



Finance in Common

The first global summit of all Public Development Banks

**IDFC STATEMENT:
TOGETHER FOR
A SUSTAINABLE AND
RESILIENT GLOBAL
RECOVERY,** ADVANCING
THE PARIS AGREEMENT
AND SUSTAINABLE
DEVELOPMENT GOALS

PARIS

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IDFC STATEMENT: TOGETHER FOR A SUSTAINABLE AND RESILIENT GLOBAL RECOVERY, ADVANCING THE PARIS AGREEMENT AND SUSTAINABLE DEVELOPMENT GOALS

1. Attaining the objectives of the Paris agreement on climate and the Sustainable Development Goals (SDGs) has never been more important than today, given the context of a crisis of unprecedented scale. Adding to its devastating economic impact, the pandemic has also inflicted irreversible wounds to the social fabric that sustains our societies. In particular, both COVID-19 and climate change disproportionately affect developing countries that have less resources to address all the negative consequences

2. As the pandemic continues, governments and public development banks are not only focusing on immediate needs, but also thinking ahead: in a scenario where, for the first time in history, all regions are projected to experience negative growth in 2020, the long term response to the crisis is an opportunity to revisit the development path that humanity has embarked upon for the past century, and build a more resilient and sustainable future triggering employment, opportunities and improvement of livelihoods.

3. Members of the International Development Finance Club (IDFC) have historically stepped in to counter the negative impacts of economic crises. They have also begun to forge their role to support the implementation of the Paris agreement, and generate green and climate - public and private - finance at scale to address the specific needs of economies, societies and environments. Whenever possible, efforts are made to ensure that financial flows are accessible and concessional, to mitigate the most severe impacts.

4. On December 11th 2017, in Paris, IDFC members committed to “align financial flows with the Paris Agreement”, and started advancing along 6 core ideas : increasing climate finance, supporting country led strategies, mobilizing the private sector, promoting adaptation & resilience, as well as the energy transition, and recognizing the need for internal transformation of financial institutions.

5. In September 2019, at the UNSG’s Climate Summit in New York, IDFC members further pledged to provide more than USD 1 trillion of climate finance by 2025, including an increasing share for adaptation, and to strengthen the quality and impacts of finance to implement the climate and sustainable development agendas, in partnership the private sector and other key stakeholders such as the Green Climate Fund.

6. Since then, the IDFC members (i) collectively reported more than \$187 billion of climate finance approved in 2019 with an increased share of \$19 billion for adaptation finance, (ii) made operational, by COP25, the IDFC Climate Facility aimed at fostering cooperation on members on climate and build collective capacities of all IDFC members to originate and finance climate activities, (iii) concretely advanced their strategic partnership with the GCF with 17 projects promoted by IDFC members approved by the GCF Board to date, for a total amount of GCF co-financing of more than US\$1 billion.


7. Therefore, as countries are facing cumulative and interlinked threats of COVID-19 and climate change, as well as a unique opportunity to ‘build back better’ to get economies on track for a green and inclusive recovery, we, IDFC members in accordance with our institutional mandates:

8. Reiterate our commitment to

- > Align our own, direct and indirect, financial flows and our operations with the different countries’ low-emissions development pathways and in compatibility with the overall climate change mitigation objectives of the Paris Agreement.
- > In the context of long-term, NDCs and adaptation strategies, work towards mobilizing and shifting all financial flows, public and private, towards sustainable development, as well as engaging with the private sector to step up the provision of basic services and critical systems and infrastructure,
- > Support more resilient societies, economies and ecosystems, recognizing that financing adaptation and resilience is crucial for the most vulnerable populations.
- > Support the energy transition toward a decarbonized economy, especially by promoting, financing and enabling deep sectorial transformations and decarbonisation of the energy sector, while taking into consideration national and regional circumstances.
- > Strengthen our assistance to elaborate or update policy and regulatory frameworks, at national and subnational levels, on the basis of long-term low greenhouse gas emission development strategies as well as sectoral climate resilient strategies.
- > Continue the internal transformation of member institutions, which can build on existing principles and/or practices, for example the voluntary principles for mainstreaming “Climate Action within Financial Institutions” or the recommendations of the TCFD.

9. Further commit to:

- > Develop, by COP26, an operationalization framework for IDFC members with clear and practical guidance on how to align our operations, strategies and institutions with the requirements and objectives of the Paris Agreement.
- > Better harness synergies between the fight against climate change and the loss of biodiversity, to protect ecosystems and support the restoration and sustainable management of natural areas, with and for the benefit of local populations, for example through the development of nature-based solutions.
- > Support sustainable development at the nexus of social issues - such as poverty and inequalities - and global environmental issues, by, in particular, promoting a just transition towards an inclusive, climate resilient and low-carbon recovery.
- > Report financial flows allocated to climate change, total support for sustainable development, and regularly report on progress made regarding the alignment with the Paris agreement in a transparent and consistent fashion.



10. Public Development Banks and other financial institutions and stakeholders participating at the Finance in Common Summit must be active players in devising and implementing long-lasting solutions to address the impacts of the COVID-19 crisis and to avoid further harm caused by climate change. Together, IDFC members stand in solidarity, ready to engage in constructive partnerships and they call on other members of the Public Development Banks community and system to join them in this endeavor by endorsing this statement.

Approved at the IDFC Annual Meeting on October 30th 2020





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