

Chapter 20

Association of Development Financing Institutions
in Asia and the Pacific

THE IMPACT OF COVID-19 ON ADFIAP MEMBERS¹

This chapter summarizes actions taken by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) to combat the economic impacts of Covid-19, as of August 2020.

ADFIAP is the focal point of all development banks and other financial institutions engaged in the financing of development in the Asia-Pacific region. Its mission is to advance sustainable development through its members. Founded in 1976, ADFIAP currently has 87 member institutions in 36 countries.

INTRODUCTION

Like many organizations during this pandemic, the Association of Development Financing Institutions in Asia and the Pacific

¹ This is an edited version of a report prepared by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Secretariat's Information Office in August 2020. Founded in 1976, ADFIAP currently has 87 member institutions in 36 countries and territories with its permanent Secretariat in Makati City, Metro Manila, Philippines. Reproduced with the permission of ADFIAP.

(ADFIAP) has been following and monitoring the evolving situation on the impact of Covid-19 on our members and their respective countries. As an association, our approach to meeting the challenges brought about by this crisis was two-fold: (a) *internally*, to strengthen the capability of the Secretariat team; and (b) *externally*, to sustain our interaction with our members and the community we are in during these trying times.

ADFIAP INTERNAL INITIATIVES

Internally, the initiatives we have undertaken revolve around four Ps (4Ps), as follows:

1. *Pivot to digital*: We have beefed up our operational and member communication capabilities. Operationally, we have accelerated using a cloud-based platform for membership engagement and events management. We took an inventory of our unique content with the intention of converting this into e-learning and certification programmes. For member communications, we used various platforms for our virtual events (e-meetings, webinars, e-conferences), e-newsletters, emails, surveys and technical support efforts.
2. *Partner to hit the ground running*: We quickly partnered with our members and other same-purposed organizations to deliver online training and knowledge-sharing programmes. This gave us a fast track to offer virtual events to our members in a short time while we gain more experience and build our own capability in this regard.
3. *Pump-prime staff for up-skilling*: We have provided our staff with the opportunity to add new skills alongside our move to digitalization. Our goal is to undertake staff training sessions on creativity, critical thinking and cognitive flexibility – disciplines that require an open mind and passionate determination to succeed in this ‘new normal’ environment.

4. *Plan for a turnaround*: We have gone back to the basics of thinking of our members first – maintaining relevance, harnessing relationships and sustaining resources. *Relevance* is about sticking with our purpose, mission and unique value proposition. *Relationship* is about building and nurturing engagement with our members. *Resources* (human and financial) are about pursuing new opportunities and generating revenues. As we say, we need to be ‘in the trenches’ with our members during this crisis.

ADFIAP EXTERNAL INITIATIVES

Externally, the initiatives we have undertaken are as follows:

1. We have *surveyed* our members on what they are doing/have done during the pandemic, which we have compiled in two special edition e-newsletters on Covid-19 and which were disseminated to members and other stakeholders.²
2. We have *organized* and *partnered* with our members and in other networks for at least 20 virtual events to date (webinars, e-forums, etc.) for members on various relevant issues and topics revolving around Covid-19.
3. We have provided *voice* and *visibility* to the association and our members in various international forums regarding their work on Covid-19 responses as well as on their contributions to the achievement of the United Nations Sustainable Development Goals (SDGs) and the climate agenda.
4. We have *communicated* and *worked* regularly with our regional counterpart development finance institutions (DFI) associations covering Africa, Latin America and the Middle East under the World Federation of Development Finance Institutions (WFDFI) on information exchange and practice-sharing activities.

² Available online at: <https://www.adfiap.org/resource/publications/>.

NATIONAL DFIS' RESPONSES TO CALLS FOR ACTION DURING THE PANDEMIC: THE ADFIAP EXPERIENCE

The Covid-19 pandemic has pushed the world economy towards recession. As a stop-gap measure, national governments have introduced liquidity measures to keep their economies moving. Since this was not enough to produce a sustained economic recovery, national development finance institutions (NDFIs) have stepped up efforts to help in the rebuilding and recovery process. Such is the experience of ADFIAP member NDFIs.

The countercyclical role of NDFIs in financing development initiatives was apparent through the relief packages that they have undertaken. NDFIs also provided sector-specific financing stimulus to micro, small and medium-sized enterprises (MSMEs), to local governments, as well as to the health and education sectors. With business activities and employment rate on the decline, loan payment holidays and other relief measures were also instituted by NDFIs. Below we highlight what ADFIAP member NDFIs have undertaken to face the health and economic crisis upfront and prepare for its aftermath.

Stimulus assistance to micro, small- and medium-sized enterprises (SMEs)

The Business Development Bank of Canada (BDC) has mobilized up to US\$40 billion in additional lending and guarantee programme support to help ease access to credit for entrepreneurs impacted by Covid-19. The BDC also provided additional relief measures for qualified businesses of up to \$2 million working capital with flexible terms and payment postponements for up to six months and reduced rates on new eligible loans.

Similarly, the Land Bank of the Philippines (LANDBANK) launched a loan programme for small and medium-sized enterprises, microfinance institutions and cooperatives to recover from the

adverse effects of the Covid-19 pandemic. Through the 'I-RESCUE' (Interim Rehabilitation Support to Cushion Unfavorably-affected Enterprises by Covid-19) Lending Programme, LANDBANK provides assistance through credit and loan restructuring under more flexible terms and conditions.

In the Philippines, the Small Business Corporation (SB Corp) has set up a PHP 1 billion Enterprise Rehabilitation Financing facility for micro and small businesses.

For its part, the Small Industries Development Bank of India (SIDBI) provided liquidity support to MSMEs impacted by Covid-19 through conduit microfinance institutions to ensure operational continuity and to promote onward lending to the MSME sector.

Tekun National Malaysia has crafted the 'Tekun Business Rehabilitation Scheme' (TBRS), a financing scheme offered to microenterprises whose businesses were affected by the Covid-19 pandemic.

Strengthening MSMEs

The DFCC Bank of Sri Lanka and the Ceylon Chamber of Commerce (CCC) jointly organized a webinar entitled 'Banking Services and Solutions for Business Recovery Offered by DFCC Bank During and After Covid-19' to financially guide small and medium-sized enterprises (SMEs) through the current pandemic, and to help SMEs identify relevant gaps and challenges. The Esquire Financing in the Philippines offered tips for small businesses to overcome Covid-19 and suggested some strategies for SMEs to maintain financial health during the pandemic.

Boost to the local economy

Indonesia's PT Sarana Multi Infrastruktur has made a loan of IDR 1.4 trillion available to the West Java Provincial Government in order to restore the West Java economy affected by the Covid-19 pandemic.

Support to the health sector

The China Development Bank has adopted a multi-pronged ap-

proach to combatting Covid-19 by providing more than CNY 20 billion in emergency loans for epidemic prevention and control, offering a special working capital loan facility to help epidemic-affected enterprises resume work and production, and by supporting the country in combating the pandemic while bolstering economic and social development.

Likewise, the Development Bank of the Republic of Belarus has provided financial assistance to the Republican Medical Response Organization Center for the purchase of medicines, medical devices, medical equipment, personal protective equipment and so on. The Development Bank will continue to support healthcare organizations to ensure a healthy environment for everyone.

The KfW of Germany has financed over 320,000 Covid-19 tests and the purchasing of other medical equipment for the Indian health system to a total sum of €15 million to help effectively contain the pandemic on the subcontinent.

The Islamic Development Bank (IsDB) partnered with the United Nations Office for Project Services (UNOPS) to support IsDB member countries in combatting Covid-19 through emergency procurement services of medical supplies and equipment.

The Royal Insurance Corporation of Bhutan Ltd. has offered life insurance of Nu 100,000 to those in the frontline who may lose their lives fighting Covid-19.

Assistance to the education sector

The Land Bank of the Philippines has offered a direct ‘study-now-pay-later’ student loan programme for Covid-impacted families. Under the loan programme, parents and guardians/benefactors of students enrolled for the upcoming school year can now directly apply for loans of up to PHP 300,000 to cover students’ tuition. On the other hand, the personnel of the Al-Amanah Islamic Investment Bank of the Philippines has extended assistance to stranded students for their food and other basic needs during the pandemic.

Relief on loan payments

Cognizant of the difficulty that their clients are faced with during the pandemic, the following NDFIs have provided a moratorium on loan payments and provided other relief measures:

Agrobank (Malaysia), Bhutan Development Bank, Bhutan Insurance Limited, CARD (Philippines), Development Bank of the Philippines, Fiji Development Bank, National Pension and Provident Fund of Bhutan, North Eastern Development Finance Corporation (India) and Pag-IBIG Fund (Philippines).

Push for digital banking

The Land Bank of the Philippines has urged its clients to use the Land Bank's electronic and digital platforms to serve banking needs while the country is under a state of calamity due to the pandemic. Convenient banking can be enjoyed through use of the Land Bank's 2,196 ATMs and 159 Cash Deposit Machines nationwide, including online and electronic banking services, and cashless payments through Land Bank Mastercard credit card and Visa Debit Card.

LOOKING TO THE FUTURE

Looking ahead to the 'new normal', NDFIs need to be prepared in crisis management with continuous development and updating of recovery options linked with their liquidity position to ensure solvency. As the financing business shifts away from traditional concepts, data and real-time information-driven analytics will now be the backbone of the new operating model of NDFIs.

