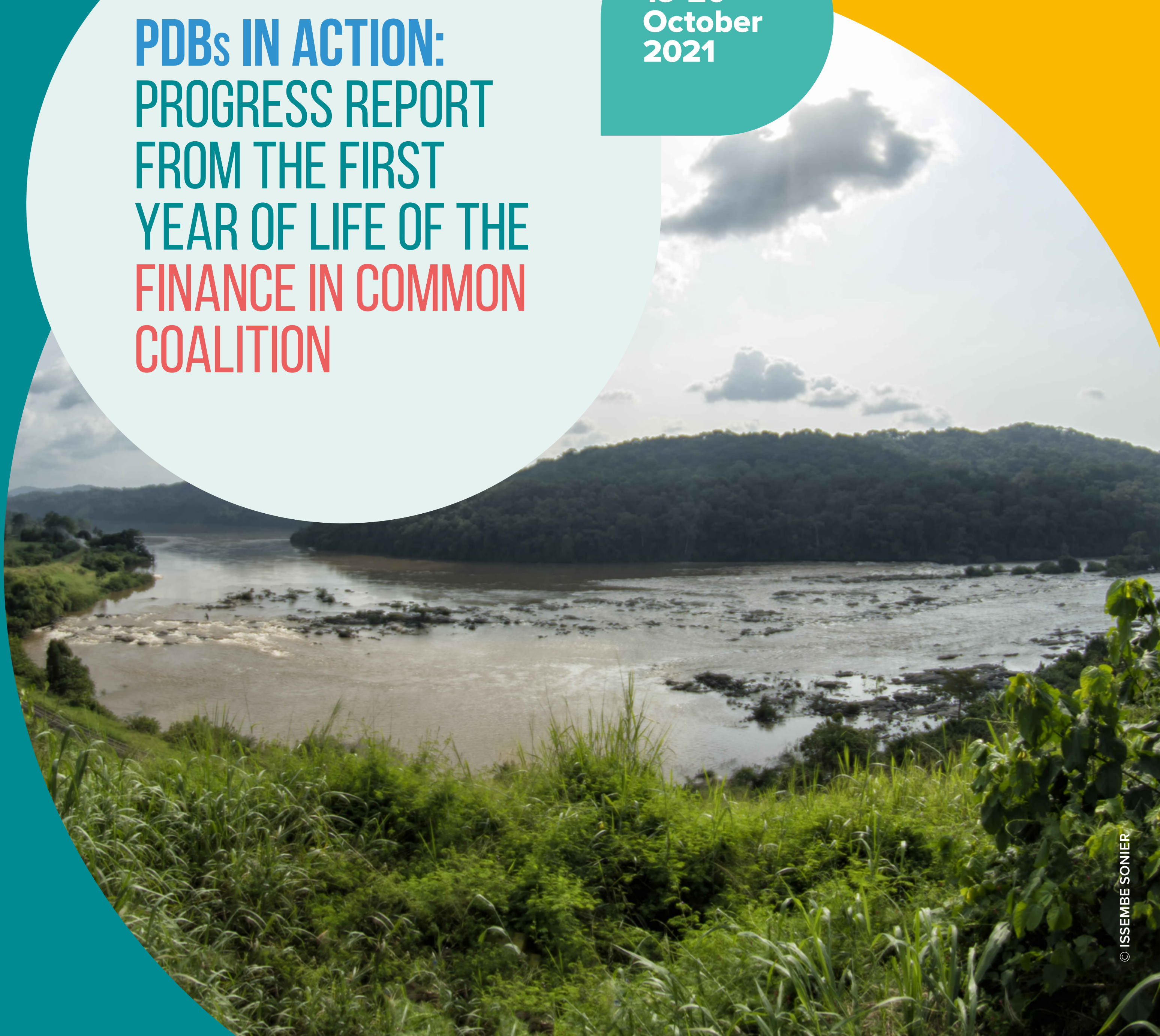
Finance in Common

The global summit of all Public Development Banks

19-20 October 2021

PDBs IN ACTION: PROGRESS REPORT FROM THE FIRST YEAR OF LIFE OF THE FINANCE IN COMMON COALITION



DISCLAIMER

The Public Development Banks (PDBs)' work presented in this report does not encapsulate all the accomplishments made since November 2020 by PDBs (multilateral, regional, national, or subnational) towards the Sustainable Development Goals (SDGs). Sources for Section I.B. include voluntary feedback from networks and individual PDBs – hence, the information highlighted may fail to denote the progress of other PDBs.

FICS LEADERSHIP

We say thank you to **Audrey Rojkoff** who has served as Secretary General of Finance In Common since the launch of the global movement. She initiated the creation of the Public Development Banks community and the #FinanceInCommon2020 Summit. Thank you for your vision, commitment and dedication.

We warmly welcome **Adama Mariko** to the position of Finance In Common new Secretary General! We wish him good luck for this new endeavor, with great opportunities to come such as the 2nd edition of the Summit! #FinanceInCommon2021.

Prior to FiCS in 2021, Adama was AFD's Management Board member in charge of financial planning. Adama joined AFD in 2009. He has worked in West Africa, in the Indian Ocean, and in both the Finance and Risk departments at Paris headquarter. Recently appointed Deputy Director for Strategy, Partnerships and Communication of AFD, Adama joined FiCS as Secretary General.
Adama graduated in Finance from Paris-Dauphine and holds a Master in Public Administration from Ecole Nationale d'Administration.

TABLE OF CONTENTS

REMEMBER FICS 2020

Finance in Common (FiCS) is an initiative promoted by the World Federation of Development Finance Institutions (WFDFI) and the International Development Finance Club (IDFC). It is a collective of all the Public Development Banks (PDBs) of the world to steer the alignment of the global financial architecture with the United Nations Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement, while recovering from the Covid-19 crisis.

The first edition of the FiCS Summit took place online on 9-12 November 2020. It was convened by the Agence française de développement (AFD), under the high patronage of Emmanuel Macron President of the French Republic, and with the participation of the United Nations Secretary-General António Guterres.
The objectives of the Summit were to:

- Gather for the first time ever all PDBs and define their raison d'être
- Demonstrate that PDBs are ready to collectively and concretely engage in financing the climate and SDGs
- Foster cooperation among them and build common, coherent and coordinated responses to tackle major global challenges
- Promote dialogue with other stakeholders to accelerate the reorientation of all financial flows.

This first-of-its-kind Summit demonstrated the crucial role of PDBs in reconciling countercyclical responses – at the policy, financial and economic levels – to the pandemic, with long-term sustainable measures benefiting societies and the planet.

The Summit gathered 450 subnational, national, regional and multilateral PDBs and key stakeholders (governments, regulators, United Nations, the private sector, civil society, think tanks, academia, central banks), all committed to align with the SDGs and the climate goals.

The PDBs publicly signed the Joint Declaration of all Public Development Banks of the World, and key stakeholders endorsed it. The global PDB coalition is now implementing its roadmap based on its Joint Declaration.

THE FINANCE IN COMMON SUMMIT

EDITORIAL

Rémy Rioux,
President
of the Finance in Common Summit

At the first edition of the Finance in Common Summit (2020, France) we brought an unprecedented number of Public Development Banks (PDBs) together for the first time. Over the past 12 months, the PDB Coalition followed up on its commitments in various areas, cooperating more and better towards the 2030 Agenda.

Today, after the first year of life of our community, I am delighted to present the progress of the FiCS Coalition.

As you recall, in its Joint Declaration adopted in November 2020, PDBs took strong commitments on:

- Eight sectors and themes: climate, energy, biodiversity and oceans, health, social investment, gender, digitalization, and equality (leaving no one behind)
- Four elements pertaining to a new global framework: SDG alignment, national policies, private investment, and trade finance
- Five elements about the quality of PDBs' practices: cooperation, transparency and governance, environmental and social standards, debt discipline, and the management of climate risks and other risks
- Four key challenges: mandates, economic models, regulation, and access to international finance

Additionally, during the first edition of the FiCS Summit, several high-level events debated specific commitments in depth, and published 10 thematic statements, as building blocks to SDG-aligned finance.

To effectively respond to contemporaneous challenges complementing relevant responses, the FiCS Coalition benefits from the strategic guidance of its Executive Committee. Being more structured and equipped to deliver on its Joint Declaration, the Coalition is also actively engaging civil society, private investors, cities, donors, think tanks and academia, to reorient the international financial architecture.

This first progress report underscores the ongoing work of the FiCS Coalition in partnership with all these different actors. It describes concrete steps taken at the global, thematic and regional levels, including: supporting African Small and Medium Enterprises during the crisis, the establishment of the Development Finance Hub of the Taskforce on Nature-related Financial Disclosures (TNFD), the launch of a new Platform for Green and Inclusive Food Systems for PDBs, record levels of green finance (such as IDFC's climate financing totalling US$1 trillion since COP21 in 2015), and important strides towards gender equality and in social sectors, including as Covid-19 countercyclical response.

The second edition of the Summit on 19 and 20 October 2021 is the opportunity for the Secretariat General, the Coalition's members and all their partners to review this progress, consolidate the collective work, but also to reflect on challenges, strengthen governance, and forge key relationships to increase effectiveness.

Our goal remains to collectively contribute to the transformation of financial systems benefiting households, businesses, climate, and the environment –locally and globally.

In 2022 and 2023, we will strengthen the FiCS movement, and engage even more closely with our stakeholders. We have identified priorities corresponding to our original commitments of 2020, and will report results in subsequent Summits and at international events.

As stated in the Summit's Communiqué, continuous stakeholder dialogue brings important perspectives and expertise on sustainable development. We look forward to expanding outreach to refine joint-roadmaps to accelerate convergence and impact towards a more sustainable world.

I.
KEY PDB COUNTERCYCLICAL INITIATIVES AND MEASURES

Globally, PDBs support key economic sectors and actors, investing US$2.2 trillion in 2019 (above 10% of the world's investment).

This section focuses on PDBs' countercyclical activities tackling the impact of the Covid-19 crisis, and on selected country/regional and sectoral initiatives.

[2] Xu J., Marodon R., Ru X., Qualifying and Classifying Public Development Banks and Development Financing Institutions, AFD Research Papers n°192.

A KEY TO DELIVERING THE FINANCE WE NEED **FOR THE FUTURE WE WANT**

Public Development Banks have a key role to play in reorienting existing investment patterns towards – and facilitating increased investment in – sustainable development.

With their public mandates and counter-cyclical role, Public Development Banks are more relevant than ever to contribute to the reconciliation of economic recovery and sustainable development.

There are more than 500 Public Development Banks (PDBs, also called Development Finance Institutions) around the world, operating at sub-national, national, regional, international and multilateral levels. PDBs share three main attributes:

- They enjoy independent legal status and financial autonomy.
- They are controlled or supported by central or local governments.
- They execute a public mandate, addressing market inconsistencies – notably for the financing of small and medium enterprises, essential infrastructures, local financial markets, housing, small agriculture, and regional and international trade – to the benefit of entrepreneurs, rural households, and the most vulnerable, including women and young people.

But they are *not* engaged in commercial banking, individual bank accounts or consumer credit.

The volume of activity of these institutions amounts to USD 2.2 trillion to the financing of global investment in 2019 – above 10% of the total amount invested in the world every year by all public and private sources combined. With their public mandates and counter-cyclical roles, PDBs are more relevant than ever to help reconcile necessary short-term responses to Covid-19-related crises with solutions for long-term sustainable development. These institutions represent a "visible hand" that can help mobilize and direct the finance we need for the future we want.

A COURSE OF ACTION TO RESPOND TO NEW CHALLENGES

What type of collective action is required to avoid a long recession and make the post-Covid-19 recovery a sustainable one? How can PDBs help economies cope with short-term employment support and long-term necessary transformation of industries? How can they implement the transition towards a low-carbon and resilient economy? These questions will be at the core of the Finance in Common Summit.

PDBs are already supporting the climate and SDG agendas. They provide long-term or concessional resources, initiate knowledge-sharing and technical-assistance programs, and promote private-sector involvement. In their effort to align with the goals of the Paris Agreement and the SDGs, a growing number of PDBs are also setting new requirements for the allocation of their own funding. However, the reorientation of global finance towards climate and SDGs requires a deeper and more coordinated effort to profoundly transform harmful practices.

CONCRETE AND SUSTAINABLE SOLUTIONS

In a world awash with liquidities, there is an urgent need for a coalition of financial institutions able to transform public resources into concrete and sustainable projects on the ground. Such coordination among PDBs would eventually link international policy issues with local solutions, and governments' ability to identify sustainable development trajectories with private-sector opportunities.

As public institutions, they represent a modern and large coalition of actors. PDBs are organized by region, with deep roots in local economic and social fabrics, and with historic support from regional Multilateral Development Banks. They play a vital part among local stakeholders and can deploy a wide range of powerful instruments in order to bridge market failures, mobilize domestic resources, redirect investments, support private sector mobilization and promote sustainability. PDBs are able to deliver both the "first mile" and the "last mile" of funding, connecting policy intentions with results on the ground – before, after, or in conjunction with financial markets.

A NEW VISION OF DEVELOPMENT FINANCING

Some PDBs have already been active for decades, and an increasing number of governments are either strengthening them or establishing new ones. Their legitimacy is reinforced by a new vision of development financing – one that extends beyond the scope of infrastructure investment or other traditional mandates and that is capable of mobilizing both government institutions and financial markets.

On the ground, PDBs can help deliver the institutional change and real economy outcomes that are required to turn the UN SDGs into reality. For example, their funding and advice to governments can boost investment in social infrastructure, notably for healthcare. They can also help build the confidence to achieve carbon neutrality by 2050, while increasing the use of nature-based solutions.

PDBs' VOLUME OF ACTIVITY

$2.2 TRILLION
Contribution to the financing of global investment

10%
of global investment

On the ground, Public Development Banks can help deliver the institutional change and real economy outcomes that are required to turn the UN SDGs into reality.

OVERVIEW

PUBLIC DEVELOPMENT BANKS AT A GLANCE

There are more than 500
Public Development Banks (PDBs) in the world.
Where are they, in which sectors,
how much do they disburse?

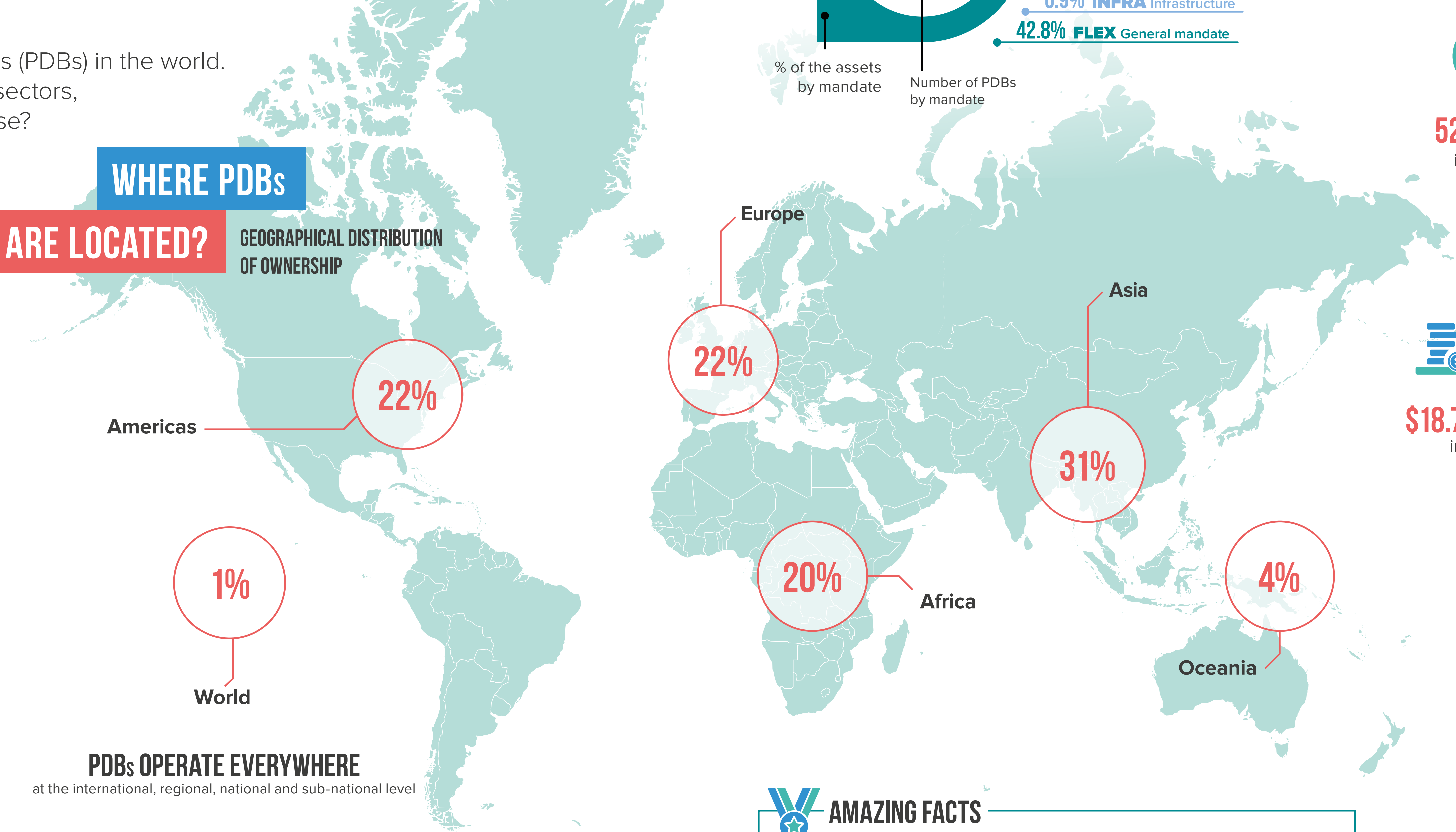
WHAT'S A PDB?

PDBs and DFIs are public financial initiated by governments to pursue public policy objectives. Five qualification criteria:

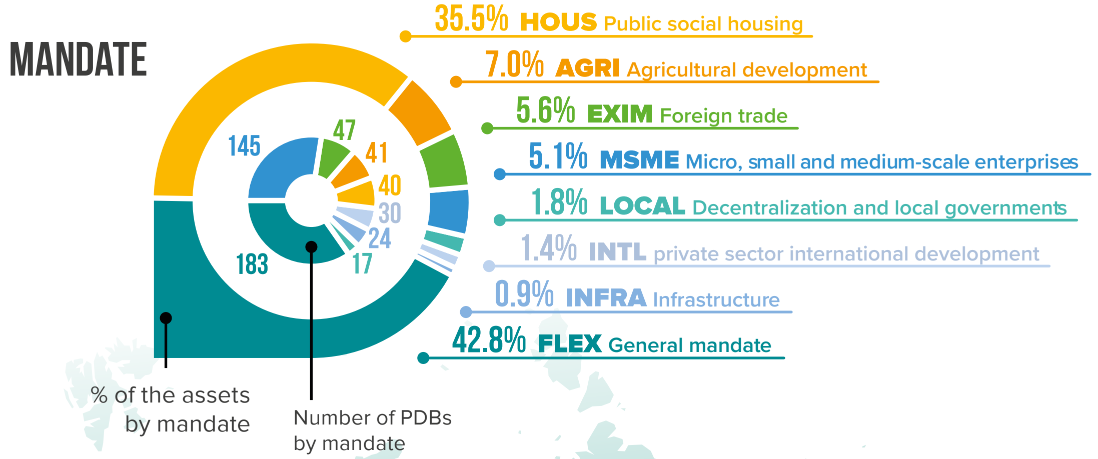
- → **Being a stand-alone entity**
- → **Deploying fund-reflow-seeking financial instruments as main products and services**
- → **Funding sources go beyond periodic budgetary transfers**
- → **Having a proactive public policy-oriented mandate**
- → **Government steering of corporate strategy**

WHERE PDBs ARE LOCATED?

GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP



MANDATE



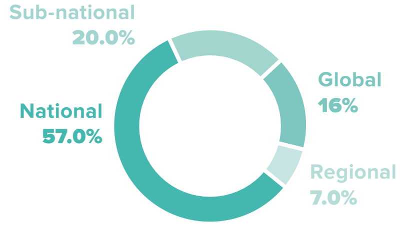
527 PDBs in 2020

$18.7 TRILLION in assets

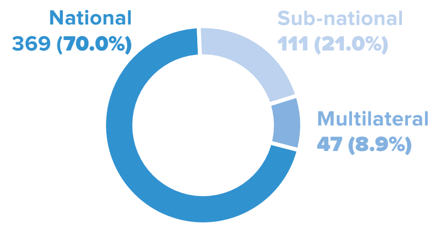
PDBs OPERATE EVERYWHERE

at the international, regional, national and sub-national level

GEOGRAPHIC MANDATE
(% of institutions)



OWNERSHIP
(number of institutions and not by assets)



AMAZING FACTS

- → **China Development Bank is the largest general-mandate PDB** with 2.4 trillion in assets (2019)
- → **The European Investment Bank** is the largest multilateral development bank
- → **The World Bank,** created at the Bretton Woods in 1944, is a well-known multilateral development bank with 189 member countries
- → **Caisse des Dépôts et Consignations** (France), created in 1816, is the oldest PDB
- → **UK Infrastructure Bank** was created in June 2021

I.A

PDBs' COUNTERCYCLICAL ACTIVITIES

© Morgan Havet

In the context of the Covid-19 pandemic, the national PDBs played a significant role. In regions particularly hard hit such as Latin America and the Caribbean, where GDP in 2020 contracted by 7% and investment by 20%, they channeled credit amounting to US$90 billion to counter serious economic setbacks, while regional and multilateral development banks (MDBs) provided another US$23 billion.[3]

Specific countercyclical measures targeting Small, Medium and Enterprises (SMEs) during the crisis included loans, resources leveraging, and broader support to businesses (production system), and, above all, employment.[4] They also responded extremely quickly, in some cases disbursing credit for relief and recovery within weeks to meet the urgent needs of exporters, importers, businesses, households, and local authorities.[5] For example, focusing on IDFC, a study by CDG Capital (Caisse de Dépôt et de Gestion du Maroc) looks at the adapation in business models of members.[6]

And according to a global review, these programs maintained economic activity and kept the liquidity of economic operators stable – and preserved jobs.[7] The great significance of measures[8] underscores the key role of national PDBs both to address a country's' economic distress – by preserving the integrity of supply, critical infrastructures, and labor markets – and societal responsibility (communities, workers, families).

Micro, Small, Medium and Enterprises (MSMEs) as well as large companies most severely impacted by the pandemic (e.g., declines in sales) benefited from the interventions of PDBs – and, as a result, could continue their activities, initiate investments, and maintain employment during and after the outbreak. In extending these measures, PDBs continued to offer standard products based on concessional terms to their clients, in line with their development mandate.

Targeted sectors were health (public hospitals), public transport, tourism, gastronomy, culture, sport, research and innovation (e.g., new industries, green infrastructure, often crowding-in private sector finance by taking risks private sector is not-or not yet-willing to take), agriculture (including horticulture, fisheries, aquaculture, forestry, viticulture), retail, and trade. However, even during the crisis, PDBs continued to influence the broader financial system by taking into account long-term goals towards sustainability in line with the SDGs.

[3] Cepal. 2021. Financing for Development in the Era of Covid-19 and Beyond, Priorities of Latin America and the Caribbean in Relation to the Financing for Development Global Policy Agenda. Special Report Covid-19 No. 10.
[4] A new report by the World Bank on the crisis response by "National Development Financial Institutions" is forthcoming.
[5] Griffith-Jones S. and Barrowclough D. How are development banks managing the covid-19 crisis and planning for a transition towards recovery (forthcoming AFD and Global Development Network).
[6] Impact of Covid-19 on business models of IDFC members.
[7] Griffith-Jones S. and Barrowclough D. Ibid.
[8] Public Banks and Covid-19 – Combating the Pandemic with Public Finance. Edited by David A. McDonald, Thomas Marois, Diana Barrowclough, Municipal Services Project (Kingston), UNCTAD (Geneva) and Eurodad (Brussels), 2020. PublicBanksCovid19.org.

BOX 1

THE ROLE OF AFRICAN DEVELOPMENT BANKS IN THE COVID-19 RECOVERY

An ongoing study by the Overseas Development Institute (ODI) is looking at the results from the response of African PDBs in addressing the social and economic impacts of Covid-19. It analyzes the type of countercyclical role African PDBs played in their respective sectors; how they have been utilized or supported by shareholding governments as part of wider Covid-19 relief and recovery strategies; whether PDBs were impacted financially by the pandemic; and how they are situated to support a sustainable recovery. The study will provide key information on the countercyclical role of PDBs and fill an important research gap on African PDBs by building the evidence in this area.

The schemes PDBs put in place were based on identified needs of sectors and businesses,[9] and these typically comprised: (i) loans (including some interest-free or loans preferential terms) for immediate response to financial liquidity needs, and (ii) credit guarantees enhancing finance conditions and terms (lower costs; longer maturity; higher guarantee ratios, up to 80% or 90% of loans; and charge-free and flexible handling of the guarantee offer).[10] Other schemes included equity injections for businesses; guarantees on business securities; tailored credit facilities; credit protection for exporting companies (e.g., insurance for deferred-payment, export receivables); interventions to stabilize financial markets; schemes allowing SMEs to source loans with lower collaterals, i.e., personal guarantees (high collateral requirements being one of the main barriers to credit for SMEs and start-ups); and debt repayment moratoria. In Latin America, around 60% of the financial support provided by national development banks was in the form of credit. Suspension of payments accounted for another 27%, loan guarantees 11% and refinancing 2% (Cepal 2021).

Also noteworthy is that many PDBs had sufficient liquidity at their disposal to provide financing to their clients – they continued to have access to capital markets to raise funding (despite volatility affecting interest rate spreads), and they followed their developmental or public-oriented countercyclical mandate to provide support at a time when other sources of finance were not forthcoming. Others received direct backing by governments in the form of additional credit or guarantees; and some increased their authorized capital to better meet urgent needs[11].

[9] Identifying difficulties such as liquidity for companies, liquidity in the supply of services and products, reduced demand, production downtime, supply chain problems, and barriers to investment (collateral, refinancing of bank loans).
[10] When the beneficiary of the protection is an intermediary commercial bank, it passes on the benefit of the guarantee by way of higher volume of finance, riskier portfolio, lower soft collateral requirements (percent of the loan value), and lower interest rates (e.g., Bulgaria SME portfolio guarantees in favor of commercial banks).
[11] Griffiths-Jones S. and Barrowclough D. Iibid.

I.A

PDBs' COUNTERCYCLICAL ACTIVITIES

BOX 2

HIGHLIGHTS OF IDFC RESPONSE TO COVID-19 CRISIS

The International Development Finance Club (IDFC) members, through the lead of its Cooperation for Development working group, is currently collaborating in various regions and countries including Latin America, Southern and Western Africa, Asia including Korea with other development agencies and PDBs (e.g. World Bank) to design and implement policy and investment activities aiming to accelerating countries' response to the Covid-19 crisis in priority sectors (health, basic infrastructure and equipment, energy access, and SMEs), as well as through budgetary support (emergency stimulus).

Source :
IDFC Response to COVID-19 Crisis

PDBs' programs were typically offered for a limited time, and were subsequently extended as containment measures were prolonged.

And in various instances, PDBs' public credit support programs were implemented in conjunction with government programs whereby governments provided credit guarantees through the PDBs (and credit institutions), with the government assuming lending risks using its budgetary resources and the PDB administering the program through off-balance sheet operations (e.g., "bridging" assistance).

Other measures efficiently complemented public support (e.g., aid from national governments, states, and municipalities) when the latter was not yet in effect (or was ineffective). Unlike other actors, a national development bank, which maintains a constant presence in the market and with operational knowledge of the needs of businesses, organizations and institutions within different sectors, can be in a better position to administer these programs, provided it operates efficiently.

Finally, some national PDB measures were concomitant with international support such as that provided by regional PDBs and MDBs. In the case of Latin America, such international support was mainly channeled to governments (health sector), whereas national development banks mainly supported the private sector, particularly SMEs.

Studies of the impact of the PDBs' countercyclical contribution are still under way. To take just one example, BICE, a relatively small PDB in Argentina that usually provides long-term investments and foreign trade loans, had an important impact saving jobs when it offered special working capital loans to SMEs. Econometric evidence shows that businesses that used the favourable credit line maintained their full complement of registered employees, whereas a control group without the credit line cut employment by 6%.[12] In parallel, IDFC is pursuing research that capitalizes on its members experiences in sustaining the most affected sectors (notably health and other social infrastructure, and MSMEs) and jobs, mobilizing their full set of instruments to simultaneously address short-term needs and prepare the sustainable and inclusive recovery and transition (through financing facilities, guarantees, funding reallocation, and easing measures) (see Box 2).

Overall, the Covid-19 experience stresses the importance of reappraising – as initiated after the 2008/9 financial crisis – the unique role[13] and impact of PDBs in the real economy.

[12] Alejandro Danon, Rafael Tessone, Guido Zack. Banca de Desarrollo en tiempos de pandemia. Evaluacion de impacto de créditos de capital de trabajo (Development Banking during COVID-19 - Impact assessment of working capital loans of work). Banco de Inversion y Comercio Exterior. Buenos Aires. 31 August, 2021.
[13] For example UNCTAD. Financing a Global Green New Deal. Trade and Development Report 2019. (Chapter 6, Pp 143-172). United Nations: Geneva and New York.

© Didier Gentilhomme

I.B

PDBs' ACTIVITY AT THE GLOBAL AND REGIONAL LEVELS

This section highlights PDBs' accomplishments in individual countries and regions, as well as globally.

*At the global level, the PDB database was updated and consolidated as a key tool for the PDB coalition and other actors, accounting for 527 PDBs and Development Finance Institutions (DFIs) around the world (**Box 3**).*

With UNDP,

DFIs collaborated to the development of the Impact Standards for Financing Sustainable Development (IS-FSD), recognizing the centrality of enabling improved impact management at the global level, and of shifting decision-making putting people and the planet at the center. The OECD-UNDP Impact Standards for Financing Sustainable Development (IS-FSD) provide a framework for donors, DFIs and their private sector partners to make financial decisions and manage projects in ways that generate a positive impact on sustainable development, and improves the transparency of development results.[14]

Flagship partnership for African PDBs.

The Association of African Development Finance Institutions (AADFI) and AFD strengthened collaboration (signing a new Strategic and Financial Partnership in September 2021) to support AADFI's secretariat in developing a collaborative and learning platform for its members; to design and conduct training sessions on green finance, gender and climate mainstreaming, fintech and digital banking, as well as other topics to support PDBs' contribution to the SDGs and the Paris Agreement; and to reinforce AADFI's visibility. This partnership consolidates AADFI and AFD's common ambition to support African PDBs' key role in economic development. This partnership is a new step for supporting AADFI's mission and a strong commitment to reinforce cooperation among African PDBs (80 members).

More ambitious DFI gender challenge.

In June 2021, the 2X Challenge criteria, which enable the tracking of financial commitments to gender equality and women's empowerment in private sector investments, supported a new collective commitment target from investors, which was increased from an initial US$3 billion to US$15 billion by 2022. This evolving threshold on gender financing practices and the adoption of higher standards to measure the volume of funding that is invested in companies provides a strong incentive to DFIs to set gender finance targets for their annual commitments and to disclose these commitment (as part of their corporate strategies, for example).

New PDB in Ghana.

The Development Bank of Ghana (DBG)[15] was established in July 2021 with the support of the European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW), and the World Bank with the mandate to provide wholesale lines of credit and partial credit guarantees to financial institutions for on-lending to MSMEs (agribusiness, small industry, and digital sectors), and support, among other activities, the development of a digital platform for MSME finance that will leverage private sector financing by making it more efficient and less risky for private financiers to extend lending.

Other countries,

among them India, Greece, Romania, and Cyprus, are also **considering establishing new PDBs**, and the UK is considering setting up a **new green bank** (Green Investment Bank).

In Asia-Pacific,

PDBs actively supported financial and non-financial programs to counter the recession caused by Covid-19. They shared experiences through online conversations on the economic shocks[16], and extended credit programs into specific sectors, in collaboration with government entities at the national and local levels, the private sector, and local communities.

[14] The Standards seek to strengthen impact integrity and the capacity of investments to optimise contributions to sustainable development outcomes. They help ensuring such capital is managed considering impact at the core thus increasing its chance to contribute positively to the SDGs. Source: UNDP. Supporting Public Development Banks in their Commitments to Financing the Sustainable Development Goals and Paris Agreement - Based on UNDP's support to financing the SDGs - Input paper to the 2nd Finance in Common Summit 2021.

[15] World Bank Supports the Establishment of the Development Bank Ghana to Boost Access to Finance and Job Creation, 29 October 2020.

[16] Demand shock undermining the ability of businesses to sell products and services; supply shock for businesses which are highly integrated into global value chains and have faced difficulties obtaining the inputs they require due to movement restrictions, causing cash flow and solvency issues for companies, especially small and medium-sized enterprises.

BOX 3

DATABASE OF PUBLIC DEVELOPMENT BANKS

Over the last three years, the Institute of New Structural Economics (INSE) at Peking University and AFD have collaborated to build on INSE's pilot effort to strengthen the first ever comprehensive database on PDBs and DFIs, together with a data visualization tool. Based on institutional reports, the database compiles key financial indicators, ownership structure, and mandates of PDBs and DFIs.

PDBs invest US$2.2 trillion annually (above 10% of the world's investment) in housing, rural development, small and medium businesses, and other key economic, growth enhancing and job-creating sectors. Thirty one percent of PDBS are located in Asia, 20% in Africa, 22% in Europe, 22% in the Americas, and 4% in Oceania, with 62% in middle-income countries versus 8% in low-income countries. Seventy percent of PDBs are owned by single national entities, 21% by local governments, and 9% by more than two countries. Fifty-six percent of the world's PDBs operate only in their country of origin, 20% at the sub-national level, and about 24% operate in several countries.

BOX 4

COUNTRY EXAMPLES

- **Uzbekistan**, has become one of the first countries in the region to issue a sovereign SDG Bond. UNDP supported the initiative to ensure that the bonds are aligned with national SDGs targets and indicators. And in September 2021, a proposal for the creation of a new PDB, which would focus on regional industries and infrastructure, was made.
- **In Brazil**, the Bolsa Familia project, co-financed by the World Bank, IaDB, CAF, KfW and AFD, covered more than a third of the Brazilian population during the Covid-19 crisis, reaching more than 68 million people through emergency assistance (figure as of April 2020). The project also laid the groundwork for policy dialogue on social protection and inclusive growth.
- **In Germany**, the NRW.BANK Venture Capital Fund supports innovations during the crisis by investing up to €6 million in the later growth phase of start-ups in the Nordrhein-Westfalen region, compensating for the reluctance of investors to invest, and complementing the investors who are willing to extend finance (www.nrwbank.de/venturefonds).
- **In France**, Caisse des dépôts et consignations programs include: (i) a €2 billion cash facility that supports landlords in social sectors in the event of financial tensions; (ii) a massive deployment of digital services to make loan applications, disbursements and signatures more fluid; (iii) measures in favor of companies active in the social solidarity sector, real estate and tourism to provide liquidity for account advances according to cash requirements.
- **In the Black Sea region**, the Climate Change Strategy of the Black Sea Trade and Development Bank (BSTDB), approved on 11 March 2021, defines a more purposeful role for the Bank in supporting its shareholders in mitigating and coping with the impacts of climate change, mainly by shifting the financing priorities to more climate-positive operations and by increasing climate co-benefit potential in its operations. By doing so, the Bank intends to better align its financing with the Member States' climate priorities.

I.C

PDBs' ACTIVITY AT THE SECTORAL OR THEMATIC LEVEL

Agriculture and food security.

The PDB Working Group on Financing Sustainable Food Systems formed at the first edition of the FiCS (comprising 20 agriculture, national and regional PDBs) meets regularly. Discussion topics include: access to green finance, green bond emission, climate-smart financial products, managing climate-related risks, digital solutions for last-mile clients, gender and youth inclusion, and innovative partnership models. The group expanded, and saw strong participation from new members from Brazil (BNDES), Mexico (FIRA), India (NABARD), and China (ADBC). Importantly, the PDB Working Group is informing the creation of a technical assistance and knowledge-sharing PDB Platform, which will be launched at the FiCS Summit. And, in the framework of the UN Food Systems Summit, a Coalition of Action for Inclusive and Sustainable Food System Finance has emerged to mobilize a large range of stakeholders around the pivotal role of PDBs in financing sustainable food systems. Overall, the working group has created a new sharing dynamic and a systematic way of discussing issues. PDBs (including smaller ones) participate to better understand the practices and tools used by more advanced peers, and because they want to strengthen their operations. Each meeting yields capitalization documents on topical good practice..

Gender.

The FiCS coalition on Gender Equality and Women's Empowerment in Development Banks expanded (eight new institutions signed the gender statement), and all members worked together to discuss measurements of gender financing and to highlight promising practices to enhance gender equality and women's empowerment, including the activities related to their climate change portfolios. Based on these discussions, the coalition launched several initiatives. Each PDB brought its own approaches and characteristics. The work culminated in an event organized during the Generation Equality Forum (GEF) in June 2021. Soon after the GEF, signatory PDBs started to implement these new initiatives, notably those announced at the "Development Banks as Actors for Change towards Gender Equality" event.[17]

Biodiversity.

Following the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) in June 2021, AFD was selected to lead and host the Development Finance Hub, a research and advisory structure supporting the work of the Taskforce. This Hub will provide opportunities to test elements of the TNFD framework in financial communities of early movers. It will bring additional expertise to the TNFD and coordinate the global public development finance contribution in collaboration with PDBs networks (IDFC, FiCS).

[17] The event was co-chaired by Bertrand Walckenaer, Deputy Chief Executive Officer, AFD; and Anita Bhatia, Deputy Executive Director for Resource Management, UN System Coordination, Partnerships and Sustainability, UN Women.

Climate change.

MDBs reported climate finance totaling US$66 billion for 2020. The World Bank issued its Climate Change Action Plan 2021–2025, which aims to advance the climate change aspects of the World Bank Group's Green, Resilient, and Inclusive Development approach, and commits to achieving 35% of climate finance for the entire group between 2021 and 2025. Meanwhile, the EIB Group committed to dedicate more than 50% of annual financing to green investment in its Climate Bank Roadmap 2021-2025. In addition, IDFC, the club of 26 national and regional development banks, announced financing US$1 trillion for green and climate projects between 2015 and 2020, reaching its 2025 target ahead of time. More specifically, in its 2020 Green Finance Mapping, IDFC reported financing US$185 billion, including US$27 billion for adaptation and US$14 billion for biodiversity, confirming its commitment for a green and sustainable recovery. IDFC's overall adaptation efforts reached US$25 billion, a 28% increase from 2019.

Greening export finance.

The Berne Union publicly acknowledged the PDB Joint Declaration, a critical step that paves the way for tangible deliverables on the greening of export finance. With its 82 members, the Berne Union is a key stakeholder in supporting the FiCS agenda. While many PDBs have established climate finance targets and are working towards phasing out fossil fuel investments, the Export Credit Agencies (ECAs) of G20 countries continue providing billions of dollars in finance for fossil fuel projects. ECAs provide almost twice as much international public finance as MDBs. Shifting support away from fossil fuels and towards clean energy can thus make substantial green finance available. For example, from 2016 to 2018, PDBs supplied US$25.1 billion annually for fossil fuels compared to US$8.1 billion for clean energy, leaving considerable scope for improvement.[18]

Sport for development.

The Coalition for Sustainable Development through Sport has become a key player in the global sport for development field. Also, the Istituto per il Credito Sportivo (ICS) and Dakar 2026 Youth Olympic Games Organising Committee joined as new members.

Water.

The Water Finance Coalition published a study on the role of PDBs in financing the water sector. In addition, it issued a "Rome Public Development Banks statement on financing water and sanitation in order to reach water-related SDGs and foster adaptation to climate change and biodiversity protection".

[18] Delivering on the $100 Billion Climate Finance Commitment and Transforming Climate Finance - Independent Expert Goup on Climate Finance. December 2020.

II.

PROGRESS OF THEMATIC GROUPS

This section provides the third update on the progress of the thematic groups created one year ago, providing granular advancements on specific themes and groups of PDBs.

1. PRIVATE SECTOR IN AFRICA

INFORMATION ON THIS COALITION

1. Name of the coalition:

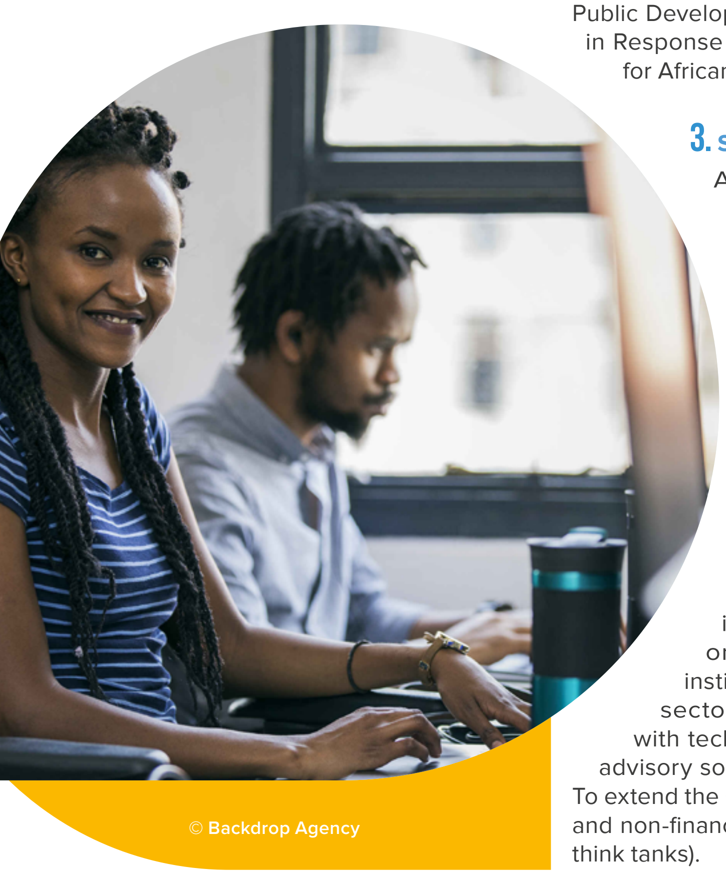
Coalition for a Sustainable and Inclusive Recovery for the Private sector

2. Title of its statement:

Public Development Banks Initiative in Response to the Covid-19 crisis for African SMEs

3. Signatories:

AfDB, BOAD, EDFI members, FinDev Canada, ICD, US DFC



© Backdrop Agency

4. Objectives specified in the additional statement:

To dedicate at least US$4 billion for African MSMEs by the end of 2021; To deepen cooperation among signatory institutions; To focus on inclusive financial institutions for the private sector; To support clients with technical assistance and advisory solutions when needed; To extend the Coalition to other DFIs and non-financial stakeholders (e.g., think tanks).

5. Secretariat:

The secretariat of the coalition is under discussion. In the interim, EDFI maintains general coordination, with support from Proparco.

PROSPECTS

Signatory DFIs aim to invest US$4 billion in African MSMEs by the end of 2021, while continuing to advise on standards, and financial instruments and products; developing partnerships with local governments and financial intermediaries; and building on ongoing measures and collaborations (DFIs, bilateral, regional PDBs, and multilateral institutions), notably policy advisory to create a better enabling environment for the private sector in Africa.

PROGRESS AS OF OCTOBER 2021

By the end of 2020, Coalition members together reached a third of their US$4 billion target, collectively committing US$1.27 billion in financing towards MSMEs in Africa – a notable achievement considering current market circumstances. In addition, technical assistance provided amounted to more than US$7 million. As regard membership, the Trade & Development Bank recently joined the other 20 institutions already members. Finally, as regard the Alliance for Entrepreneurship that builds on the FiCS's Coalition for a Sustainable and Inclusive Recovery for the Private Sector as initiated at the FiCS "Spring Meeting" on 18 May 2021, IFC (hosting the secretariat) closely working with MDBs and DFIs (partnership agreement), keeping the momentum to provide integrated support to SMEs enabling them to actively contribute to the post Ccovid-19 recovery.

2. CLIMATE CHANGE: ALIGNMENT WITH THE PARIS AGREEMENT

INFORMATION ON THE WORK OF EDFI, IDFC, AND THE MDBS' WORKING GROUP ON PARIS AGREEMENT ALIGNMENT

1. Title of IDFC's additional statement:

Together for a Sustainable and Resilient Global Recovery: Advancing the Paris Agreement and Sustainable Development Goals

2. Objectives specified in the additional statement:

To prepare an operationalization framework by COP26; to harness synergies between climate change and biodiversity; To Improve transparency in financial reporting and support sustainable development at the nexus of social issues.

3. Signatories:

IDFC members, EIB

4. Title of EDFI's additional declaration:

Statement on Climate and Energy Finance

5. Signatories:

EDFI members

6. Objectives specified in the additional statement:

To commit to climate-related disclosure; by 2022, to align all new financing with the objectives of the Paris Agreement at the project level; to exclude new coal and fuel oil financing, and limit other fossil fuel financing to Paris-aligned projects until generally excluding them by 2030 at the latest; to reach net zero portfolio GHG emissions by 2050 at the latest; to increase climate finance in line with ambitious targets; to mainstream climate within member organizations.

7. Secretariat:

The secretariats corresponding to IDFC's and EDFI's commitments are those of the respective hosts. The secretariat corresponding to MDBs' commitments is hosted by AsDB and the World Bank.

PROSPECTS

- **IDFC** commits to pursue engagements announced in 2019, including the issuance, at COP26, of a methodological framework on alignment; the reinforcement of the climate-biodiversity-social nexus; and the improvement of reporting.

- **EDFI** commits to: (i) develop, by 2022, a methodology for aligning new financing with the objectives of the Paris Agreement, (ii) adopt approaches at the portfolio level to gradually decrease aggregated GHG emissions to net zero by 2050, (iii) progressively adopt additional restrictions before excluding all fossil fuel financing by 2030, (iv) identify and report by 2022 on climate finance targets, (v) support clients to develop Paris-aligned projects and to promote green growth, adaptation and resilience, nature-based solutions, access to green energy, and a just transition, and (vi) consider climate-related financial risks, adopting and making disclosures consistent with the Taskforce on Climate-Risk Related Disclosures (TCFD) recommendations, and jointly issue reporting on GHG emissions reductions from mitigation projects.

- **MDBs** aim to share experiences and collaborate on identified actions in the run-up to COP26, and, at COP26, formally report back as per the MDB common methodology.

PROGRESS AS OF OCTOBER 2021

IDFC, EDFI, and the working group of MDBs progressed on their respective operational tools for aligning with the Paris Agreement by further developing methodologies and analytical frameworks to be published by COP26.

- **IDFC**: Building on the operational framework, several IDFC members started using the toolbox to operationalize the principles of alignment. In addition, IDFC has finalized the 2020 Green and Climate Finance Mapping which highlights groundbreaking investment volumes for the period 2015-2020 (US$1 trillion), including adaptation investment. For the first time, the mapping includes climate finance to promote biodiversity. Finally, several IDFC members reported on TCFD recommendations.

- **EDFI**: EDFI members reported the following: (i) implementation ofthe fossil fuel exclusions and delivery of almost €1.4 billion in climate finance (2020); (ii) renewable energy and energy efficiency projects that reduced 3.8m tonnes of CO_2 equivalent emissions per year; (iii) direct mobilization of €125m in climate finance (€503m of indirect mobilization); (iv) and technical assistance of a record €38m benefiting clients including for environmental improvement. EDFI also advanced harmonized methodologies for project-level alignment with the Paris Agreement and for the tracking of GHG emissions at the portfolio level. Finally, members initiated adoption of the TCFD recommendations, and senior-level conversations to embed climate considerations throughout institutions.

- **MDBs**: The MDB members of the working group on Paris Agreement alignment identified target dates for their full alignment with the Paris Agreement, and committed to continue publishing methodologies. The World Bank led the coordination of MDBs on the climate agenda during the second semester of 2021.

3. ADAPTATION AND RESILIENCE

INFORMATION ON THIS THEMATIC GROUP

1. Name of the thematic group:

Adaptation and Resilience Investors Collaborative

2. Title of its additional statement:

Accelerating Investment in Climate Adaptation and Resilience

3. Founding members:

AFD, CDC Group, FCDO, FMO, GCA, Proparco.

4. Objectives specified in the statement:

To enhance understanding and capacity to implement common approaches to accelerate investment in climate adaptation and resilience; to deepen collaboration for enhanced private finance mobilization and domestic market creation for climate adaptation and resilience solutions. To build out the local ecosystem needed to accelerate the commercialization of adaptation and resilience technology and business solutions and scale up investment

5. Interim secretariat:

CDC Group UK

© Dianthus Saputra

PROSPECTS

The Collaborative brings together development finance organizations for joint and collaborative actions to accelerate and scale up investments, particularly from the private sector, in climate adaptation and resilience. It conducts analysis, profiles novel initiatives, and builds know-how, tools and approaches to overcome market barriers hindering private sector investment in adaptation. Through enhanced collaboration it seeks to strengthen domestic markets and build the pipeline for bankable adaptation and resilience investment opportunities.

PROGRESS AS OF OCTOBER 2021

Launched at the Finance in Common Summit 2020, the Collaborative has rapidly grown, both in terms of membership and ambitions. Under the co-leadership of CDC Group, FCDO, and GCA, the members of the Collaborative engage in regular working sessions focused on the actions needed for increasing investments in adaptation and resilience, improving capabilities on physical climate risk assessment, as well as measures to increase and accelerate pipelines of investable opportunities. The Collaborative is the primary vehicle for delivering on the new commitments put forward by the G7 DFIs members and referenced in the G7 Foreign and Development Ministers' Communiqué of May 2021. AFD, Proparco and other DFIs are active members. The Collaborative comprises 14 members and partners with new ones to be announced at COP26.

4. AGRICULTURE AND FOOD SECURITY

INFORMATION ON THIS COALITION

1. Information on this coalition

PDB Working Group on Financing Sustainable Food Systems

2. Title of its statement:

Investing in Sustainable Food and Agriculture Systems: The Role of Public Development Banks

3. Signatories:

ADB Ltd, ADBC, ADF, AFRACA, APRACA, BANRURAL, BFA, BNDES, DBS, DBSI, FIRA, IFAD, LBA, NABARD, NENARACA, TADB

4. Objectives specified in the additional statement:

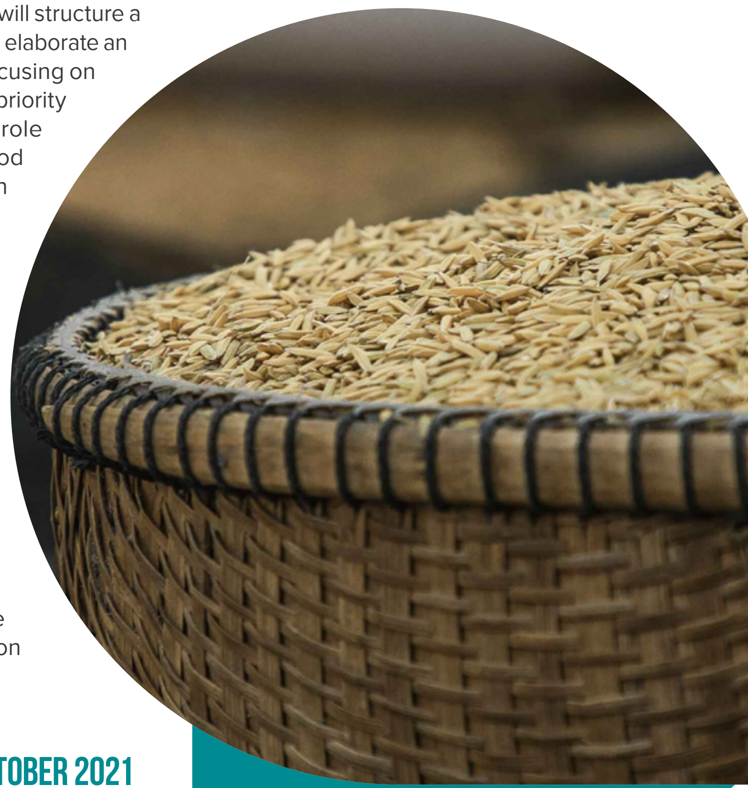
To share knowledge and best practices (on the transformational impact of investment in food and agriculture; on the added value of various PDB business models to progress on the SDGs, e.g., poverty, food security, climate, gender equality, health); To increase dialogue, and identify challenges and bottlenecks faced by PDBs in using their investments to catalyze a shift to more sustainable food systems; To speak with a shared voice at international fora on the importance of channeling investments to agriculture and food systems for sustainable, inclusive, and job-led economic growth.

5. Secretariat:

IFAD

PROSPECTS

Under the leadership of IFAD, the agriculture PDB cluster will structure a working group tasked to elaborate an agenda for dialogue focusing on knowledge-sharing on priority themes related to the role of PDBs in financing food systems transformation and showcasing innovative models (e.g., agriculture SME finance, climate finance / adaptation and mitigation, and biodiversity enhancement). The working group is also tasked to formulate strategic inputs into the G20 Summit, Food Systems Summit and Pre-Summit, and the 2021 Finance in Common Summit



© Hanuman Films

PROGRESS AS OF OCTOBER 2021

The coalition emphasized the role of PDBs in financing more sustainable and inclusive food systems during the United Nations Food Systems Pre-summit (July 2021), and at the Summit itself (September 2021) through the organization of a dedicated event and the broadcasting of a video. Furthermore, members proposed to call for a multi-stakeholder coalition involving PDBs with an agricultural portfolio, linking the Food Systems Summit with the 2021 Finance in Common Summit. A concrete outcome is the launch of a new platform for technical assistance, experience-sharing, and support to innovation (announced at the 2021 Finance in Common Summit).

5.

BIODIVERSITY

© Yashas CHANDRA

INFORMATION ON THIS THEMATIC GROUP

1. Title of its statement:

IDFC Position Paper on Biodiversity

2. Signatories:

IDFC members.

3. Objectives specified in the additional statement:

To develop biodiversity strategies combining risk management, impact mitigation, and conservation finance; To address the direct drivers of biodiversity loss by mitigating negative impacts on biodiversity of investments; To develop positive biodiversity impacts in portfolios through nature-based solutions; To support the mobilization of finance and build partnerships including with the private sector; To incorporate robust reporting methodologies on biodiversity investments and share this experience with the broader finance community; To explore opportunities to contribute to achieving the objectives of the future Post-2020 Global Biodiversity Framework; To stress the links between social, biodiversity and climate finance and strengthen the convergence between these intertwined finalities, in line with the 2030 Agenda and the SDGs.

4. Secretariat:

IDFC Working Group Making Finance Work for Nature

PROSPECTS

Dialogue and cooperation between PDBs, including MDBs, and other partners (private finance institutions, NGOs, thinks thanks) will build a biodiversity community, develop analytical tools, disseminate knowledge, and build capacity of the FiCS coalition, in synergy with IDFC's Working Group "Making Finance Work for Nature" (MFW4N).

PROGRESS AS OF OCTOBER 2021

MFW4N held five working meetings on the integration of biodiversity finance as part of the IDFC Green Finance Mapping and the preparation of the biodiversity-related toolbox (forthcoming publication). It organized a thematic session at the IUCN World Conservation Congress titled "How can Public Development Banks (PDBs) Support the Post-2020 Global Biodiversity Framework?", and attended meetings organized by the Secretariat of the Convention on Biological Diversity (CBD) related to the preparation of COP15 and the definition of the post-2020 Global Biodiversity Framework. The group prepared various thematic sessions related to biodiversity at COP26 (IDFC pavilion), that will demonstrate the critical interlinkages of climate and biodiversity.

6.

GENDER EQUALITY

INFORMATION ON THIS COALITION

1. Name of the coalition:

Gender Equality and Women's Empowerment in Development Banks

2. Title of its statement:

Paris Development Banks Statement on Gender Equality and Women's Empowerment

3. Signatories (36):

AADFI, ADFIMI, AECID, AFD, AFD Paraguay, AfDB, ALIDE, Banco do Nordeste, Bancoldex, BANOBRAS, BDMG, BICE, BIO Invest, BNCR, CABEI, CDC Group, Central Bank from Suriname, DBSA, DEG, DFC, EIB, FINAGRO, FIRA, FOGABA, Findeter, FinDev Canada, Finnfund, HBOR, IFAD, IFU, JICA, KFW, PROPARCO, PT-SMI, Swedfund, TSKB, VEB.RF.

4. Objectives specified in the additional statement:

To strengthen accountability for gender equality; To increase and/or re-orient funding for gender equality actions; To integrate gender issues into climate and biodiversity commitments; To strengthen dialogue with the actors involved in the fight against gender inequality.

5. Secretariat:

AFD and UN Women

PROSPECTS

Signatories of the PDBs' gender statement commit to work in cooperation towards a common methodology, good practice, and objectives/targets for gender equality financing.

PROGRESS AS OF OCTOBER 2021

The coalition held five meetings to advance the two focus areas of the FiCS Gender Declaration (50 PDBs participated, among them 25 signatories of the Gender Statement), with a collaborative report (Public Development Banks Driving Gender Equality - An Overview of Practices and Measurement Frameworks) to be issued at the 2021 Finance in Common Summit. Bilateral meetings with networks and groups of PDBs expanded awareness about the coalition, further mobilizing the broader PDB community. And, at the Generation Equality Forum, a PDB-focused event featured five milestone commitments (press release): (1) Launching the 2XCollaborative Gender-Lens Investing Initiative; (2) Unlocking funding for gender and climate change; (3) Improving transparency and accountability for gender equality; (3) Integrating best practices through the Womens' Empowerment Principles; and (4) Strengthening roadmaps and action plans to meet the goals of the Generation Equality Forum. Finally, the joint-secretariat is conducting a study on gender and climate.

© Yann Macherez

7. SOCIAL INVESTMENT

INFORMATION ON THIS COALITION

1. Name of the coalition:

Coalition for Social Investment

2. Title of its statement:

To Build Back better from Covid, Social Investment is Key to Sustainable Economic Recovery

© Benjamin Petit

3. Partners:

Members: AADFI, AFD, ALIDE, BOAD, CEB, FONPLATA, TSKB, WFDFI

Sponsors: ILO, UNDP, WHO

4. Objectives specified in the statement:

To promote a shared definition of Social Investment; address the underfinancing of social investments; and enhance the quality and volume of social investment worldwide.

5. Secretariat:

CEB and AFD

PROSPECTS

The PDB working group will facilitate two workstreams dedicated to (1) identifying funding, capacity and methodological gaps (data collection and impact measurement), and making the case for social investments (Social Investment Outlook); and (2) sharing expertise, lessons learned, and initiatives to mainstream proven methodologies, interventions, and accountability and to increase cooperation and coordination on social sector-related approaches (Social Investment Action).

PROGRESS AS OF OCTOBER 2021

The coalition approved its roadmap in October 2021 to (i) improve the expertise and practices in the financing of social investment, (ii) increase concrete and innovative cooperation among peers, and (iii) advocate for social investments . It also developed a visual identity and a hashtag (#Coalition4SocialInvestment), and launched the production of a note on the linkages between the social investment, economy, climate and security agendas, and designed a baseline survey targeting the FiCS community (Social Investment Practices). In terms of membership, the Coalition continues to engage prospective partners. Finally, the coalition started to increase its presence in global and thematic events, and was already promoted twice ("High-level Event on Jobs and Social Protection for Poverty Eradication" on 28 September 2021 during the UN General Assembly; Council of Europe Development Bank webinar on 30 September 2021, titled "Have we learned the lessons from the COVID-19 crisis? Investing in more and better social infrastructure for inclusive, resilient and sustainable societies"); and it prepared a thematic session during the 2021 Finance in Common Summit on 19 October 2021 titled "Do More, Do better! Partnering for Social Investment"), as well as panel discussions during COP26 on 9 November 2021 ("Social and Climate Agendas at Par for a Just Transition") and 10 November ("Financing the Global Commons for Pandemic Preparedness and Response").

8. RESILIENT CITIES AND SUBNATIONAL DEVELOPMENT BANKS (SDBS)

INFORMATION ON THIS THEMATIC GROUP

1. Name of the thematic group:

Alliance of Subnational Development Banks in Latin America

2. Founding Partners:

AFD, BDMG, FMDV, IDDRI[19]

3. Objectives:

To strengthen the capacity of SDBs to broaden their services offered to local governments and local stakeholders; To align their strategies, standards, initiatives, investments, and portfolios with the 2030 Agenda and the Paris Agreement goals; To help SDBs enlarge their portfolios of sustainable investment through portfolios of urban and territorial development projects, and reinforce local financial markets; To foster dialogue and cooperation between SDBs, governments, local authorities, and technical and financial partners through training and experience-sharing; To contribute to the implementation of global agenda in international fora.

4. Secretariat:

FMDV

PROSPECTS

The lead partners will launch an alliance of SDBs in the Latin America region [launched in April 2021], based on a mapping of regional SDBs that are PDBS supported by national governments (national development banks or national development financial institutions) or federal governments, with the specific mandate to provide financing to local governments and local stakeholders such as SMEs

The Alliance, comprising all SDBs in Latin America and the Caribbean, DFIs, networks of local governments, think tanks and academia engaged in the region is the second regional chapter of the Global Alliance of SDBs formed at the United Nations Secretary General's Climate Action Summit in 2019 (the first chapter, the Alliance for Africa, was created in 2015). it plans to organize peer-to-peer workshops (e.g. post-Covid recovery, financial instruments, standards, operating procedures, project scoping and preparation, partnerships) and international events (e.g., at the occasion of the Latin America and Caribbean Week; UN High Level Political Forum, Finance in Common Summit, COP26).

PROGRESS AS OF OCTOBER 2021

The Alliance's Steering Committee welcomed 18 new members (SDBs, DFIs, international organizations, think tanks, and local government associations) and launched a membership campaign. It held its first peer-to-peer workshop on the role of SDBs in the post-Covid recovery on 23 September 2021, which gathered 100 participants, and led to the production of an outcome paper (See annex) to be presented at the Finance in Common Summit in October 2021. A study on Latin American SDBs is also being conducted to inform the Alliance's program of work. Additionally, the Alliance organized a side event during the UN Latin American and Caribbean Climate Week in preparation of COP26, and presented at the United Nations High-Level Political Forum's Local 2030 side event ("Accelerate post-pandemic recovery and SDG localization through joined up local action"), in the presence of Amina Mohammed, Deputy Secretary General of the United Nations. The Alliance has been recognized as an inspiring initiative by the Marrakech Partnership for Global Climate Action, the platform gathering all non-state actors committed to achieving the goals of the Paris Agreement.

© Zuleika de Souza

[19] The steering committee comprises 21 members: ALIDE, ABDE, BDMG, BRDE, COFIDE, FIRA, FOGABA, AFD, CAF, CABEI, EIB, IDB, FONPLATA, World Bank, Economic Commission for Latin America and the Caribbean (UN-ECLAC), UNDP, European Union (EC-INTPA), SEGIB, IDDRI, WRI, UCLG, FMDV.

9. FRAGILITY AND DEVELOPMENT

INFORMATION ON THIS STREAM

PDBs are an essential segment in the public investment / public policy chain including in fragile contexts, promoting the resilience of systems, and reducing risks that may prevent private investment in these complex settings.

PROGRESS AS OF OCTOBER 2021

AFD continues to be a member of the High-Level Group of the WEF-ICRC-AfDB-led Humanitarian and Resilience Investing (HRI) initiative.

© Linus Guardian Escandor

10. SPORT FOR DEVELOPMENT

INFORMATION ON THIS COALITION

1. Name of the coalition:

The Coalition for Sustainable Development Through Sport

2. Title of its statement:

Letter of Intent for the Launch of a Sport for Development Coalition of Public Development Banks and Partners

3. Signatories:

ADFIMI, AFD, ALIDE, BOAD, ICS, JICA, VEB.RF with the support of Dakar 2026, ENAS, GIZ, IOC, IPC, Paris 2024 and UNESCO

4. Objectives specified in the additional statement:

To develop a common vision and principles on the economic, social and environmental power of sport; To build a common framework, and to design, implement and evaluate best practice S&D projects, activities, and partnerships; To support projects through which sport enhances human and sustainable development at the national and regional levels; To support major international sports events to increase their economic, social and environmental legacy, as well as their contribution to peace, solidarity and global governance; To provide funding and expertise to the many actions of the members of the Olympic and Paralympic Movement towards a more sustainable world.

5. Secretariat:

The Sport en Commun platform (office located in Dakar, Senegal) performs the secretariat's function for the first year (administration, communication, and coordination of the Working Groups and Coalition's roadmap).

PROSPECTS

The coalition will organize itself to promote high-impact projects through sport for development investments for sustainable sports, in linkage with the Olympic and Paralympic movements. Members committed to mobilizing their expertise and financial resources towards these goals, in line with the SDGs, and sport for development finance actors, will make a first assessment of such collaboration on the occasion of the 2021 Finance in Common Summit.

PROGRESS AS OF OCTOBER 2021

In terms of membership, two new members joined: ICS and the Dakar 2026 Youth Olympic Games Organising Committee. The coalition prepared its operational roadmap taking into account all members' expectations and needs; and convened the two working groups, and plenary meetings. These meetings allowed for exchange of knowledge and experiences among PDBs and partners in the field of sport for development and sport infrastructures, benchmarks with other relevant fields (e.g., road safety), and enabled members to agree on key working documents and events (e.g., market study terms of reference; social outcome contracting model; thematic session during the 2021 Finance in Common Summit). In terms of communication, it issued a leaflet presenting the coalition to engage other PDBs, developed the visual identity of the coalition (logo), a public website and an intranet to map funded programs (relevant KPIs), sharing resources, and networking.

© Kibuuka Mukisa Oscar

11. WATER

INFORMATION ON THIS COALITION

1. Name of the coalition:

Water Finance Coalition

2. Partners:

AFD (chair), BANOBRAS (co-chair); EIB, CAF, SWA

3. Objectives specified in the additional statement:

To improve the financing of water and sanitation in order to achieve the SDG 6 and the Paris Agreement goals, and to contribute to biodiversity protection.

4. Secretariat:

International Water and Sanitation Centre (IRC, The Netherlands)

PROSPECTS

Participants committed to prepare the formal launch of a working group, and to undertake a study on the financing of SDG 6 by national PDBs.

© Kibuuka Mukisa Oscar

PROGRESS AS OF OCTOBER 2021

The Water Finance Coalition's working group created a network, and facilitated regular focused discussions, and the sharing of experience and best practice on the challenge of water financing. Each meeting gathered around 75 participants representing more than 40 institutions, among which national and international PDBs[20] and other stakeholders , including the OECD and the European Commission. The working group published a study on the role of PDBs in financing the water and sanitation SDG 6, which analyzes the involvement of PDBs, in particular national ones, in the sector's investment, and provides policy recommendations for key players (presented at the World Water Week, 27 August 2021). The coalition issued a declaration titled "Rome Public Development Banks statement on financing water and sanitation".

[20] ABDE Brazil, AFD, AFDB, ALIDE, Bancomext Mexico, BANOBRAS Mexico, BDB Brazil, BNA Argentina, BNDES Brazil, BRDE Brazil, CABEI, CAF, CDC Tunisia, CDG Morocco, CDP Italy, COEB, DBSA South Africa, DBZ Zambia, EBRD, FINDETER Colombia, EIB, FIRA Mexico, FonPlata, KfW, IaDB, ILLER BANKASI Turkey, India Exim Bank, ICO Spain, IRC Wash, ISDB, NADBANK, NAFIN Mexico, NWB The Netherlands, PT SMI Indonesia, and World Bank.

12. GREEN BANKS

INFORMATION ON THIS THEMATIC GROUP

1. Name of the thematic group:
Green Bank Platform

2. Partners:
Rocky Mountain Institute, Green Finance Institute, NRDC

3. Secretariat:
Rocky Mountain Institute

PROSPECTS

Participants will further engage the FiCS on the topic of green banks[21].

PROGRESS AS OF OCTOBER 2021

AFD and RMI explored possibilities to give other institutions and PDBs access to the Green Bank Platform.


© Ilipika Films / Noémie

[21] Based on the State of Green Banks 2020 report (Becerra Cid et al. 2020), these banks operate in about twenty countries. Most green banks are publicly owned but commercially operated. Sources of funds are domestic institutional investors, sovereign wealth funds and international investors, including MDBs and climate funds. Similarly to PDBs, they aim at attaining climate change and SDGs, they address market barriers and contribute to create market conditions through funds mobilization. Differently from PDBs, though, after receiving seed capital from governments, multilateral and bilateral assistance, and from the private sector, in most cases, they do not receive additional concessional finance and must rely on their own forces. Like PDBs, they provide loans, equity, and de-risking through guarantees or credit enhancements. Green banks currently operate in high-income countries, because of the easier access to finance in these countries. (Cited in Laura Vigano. 2021. The Role of Finance and Public Development Banks in Promoting Sustainable Agriculture Around the World. IFAD.)

13.

FORESIGHT FOR SUSTAINABLE FINANCE

INFORMATION ON THIS THEMATIC GROUP

1. Name of the thematic group:

Task Force on Foresight for Sustainable Development Finance

2. Secretariat:

OECD/Development Co-operation Directorate (DCD) (FiCS label and support)

3. Objectives:

To promote forward-looking and anticipation approaches and capacities in the financing of sustainable development.

PROGRESS AS OF OCTOBER 2021

The Task Force was set up by the OECD-Development Co-operation Directorate (DCD) DAC-Friends of Foresight community in March 2021. The Secretariat has since circulated a survey to compile expressions of interest to participate and/or support the Task Force, and to further elaborate on its concept and activities. The Task Force will hold its launch webinar on 18 October 2021, aiming to bring foresight to the forefront of sustainable development finance, and to highlight the inherent need for PDBs to be more future-aware and anticipate and integrate uncertainty, based on their long-term mandates and the complex sustainability issues they address (the event will also discuss the Task Force's objectives, work program, and governance).

© Yann Macherez

14.

ALIGNMENT OF FINANCIALS CHAINS WITH THE PARIS AGREEMENT

INFORMATION ABOUT THIS THEMATIC GROUP

1. Name of the thematic group:

Financial Institution (FI) Group on Aligning Financial Chains with the Paris Agreement

2. Conveners:

UNEP FI and Mainstreaming Climate Action in Financial Institutions Initiative, with FiCS label and support

3. Objectives:

To share knowledge, experience and best practices, discuss emerging trends and develop possible guidance on how to advance the alignment of financial chains, from capital markets, corporate banking and institutional investors to development banks, commercial bank intermediaries and to the project/corporate level.

PROSPECTS

The Group will bring together on a voluntary and open basis interested financial institutions via a series of webinars for group exchange, peer learning and joint problem solving.

PROGRESS AS OF OCTOBER 2021

The Group held on 1st July 2021 the first in a series of webinars to discuss the rationale for, approaches and implications of counterpart alignment assessment. It benefited from contributions of several FiCS partners including AFD, EIB, CDC Group , investors, insurers, commercial banks, COP26 presidency, UNEP FI and the secretariat of the Mainstreaming Climate Action in Financial Institutions Initiative. A high-level event is planned during COP26 to take stock of recent developments and discuss perspectives to foster this new frontier of alignment ambition.

© Fabien Dubessay

ANNEXES

ANNEX 1

FICS THEMATIC ENGAGEMENTS

Table 1 lists the 14 groups formed and/or thematic streams discussed during the High-Level Events, special sessions, and preparatory events of the first edition of the Finance in Common Summit, indicating the topic of interest, name of the thematic group, the members, and the associated additional statement when one exists.

TABLE 1. FICS THEMATIC GROUPS

TOPIC	NAME OF THEMATIC GROUP/ COALITION	TITLE OF THE ADDITIONAL STATEMENT	MEMBERS / PARTNERS
1. PRIVATE SECTOR IN AFRICA	› Coalition for a Sustainable and Inclusive Recovery for the Private Sector	› Public Development Banks Initiative in Response to Covid-19 Crisis for African SMEs	› AfDB, BOAD, EDFI members, FinDev Canada, ICD, US DFC
2. CLIMATE CHANGE (PARIS AGREEMENT)		› Together for a Sustainable and Resilient global recovery, advancing the Paris Agreement and Sustainable Development Goals (IDFC) › Statement on Climate and Energy Finance (EDFI)	› IDFC members, EIB › EDFI members
3. ADAPTATION AND RESILIENCE	› Accelerating Investment in Climate Adaptation and Resilience Collaborative	› Accelerating Investment in Climate Adaptation and Resilience	› Signatories: AFD, CDC Group, FCDO, FMO, GCA, PROPARCO
4. AGRICULTURE AND FOOD SECURITY	› PDB Working Group on Financing Sustainable Food Systems	› Investing in Sustainable Food and Agriculture Systems: The Role of Public Development Banks	› ADB Ltd, ADF, APRACA, AFRACA, BANRURAL, BFA, DBS, DBSI, IFAD, LBA, NENARACA, TADB › New members: ADBC, BNDES, FIRA, NABARD
5. BIODIVERSITY		› Making Finance Works for Nature Group (IDFC Position Paper)	› CFA, CI, IDFC, TNC, WCS, WWF, IFAW
6. GENDER EQUALITY	› Gender Equality and Women's Empowerment in Development Banks	› Paris Development Banks Statement on Gender Equality and Women's Empowerment	› AADFI, ADFIMI, AECID, AFD, AFD Paraguay, AfDB, ALIDE, Banco do Nordeste, Bancoldex, BANOBRAS, BDMG, BICE, BIO Invest, BNCR, CABEI, Central Bank from Suriname, CDC Group, DBSA, DEG, DFC, EIB, FinDev Canada, FINAGRO, Findeter, Finnfund, FIRA, FOGABATSKB, HBOR, IFAD, IFU, JICA, KFW, PROPARCO, PT-SMI, Swedfund, TSKB, VEB.RF
7. SOCIAL INVESTMENT	› Coalition for Social Investment	› To Build Back Better from Covid, Social Investment is Key to Sustainable Economic Recovery	› Members: AADFI, AFD, ALIDE, BOAD, CEB, FONPLATA, TSKB, WFDFI Sponsors: ILO, UNDP, WHO
8. SUBNATIONAL BANKS AND RESILIENT CITIES	› Latin America Alliance of Sub-National Development Banks (SDBs)		› Partners: AFD,BDMG, FMDV
9. FRAGILITY AND DEVELOPMENT			› ICRC, WEF
10. SPORT FOR DEVELOPMENT	› The Coalition for Sustainable Development through Sport	› Letter of Intent for the Launch of a Sport for Development Coalition of PDBs and Partners	› AFD, ADFIMI, ALIDE, BOAD, ICS, JICA, VEB.RF with the support of Dakar 2026, ENAS, GIZ, IOC, IPC, Paris 2024 and UNESCO
11. WATER	› Water Finance Coalition	› PDBs Call for Action Towards a Water Finance Coalition	› Initial partners: AFD, CAF, EIB, SWA, World Bank
12. GREEN BANKS	› Green Bank Platform		› Green Finance Institute, NRDC, Rocky Mountain Institute
13. FORESIGHT FOR SUSTAINABLE FINANCE	› Task Force on Foresight for Sustainable Development Finance		› OECD
14. ALIGNMENT OF FINANCIAL CHAINS WITH THE PARIS AGREEMENT	› Financial Institution Group on Aligning Financial Chains with the Paris Agreement		› Mainstreaming Climate Action in Financial Institutions Initiative, UNEP FI

GLOSSARY

ACRONYMS AND ABBREVIATIONS

AADFI	Association of African Development Finance Institutions
ADB Ltd	Agricultural Development Bank Ltd, Nepal
ADBC	Agricultural Development Bank of China
ABDE	Association des banques de développement brésiliennes
ADF	Agricultural Development Fund, Afghanistan
ADFIMI	Association of National Development Finance Institutions
AFD	Agence française de développement
AfDB	African Development Bank
AECID	Agencia Española de Cooperación Internacional para el Desarrollo
AFRACA	African Rural and Agricultural Credit Association
AIIB	Asian Infrastructure Investment Bank
ALIDE	Latin American Association of Development Financing Institutions
APRACA	Asia Pacific Rural and Agricultural Credit Association
AsDB	Asian Development Bank
BANCOLDEX	Banco de Desarrollo Empresarial de Colombia
BANRURAL	Banco de Desarrollo Rural, Guatemala
BASA	Banking Association South Africa
BDMG	Banco de Desenvolvimento de Minas Gerais
BFA	Banco de Fomento Agropecuario
BICE	Banco de Inversion y Comercio Exterior - Bank for Investment and Foreign Trade (Argentina)
BIO	Belgian Investment Company for Developing Countries
BMI	Belgian Corporation for International Investment
BNDES	Banco Nacional de Desenvolvimento Economico e Social (Brazil)
BOAD	Banque Ouest Africaine de Développement – West African Development Bank
CAF	Corporacion Andina de Fomento - Development Bank of Latin America
CABEI	Central American Bank for Economic Integration
CDC Group	Commonwealth Development Corporation (United Kingdom)
CDC	Caisse des Dépôts et Consignations (France)

CDP	Cassa Depositi e Prestiti (Italy)
CEB	Council of Europe Development Bank
CFA	The Conservation Finance Alliance
CI	Conservation International
CO$FIDE	Corporación Financiera de Desarrollo (Peru)
DBS	El Salvador Development Bank of Samoa
DBSA	Development Bank of Southern Africa
DBSI	Development Bank of Solomon Islands
DEG	Deutsche Investitions- und Entwicklungsgesellschaft, German Investment Corporation
DFIC	Development Finance Institute Canada, FinDev Canada
EBRD	European Bank for Reconstruction and Development
EDFI	European Development Finance Institutions
EIB	European Investment Bank
ENAS	European Network of Academic Sports Services
EU	European Union
FCDO	Foreign, Commonwealth & Development Office
FINAGRO	Fondo para el Financiamiento del Sector Agropecuario (Agricultural Sector Financing Fund, Colombia)
FINDETER	Financiera De Desarrollo Territoria (Colombia)
FIRA	Fideicomisos Instituidos en Relación con la Agricultura (Mexico)
FMDV	Fond Mondial pour le Développement des Villes
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Dutch Entrepreneurial Development Bank
FOGABA	Fondo de Garantías Buenos Aires (Argentina)
FONPLATA	Plata Basin Financial Development Fund (Development Bank)
GEF	Generation Equality Forum
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HBOR	Hrvatska banka za obnovu i razvitak, Croatian Bank for Reconstruction and Development
HRI	Humanitarian and Resilience Investing Initiative
IaDB	Inter-American Development Bank
ICD	Islamic Corporation for the Development of the Private Sector
ICRC	International Committee of the Red Cross
IDDRI	Institut du Développement Durable et des Relations Internationales
IDFC	International Development Finance Club
IFAD	International Fund for Agricultural Development
IFAW	International Fund for Animal Welfare
IFU	Danish Development Finance Institution

ICS	Istituto per il Credito Sportivo
IOC	International Olympic Committee
IPC	International Paralympic Committee
IRC	International Water and Sanitation Centre (The Netherlands)
IsDB	Islamic Development Bank
IUCN	International Union for Conservation of Nature
JICA	Japan International Cooperation Agency
LBA	La Banque Agricole, Sénégal
MFW4N	Making Finance Work for Nature (IDFC Working Group)
MSME	Micro, small and medium enterprises
NABARD	National Bank for Agriculture and Rural Development (India)
NENARACA	Near East-North Africa Rural & Agricultural Credit Association
NRDC	Natural Resources Defense Council
OECD	Organisation for Economic Co-operation and Development
PN	Network Practitioners (European Development)
PROPARCO	Promotion et Participation pour la Coopération économique
PT-SMI	PT Sarana Multi Infrastruktur of Indonesia
REC	Regional Economic Communities (African Union)
SDG	Sustainable Development Goal
SEGIB	Ibero-American General Secretariat
SWA	Sanitation and Water for All
TADB	Tanzania Agricultural Development Bank Limited
TCFD	Task Force on Climate-Risk Related Disclosures
TNC	The Nature Conservancy
TNFD	Task Force on Nature-Risk Related Disclosures
TSKB	Turkiye Sinai Kalkinma Bankasi
UCLG	United Cities and Local Governments
UNEP-FI	United Nations Environment Programme Finance Initiative
UNESCO	The United Nations Educational, Scientific and Cultural Organization
UK	United Kingdom
US DFC	United States International Development Finance Corporation
VEB.RF	Russian State Development Corporation
WBG	World Bank Group
WCS	The Wildlife Conservation Society
WEF	World Economic Forum
WWF	The World Wide Fund for Nature

Finance in Common

The global summit of all Public Development Banks

financeincommon.org

FOLLOW THE SUMMIT

@FinanceInCommon
#FinanceInCommon2021

contact@financeincommon.org