participated today. The magnitude of it gathering these 450 public Development Banks meaning 10% of all global investments a year, public in private for public purpose, for public good.
- It shows you various colors, various shapes. It shows you the diversity of our group. The discussion established that now we have

the new common mandate if either we are multilateral, international, local – and that’s the spirit of SDGs, what the UN Secretary-General and then the Deputy Secretary-General reminded us.

- We hope that together we can send in this so dramatic year 2020 a signal of hope through a renewed international cooperation embodying SDG 17, the last of the SDGs, the paramount of all SDGs.
- Building on all the answers you provided today, this momentum, this coalition will take the form of a “Finance in Common” Summit that we will host in Paris on November 12. For the Plenary, it will gather representatives from our community. It will be in the presence of Heads of state. We are doing it in partnership with the Paris Peace Forum, it is the third edition and many heads of governments, states, and international organizations are coming in Paris for this event.
- The idea is also to engage a dialogue with the commercial banks, with the investors, with private firms, with civil society, with philanthropies, think tanks and other stakeholders. If they accept to pay attention and to give us their views on what our group could contribute in the transition we are engaged in.
- The summit of course is only a start, it will not be only a one day event. We hope it will be a trigger for change, highlighting very concrete projects, hopefully launching the global coalition of all public Development Banks with as I said very strong, Edgardo is here, regional pillows existing and that are very active.
- This momentum having sequels in 2021 and beyond in Kunming in China for instance at COP15 for Biodiversity, they will give us their label on the Summit. Or of course in Glasgow at the end of 2020 for COP26, which will be so important for the fight against the climate change.
- Thank you all. I commend what VEB did today, for climate, for green finance, for SMEs, for infrastructure, for resilient cities. You said it very eloquently, dear Igor. We count on you all to have with all willing parties and colleagues as strong as possible result by November, 12, and beyond.
- Thanks for this Pre-summit, it was really a success. Edgardo said ALIDE will organize another one in a few weeks. And we hope that with your help we will progressively increase the awareness, the

noise behind our group to support multilateralism and to support Sustainable Development Goals. Thanks a lot.

Cesare Maria Ragaglini

Deputy Chairman of VEB.RF, former Ambassador to the United Nations

- Many thanks, Rémy, also for your personal support in today's organization of this complexed Conference.
- On behalf of VEB.RF I would like also to thank all the participants for such an important contribution to the debate. And all people – journalists, businessmen, NGOs, associations, individuals – who followed us from all continents.
- I hope that from these debates a message of hope could be perceived in order to have a better recovery to a "new normality" where the protection of environment and the future of new generations will be taken into account. Thanks again and see you in Paris.