A Fireside Chat with Jin Liqun

Wednesday April 17, 2024

MASOOD AHMED:
Good afternoon. Greetings to all of you, and welcome to the Center for Global Development and to this session. I'm really looking forward to this conversation that we're about to have with President Jin Liqun, president of the AIIB. And of course, not your first trip to CGD. It's very nice to have you back here. And I'm also very happy that for this conversation we're joined by Nancy Lee, who's the director of our work on sustainable development finance and senior fellow here at CGD, and has been driving a lot of the work that we've been doing on the multilateral development banks. So, lots of things to talk about on multilateral development banks. We started off this morning with a discussion with a group of heads of MDBs talking about that. But before we go to that, let me just say welcome and very happy to have you here.

JIN LIQUN:
Thank you. Thank you very much, colleagues, friends, it's my great honor and privilege to be here and to share our experience of developing this bank with you. And certainly, I will be very happy to respond to any questions you may have. The last time I was here, when Minister Sri Mulyani was here and we did a lot of interesting things. Now, a lot of questions about the Asian Infrastructure Investment Bank, AIIB. At the very beginning, there were lots of misgivings and suspicions about the intention of setting up this institution—is this bank supposed to undercut the World Bank and other development banks by competing with them? And I don't have to tell you that we have become great partners over the last eight years. From day one, we cooperated with the World Bank, ADB, and other institutions. But let me look at the broader background. And when you see 1944, when the Bretton Woods institutions were set up, the idea is for reconstruction. Now, how about the 21st century when AIIB was set up, in the 21st century, shortly after the Paris Agreement was entered into by all the signatory countries?

I would say it's a very interesting. I would call it the renaissance of multilateral banks at this stage. Because it seems that in the second half of the last century, when the reconstruction, in most of the world, more countries, was completed and a lot of emerging market economies were developing to a certain stage—middle income or whatever. People questioned the validity of continued support of the MDBs. And maybe MDBs’ job is to deal with poverty reduction, which is certainly legitimate. But the issue is, we been dealing with poverty reduction of the last 3 or 4 decades. Poverty reduction remains a main, major challenge. Right? What goes wrong? How could we make the best use of these resources to improve the living standard of the people? So, in the 21st century, could we have a different kind of approach dealing with poverty reduction, environmental degradation, and climate change?

MASOOD AHMED:
So, I think that gives us a very nice entry point, President Jin, into the issues that would be good to discuss. And I want to start by bringing all of those a little bit back to the first word in your title, the *Asian* Infrastructure Investment Bank. And I say that because in a way, when you look at all of the medium-term economic projections that are put out by the IMF, by the World Bank, what happens in Asia in terms of economic growth will drive a lot of the global growth prospects. What happens in Asia in terms of the transformation of inter-regional trade will be key to the new model for growth. And the extent to which a lot of economies in Asia are able to successfully transition to a model which is much more low carbon than the one they have now will determine the global emissions trajectory. Now, you have been following that region a lot from your current role, but also previously, and I wanted to start with a little bit, your take on how do you see the prospects for all those transitions happening in Asia, and what do you see as the main risks in there?

I mean, obviously there's the big economy of China itself, which and there's a lot of discussion about what's happening in terms of Chinese economy. But it's not just China, it's the whole region there. Well, what's your sense of the prospects and risks for the region?

JIN LIQUN:
I think so far as “Asian” is concerned there are lot of, you know, variances in terms of the development, economic and social challenges. But the bank was set up with the mandate to promote broad-based economic and social development through investment in economic—through investment in infrastructure and other economic activities, the productive sectors. The idea is that based on the Asian experience, infrastructure, defined in a broad way, could pave the path for sustainable development. It's a different approach than direct intervention in poverty area. Now, the World Bank published a book called *The Asian Miracle*. OK. And mainland China was not part of the Asian miracle. You know, I think when this idea was proposed, they also involved me. Say, what do you think about this? I thought it was a wonderful project. Let's see what could be the development experience. So, the idea is we need to develop infrastructure and later on, you know, digital infrastructure. Social infrastructure also became an integral component of this broad mandate.

So, actually it's the Asian countries' development experience which informed the creation of this institution. The emerging market economies in Asia, maybe elsewhere, their development experience, in my view, is more relevant to many developing countries than the development experience of the Western European countries or the United States because they work in a different era, different development experience of the 17th, 18th century, 19th. It's very much different from what it is today. So, the idea is to build a bank on the development experience of many low-income countries, developing countries. At the same time, we still have to learn from the experience of developed countries. That's why the idea is to have a bank where the majority shareholders are the developing countries, without excluding developed countries. Developed countries continue to play a very important role in spite of the percentages of their shareholding. Now, I think that's the most important part of this institution.

So, you may have smaller shares, you may have a smaller voting power. But your voice on governance, on international best practice, on the way this kind of bank is to be managed is no weaker, is just as strong as those who are the majority shareholders. And I would say I'm grateful to so many developing countries in Asia. They respect the developed countries who join us, and they work with these developed countries in creating this bank. Dealing with major challenges. What are the major challenges? I think climate change is a clear and present danger of this world, and so many Asian countries would be very much vulnerable to say nothing of the Pacific island countries. Obviously, they are threatened by the climate change consequences, but some other Asian countries are also vulnerable. Then in the design of this bank, it was very much clear: ensure, Asian countries, connectivity is important. It's not sufficient. Asia cannot sustain itself without global connectivity, integration with Africa, sub-Saharan Africa, North Africa, European countries, Latin America.

So, it's very important for Asian countries to work with other regions. In our agreement, we don't have the part one country, part two country. Even regionals, no regionals. We don't want to have clear demarcation. So, some people once asked me, Mr. Jin, do you think the title is a good one? Because you don't simply work in Asia? I said we don't have to change the title. First of all, Asian Infrastructure Investment Bank only indicates it's initiated by an Asian country inviting the rest of the world, right, to join. And then you say Asia, Africa, Latin America. We are triple A, you see. So, it's the concept is inclusive.

MASOOD AHMED:
Alright. So, and now of course, the challenge is that these countries are facing particularly on say climate change. They have to transition their whole model: less reliance on hydrocarbons, different energy. How is the AIIB supporting them in this transition?

JIN LIQUN:
I think there are a couple of things we need to do, working with them. First of all, I always believe development is the mandate of any government and the people of a country. Nobody can replace them. It's their initiative. It's their motivation. It's their work. Outsiders can only offer a certain kind of help. So, in that sense, we want to help these countries to improve the way they manage their economy. So, we have Sir Danny here. He's the vice president in charge of the policy strategies. Now, recently we produced a paper which is a public policy and budget support lending. OK. Now, some people say, is this going to be simply budget support, a policy loan? Give us your money? No. That's not the way we want to do. We simply want to improve the lending instrument by giving the money to the client members for the purpose of improving the macroeconomic regulatory policies, for climate change financing. So, the money is earmarked for dealing with the macroeconomic or regulatory deficiency in the recipient country.

That's the thing we intend to do. Right. Now, if you do some individual projects in any of these countries, the impact could be very much limited. But if you improve the regulatory environment, then the impact would be huge and you will find the private investors would be more willing to come because they see a clearer picture. They could be assured of policy predictability. And that is something we do. And I think we convince the board members that this is not to cut a check and to give it to you.

MASOOD AHMED:
Now, Nancy.

NANCY LEE:
Well, that actually segways into what I wanted to ask you, which is to take this moment—you know, the bank has existed for eight years—to take stock and look a little bit backward and a little bit forward on lessons learned, both on how the bank will evolve, but also lessons that are useful to other banks. I mean, you've already mentioned some pretty significant evolutions. One is the definition of infrastructure has broadened beyond, you know, transport, energy, to, as you said, social infrastructure and digital infrastructure. And you just mentioned policy-based lending, which sounds a little to me like more like the Western model. So, maybe you could distill those lessons for us. The bank had a distinctive model. How do you think it worked? And how do you think it needs to evolve? And also, what would you say to your peer institutions on the lessons that might be useful to them?

JIN LIQUN:
You see, the bank would continue to move on the track designed when the all the chief negotiators came. It's the bank for infrastructure development. The interpretation could be fine-tuned. Say probably when we negotiated the articles of agreement, we focused very

much on the physical infrastructure, defined in a traditional way. Now, we broaden that. But you see, the articles of agreement leaves room for maneuver: "investment in infrastructure and other productive sectors." So, when we negotiated the articles of agreement and added these words, some chief negotiator asked me, said Mr. Jin, what do you mean by "other productive sectors"? I said a very simple: other productive sectors is other productive sectors. Now, all of a sudden we were hit by COVID-19 pandemic. So, are we going to stay there with nothing to do? When all these people are fighting against a pandemic? We're sitting there because nobody is going to continue to work on infrastructure development. We are sitting there for two years, three years? No.

Then we immediately we management came to the conclusion we should support the countries in dealing with COVID-19. Is this your job? And of course. Why? Because other productive sectors tells us health care is other productive sectors. Only a healthy nation is productive. Problem resolved. So, $18 billion were gone. And we quickly helped those countries to deal with that. And back to the normal track. So, you see, it's very much important to think about the mandate or interpret the mandate in a broad way. You never know what's going to happen. For instance, you asked me, what are the major challenges? I just gave you something. For instance, climate change is global. How about demographic change? Demographic change means very tough demographic challenges for many countries. So, China is dealing with aging. OK. How about India said no. But how about 20 years, ten years later? I already find in India demographic change is going to happen. Small countries. Of course they have their special issues to deal with.

Healthcare seems to be the weakest link on the chain. But people didn't know about that until we were hit by COVID-19. So, there are lots of things which may be happening for a development bank. You definitely need to be agile, you have to be adaptive, you have to be responsive to the changing needs and then you come back. So, I often said, I think, I said last time I was here, you drive and you see a huge roadblock. What are you going to do? Wait. OK. You turn off your engine, wait until somebody removes the roadblock, or you step off your car and try to remove the roadblock. Or you go bypass it. You have to do something. COVID-19 is a huge roadblock. But if we turn this huge roadblock into something which helps us build up our assets of pretty high quality and really solve the problems of so many developing countries. And then poverty other challenges faced by Asian countries? We talk about Asian miracles. We see more countries in Asia are becoming middle-income countries. How to deal with the middle-income trap?

It's going to happen. Unless there could be a big leap forward in terms of AI, new technology, you know. Otherwise, if you depend on traditional sectors, probably, you cannot avoid the middle-income trap. So, the challenge or the risks faced by Asian countries will be coming one by one, not, probably, at the same time.

MASOOD AHMED:
Right. In fact, that leads me to one question, which is that, I think clearly a lot of the investments that Asian countries will have to make in the new economy and transition will be financed from the private sector. And mobilizing private financing has been an issue that is of concern to all the MDBs, because we expect the MDBs not only to be providing their own money, but to act as instruments for mobilizing private money. I know you have been very focused on trying to get private finance into infrastructure. You're setting some targets for AIIB for this. How do you see that issue?

JIN LIQUN:
You see, when I worked on the world Bank on the board for six years and five years in the management of ADB. When I was in ADB, one of my responsibilities was to look after private sector development, we called it PSOD, right, Private Sector Operations Development. So, ADB also wanted to develop the private sector, but they have a special unit, a department for that. The World Bank, the IFC is exclusively private sector development even though they finance the state-owned, SOEs kind of thing. And then I follow what the world Bank Group is doing or evolving. And the president, Ajay Banga, is very much keen on having the World Bank Group to support the private sector. Right. And I think it's very much an important initiative. We enjoy a structure which combines both the public sector and the private sector. We have this under one roof. And also we try to have our project operational people to be good at both public sector and the private sector. The main idea is a road is a road, a power plant is a power plant.

The private sector or public sector factor comes in only when you consider the risk factor. Of course, when you process the private sector operation, you must have a more rigorous risk assessment policy. The public lending sovereign guarantee seems okay, even though you still have to do some risk analysis. But they are really very different kind of things. So, we have the people working together. I think that helps breaking the silos and easier to talk to the government, particularly with regard to the improving of the ease of doing business for private sector. But there's one thing very interesting which occurred to me yesterday when I met the CSOs and NGOs. The concern of some of the CSOs, that in private sector development you help the private sector companies to make more money. Right. So, why don't you do a bit more for the public sector lending? I think, I was a little bit, you know, surprised to hear this kind of comments because I've never heard about it. First of all. It is not possible to go on putting increasing pressure on the public balance sheets.

Because you're dealing with the debt. And if you stop lending to those countries, the economy will be slowing down. With huge consequences for the people and economy. But how about the private sector? In most countries, the private sector is the powerhouse of the economy. In most of the countries, the private sector could create jobs, more than 70, 80 or 90%. So, without private sector, it's very difficult. But then how to deal with this profit maximization syndrome? Because they look at the profit profile. But I think we should not be that pessimistic. First of all, the private sector's sense of social responsibility is increasing. ESG, for instance. And if the private sector company does not take care of social issues, gender issues, climate issues, I think that kind of private sector would have difficulties dealing developing their business. So, we should have changed the view about the private sector. We should work with them and by working together, we may help them enhance this sense of social responsibility.

MASOOD AHMED:
So, there is the private sector. With, which is to say, the firms and businesses that do activities, provides job, create enterprise in countries and you work with them. And then there is a sort of international private capital mobilization to help finance some of the infrastructure, some of the renewable energy that are going to be needed. And many MDBs are also making a special effort to say, maybe we need to do a better job at catalyzing private flows by doing different kinds of instruments, guarantees, other kinds of things. From your point of view, how do you see the AIIB's role in terms of do you think new instruments will help? Do you think it's other ways in which you can engage to mobilize private capital? Or do you think that for many of your clients, the private capital will flow as long as the market conditions are right, and as long as you can help them to strengthen their macroeconomic and regulatory framework. How do you see the balance of this?

JIN LIQUN:
Well, there are a couple of things we can do. First of all, I really hope our PBL, public policy and budget support lending, could do its job right. And we would like to see how it's going to be effective in mobilizing private investors for climate change, mitigation, and adaptation. And working with other MDBs, working as a team, you know, to support, improving the environment for private sector investment. And also, I think we can do some research work and produce papers to address the private sector development constraints or something of that kind. As you know, we have Eric here, our chief economist, and we have the major publication, "Nature as Infrastructure." And it's very well received. We can do something to promote the private sector and dealing with the constraints they are faced with. Why are some private sector investors reluctant to invest in a particular economy? What are their major concerns? How can we help them? I think we can do some of this kind of research publications, or the MDBs can work together to do something of this kind.

Also I think we could have some forums sharing information, inviting private sector investors, not really big names, but maybe smaller companies to share information with us. I think there's one thing which I find is very interesting. When China, in the run up to the WTO membership in the 1990s, I met a lot of American delegations. Something very interesting. For instance, American semiconductor delegation came to China every year and they came to say, please buy our semiconductors, please buy our chips. OK. We bought it. And then things have changed. So, we may say okay, what are the major problems? But then in the as I said, in the run up to the WTO membership, an American government delegation came to China to look at the enabling environment for businesses. You see, they didn't talk to big investors, Microsoft, they don't. They talk to small and medium sized American investors, including the United Family. You know, I talked to them and they say, why should I talk to Microsoft?

Of course they are being taken care of very well. But if the smaller medium sized companies are being taken care of, so called, taken care of by the policy, but not somebody in the government, then the ease of doing business is really good. So, the focus on smaller ones. Could we have, for instance, the Center for Global Development organize something of this kind. Invite smaller and medium sized private sectors coming, good experience, bad experience, and you can share. I think that could be very, you know, interesting.

NANCY LEE:
Well, let me ask one question about the big investors before I want to ask you about collaboration across the institutions where you've been a leader. Infrastructure in Asia is still, like in other parts of the world, mainly focused on sourcing its finance from banks. And institutional investors are a natural source of finance for infrastructure. They have long term finance, which is seeking sort of moderate, steady returns. That's what infrastructure should provide. So, you're focused a lot on smaller and medium-sized parts of the private sector. Are you trying to crowd in institutional investment in Asia as a source of infrastructure finance? And of course, in Asia, the growth of institutional assets has been very rapid.

JIN LIQUN:
You see, we actually buy bonds from the institutional investors, buy their bonds. And the proceeds of the bonds of the institutional investors should invest in foreign renewables. We make that very much clear. OK, we buy your bonds. No greenwashing. For green, you should do real-sector green projects. This is a very effective way of working with institutional investors. And, also, capital market development. For instance, we identify some of the commercial banks of the developing countries and give them a loan for them to on-lend to small and medium-sized companies. Again, and very clear for what kind of

purpose. So, I think it is important for us to work with the capital market and the players in the capital financial market. One thing I think which we can do, maybe people have not paid a lot of attention to this, because when we work with them, we have a very clear picture. We have a clear requirement for what they should do. And this can influence the behavior of the players in the capital market.

Our resources are very much limited, but the signal is very strong. The money should be used, should be earmarked for certain kind of activities. But since we are in the public sector, MDBs are traditionally considered the institution owned by the government. I think over the years, we seem to have developed a sense. We have the right ideas. We have correct ideas, we do the right thing. We are very much civilized. And then the private sector, profit making, just interested in making money. I think we should change that kind of, you know, mentality. Let me give you, I read about something very interesting. Some people, maybe geologists or whatever. They got lost in the wilderness for three days and nights, water is running out, food is running out. In the wilderness for so long, they certainly would have missed civilization. And they walked, mirrored around. Finally, civilization appears. They saw a huge board: "No trespassing. Otherwise, you'll be shot right away." Such a kind of barbarian before you even step into civilization.

I think this might be very interesting. We believe we are very much civilized and those guys are barbarians. Wait a moment, with some humility, we reconsider. We may not be doing the right thing. Right? So all these people were shocked when they were happy to see civilization, but then they saw, you'll be shot.

MASOOD AHMED:
Right. Right. Time for a little bit of humility.

NANCY LEE:
Well, speaking of civilized behavior…

MASOOD AHMED:
And humility.

NANCY LEE:
And humility. I remember that you came last time, a year ago, you spoke at Rockefeller and really pushed the envelope in terms of both the rationale and the need for progress and collaborating across institutions. I think you said that collaboration is in the DNA of AIIB, if I remember correctly. And this is a big topic on the MDB reform agenda. It has been for a long time. Eric helped write a report which called for MDBs to work as a system a few years back. But it seems to be finally moving. So, tell us your perspective on that. What do you see as the kind of low-hanging fruit that can be accomplished in the next six months, a

year? And what do you see as the things that will take longer, but need to be done because they will have a substantial impact?

JIN LIQUN:
I'm sorry to say all the low-hanging fruits were already picked. The issue is how can we pick those...

MASOOD AHMED:
A little higher...

JIN LIQUN:
A little higher without damaging the trees? Truly, truly I would say the challenges are mounting. And as you see, we deal with a lot of things. We take care of the debt problems of many low-income countries. And also, how about some of the things we are struggling with? For instance, many low-income countries would like to borrow from us, but they need local currency. So, all of a sudden, local currency lending seems to be all the rage in the developed MDBs world. So, this is very much important. But how many projects with local currency lending could be cited with very good consequences or results? You know, if you think a country needs local currency, you will find it's very unlikely that your financial people would find it easy to do swap or hedging. It's very hard. Those countries who could manage with local currency financing or hard currency, they have no problem. So those countries who would need exactly local currency financing have no capital market for you to protect yourself. It's not that easy.

Everybody is talking about local currency funds. How many projects could you see? It's very difficult when a country's currency will depreciate by 20, 30, even 40%. You keep the money in that country, you cannot convert it back. Otherwise, you suffer huge losses. But even if you keep the money in the country, you still have to book loss. Right. Are you going to keep the money there forever? It's very difficult. So local currency financing has a major challenge of how to help a country which is deficient in capital market development. For us, I think it's a very big issue. And also, how can we come to help those countries who are in distress? I'll give you one example. Recently we supported Sri Lanka. Sri Lanka is almost bankrupt as a country with no foreign exchange coming to them. What should we do? We should help them. And I had rounds and rounds of discussions with the former finance minister. That country really needs the MDBs help at a time when they were really struggling. But MDBs also have their risk management, risk control.

So, to the best of our ability, we helped them. Now I think is doing much better. You will find those countries who would need MDBs help, really are faced with a lot of constraints, even when they want to borrow from us. And we do not have concessional funding. For instance, Afghanistan. Afghanistan by IMF's rule, they can only borrow in grants, and we don't have that kind of thing. But we developed a new approach. You can say it's poverty reduction, but it's broader than that. We have created a soft fund window. We are mobilizing concessional funding, not to deal with a poverty reduction project directly, but to finance an infrastructure project by interest buy down, which could not otherwise be financed. So, this is the kind of, what I told you is a kind of, you know, creative approaches of this new bank. Yeah. We have limited resources. We have even more limited concessional resources. How can we make the best use of these resources? This is a very important thing.

MASOOD AHMED:
Speaking of creative approaches, one of the things that AIIB was able to do at its inception, which I think a lot of your peers who are heads of other MDBs look at you with some envy, is that you don't have a resident board. And every time I talk to my friends who are heads of other MDBs, they say, well, look at Liqun, you know, he doesn't have to deal with this board every day. But I can understand that it's attractive. But in a, now you look back on it with the benefit of hindsight, leaving aside the sort of day-to-day issues that come from having a resident board. How much of a difference do you think that has made to your model? Has it really allowed you to function more efficiently? Would you be a strong advocate today of saying, yes, it's a good idea not to have resident boards? Or would you say, yes, it's OK, but it doesn't matter so much. Where do you now come out with the benefit of hindsight?

JIN LIQUN:
I was very, very firm on working to create a new bank without a resident board.

MASOOD AHMED:
Right.

JIN LIQUN:
OK. I worked on the board, and with some of the experience, Without disparaging the resident board, I would say there are two issues we need to deal with. One is cost-effectiveness. The resident board could cost you easily more than 20% of the budget. OK, because it's not simply the resident board, you would have to create a huge team to support the board. But the more important issue is the clear division of responsibility between the board and management. This is not our creation. It is the standard governance of any private sector company. And, you know, if you read the book, *The Battle for Bretton Woods*, this resident or non-resident is the fight between Mr. White of the US and also John Maynard Keynes. Keynes did not think he should have the resident board. But anyway, we don't comment on something which was created in 1944. We don't do that. But when I was

on the board, I thought, could we do something to make the board more effective and to make the board really doing its job?

So, it's the accountability. We don't have the board on the premises of a bank every day, but we provide information to the board no less than those MDBs which have resident boards. The information provision is adequate, and we focus on the major issues. It might be, board should focus on policies and budget approval and strategies. OK. Now the private sector company shareholders hire the professional managers to run the institutions. It's the responsibility of the management to make sure each and every investment would be a good one. If you make a huge mistake, you are kicked out. Now, how about the Bretton Woods institutions which have the resident board? The resident board approves everything. Now, can you fire the president or vice president if they made major mistakes in the operations? You can't. You guys approve. The board could say, you gave us a lousy project, and so we approve. And then you say you approved. Right. So there's no accountability. In our institution, we have a clear responsibility.

The board still approves some of the projects, but an increasing number of projects will be delegated to the president to approve. We're not in a rush because the project we approve still have a couple of years to go, right, to see if we may have a review, and the board should be convinced. The most important issue is accountability. So, in our bank, I'm subject to a 360-degree annual performance assessment. And this is accountability.

MASOOD AHMED:
So today, you would still be a strong supporter of the model of non-resident boarding?

JIN LIQUN:
Of course. Yes.

MASOOD AHMED:
I just want to be clear. Good. Alright. We have a few minutes left. I think we have people who will have questions. Let's open it up. And I'm sure there are some questions online as well, and we'll take those. Let's see now. We have a lot of hands coming up. So, I think your hand went up first, I think. And then I will have this lady in the second row. Let me take three questions. I'll come to you as the third, and then we will have the second round. Please, identify yourself. Yeah.

CHRIS MCCRAY:
Chris McCray, Economistdiaries.com. I've been lucky enough to hear you speak twice before in Jeju AIIB 2017 and then in Santa Clara, 2020. And I love the “other productive” idea and the real green idea. And I'm wondering what you see now as the next opportunity of productivity. Artificial intelligence now allows you a million times cheaper deep data

computing. Surely that should be connected to infrastructure. Should that be water AI? What should it be? Is there some huge leap forward that can be done now?

MASOOD AHMED:
A very good question. Is there… There's a lady in the second row there, and then I'll come to yours. Please.

PRITI DAROOKA:
Thank you so much, President Jin. It's a pleasure to meet you again. Priti Darooka, BRICS Feminist Watch. I would continue a conversation from our AGM conversation that we had in Sharm el-Sheikh around the gender policy at AIIB. So what I hear, which was some whispered rumor that it actually is going to see the daylight soon, and it's being called the Gender Action Plan. I'm really happy to learn that, but I'm also a bit shocked that the draft will not be made public and there won't be any CSO consultation. So that is disappointing. That is really disappointing. Like, you call yourself a renaissance of banks and then you follow something so archaic, like, there is really, like we were so hopeful to be part of this process.

MASOOD AHMED:
Great. Thank you. So gender action plan. No discussion of it. Yeah.

ANDREI RADULESCU:
(UNKNOWN) Thank you very much indeed. My name is Andrei Radulescu. I'm coming from Romania, and I have two questions related to the spring meetings of Bretton Woods institutions. I'm also a member of Bretton Woods Committee since December last year. Mr. President, thank you very much. First of all, we are living in unprecedented challenges at the world level, mainly focused on US-China total confrontation. How do you see, from the macroeconomic point of view, the relations between Asia and Europe? Because European economy is paying a higher invoice of these global challenges. And the second question, because you mentioned about Keynes and Bretton Woods in 1944, it was a plan eight years ago to launch a global currency. But nowadays, a lot of, let’s say research, emphasizes the BRICS currency. So in this total currency confrontation, do you think it is possible for the BRICS countries to launch a currency? Take into account, let’s say that there are many things to do from the optimal currency theory point of view.

Thank you very much indeed for your attention. I was many times to the Chinese Academy of Social Sciences having presentation. Thank you.

MASOOD AHMED:
Thank you so much. So three questions for you. Four, actually. Four.

JIN LIQUN:
I think, as I said, infrastructure should be interpreted in a broader way, and we believe digital infrastructure is important. Reduced digital, closed digital gap between developed countries and developing countries, or higher income, middle-income countries, or lower, I think this is going to be a very defining factor. So we need to support it. So our bank also provides support for digital infrastructure. As I said, infrastructure should be defined with a view to dealing with the current challenges. If you define infrastructure in a very narrow sense, you are not going to be effective, right? So it's an interpretation of the times. We should understand this. And thank you very much for the question. With gender, we have recently recruited a gender specialist. And I can assure you we would recruit more as we grow. Now Gender Action Plan is the initiation, and we would like to do something as soon as possible. I do believe that public consultation with CSOs and NGOs will be important. But as you know, to be responsible, that we have to do that through a long process.

And then we have to wait another six months or one year before we produce something. Let's have the Gender Action Plan, the management and operation people based on our experience. We created something, and then let's see how this is going to work. But I can assure you, definitely, we will consult the CSOs, NGOs, and listen to you. But let's have a little bit experience about this. And you will be disappointed today, and I think you'll be happy tomorrow. Thank you. OK. You have a very difficult question for me. But let me tell you, we, as this bank, also attach importance to working with European countries in terms of operations. Because you are from Romania, we want to work in Romania, Hungary, Poland, Central and Eastern European countries. We believe it is important. But some European countries, Western European countries don't think we should involve countries in Central and Eastern European countries because they say European countries could have sufficient resources to handle that. Actually, it's not the same.

I visited Central and Eastern European countries. You still have a huge gap in terms of infrastructure development. So, we will continue to do that and we will try to convince some of the directors on the board that it makes sense to work with countries like yours. Now, with regard to currency, I think it's not that easy to create a kind of global currency or regional currency. I think the best one we have ever achieved is SDR. Right. And you do not have any other probably alternative to that. So I do not think it could be possible to have a so-called global currency. But SDR is not the currency which could be traded like any other currency. So it's not a conflict, the so-called global currency, or regional currency, I think we still have to manage with the current major currencies. But things are changing. Some other currencies will probably take more responsibility in the international settlement. Thank you very much.

MASOOD AHMED:
I think we are running out of time, but I'll take two more questions, and then we'll come back to that. So, I think there's a gentleman right in the front there. And there was, and I saw a hand earlier on in the back there, but I think maybe it was that lady over there in the front. Yeah. I'll come to you next. OK.

JIN LIQUN:
Please.

MASOOD AHMED:
There you go.

TED TRUMAN:
Ted Truman, nice to see you again. So, my question follows on the earlier question about China's relationship with the United States. So, you have worked on making the Asian Infrastructure Bank be a very good citizen of the world. That's an institution, right? And I suspect that your shareholders, including China, are happy with what you've done. But some of those shareholders are less happy with some of the other institutions that were created, let's say, at Bretton Woods. So how do you think about these two challenges that, in some sense, you're the modern institution involved with, created by China today, right, as opposed to these older institutions that were created by countries that did not include China today? And how does that play into the tensions between China and other countries, including the United States?

MASOOD AHMED:
Thank you so much, Ted. And then this lady over there (UNKNOWN)

MARIA SEGER:
Good afternoon. Thank you very much. My name is Maria Seger. I am from (UNKNOWN) a Chilean based NGO. You were talking about the focus on Asia, on Africa, and also on Latin America. Many Latin American countries are already full members, non-regional members of the bank. And even Brazil is one of the founding members. So, we were expecting to have many interesting projects financed by the bank, but that has not happened yet, apart from a project in Brazil, another one in Ecuador, and then you are in the process of approving a project in Argentina. So, we have little information about that. There is not much information available. So, the question is, what are your plans in the near future for Latin America? Thank you.

MASOOD AHMED:
Great. Thank you very much. Very good questions. So two questions for you.

JIN LIQUN:
Nice to see you, my friend. I would say, first, look at the governance of a multilateral development bank. Look at the way the bank is being operated. Look at the development results the bank is supposed to achieve, don't look at the creators. And we do not have even one single creator. If somebody initiated the idea, this country would have to work with all of the founding members to reach articles of agreement. For instance, when China initiated this idea, ASEAN countries, Gulf countries all joined. We first had 22 before we had 57, including European countries. And the chief counsel who drafted these articles of agreement is an American lady, Natalia Lichtenstein. So I would say, you could put a lot of money in it, in an institution as a major shareholder. But if you really want to create a multilateral development bank or run this as a multilateral, there are rules you have to follow. You may have noticed this bank has the developing countries at the majority shareholder. But even though the European countries have smaller voting power, smaller share, their role is not reduced if you compare the roles they play in the World Bank or in ADB or in EBRD, the developed countries role is not reduced.

And while China has de facto veto power 26.06% to defeat any proposal which they don't like, we should not forget, collectively, European countries plus Australia and New Zealand also have more than 25%. So, this governance structure indicates that it is a multilateral development bank in the true sense of the term, regardless of who initiated it, who created it. And as I said, that we don't have one single creator. Likewise, the World Bank. World Bank operates by the international standards, by the international governance. Of course, people tend to say, well, the United States led or Japan led, but I don't think that is a very correct assessment of this institution because we work together as a system. In spite of the bilateral spat which happened between these countries, we never had a problem with the MDBs working together. So I would like to say, just focus on the main things. For instance, we have Americans working in our institution, we have Japanese. We don't look at the passports, we look at the applicant's track record.

It doesn't make any sense for us to say, hey, you're an American and you're a member. Your country is not a member. No, we don't do that. It's inclusive. Right. So...

MASOOD AHMED:
Latin American plans...

JIN LIQUN:
Yes. I think I would say the progress was slowed down because of the pandemic. We did projects in Latin America, and even though, for instance, in Argentina, we have a $60 million renewable energy project, but frankly speaking, Argentina's rating is very low. To do one project, we had to provide a lot of capital for that. Ecuador, we had a project also for

the Covid-19. But my recent visit to Brazil has really given me a lot of inspiration and hope. And the president, Lula, talked to me about creating connectivity with the countries, their neighbors on the western part, and creating a very good shipping airline, you know, with the Asian countries, because, as you know, Panama Canal's capacity has been reduced by more than 50%. And if you go through the southern tip, it's very, very costly and a lot of emissions. So Latin American countries could work together to improve the connectivity on this continent, thereby linking, and with Asia and others, you know, closely. So, we are very much focused on that.

I'm so happy that, finally, Brazil becomes a full member, right? It's a founding member. I gave them, with the support of the board, the deadlines. We pushed deadlines again and again and again until it becomes a lifeline. Be patient. We will be doing more in your continent.

MASOOD AHMED:
Great. Well, I think we have run out of time. So let me just take a moment to thank President Liqun Jin for his responses. Thank you all for participating. (APPLAUSE) Thank you, Liqun.