

**Remarks by Tharman Shanmugaratnam,
Senior Minister, Singapore and
Former Chair of G20 Eminent Persons Group on Global Financial Governance
High-Level Event on Financing for Development in the era of COVID-19 and Beyond
28 May 2020**

The challenge of financing development has never been more daunting, complex and urgent.

Thank you, Secretary General Guterres, Prime Minister Trudeau and Prime Minister Holness for convening this event at a critical time.

The challenge we face is in having to address issues of legacy - in particular, the significant level of indebtedness in many countries - and issues of the future and growth, at the same time.

By any realistic assessment, we will need much greater volumes of finance to achieve growth in the coming years, and in the next decade.

In particular, we will need much greater volumes of private finance, not just official finance.

Hence our whole orientation in official finance, be it multilateral or from other sources, has to be to catalyse private funding to a much greater degree than before.

And it can be achieved.

We have to place much greater emphasis on domestic policy reforms to reduce risk and uncertainty in the investment environment.

We have to find ways of using the official balance sheet, multilateral and that of other official creditors, not to lend money, but to mitigate risk for private investment - in particular, by using first loss guarantees and other instruments to mobilise private finance.

Thirdly, we have to diversify risk as well. We have to take advantage of pooled asset classes - where we bring together the risks of projects in different countries into asset classes that can attract global institutional investment. There is a lot of funds out there, but we require asset classes that diversify risk in order to attract these funds.

And finally, we need greater global collective action, not just action country by country, but global collective action.

We do need a stronger global financial safety net, which means replenishing the resources of the IMF.

We do need more capital for the Development Banks, including the Regional Development Banks.

And we do need at this critical point, a large allocation of SDRs for the global system, to be able to benefit the developing world. We could do so while using facilities that have been proposed to enable advanced countries to loan or contribute their SDRs to the IMF for redeployment to the developing world.

And we do need greater collective action to support sustainability. We have to jointly disincentivise financing of unsustainable projects, and incentivise green finance - incentivise renewable energy, and every innovation that reduces the cost of clean energies in the future.

All of this is achievable.

There is no lack of funds in the global system. But we have to organise development differently, to be able to achieve the aspirations of the developing world, and to achieve a better global future for all of us.