



Shanghai Forum 2018 Perspective Highlights

The Role of Multilateral Development Banks in Asia and Emerging Countries Post-2008 Crisis

ROUNDTABLE 06 Session One

13:00-15:00, May 26

Chair:

Sergio Suchodolski: New Development Bank Director General, Strategy and Partnerships

Moderator: Lucas Dib: Getulio Vargas Foundation (FGV) , Visiting Scholar at FDDI

**Luiz Carlos
Bresser-Pereira
FGV Emeritus
Professor, Former
Finance Minister of
Ministry of Finance of
Brazil**

Why Multilateral Development Banks Should Provide Finance in Domestic Currencies: a growth and financial stability proposal

1. There are two assumptions in the classical theoretical model of multilateral Development Banks: the lack of capital and foreign exchange in developing countries, especially the lack of dollar reserves.
2. Due to the lack of capital, developing countries need to finance their cash account deficits, which finance increased investment rather than consumption. But that is not the case. Most deficit financing is usually spent on consumption.
3. Foreign savings substitution rates are high, because the capital inflows exceed outflows from deficit financing in national currencies; A cash account deficit is harmless when countries grow very fast and investment opportunities increase or marginal preferences for investment increase and marginal propensity to consume decrease.
4. Recommends that the multilateral development Banks should finance in domestic currencies or in the case of large investment.

**Justin Yifu Lin
Honorary Dean,
National School of
Development; Dean,
Institute of New
Structural Economics
& Institute of South-
South Cooperation
and Development**

Multilateral Development Banks, Infrastructure Investment and SDGs

1. Since the 2008 financial crisis, economies have been in the doldrums and need to find ways to help countries emerge from the downturn. In the past, economic recovery has been achieved by increasing exports and other means. However, in the face of international market competition, this approach cannot work effectively, and structural reform of the economy is the approach that should be taken.
2. In developing countries, investment demand of infrastructure is very high, such as Africa need billions of dollars of investment every year. To meet the investment, we need to establish appropriate institutions and

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foundations, this will help the developing countries shake off the crisis and make the economy continue to grow.

3. To provide employment, improve the income of the sustainable development goals, investment heavily in infrastructure construction is need, it also means the transformation of the economic aspect, and countries should according to their own national conditions to develop a series of policies and achieve these goals.

Luciano Coutinho
UNICAMP Professor,
Brazilian Development
Bank Former President

The Role of Multinational and National Development Banks in Financing Infrastructure

1. In order to achieve higher sustainable development, more infrastructure investment is needed. Due to the higher government debt, Private banks are facing hinders like the expansion of long-term credit. In order to finance the huge amount of investment in infrastructure, MDBs and ECAs are the only effective anchors for infrastructure because they are backed by member-States and national States and have long-term sources of funding.
2. In terms of risk, need to develop a substantial risk mitigation measures, including regulations, macroeconomic policies and market risk aversion, also considering the construction risk and the risk of force majeure, etc.
3. As the financial instrument portfolio required by each stage of the project is different, it is necessary to make effective use of the financial instrument portfolio to meet the project requirements and solve these problems.
4. The planning and design of infrastructure projects should not ignore the application of advanced information technology, Should develop digital and intelligent infrastructure.

DISCUSSION

1. China's GDP has exceeded that of the G7 countries. What kind of responsibility does China need to assume?

After the economic crisis in 2008, Developing countries, led by China, are growing faster than developed countries and are contributing more and more to the global economic recovery. Now there are also multilateral development banks established by developing countries, and from this we can also transfer our own ideas to the world, Influence will also grow bigger and bigger, and at the same time promoting domestic economic growth and accelerating the process of globalization.

2. Infrastructure construction plays a significant role in economic development. In this regard, multilateral development banks have also been established. What strategies should these banks adopt to participate in global economic competition?

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At present, the investment demand for infrastructure construction is much greater than the amount of financing that development banks can provide. Therefore, more development banks to provide funds are needed to finance it more broadly. The current development bank is not enough to meet The funds needed for the SDGs, so more development Banks are required to participate in infrastructure investment.

(Editor: Zhang shuaishuai Lizehua)

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The Role of Multilateral Development Banks in Asia and Emerging Countries Post-2008 Crisis

ROUNDTABLE 06 Session Two

15:00-17:00, May 26

Chair:

Sergio Suchodolski: New Development Bank Director General, Strategy and Partnerships

Moderator: Lucas Dib: Getulio Vargas Foundation (FGV) , Visiting Scholar at FDDI

Joachim Von Amsberg, Vice President of Policy and Strategy at Asian Infrastructure Investment Bank

The function of multilateral development banks and the responsibilities of developing countries

1. In 2013, China proposed the establishment of an Asian Development Bank, and it is currently progressing smoothly. The commitment of all countries to multilateral development banks is also a commitment to the countries themselves, and these commitments are currently being gradually realized.

2. At present, the need of world is the establishment of a multilateral development bank, the one of the important purpose is to help the construction of infrastructure investment, innovation and cooperation is also one of the important content of establishing new multilateral development Banks.

3. China's construction of infrastructure and other aspects has a guiding role for countries in this area of investment. We need to build a permanent bank rather than a short-term investment project. China has seized the opportunity to become a leader in the establishment of a multilateral development bank. China and other developing countries can play a decisive role in establishing such banks and promote their development to achieve economic development.

Mmakgoshi Lekhethe Executive Director at African Development Bank Group

Prospects for the establishment of a multilateral development bank in Africa

1. The establishment of a multilateral development bank in a region with low levels of development in Africa is of even greater importance. First, we can negotiate with local clients through the African Development Bank. Second, need to consider how to build a more variable-capital bank with more capital thickness, at present, capital is still insufficient. of. At the same time, it is impossible to discuss the establishment of a series of other economic policies including multilateral development banks without thinking about the involvement of the government.

3. Need to expand the coverage of the financial sector and make better use of the capabilities of the multilateral development banks. Should intend to cooperate with other similar banks and draw on the experiences of other

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banks to develop multilateral development banks in Africa. And more attention will be paid to investment in infrastructure. But it is time to focus first on investment in agriculture. In order to attract investment, we should also focus on innovation and development.

4. Africa currently faces many problems, the first is the project financing problems, followed by the resource utilization, Africa should cooperate with other multilateral development Banks in order to draw lessons from experience to solve the problems. For multilateral cooperation projects, how to solve the problem of transnational cooperation and how to solve other series of problems all require cooperation to solve together.

Farid Masmoudi
ARDIAN Director ,
Islamic
Development Bank
(IDB) Former
Director

The Role of MDBs in Asia and Emerging Markets

1. The current problems facing member states of the multilateral development bank are: First, the pressure of competition is great. Second, the challenges brought by young people. Young people are the source of innovation, but at the same time they are also the source of social instability. To solve this problem, need to provide more job opportunities. In order to provide employment, it is necessary to provide sustained and stable support from the production department. The problems we face also include political pressures, civil wars, immigration and even climate change. To solve these problems, we need the government to provide financial support, and this requires investment in infrastructure construction.

2. The Fed's rate hike has caused the growth of financing costs in developing countries, which is not conducive to the development of emerging economies. The growth of emerging economies requires long-term financial support, but the fragility of the market and the weakness of the global economy are not conducive to the realization of this goal.

3. Multilateral development banks need to increase their own capital thickness and adopt a diversified approach to achieve capital accumulation. Capital is not difficult to obtain for MDBs. the problem is how to allocate it quickly and reasonably.

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Ronaldo Lemos
Rio de Janeiro
State University
Professor

Legal challenges for the development of the Internets of things in Brazil

1. The Brazilian government has been developing a national Internet of things plan since 2016. which is expected to be released by the end of this month.
2. In the era of the Internet of things, relevant regulations should be formulated to ensure the normal development of the Internet of things in Brazil, focusing on the protection of telecommunications, privacy and personal data and information security.
3. The fragmentation of Brazil's legal framework has created uncertainty and instability for companies and users. And there are many issues including lack of guidelines, the absence of clear rules, and the absence of a competent body.
4. There are other things to consider, such as block chains, digital identities CARDS and artificial intelligence.

(Editor: Zhang shuaishuai Lizehua)