

Finance in Common

The first global summit of all Public Development Banks

PARIS

**12
November
2020**

**JOINT DECLARATION
OF ALL PUBLIC
DEVELOPMENT BANKS
IN THE WORLD**

12 NOVEMBER

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SIGNED AT THE FINANCE IN COMMON SUMMIT

12 NOVEMBER 2020

We, Public Development Banks of the world, gathered for the first time in Paris, commit to support the transformation of the global economy and societies towards sustainable and resilient development. Today, it is essential that we build back better, by simultaneously designing and acting for sustainable, equitable and inclusive outcomes and impacts, leaving no one behind.

To this end, we affirm our determination to collectively shift our strategies, investment patterns, activities and operating modalities to contribute to the achievement of the SDGs and the objectives of the Paris Agreement, while responding to the Covid-19 crisis.

For greater impact, we are committed to join forces and form a global coalition of all PDBs around the world.

Additionally, we welcome Governments' support and measures aiming at unleashing our potential to better serve their policies. We also invite all our stakeholders to increase cooperation and partnership with us to "finance in common", to better support, collectively and in each and every country, the global agenda.

PREAMBLE

The Covid-19 pandemic and its subsequent socio-economic crisis is generating profound and enduring impacts for People and the Planet. The crisis reveals and amplifies our vulnerabilities and inequalities, reconsidering our development models. It leads us to rethink and factor in environmental and social issues in our production and consumption modes in order to build more just and resilient societies.

Disruptions generate opportunities for major transformations. How we respond to the crisis will have long-lasting and potentially irreversible consequences. It is essential that we build back better, by protecting our natural capital and working to deliver sustainable, equitable and inclusive outcomes, leaving no one behind. Recovering from Covid-19 and achieving the Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement are one and the same, i.e. interlaced and complementary goals to be pursued together.

Finance is a major trigger for change. Solutions are urgently needed, aligned with the Addis Ababa Action Agenda, 2030 Agenda for Sustainable Development and the Paris Agreement, collectively set in 2015, to unlock the potential of all financial flows, public and private and help shift current development pathways towards sustainability. Short-term decision-making must be aligned with longer-term goals. The time has now come for consistent action of all global finance players.

As Public Development Banks (PDBs), we have always been active in times of crisis, striving to provide and catalyze sustainable finance on a global scale. Serving the public interest, we are uniquely placed to help reconcile recovery and sustainability.

1- AS PDBS, WE HAVE A UNIQUE ROLE AND RESPONSIBILITY IN THE FINANCIAL SYSTEM

We are 450 Public Development Banks, distributed across every region of the world, operating at local, national, regional, international or multilateral levels. Our institutions range from generalist or specialized, supporting small and medium enterprises, agriculture and food systems, housing, trade, as well as development finance institutions focused on the private sector. Our diversity is our strength. We commend the particular role of the multilateral development banks (MDBs) within our community. They are important financial partners and platforms for knowledge and cooperation. Along with other international development banks, they have facilitated networking among PDBs, including by supporting the emergence and activities of our regional associations.

We, Public Development Banks, form a community for action. We are united by three attributes: (i) we are owned, controlled or supported by governments; (ii) we execute a public, development-oriented mandate, addressing market inconsistencies; (iii) we enjoy independent legal status and financial autonomy. Combined, the volume of funding invested by the community of all PDBs amounts to about USD 2.3 trillion annually –10 percent of the total investments in the world every year by all public and private sources.

As such, we have a unique role to play in the financial system. With our public mandates and roots in our respective economic and social fabrics, we build bridges between governments and the private sector; between domestic and international agendas; between global liquidity and microeconomic solutions; and between short-term and longer-term priorities. We can significantly contribute to reorienting global finance towards climate and SDGs.

We provide solutions, both financial and non-financial, to deliver public services, to build quality infrastructure, to catalyze markets or to improve market functions. We are able to deliver both the first mile and the last mile, before, after, or in conjunction with private finance. We represent a “visible hand” that can help mobilize, secure and direct the finance we need for the future we want.

We can provide urgent and counter-cyclical responses during times of crisis. Once again, today, all PDBs are mobilized, fighting the economic and social impacts of the Covid-19 pandemic. We are playing our role to relaunch the global economy by providing a wide range of public investments, contributing to support health systems as well as to address the exacerbating inequalities generated by the crisis, the drying up of private financing, and subsequent unemployment as well as poverty issues.

We are pursuing long-term objectives of reducing inequalities, protecting the planet and promoting sustainable, inclusive and equitable development. This means preparing for a post-Covid-19 world that requires a long-awaited paradigm shift to make the recovery a resilient, inclusive and sustainable one. Decision-making processes and financing, too often driven by short-term considerations, need to be aligned with longer-term objectives.

2- WE HAVE A CONCRETE ROADMAP TO SERVE THE SDGs WHILE RESPONDING TO THE COVID-19 CRISIS.

Today, as PDBs recognizing our unique role and societal responsibility, aiming at reorienting all financial flows towards sustainability, **we hereby affirm our determination to shift our strategies, investment patterns, activities and operating modalities, collectively and consistently with our respective mandates and governance, the countries’ policies and long-term strategies, taking into account national and regional circumstances,** notably as follows:

- **On climate change, following the adoption of the Paris Agreement by governments, we commit to align our activities with the objectives of the Paris Agreement.** To this end, we will strive to develop, operationalize and scale-up strategies and methodologies of alignment in the perspective of COP26, in support of the definition and implementation of Nationally Determined Contributions (NDCs) and long-term strategies to reach zero net emissions as early as possible in the second half of this century. We will mainstream resilience and adaptation in our strategies and operations and enhance action to fund the definition and implementation of national adaptation plans. We will help redirect private financial flows in support of low-carbon and climate-resilient sustainable development. Furthermore, we stand ready to support governments to accelerate climate action and ambition to move away from high-carbon, resource intensive and polluting activities, and avoid maladaptation.

- **On energy transition,** we commit to increase the pace and coverage of investment in renewable energy, energy efficiency and clean technologies to accelerate equitable access to clean energy and the energy transition. We will work together to leapfrog renewable energies into countries where there is little or no such development. We will support and promote sustainable alternatives to fossil fuel investments and consider ways and means of reducing these investments, contributing to the ambition of long-term low-carbon development trajectories and NDCs towards a decarbonized society. We will consider the range of fossil fuel investments in our portfolios, avoid stranded assets, and work towards applying more stringent investment criteria, such as explicit policies to exit from coal financing in the perspective of COP26.

- **On biodiversity, oceans and nature,** we see their conservation, sustainable management and protection as an essential foundation for development and for the well-being of all, including in designing sustainable food systems. We commit to develop or reinforce strategies, funding and cooperation among PDBs and with the public and private sectors on these issues. We stand ready to help align all financial flows with the future post-2020 Global Biodiversity Framework to be adopted at the COP15 of the Convention on Biological Diversity. Nature-based solutions, sustainable resources and land use as well as better consideration of nature-related risks will be used to promote a biodiversity-positive economy as well as climate neutrality. We will promote [One Health approaches](#) integrating human, animal and environmental

health as well as ecosystem restoration. Our policies to cause no harm to the environment and fight all threats to biodiversity including the destruction of natural habitats, the overexploitation of wild species and natural resources, pollution, invasive species and climate change, should be strengthened for all key biodiversity areas, including forests, oceans, wetlands and watersheds. We will strive to reach co-benefits among the climate, biodiversity and ocean agendas, whose joint preservation offers powerful opportunities to improve the health of the planet and all people.

- **On health**, in the context of Covid-19 and beyond, we will step up our cooperation for more resilient health systems to realize human security and achieve health and well-being for all. We will strive to strengthen support to healthcare policies, infrastructure and services, including regarding corresponding human resources and capacities, and in favor of emergency preparedness and Universal Health Coverage (UHC).

- **On social investment, fostering equality and social inclusion**, we will strive to increase access to affordable and accessible essential services such as education, housing, sustainable energy, safe water, hygiene and sanitation, as well as to social protection, including by facilitating social and financial integration of vulnerable people, including young people and the elderly, people with disabilities, indigenous, small-scale producers and rural communities, migrants and refugees, with particular attention to the specific challenges faced by women and girls. We will promote social justice policies to reduce inequalities, including through support to tax, redistributive and domestic resource optimization approaches, social safety nets and/or insurance schemes, to the benefit of the bottom 40% of the population. We will factor in climate change and ecosystems degradation risks and impacts, as well as resulting resilience and adaptation capacity needs, including in fragile contexts. We will contribute to the provision of decent and sustainable jobs through our operations. We will take into account the imperative of a just, inclusive and rights-based transition.

- **On gender equality and women's rights, empowerment and equal access to financial services**, we will strive to develop and strengthen, in a systematic and cross-cutting manner, gender-sensitive and gender-transformative policies through all internal and external practices. We will enhance access to employment opportunities and increase funding for gender equality and women's rights and empowerment as key enablers for sustainable development and economic recovery, taking into consideration the [Beijing Declaration and Platform for Action](#) whose 25th anniversary will be celebrated at the Generation Equality Forum.

- **On digitalization**, we will leverage on the power and the acceleration of the digital transformation to foster the SDGs' implementation including the climate, biodiversity and social goals. We will work towards a more systematic integration of the opportunities and challenges of the digital transformation and its societal impacts, including by recognizing the widening of the digital divide and inequalities and focusing efforts against it.

- **To leave no one behind**, we will develop strategies, operations and partnerships addressing the specific needs of the most vulnerable communities, from an economic, political, social and environmental standpoint, with particular attention to Africa, Least Developed Countries (LDCs) and Small Island Developing States (SIDS), inspired notably by the United Nations' "Leaving no one behind" [framework for action](#).

We, PDBs, believe that our contribution will help the emergence of a much-needed global framework for SDG-compatible finance. We commit to:

- **Collectively contribute to the preparation and implementation of common methodologies for the characterization of SDG- and Paris Agreement-aligned investment**, building on the work of OECD and UNDP on SDG-compatible finance, on the work carried out by the MDBs and IDFC on Common Principles for Climate Finance Tracking and on alignment, as well as on other existing work on green investment and sustainable finance taxonomies, such as the [International Platform on Sustainable Finance \(IPSF\)](#). An overarching guidance on what is compatible with climate and the SDGs – and what is not – is essential to coherence of action.

- **Set up ways to increase our contributions to the elaboration and implementation of national and local sustainable development policies and investment programs aligned with the SDGs and the Paris Agreement, pursuant to our public interest mission.** These contributions primarily consist in providing

long-term and/or concessional financial resources to fund sustainable investments aligned with such policies. To complement our funding activities, we are prepared to provide non-financial services in order to inform national policymakers and contribute to the definition and the operationalization of long-term sustainable development trajectories (sourcing of projects; technical expertise and assistance; knowledge and applied research; foresight; contribution to policy dialogue and coherence; work with governments and regulators to design appropriate policies and cross-capitalization at all levels). PDBs can also help scan for uncertainties and early signals of new crises and opportunities, and integrate them early on.

- **Enhance the crowding in of private investment** and work to increase the scale and sustainable development impacts of private financial flows, and foster capital market development and the alignment of these markets with the SDGs and the Paris Agreement through innovative approaches, alternative finance and blended finance. The role of PDBs in sustainable finance is crucial and we will work to amplify our sustainability bonds and develop innovative tools to be at the core of the mobilization of financial markets for a successful just transition.

- **Contribute to the reorientation of trade finance towards climate and SDGs**, while ensuring a level playing field. Trade facilitation, financing and related regional infrastructure are areas of excellence of some PDBs and an important contributor to sustainable development, in a context of persisting logistical gaps and inefficiencies in various developing regions, as well as recent disruptions in supply chains and rising trade barriers between some of the major economies.

We, PDBs, also commit to act as responsible and transparent institutions, and to develop international cooperation, sharing best practices to improve the sustainability, transparency and quality of our financing. We subscribe to the convergence of practices towards “Core Standards”, as defined by the [2018 Report of the G20 Eminent Persons Group on Global Financial Governance](#). In this perspective, we will strive to:

- **Strengthen investment governance, openness and transparency** including regarding procurement, anti-corruption efforts, compliance with Anti-Money Laundering (AML) and Counter Terrorist Financing (CFT) rules and access to adequate information and data. We will also implement coherent pricing policies to ensure economic efficiency and enhance local capacity building.

- **Share and apply best practices and internationally accepted norms and standards on environmental, social and governance (ESG)** in our policies, and develop risk mitigation and management plans as well as stakeholders’ consultations plans, in order to facilitate cooperation and improve the quality of our operations and reporting, including through integration of non-financial results and impacts. In this regard, we refer to the [G20 principles for Quality Infrastructure Investment](#); [ILO Conventions and Recommendations](#); [the World Bank and the International Finance Corporation’s environmental and social performance standards](#) ; and the [UN Guiding Principles on Business and Human Rights](#). Particular attention will be paid to community-led development and the respect of the rights of indigenous people.

- **Contribute to debt sustainability**, by implementing sound and sustainable financing practices and by building in particular on the [G20 Operational Guidelines for Sustainable Financing](#). We commit to enhance access to sound financing while ensuring that sovereign debt remains on a sustainable path by fostering information sharing and cooperation among all borrowers and relevant stakeholders.

- **Take into account and manage direct and indirect climate, biodiversity, environmental and social risks and opportunities**, inspired by existing international initiatives and recommendations such as those of the [Task Force on Climate-related Financial Disclosures](#) (TCFD); the [Task Force on Nature-related Financial Disclosure](#) (TNFD) work; or [Mainstreaming Climate Action in Financial Institutions](#). We aim to enhance implementation of instruments that can shift investments to sustainable asset classes, such as using a shadow price of carbon, and provide adequate information on the degree of alignment of our portfolios with the Paris Agreement and on SDG reporting.

3- FOR GREATER IMPACT, WE JOIN FORCES AND REINFORCE THE GLOBAL COALITION OF ALL PUBLIC DEVELOPMENT BANKS.

The depth of the crisis and our common search for innovative solutions suppose enhanced forms of cooperation, embodying **SDG 17**, which calls “to strengthen the means of implementation and revitalize the global partnership for sustainable development”. Reinforced, ambitious and comprehensive international coalitions are essential, building momentum and supporting multilateralism, capable of anticipating and responding to current and future global challenges.

In this context, we, **Public Development Banks, are setting out to join forces and reinforce the global coalition of PDBs around the world**, building on our complementarities and making optimal use of the diversity and added value of all the different types of PDBs and networks, including the World Federation of Development Finance Institutions ([WFDFI](#)) and its members [AADFI](#), [ADFIAP](#), [ADFIMI](#), [ALIDE](#), [ELTI](#), and also [IDFC](#), [EAPB](#), [D20-LTIC](#), [EDFI](#) and multilateral development banks.

Through this global coalition, **PDBs will work together, as a community among ourselves and as a system with our stakeholders**, with the view to simultaneously address the Covid-19 crisis, fight climate change and biodiversity loss, and achieve the SDGs. We will reinforce cooperation and share best practices and innovation; build capacities and improve mutual recognition of procedures; and facilitate access to international concessional finance. In our respective constituencies, we will accelerate the deployment of public resources as well as the mobilization of the private sector for recovery, resilience and sustainability. We will also aim at more coherence in our approaches, actions and interventions, in close collaboration with our various stakeholders, to make the whole development finance system operate more efficiently.

In this perspective, the **WFDFI and the IDFC offer to pursue the dynamic, building on the momentum of the “Finance in Common” Summit** to: i) mobilize and engage the global coalition of all PDBs; ii) specify, with the support of all willing PDB networks and stakeholders, the detailed arrangement of the global coalition, and develop a work program and accountability framework, building on this Joint Declaration.



THE ROAD AHEAD: JOINING FORCES TO AMPLIFY THE IMPACT OF THE COALITION MOVEMENT INITIATED BY THE “FINANCE IN COMMON” SUMMIT

We, **PDBs, thank our shareholders for continued high-level support and measures aiming at unleashing our full potential to better serve their policies, implement their commitments and mobilize the private sector**. Additional steps could be taken for the PDB community to deploy its contribution to the Paris Agreement and the SDGs, by addressing the following challenges:

- **On our mandates.** Our mandates should aim to integrate the contribution to the goals of the Paris Agreement and SDGs. They should also explicitly require us to shift away from investments that are not compatible with a just and inclusive transition towards sustainable, low-carbon and resilient development trajectories.
- **On our business models, regulatory frameworks and other measures.** Our strategies need to be supported by facilitating the adjustment of our business models, so as to maximize sustainable development impact. Based on our collective work, we will aim to engage our shareholders and regulators in considering options to optimize our balance sheets, building among others on the [Action Plan developed by the G20 for MDBs](#), and reinforcing guarantee and political risk insurance mechanisms. The adaptation of financial regulatory frameworks on asset-based criteria can bolster our capacity to enable climate and sustainable development investments and promote transparency of investments portfolios.
- **On our participation in the international climate and sustainable development finance architecture.** Governments can reinforce this momentum through capacity-building programs for PDBs, accompanying the strengthening of a comprehensive, coherent and efficient global development finance architecture.

Through common standards and methodologies, PDBs could also gain better access to concessional resources, such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF), and cooperate among themselves. To finance sustainable investments, PDBs should also have facilitated and full access to capital markets. At the national level, we will support the development and implementation of effective country platforms, building on the G20 Reference Framework, whereby national development banks could play a major role alongside other development finance stakeholders for investments to translate into sustainable and accountable impacts, building on countries' [Integrated National Financing Frameworks \(INFF\)](#), which originate in the Addis Ababa Action Agenda.

We, PDBs, also invite all stakeholders to increase cooperation and partnership with us to “finance in common”, to better support, collectively and in each and every country, the SDGs and the objectives of the Paris agreement, while reinforcing local financial systems. We stand ready to enhance our dialogue with private actors, including all categories of financial institutions (commercial banks, asset owners, insurance companies, investors, etc.), private sector firms, civil society organizations, philanthropists, academia and think tanks, to reinforce collaboration, as well as with international organizations and local authorities, in the framework of their respective mandate and capacities. We thank them for their participation in the 2020 “Finance in Common” Summit and expect to further pursue the dialogue. Supported by the global coalition of all PDBs, this dialogue will contribute to existing multilateral fora, such as the [UN Financing for Development](#) process.

The global coalition will convene the second “Finance in Common” meeting in the course of 2021 to reinforce high-level political support; to take stock of the first initiatives; to define a method for monitoring progress toward the implementation of this declaration; and to validate the work program of the coalition.

LIST OF SIGNATORIES

Regional and International Associations of Public Development Banks:

- **Association of African Development Finance Institutions (AADFI)**
- **Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)**
- **Association of National Development Finance Institutions in Member Countries of the Islamic Development Banks (ADFIMI)**
- **Latin American Association of Development Financing Institutions (ALIDE)**
- **D20-Long-Term Investors Club (D20-LTIC)**
- **European Association of Public Banks (EAPB)**
- **Association of European Development Finance Institutions (EDFI)**
- **European Long-Term Investors Association (ELTI)**
- **International Development Finance Club (IDFC)**
- **World Federation of DFIs (WFDFI)**

Multilateral Development Banks:

- **African Development Bank Group (AfDB)**
- **Council of Europe Development Bank (CEB)**
- **European Bank for Reconstruction and Development (EBRD)**
- **European Investment Bank (EIB)**
- **International Fund for Agricultural Development (IFAD)**
- **Islamic Development Bank Group (IsDB)**

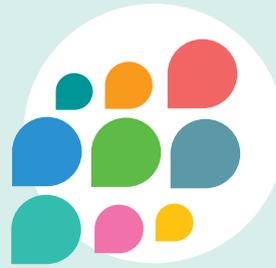
IN THE PRESENCE OF

International organizations:

- **European Commission (EC)**
- **Global Center on Adaptation (GCA)**
- **Global Impact Investing Network (GIIN)**
- **Green Climate Fund (GCF)**
- **International Chamber of Commerce (ICC)**
- **International Monetary Fund (IMF)**
- **Long Term Infrastructure Investors Association (LTIIA)**
- **Organization for Economic Co-operation and Development (OECD Secretariat)**
- **United Nations Development Programme (UNDP)**
- **United Nations Environment Programme (UNEP)**

Other Multilateral Development Banks:

- **Asian Development Bank (ADB)**
- **Asian Infrastructure Investment Bank (AIIB)**
- **Inter-American Development Bank (IDB)**
- **New Development Bank (NDB)**
- **World Bank Group (WBG)**



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