

A New International Financing Path for Joint Development and Cooperation

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Distinguished Guests, Ladies and Gentlemen,

Hello everyone! Thank you for the invitation of the organizers of the conference. I'm very happy to join you in Brasilia. As is known to all, Brasilia is listed as a World Heritage by UNESCO and is the world's largest city built after the 20th century. In this seaside city symbolizing prosperity and development, it is of great practical significance for BRICS and other emerging market countries to explore a new international financing path for cooperation and development.

Since the first meeting of the BRICS foreign ministers in 2006, the BRICS have been in cooperation for 13 years. The BRICS cooperation mechanism has changed from concept to practice and has become a model for mutually beneficial cooperation among emerging market countries. In 2018, the economic development of the BRICS countries is improving. The total GDP is more than 20 trillion US dollars, the total international trade volume is 6.8 trillion US dollars, and the foreign direct investment has increased from 138.9 billion US dollars in 2006 to 261.2

billion US dollars in 2018, contributing more than 50% for world economy. In the past ten years, the BRICS countries have been committed to building a more balanced and inclusive economic partnership. After experiencing major challenges such as the international financial crisis, the BRIC countries have explored a new path for emerging market countries and developing countries to unite and cooperate with each other.

At present, the world is facing a major change which never happened in the past 100 years. The global sources of turmoil and risk points are accelerating, and various types of overseas investment, economic and trade frictions and non-traditional security risks are more frequent. Especially since 2018, the international situation has become turbulent. Unilateralism, populism, trade protectionism and other anti-globalization trends have accelerated. Income inequality and uneven development have become the most prominent problems facing global economic governance. In the context of global governance predicament, persisting in mutual benefit and win-win, cracking the development deficit, and giving play to the unique advantages and functions of development finance will help the BRICS countries achieve medium and long-term development goals, improve resource allocation, promote common development, and achieve common prosperity. Next, I'd like to discuss some personal views about the development status and trends of global development finance.

Firstly, development finance is the backbone of international development financing cooperation. At present, there are more than 550 development financial institutions located in 185 countries with total assets of more than \$5 trillion. Since the financial crisis in 2008, development finance has been highly valued by developed countries such as US and some European countries. In September 2018, the United States established the International Development Finance Corporation (IDFC) to focus on financing development projects and investing in infrastructure in developing countries. US Overseas Private Investment Corporation (OPIC), Canadian Financial Development Corporation (FinDev) and European Development Finance Agency (EDFI) has signed a memorandum to form a “Alliance of Development Financial Institutions”, aiming to strengthening the coordination and cooperation among the US, Canada and the EU in areas such as foreign investment, aid and development policies.

Secondly, development finance is an irreplaceable new impetus for sustainable development. Development financial institutions cooperate with national macroeconomic policies and industrial policies, play the role of medium and long-term investment and financing advantage and counter-cyclical adjustment, participate in corporate rescue and liquidity supply, and slow down the pro-cyclical behavior of private sector financing. They support key areas and weak links in economic and social

development, promote innovation and structural transformation, and achieve dynamic economic growth. They also support public goods supply, especially tackling climate change, improving environmental sustainability and promoting “green development”. In a word, they play an irreplaceable and unique role in maintaining market stability, promoting economic recovery and enhancing national competitiveness.

Thirdly, development finance promotes the construction of mechanisms through market-oriented operations. Under the support of national policies, development financial institutions, as a financial arrangement between the government and the market, play a guiding role in the process of industrial upgrading and structural transformation through market-oriented and internationalized operations. In the project credit structure design and construction operation, development financial institutions can introduce the government of the partner countries for credit enhancement, strengthen market construction and credit construction, and adhere to the sustainable operation of the project life cycle. Development finance institutions can combine the coordination advantages of government organizations with the efficiency advantages of market resource allocation, which can effectively promote the construction of cash flow of projects and help partner countries to achieve public policy and international development cooperation goals.

Fourthly, development finance needs to adapt to the external situation and improve its own development. The unique functions of development finance are mainly focused on promoting long-term economic growth and cross-cycle economic regulation. It is necessary to make appropriate judgments on the current economic situation and development trends. Faced with the accelerated transformation of global governance pattern and development, development finance institutions should constantly improve their own development model, make corresponding adjustments to key business areas, and stage their own functional positioning. It is necessary to adhere to long-term financing support for public infrastructure such as transportation and energy, and to maintain forward-looking investment in social infrastructure such as housing, education, and medical care. Development finance institutions can promote industry confidence and market credit through early financing, and gradually establish and cultivate healthy market players.

Ladies and Gentlemen!

As the world's largest development financial institution and national sovereign development bank, China Development Bank is an explorer and practitioner of international development financing. Since 2005, in order to better support international development cooperation, China Development Bank has established a development strategy for exploring the blue ocean of international business and vigorously promoted

international business. From 2005 to 2018, the accumulated loan for international business issued by China Development Bank is nearly 960 billion US dollars. The balance outstanding of foreign exchange loan has increased from 64.5 billion US dollars in 2008 to 312.4 billion US dollars in 2018. The projects are distributed in more than 100 countries and regions around the world. As China's largest foreign investment and financing cooperative bank, China Development Bank has always adhered to the precise strategy of serving the national strategy by mid-term and long-term financing and national credit and market-oriented operations, and has gradually formed a new pattern of international development financing featuring “high-level agreement, major project promotion, special loan support, financial cooperation layout, multilateral planning docking, think tank diplomatic coordination, and capacity building cooperation”. China Development Bank has played an important role in supporting China’s economic and social development and made outstanding contributions to the establishment of a long-term, stable and sustainable development financing system, which has been highly recognized and widely praised by the partner countries and international organizations.

Relying on national credit and market-oriented operations, China’s development finance institutions have innovated and built a “hematopoietic” development financing model through the

transformation of social capital into financing arrangement. China's development finance institutions have incited and guided the formation of a diversified financing model by providing large-scale and long-term infrastructure financing. By focusing on the actual demands of development partners, China's development finance institutions can help developing countries achieve industrial restructuring and upgrading, create jobs and reduce poverty. Here, based on the international practice of China's development finance, I'd like to talk about some personal advices.

Firstly, building an international development financing system has trans-century significance. Promoting the establishment of a fair, rational and balanced international development financing system will help developing countries to share the fruits of reform and opening up in emerging economies, mobilize global private capital, expand support for low- and middle-income countries, especially in sub-Saharan Africa, promote the integration of developing countries into global value chains, promote economic globalization and build a community of human destiny.

Secondly, advocate, co-construct and share the concept of development priorities. We should adhere to the development financing concept of "give priority to development and give consideration to benefits", and strive to continuously improve the governance capacity and

endogenous development momentum of developing countries, respect the right to development and choice of the partner countries, encourage developing countries to actively participate in and formulate international development financing rules and standards. We welcome developed countries to continuously provide official development financing, incite social capital and mobilize international resources.

Thirdly, promote the action plan to construct the international development financing system. We should adhere to the development financing concept of “strategic link and planning first”, establish a development financing network of “deep cooperation, risk control”, focus on capacity building and infrastructure, and encourage the expansion of mutual financial opening and improvement of the business environment. We should innovatively develop the financing cooperation mode with investment banking thinking; encourage financial institutions to establish a comprehensive risk management system, and an evaluation mechanism to accept the supervision of the international community.

Fourthly, enhance policy support for sustainable development of development finance. In order to better realize the long-term goals of the national strategy and public policy of development financial services, it is necessary to dynamically adjust the main business and national support policies according to different periods and different stages of development, and encourage and support the development finance

institutions to participate more in the formulation of clear country development strategy. The legislative protection of national sovereign development banks should also be included in the national legal agenda.

Looking forward to the future, in order to further strengthen and expand the cooperation and development of the BRICS countries and promote the realization of the UN Sustainable Development Goals, it is necessary for all parties to further strengthen the international cooperation of development finance institutions and deepen the systematic research on development finance theory and practice. We actively appeal to the BRICS countries to adhere to the people-centered development philosophy, focus on eliminating poverty, increasing employment, improving people's livelihood, and making more pragmatic contributions to the economic development and people's well-being of emerging market countries and developing countries.

Thank you all.