

The Role of long-term Investors with public Mandate in the post Covid-19 Economic and Social Recovery ¹

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- Thank you, President Hoyer, and greetings to Secretary General Falkstedt and all distinguished colleagues who are attending our Steering Committee.
- First of all, I would like to congratulate Dr. Almojel for his recent appointment as Co-president of the D20-LTIC and thank him and his team from Saudi Industrial Development Fund for the remarkable work done during this terrible year. Let me also welcome the Chairman of CDP, my dear friend Giovanni Gorno Tempini, who is about to steer our common work under the Italian G20 Presidency.
- It has always been a great pleasure and a great honour for me, to accompany and support the work of this Club, that I have seen born and grow over the last years. Since its inception, however, many things have changed, especially this year.
- The Covid-19 crisis is hitting in an unprecedented disruptive way, with huge consequences on both advanced and developing economies. We expect that this year global GDP will fall by 4.8% and global trade flows will shrink by at least 17%. Furthermore, the suddenness and depth of the crisis generated by the pandemic is producing new and unexpected trends, such as a sudden acceleration of the digital transformation of production and trade, a rapid spread of smart working and digital learning and the shortening of value chains to a more regional dimension, following their partial interruption we witnessed in recent months.

¹ Introductory Speech at the 2020 Annual Conference of the D20 – Long-Term Investors Club Steering Committee, December 14, 2020.

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- Since the onset of the crisis, the global response to the dramatic consequences of the pandemic has been prompt and massive, with significant amounts of public funds already mobilized to mitigate the immediate social and economic consequences on health, employment and growth across the world.
- However, the pandemic is at the same time revealing and amplifying the vulnerabilities and inequalities of our global economic system. On top of this, we are all still called to be confronted with many pre-COVID challenges - notably climate change, widespread conditions of poverty, disease and illiteracy, population aging, financial instability, high public debt, threat to free trade - for which the world needs effective global responses. All these factors are urging us to reconsider our development model towards a more balanced, sustainable and inclusive one.
- In this regard, it's every day more visible and relevant the crucial role and the peculiar responsibility held by the long-term institutional investors, and especially by the long-term institutional investors with public mandate or mission, as the ones gathered by the D20-LTIC.
- In the emergency phase our financial institutions role has been first of all to provide support to National Governments in containing the immediate negative economic impact of the COVID-19 pandemic. As mentioned in our 2020 Joint Statement, so far, our institutions planned Covid-19 related investments and provided finance, grants and guarantees in support to companies and businesses, for an amount to more than USD480 billion.
- However, if the role of long-term investors has been key in ensuring and enhancing the resilience to shocks and the vitality of the economic system and the productive fabric, their role will be even more strategic during the upcoming recovery phase.
- Investing for the long term is vital for economic growth and social well-being, and even to reduce the increased amount of public debt by acting on the denominator side of the debt/GDP ratio. Our institutions must play a leading role in fostering countercyclical initiatives to boost economic growth at global

level, paving the way to a more sustainable and equitable development in a fairer society.

- In this framework, we must of course seize all the opportunities to encourage and mobilize the finance community at large and galvanize common action of the private sector with national governments and international organizations for more inclusive, sustainable and resilient economies.
- However, no less important than the quantity of investments is their quality; which is related to our ability to understand and accompany the profound transformations of the development model underway today: the digital and the ecological transformations, first of all, as well as the need of ambitious investments in education, innovation, R&D, AI, nanotechnologies and biotechnologies, and social infrastructures. Also in this regard, our ability to work together with the private sector and to mobilize its energies will be crucial: a maieutic role that we must play with intelligence and generosity.
- In this framework, we must consolidate and deepen our collaboration, enhancing the exchange of information, best practices, knowledge and know-how within our Club.
- The G20 Saudi Presidency has already taken some important steps in the right direction, especially on infrastructures and technological innovation. Now it is essential for the incoming Italian Presidency to consolidate and further move forward the G20 agenda, taking advantage of specific and focused recommendations by our Club.
- I am confident that the D20-LTIC, thanks to the strong leadership of our two Presidents, the experienced daily work of our Secretariat and the proactive role of our Italian friends of CDP for 2021, will be able to live up to the expectations, contributing in an effective way to the shaping of a new global agenda for economic recovery and long-term investments in sustainable development.