



Finance
in Common

2022

FICS
PROGRESS
REPORT

DISCLAIMER

The work presented in this report is illustrative and does not encapsulate all the accomplishments made since November 2021 by PDBs (multilateral, regional, national, and subnational) towards the Sustainable Development Goals (SDGs).

Sources include voluntary feedback from networks and individual PDBs – hence, the information highlighted may fail to denote the progress of other PDBs.

Importantly, the activities (newly started or under implementation) build on what already exists. Ultimately, initiatives (on climate, gender, biodiversity, etc.) should lead to more cooperation to consolidate the architecture of development finance.

TABLE OF CONTENTS

Editorial	05
I. NEWS FROM PUBLIC DEVELOPMENT BANKS ACROSS THE WORLD	07
I.A. Public Development Banks at a glance	8
I.B. Key figures and knowledge on the PDBs worldwide	10
I.C. PDBs' activities at the global and regional level	14
II. FINANCE IN COMMON: MAIN ACHIEVEMENTS IN 2022	19
II.A. Overview of the FICS Secretariat's activities	20
II.B. Progress of Thematic Coalitions	24
1. Adaptation and resilience	24
2. Agriculture and food security	26
3. Alignment of financial chains with the Paris Agreement	28
4. Foresight for sustainable finance	29
5. Gender equality	30
6. Resilient cities and Subnational Development Banks	31
7. Social investment	32
8. Sport for development	33
9. Water	34
Annexes	37



EDITORIAL



Rémy Rioux,
President
of the Finance in Common Summit

As the world struggles with the effects of multiple inter-connected shocks, actors from the global public financial system have a critical role to play to mitigate these negative consequences for people and the planet. These growing risks and a widened financing gap are seriously challenging our compass for a resilient future, the SDGs and the Paris Agreement.

While Finance in Common is celebrating its third anniversary, our coalition seems more useful and relevant than ever in this worrying global context.

First, because FICS continues to consolidate and scale up. Building on a very successful 2021 summit in Rome, our group continued to welcome new members from diverse constituencies, highlighting our ability to establish a global dialogue with a wide range of stakeholders. Building on this inclusiveness, FICS supports new state-of-the-art knowledge on PDBs, and brings new understanding on their role as SDG enablers – as demonstrated by the FICS Research Program which published 15 new research papers this year. We are supporting constant dialogue and peer learning between actors from the North and the Global South alike, thereby improving how we share information, strengthening coordination and creating new synergies between our members. The creation of a new thematic coalition on Resilient Cities and Regions demonstrates the strong interest for these collaboration dynamics.

Second, because FICS is bringing concrete results to some of the hottest global policy challenges of our time. The record level of green finance from PDBs is a good illustration, with for instance IDFC's climate financing totaling \$224 billion, a 20% increase over the previous year. The third edition of the Finance in Common Summit will be held in Abidjan, for the first time in Africa and co-organized by two MDBs, the AfDB and the EIB. By focusing on a green and just transition for a sustainable recovery, this year's summit will propose concrete orientations and solutions in supporting the

transformation of economies and financial systems towards sustainability.

Third, because FICS is spearheading a global mobilization effort. PDBs play a key role in achieving the SDG and the Paris Agreement goals, as highlighted by the recognition of the FICS by the G20. Our movement also contributes to the COP27 and COP15. But more needs to be done to reorient and leverage all financial flows for the achievement of the SDGs. And to do so, FICS is also supporting strategic conversations on PDBs' economic models, reforming the international financial architecture, or lifting the remaining barriers to scale up sustainable finance and engage fully with different pools of actors, notably the private sector.

Finally, FICS is also an agile movement looking constantly at the future. One making useful contributions to key global fora, such as the COP28 and COP16, the G20 and the 2023 UN SDG Summit. One preparing the ground for concrete future co-financing opportunities, contributing fully to national voluntary contributions. One where PDBs could increasingly converge on shared alignment principles, with technical assistance facilities and economic models and taxonomies aligned with the SDGs and the Paris Agreement. One where PDBs could discuss how to become "SDG implementers".

This year's progress report is a key repository to showcase our collective endeavor in this regard, and reflect on our common efforts to implement the joint declaration from 2020. I thank all members of the FICS coalition for their contributions, and look forward to working with all of you to continue to make FICS the go-to platform for all PDBs in the world.



I. NEWS FROM PUBLIC DEVELOPMENT BANKS ACROSS THE WORLD

This section provides figures and information on PDBs across the world, on their activities at global and regional level, and on the current trends in sustainable finance.

I.A

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 invest?

WHAT'S A PDB?

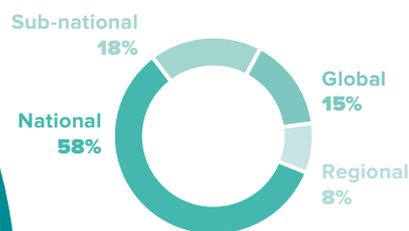
Five qualification criteria qualify PDBs and DFIs.

- A stand-alone entity
- Fund-reflow-seeking financial instruments as the main products and services
- Funding sources go beyond periodic budgetary transfers
- Proactive public policy-oriented mandate
- Government steering of corporate strategies

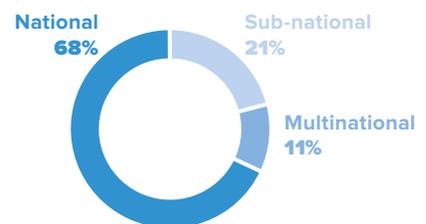
PDBs OPERATE EVERYWHERE

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

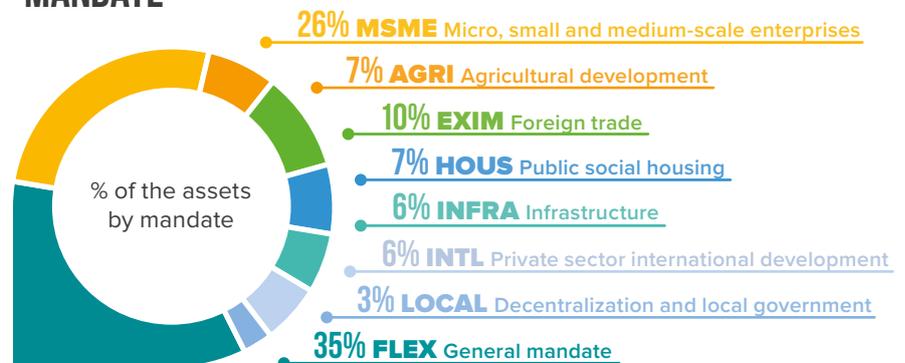
GEOGRAPHIC MANDATE



OWNERSHIP



MANDATE



AMAZING FACTS

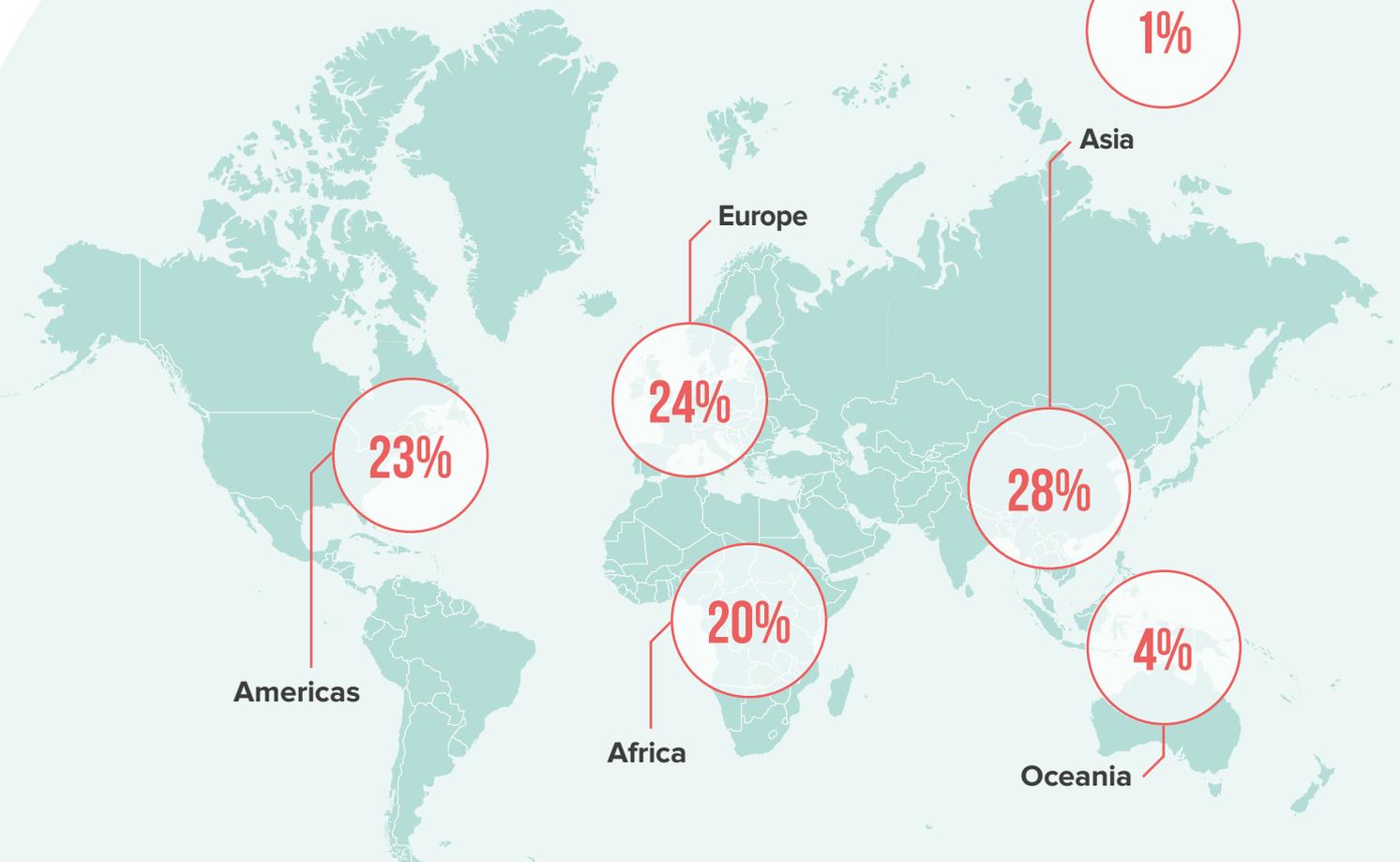
- With the Covid crisis, PDBs' total assets increased by 19% which represents more than \$3.5 trillion.
- Between 2019 and 2020, mega banks witnessed the largest growth in total assets (+22.8%) while small banks saw their balance sheet increase by 9.8%.
- The birth of a mastodon: between 2019 and 2020, the US Small Business Administration saw its balance sheet multiplied by 53, and became one of the 10 largest PDBs in the world.
- China Development Bank is the largest general-mandate PDB with \$2.6 trillion in assets (2020).
- Fannie Mae and Freddie Mac, 2 large mortgage banks in the US, are the largest PDBs in the world. Their business model is very different from other development banks: their main objective is to ensure that there is enough liquidity on the US housing market.
- The World Bank, created at Bretton Woods in 1944, is a well-known multilateral development bank with 189 member countries.
- Created in 1816, the Caisse des Dépôts et Consignations (France) is the oldest PDB.
- UK Infrastructure Bank was created in June 2021 and is the youngest PDB.



WHERE PDBs

ARE LOCATED?

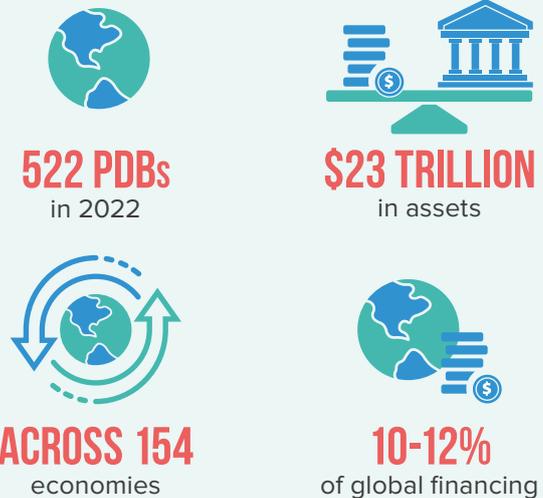
GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP



METHODOLOGY

The evolution in the number of PDBs derives from the fact that all public banks which have a commercial activity *i.e.* those which take deposits, which have a branch network and/or which provide credit cards to their customers were removed from the database. Public commercial banks have a significantly different business model from Public Development Banks that are gathered within the Finance in Common coalition. Future updates of the database should include as an annex the list of all public commercial banks, which, having public mandates, can also act as catalysts to achieve the SDGs.

IN NUMBERS



KEY FIGURES AND KNOWLEDGE ON THE PDBs WORLDWIDE

Policy recommendations from the FICS knowledge pillar

The first edition of the Finance in Common Summit in 2020 witnessed the creation of the International Research Initiative on Public Development Banks. This marked PDBs' renaissance within academic literature and research. Today, the Initiative brings together more than 40 researchers from 30+ institutions around the world. Recent research demonstrates that PDB no longer constitute a marginal wing of finance. The following policy recommendations can be drawn from three years of FICS research and studies:

1. National banks must develop a strategy that place them at the forefront of the transitions, aligned with their government-led national development or climate strategies, acting as local leaders on the 2030 Agenda and the Paris Agreement;

2. Base capital should grow at a scale to enable more financing (including long-term), possibly at a lower cost, with a proper covering of risks;

3. Accountability on environmental and social matters should be enforced and compulsory for the operational teams, together with the adoption of analytical tools to decide and monitor the impact of the financing;

4. "Development labs" should be opened by PDBs to boost innovation and play a pro-active role to support, originate and develop sustainable projects;

5. Specific new windows of financing should be created, teaming up and blending finance with the private sector to attract more capital, in particular in countries where financial markets are weak or non-existent;

6. Central Banks and regulators should continue to deepen the incorporation of climate change resilience and sustainable development in the regulation criteria, using harmonized taxonomies and reporting, while acknowledging that systemic stability hazard will not all come from capital markets in a near future;

7. Independent governance is very commonly cited as a condition for the success of PDBs. The usual recommendation is to open up the boards of PDBs to civil society and independent experts;

8. Operational financing from large PDBs should be increasingly directed to provide more long-term resources to smaller national banks, in a revised financial architecture where economic and social priorities are supplemented with planet-related outcomes, such as the impact on climate change,

natural resources and biodiversity depletion;

9. The mass of capital mobilized for COVID-19 response, largely channeled to the real economy through PDBs, should serve as an inspiration to massively increase capital to finance the transition and compensate selected actors for their losses. The research also recommends putting a stronger emphasis on subnational development banks, based on their capacities, in a given territory, to bridge subnational financial gaps.

10. PDBs should be encouraged to participate in global coalitions committed to the transition toward sustainable finance, such as FICS thematic coalitions. Joining forces, exchanging best practices, refraining from stowaway temptation, confronting the complexity and challenges of the transition for the banking business, requires expertise and knowledge that all PDBs, no matter their size or geography, should acquire, including through peer-learning and tailored technical assistance programs.



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

The updated figures of the database give a comprehensive understanding of the diversity of PDBs across all regions and sectors.

A few observations from the Global Database on PDBs and DFIs Worldwide

WHO ARE THE 522 PDBs?

- National development banks are by far the most numerous, with 356 institutions.
- There are only 55 multilateral development banks, which totalize \$2.3 trillion in assets. The European Investment Bank is the largest multilateral development bank.
- With more than \$16 trillion in total assets, 11 mega banks concentrate 70% of all total assets owned by PDBs.

WHERE ARE THE PDBs OPERATING?

- The countries with the largest number of PDBs are the **USA: 25; Brazil: 21; India: 20; and Vietnam: 20**. In these countries, the PDB landscape is largely dominated by subnational PDBs.
- Asia counts the highest number of PDBs, while China has a very concentrated system with three policy banks (China Development Bank, the China Agricultural Development Bank, the Ex-Im Bank of China). They totalize \$4.535 trillion in their balance sheet, and own 20% of PDBs' total assets.
- The European ecosystem, which is dominated by the largest multilateral development bank (EIB) is composed of a large diversity of PDBs with different sizes and mandates. PDBs in the European Union, including regional banks such as the EIB, EBRD and ECB have combined total assets of \$4.992 trillion.
- With 12 banks created since 2010, the USA is the country with the largest number of PDBs (25). Its landscape is composed of a growing number of green banks specialized in financing renewable energy and the green transition.
- Africa concentrates 20% of PDBs worldwide, but they are usually micro institutions. Altogether, African PDBs only account for 0.8% of total assets. This calls for a better integration of African PDBs in the financial system to tackle the challenges of the continent.

WHAT ARE THEY FINANCING?

- The main mandates pursued by PDBs are: SME financing (81% of all PDBs), infrastructure (65%), industrial sector development (64%).
- One in two PDBs integrate climate in their activities, but biodiversity is the last public policy objective taken into account.
- More than 80% of the largest banks take climate into account, but less than 50% of them mainstream gender in their activities.
- Only one international development bank is specialized in financing social housing (Shelter Africa), while IFAD is the only one specialized in rural development.

The Role of Public Development Banks in Scaling Sustainable Financing

In times of global uncertainty and crises, UNDP partnered with FICS to voice collective intelligence from PDBs on their roles and challenges in scaling sustainable finance.

Released during the 2022 FICS Summit, the new *“Joint FICS/UNDP Report: The Role of Public Development Banks in Scaling Sustainable Financing”* sets out a range of recommendations to help support the work of PDBs as they seek to align with the SDGs. Based on a series of interviews, experts and a broader survey, the research looks at the role of PDBs in scaling financing in an affordable way; the good practices PDBs have already developed; what they are seeking to do in the future; and how national and international actors can enable and scale their work. The report concludes with a call to action focusing on four key areas.

1. ALIGNING PDBS’ MANDATES, STRATEGIES, AND GOVERNANCE WITH THE SDGs

Investing in the SDGs and leaving no one behind is still a high priority for PDBs, yet not all are equipped with the right capabilities and resources to do so. PDBs should explore new tools to manage these potential tradeoffs.

Governments and regulators should increase the efficiency of markets by providing the right incentives and training opportunities, and fostering dialogue with national authorities, building for example, on Integrated National Financing Frameworks (INFFs).

2. IMPROVING CONDITIONS FOR LENDING, GUARANTEES, PRICING AND CURRENCY RISK

Despite increasing efforts to finance SDGs, PDBs continue to face increasingly high costs of lending. With access to lower-cost finance, PDBs can obtain a competitive advantage over commercial banks and incentivize recipients to take sustainable loans over normal loans. Long-term funding and longer-term payoffs matching with SDG alignment could also help. Too often, the funding is too short-term.

Mitigating local currency risks in project finance would help PDBs scale up financing at the local level. Governments could help through the availability of instruments and guarantee facilities.

3. STRENGTHENING USE OF DATA, MEASUREMENT, IMPACT MEASUREMENTS AND TAXONOMIES

The fragmentation of impact measurements challenges the SDGs outcomes, increasing the risk of green and social investment washing. There is a clear need to harmonize and design clear definitions on common impact measurement standards to bolster SDG outcome measurements, in particular those that formulate transparent asset classes in which people can invest. In this context, OECD-UNDP Impact Standards for Financing Sustainable Development (IS-FSD) could help stakeholders to incorporate impacts relevant to the SDGs.

Overall, governments can also enable access to affordable experts that provide technical assistance to enhance PDBs’ capacity in data and reporting. This will mitigate the additional costs of tracking SDG alignment and make it more cost-effective for PDBs.

4. SUPPORTING EFFECTIVE COLLABORATION AND COORDINATED INTERNATIONAL SUPPORT

The investment gap can be reduced through effective collaboration and coordination between PDBs and the entire financial ecosystem, as well as the reinforcement of capabilities by governments. Collaboration with different stakeholders of the financial system, such as the private sector, governments, credit agencies, will help PDBs develop their business models.

Finally, the important knowledge and capabilities of local stakeholders, such as subnational development banks, play a critical role for local deployment policy and alignment with national development plans.

Looking forward, UNDP and FICS are committed to working with all interested parties to bring these new findings and recommendations to a wider audience, and find ways to support PDBs implement these recommendations.

[Discover the whole report](#)

[and the full list of recommendations](#)





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PDBs' ACTIVITIES AT THE GLOBAL AND REGIONAL LEVELS

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

In Latin America and the Caribbean

The Latin American Association of Development Financing Institutions (ALIDE), in accordance with the spirit of the FICS, has carried out various activities, in particular on green finance. Several meetings were organized, including on the role of green banks and development finance institutions in mobilizing private investments in climate solutions at COP26 in Glasgow, and on climate risk management for development banks during its 52nd General Assembly. Activities also addressed gender, with the organization of a seminar on the opportunities and challenges for the financial inclusion of women's enterprises in the LAC region, and also through the inclusion of a new Entrepreneurial Woman Award, to recognize the promotion of initiatives to support the financial and social inclusion of women.

PDBs' recommendations on sustainable infrastructure investments to the G20

Sustainable infrastructure investments have been an important topic for the 2022 Indonesian G20 Presidency. The D20 Long-Term Investors Club conveys its member's priorities by participating in the G20 Infrastructure Working Group meetings, by co-organizing the G20 Infrastructure Investors Dialogue with the Indonesian Presidency, the OECD and the GI Hub, and by publishing a Joint Statement of policy recommendations for G20 members on sustainable infrastructure investments. Through improvements in prioritizing green, sustainable infrastructure projects, in expanding blended finance to mitigate investment risks and thus mobilise more private financing, in encouraging closer public-private cooperation to design more bankable green infrastructure projects, and in agreeing to common international ESG indicators, D20-LTIC and FICS can strive to contribute to the UN's SDGs and accelerate the green transition.

In Africa

The Association of African Development and Finance Institutions (AADFI) proposed activities to strengthen DFIs, particularly at national level, on several topics of interest. In partnership with the Coalition for Social Investment, AADFI organized a sensitizing program for the African PDBs on social investment and its role in promoting more sustainable and inclusive growth, with 71 participants from 24 countries. Additionally, as part of the effort to deepen awareness and mainstream gender equity in its member institutions, AADFI organized a webinar on "Mainstreaming Gender Equity in Development Finance" with the Affirmative Finance Action for Women in Africa (AFAWA). The program aimed to discuss the business case for gender-lens investing, showcase successful financial institutions that have developed programs for women SMEs, and explore potential opportunities to work with DFIs on increasing their activities for women enterprises. Following this webinar, the AADFI partnered with the ICR Facility to conduct training on Gender Finance for DFIs in English and in French.

Supporting PDBs on climate finance

The International Development Finance Club (IDFC) is supporting its members in doing more and better climate finance and getting aligned with the goals of the Paris Climate Agreement with its innovative tool, the Climate Facility (CF). The Facility aims to enhance knowledge exchange between members and capacity development on climate-related topics. More specifically, the Climate Facility is focusing on four activities: (i) knowledge sharing, (ii) capacity building, (iii) support to project preparation and (iv) facilitating access to the Green Climate Fund. This year again and for the third time, IDFC will be present at COP27 in Sharm El Sheikh, Egypt, with its own pavilion hosting about 60 side events from its members and partners.

In America

In the context of the Greenhouse Gas Reduction Fund, which provides \$27 billion in funding for projects aimed at lowering America's emissions, the US is spearheading a new effort to support clean energy solutions. The vast majority of the funds will be used to create America's first national green bank, an initiative which will provide financial assistance to expand the use of clean energy across the country, and accelerate America's transition away from fossil fuels. With the green bank's assistance, communities looking to bolster their nascent renewable energy industries will have increased access to funding that could bring them closer to meeting their climate goals. This effort has long been advocated by networks like the Green Bank Network (GBN), a membership organization formed to foster collaboration and knowledge exchange among existing Green Banks.

The role of African Development Banks in the Covid-19 recovery

A study by ODI and AADFI has surveyed how African PDBs have responded to cushion the social and economic impacts of Covid-19, as well as explore the impact of the crisis on the banks themselves. It finds that African PDBs have proved their worth in the crisis and supports the case for enhanced partnership with international institutions. African PDBs mounted a countercyclical response and have been agile and active in responding to the health and economic impacts of the pandemic. Most of this has been in the form of short-term debt relief to existing clients and/or expansion in lending. As well as immediate crisis responses, banks have also shifted strategically to address important future needs – with a strong focus on green transition and infrastructure in a number of PDBs. The report underlines the need for further external support and capitalization of these institutions from governments and shareholders, in particular given the impact of new geopolitical shocks from the Russia-Ukraine conflict, as well as the growing urgency of the climate crisis.

In Asia

The first Sustainable Finance in the Indo-Pacific Conference took place in February 2022, co-organized by the Exim Bank of India and AFD, and gathering PDBs from Europe and the Indo-Pacific to address the sustainable development challenges of the region. With 500 participants from 27 countries, the event aimed to bring together the major Development Finance Institutions of the Indo-Pacific region and Europe to discuss the implementation of the SDGs and the Paris Agreement in the region. The conference also offered an opportunity to strengthen commitments through concerted actions in priority areas (energy and climate transition, infrastructure and digital connectivity, health, blue economy, biodiversity).

PERSPECTIVE FROM OUR MEMBERS



Cliff Prior,
CEO of the Global Steering Group
for Impact Investment

How can Public Development Banks foster impact investing and public-private collaboration?

The Global Steering Group for Impact Investment (GSG) is an independent group promoting sustainable development and advancing education in impact investment.

The GSG's National Advisory Boards (NABs) currently cover 35 countries, and over 20 more countries are working towards NAB status, including several in Africa. The NABs are local platforms representing all stakeholders needed to redirect significant capital flows towards positive social and environmental impact. They bring together leaders from finance, business, philanthropy and governments to drive a shift towards impact investment and more equitable economies for all.

Public Development Banks can help to create a favorable investment climate, provide financial instruments to mobilize the private sector, leverage both their own and international resources, and promote long-term, sector-based policies. The NABs continue to seek collaborations between public institutions such as development banks, and other private sector actors such as impact investors and impact entrepreneurs, towards increasing the capital flow towards the achievement of the SDGs.

We share here three examples of valuable collaborations with PDBs and GSG NABs:

The NAB in Brazil has developed a close relationship with the National Bank for Economic and Social Development (BNDES) and has supported it to seize impact investing opportunities through reports, recommendations, and technical insights. Aligned with the NAB's recommendations, initiatives by BNDES to support the growth of the impact investing ecosystem include investing in impact funds, blended finance instruments and positioning itself publicly as an impact market builder.

In Ghana, the NAB partnered with the Development Bank of Ghana to facilitate dialogues which provided additional data points in support of the design choices that the government was making, and important information to the ecosystem to drive partnerships with the bank.

The South Africa NAB produced a report providing critical insights into how Impact Measurement Management is performed within various impact investing institutions, including the Development Bank of Southern Africa and several fund managers. The recommendations that have flowed from this report create a bridge for future engagement with stakeholders.

PDBs are uniquely positioned to demonstrate and develop the investability of markets for other investors. Their government backing and experience in emerging markets means they are able to go where the private sector currently cannot, creating investable pipelines, investment track records, and – ultimately – functioning markets so that private capital can follow. The GSG NABs continue to partner with PDBs' networks, making use of their local market expertise to help mobilize private capital held by institutional investors such as pension funds, insurers and foundations.

PERSPECTIVE FROM OUR MEMBERS



Michal Ron,
President of the Berne Union

How can export credit support the green and just transition?

The Berne Union (BU) is the international association for export credit and investment insurance, representing a diverse mix of public and private providers of insurance and guarantee products, including export credit agencies (ECAs), multilateral institutions and private insurance underwriters.

Export credit insurance is by nature counter-cyclical, long-term and catalytic of commercial sources of finance. The products provided by Berne Union members reduce risk and the cost of financing international trade and help to unlock long-term investment through credit enhancement and mitigation of political risks. The industry contributes significant economic impact¹ and has a vital role to play in a "Green and Just Transition", through supporting innovation, technology transfer and long-term investment in critical sectors such as energy, transportation, and infrastructure.

While export credit in general is oriented towards trade facilitation, and promotion of national exports is the core mandate of ECAs, the industry has long had a solid foundation of ESG principles. As governments around the world seek to shift their industrial strategy and export sectors towards environmentally sustainable targets, ECAs are becoming increasingly important drivers of the transition to a low-carbon global economy.

Climate is now a significant component of the overall strategy of most ECAs and a handful have announced fully fledged net zero policies, while many others have adopted policies to reduce GHG emissions through limiting or completely cutting out support for the most carbon intensive projects.

The Net Zero trajectory necessary to meet the goals of the Paris Agreement demands a huge increase in capacity for climate finance and will require mobilization

of capital across public and private sectors of finance, as well as increased collaboration between institutions focused on development and trade. This is particularly important in the context of facilitating exports of capital equipment and foreign direct investment into developing countries and emerging markets, for projects with positive climate impact.

No single institution, or type of institution, will be able to solve the climate issue single-handedly and partnering for greater climate action is essential.

This is one of the principles behind the Berne Union's Climate Working Group (CWG), a multidisciplinary think tank established at the start of 2022, focused on promoting examples of innovation in approaches to climate finance products and structures, and sharing best practice guidance on processes related to low-carbon transition, including TCFD reporting, carbon portfolio accounting, and introducing science-based targets.

Participants represent ECAs, DFIs, MDBs, Private Banks and Insurance, including FICS Secretary General Adama Mariko. In addition to highlighting best practice, the CWG helps to connect the Berne Union and our Members with the work of other climate initiatives and partners who we can engage with and learn from actors including: FICS, E3F, GFANZ and the ICC Banking Commission, reflecting the BU's commitment to contribute to the broader global climate dialogue.

Our objective is for the work of this group to inspire and guide not only Berne Union members, but also others in and outside the export credit insurance industry, advancing awareness, opening dialogue, and promoting action around climate which can help advance us all towards our common goals.

¹ In 2021 BU Members supported new cross-border finance totalling \$2.63 trillion, while outstanding commitments for medium and long-term debt and equity finance stood at \$927 billion.



II. FINANCE IN COMMON: MAIN ACHIEVEMENTS IN 2022

This section provides an overview of the activities carried out by the Secretariat and the members of the coalition, including an update on the progress of the thematic coalitions.

II.A

OVERVIEW OF THE FICS SECRETARIAT'S ACTIVITIES



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Our global movement is growing, with new members that have joined Finance in Common this year. A warm welcome to the Global Fund for Development of Cities (FMDV), FAO Investment Centre, Business for Inclusive Growth, Groupe de Montréal, Global Steering Group for Impact Investment (GSG), and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

From Rome...

The second edition of the FICS Summit was held in Rome on 19 and 20 October under the auspices of the 2021 Italian G20 Presidency. The Summit was hosted by Cassa Depositi e Prestiti (CDP), in partnership with the International Fund for Agricultural Development (IFAD). The Summit received the label of COP26, COP15, UNCCD and the Generation Equality Forum. This edition brought together for the second time the whole community of PDBs and its stakeholders and served as a global platform to share experiences and research, launch joint initiatives and frame new partnerships. More than 160 high-level speakers participated online and in-person in more than 20 events over these two days, to contribute to the Covid-19 recovery and the 2030 Agenda, with a specific focus on the pressing issue of sustainable agriculture, agribusiness, and food systems.

...to Abidjan

For its third edition, the FICS 2022 summit will be held for the first time in Africa and co-organized by two Multilateral Development Banks, the European Investment Bank and the African Development Bank. The summit will take place from 18 to 20 October in Abidjan, with a focus on green and just transition for a sustainable recovery. High-level speakers and participants from across the globe are expected in-person to discuss the key role of PDBs in supporting the transformation of economies and financial systems towards sustainability, while addressing the most pressing needs of developing countries and vulnerable groups.

Involvement of the FICS movement in the international agenda

Finance in Common has been active in high-level global events on climate and sustainable development, to carry the voice of PDBs in global fora and propose concrete solutions to achieve the 2030 Agenda and Paris Agreement. Since its 2021 Summit, FICS has participated in the following events:

- 
- NOV.** › **COP26**, Glasgow
 - FEB.** › **Sustainable finance in the Indo-Pacific conference**, Virtual
 - MAR.** › **Brazilian Development Forum**, Brasilia
› **World Water Forum**, Dakar
 - APR.** › **FICS-OECD-AFD Seminar on aligning public and private finance with the SDGs**, Paris
› **Financing for Development Forum**, New York
› **SDG Investment Fair**, New York
 - MAY** › **Berne Union Annual Assembly**, Istanbul
› **ALIDE 52nd General Assembly**, Curaçao
› **World Economic Forum**, Davos
› **World Bank-AFD seminar on greening National Development Banks**, Virtual
 - JUL.** › **High-level Political Forum on Sustainable Development**, New York
› **High-Level Retreat on the Global Financial Architecture**, Bridgetown
 - SEPT.** › **Development Leaders Conference**, Paris
› **Climate Week**, New York
› **UN General Assembly**, New York
 - OCT.** › **Annual Meetings of the WB and IMF**
› **ADFIAP 45th Annual Meetings**, Manila
 - NOV.** › **COP27**, Sharm El Sheikh
 - DEC.** › **COP15**, Montreal

First FICS report to the G20

Governments of the G20 have formally recognized the importance of the FICS movement in the international financial architecture. The G20 Finance Ministers and Central Bank Governors' communiqué of October 2021 welcomed the FICS Coalition and recognized the important role of PDBs towards the achievement of the SDGs and the Paris Agreement goals. Following this recognition, the Secretariat developed the first-ever FICS Progress Report for the G20, which has been presented to the G20 Sustainable Finance Working Group in June 2022. The paper provides a snapshot from FICS' first year in action and highlights concrete actions of PDBs in areas of interest for the G20 leaders in 2022 (sustainable finance, energy transition, food security and global health architecture). The report highlights the fact that as a coalition of financial institutions able to transform public resources into concrete and sustainable projects on the ground, the FICS initiative strives to link international policy issues with local solutions.

Collaboration with civil society

Since its creation, FICS has taken on board Civil Society Organizations (CSOs) as important partners to ensure impactful development projects on the ground. CSOs are part of the FICS governance and actively participate in the strategic orientations of the movement. To ensure all voices are heard, civil society has also been participating in the high-level discussions taking place during the FICS summits, in particular for the 2022 edition which proposes a thematic pillar on human rights-based approach as a powerful tool to further contribute to the achievement of the SDGs. To go one step further, a PDBs-CSOs working group has been established this year to have a more structured and long-term dialog around the Finance in Common initiatives and the specific role to be played by civil society in the coalition.

Fostering a “whole of the financial system” global dialog with private sector and regulators

One of the objective of the FICS coalition is to bring together major international public and private players in climate finance to promote stronger collaboration and develop more systemic approaches. In 2022, FICS has been discussing with major global alliances, the Network for Greening the Financial System (NGFS) and the Glasgow Financial Alliance for Net Zero (GFANZ), with a view to establishing a global dialogue to accelerate the alignment of finance with the climate and SDG agendas. This dialog between public and private finance and regulators would seek to foster synergies and leverage effects towards low-carbon resilient development, while promoting in-country or sectoral proofs of concept.

New communication tools

The FICS movement is also structuring itself through its communication tools. This year, [a new Finance in Common website](#) has been developed to promote the latest news of our movement.

Implication in Berne Union's Climate Working Group

In 2022, the FICS has joined Berne Union's Climate Working Group (CWG), which seeks to facilitate the sharing of innovative best practices related to low-carbon transition amongst its members (Export Credit Agencies, Development Finance Institutions, and private banks and insurances). The FICS Secretariat, represented by Adama Mariko, is honored to be part of this initiative to contribute to accelerating the integration of climate into our common practices and across the industry.

FICS DELEGATION MISSION TO THE USA

In June 2022, a delegation of CEOs of PDBs undertook a first-of-its-kind mission to the United States, with Ms. Kampeta Pitchette Sayinzoga from the Development Bank of Rwanda, Mr. Sergio Gusmão Suchodolski from Desenvolve SP, Mr. Edwin Syahrzad from PT Sarana Multi Infrastruktur, and Mr. Rémy Rioux from Agence Française de Développement and Chairman of FICS.

This FICS mission offered a great opportunity to strengthen dialog and collaboration with strategic partners, such as the World Bank, United Nations, IMF, green bank networks, Black Rock, US development actors and influential think tanks to accelerate the alignment of finance with the climate and SDG agendas.

RECOGNITION OF THE ROLE OF PDBs FOR RECOVERY EFFORTS

For the second year in a row, the crucial role of PDBs in reorienting global finance towards the SDGs has been recognized by the United Nations. The 2022 Financing for Sustainable Development Report highlighted the important countercyclical role of PDBs in times of crisis and for long-term sustainable finance, while stressing the benefit of improved cooperation between PDBs at multilateral, regional and national level.

PERSPECTIVE FROM OUR MEMBERS



**Christelle Kalhoule,
Chair of Forus International**

Public Development Banks' collaboration with civil society

In 2015, global leaders agreed on a concrete pathway to make the world a better place for present and future generations. Seven years later, most of us don't have much to celebrate as the world has become an even worse place for those who have been systematically kept behind.

Every day, decisions made by development actors such as Public Development Banks (PDBs) can impact millions and millions of people across the globe. Life and death decisions for entire communities, for their culture and knowledge, for their livelihoods, for their ecosystems.

That's why Forus has welcomed the Finance in Common (FICS) as an opportunity for PDBs to truly commit to their role and responsibility in building a just, equitable, inclusive and sustainable world for all. But most of all, as a key opportunity for PDBs to turn its commitments into concrete and measurable steps to put democracy, justice, equity, human rights and sustainability at the heart of their policies and operations. And that is only

possible if people and their communities are at the front and at the center of discussions and decisions about what should be done and how to do it.

In that sense, Forus also welcomes the progress of the FICS to foster the dialogue with civil society organizations (CSOs), especially the establishment of the PDB-CSO dialogue Working Group. Even though we still have a long way to go, the PDBs-CSOs dialogue Working Group is an important step towards a meaningful PDBs-CSO engagement. And Forus is looking forward to that journey.

II.B

PROGRESS OF THEMATIC COALITIONS



1.

ADAPTATION AND RESILIENCE

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Adaptation and Resilience Investors Collaborative

Members

AFD, BII, CDP, DFC, FinDev Canada, FinnFund, FCDO, GCA, FMO, Proparco, Swedfund, and USAID. Additionally, partners include EIB, Global Innovation Fund, IsDB, KfW Development Bank, Nordic Development Fund, and DEG (working group member)

Secretariat

British International Investment plc.

Objectives specified in the statement

Accelerate and scale up investment, particularly private investments, in climate adaptation and resilience in developing and emerging countries. 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 localized climate adaptation and

resilience technology and business solutions and scale up investment.

PROGRESS AS OF OCTOBER 2022

Launched at the 2020 FICS Summit, the Collaborative promotes collaboration and action to overcome barriers and market failures hindering private investment in climate adaptation and resilience. The Collaborative is the primary vehicle for delivering on the new commitments put forward by the G7 DFI members and referenced in the G7 Foreign and Development Ministers' Communiqué of May 2021.

To meet these commitments, the Collaborative has launched an ambitious work program focused on the areas critical to building and demonstrating the business case for investing in climate adaptation and resilience. They are: (1) Investor-relevant climate adaptation and resilience metrics, to increase clarity about what qualifies as adaptation, and to adopt standardized approaches for measuring the contribution of investments towards adaptation and resilience-impact objectives; (2) The integration of physical climate-risk assessment in capital allocation decision-making, to systematically identify opportunities for building climate resilience throughout the investment process; (3) Investment vehicles and approaches, to increase awareness about business models,

financing structures and avenues for shaping markets and generating pipelines of bankable adaptation and resilient investments.

Further to the joint initial efforts across work streams, at COP26 in November 2022, the Collaborative added further detail to its commitments. Some members also announced new commitments and initiatives demonstrating strong collective ambition.

In early 2022, Collaborative members advanced work and undertook a planning process to formalize the Collaborative and map out a longer-term technical work and business plan. A progress report prepared for the G7 and published in June 2022 provides key insights about the progress made and the outlook ahead.

PROSPECTS

The Collaborative has come a long way since its launch late in 2020, but there is still much to be done to advance its work across its core workstreams - investor-relevant metrics, physical climate risk assessment and investment vehicles and approaches. A key priority to advance its work and enable the delivery of its ambitions is the establishment of an independent Secretariat whose members aim to be fully operational by the beginning of 2023.

Just Energy Transition Partnership: example from South Africa



Patrick Dlamini,
CEO of the Development Bank
of Southern Africa

Just Energy Transition (JET) plans enable banks such as DBSA to articulate its strategic positioning in the energy sector by:

- › Assessing the resilience of the energy investment portfolio as it exists today in a changing energy landscape;
- › Providing a methodology by which the bank can continually assess and mitigate the impacts of energy transition risk against different transition scenarios;
- › Providing a framework for the continual assessment of interventions to manage social and economic effects of transitioning from a fossil fuel driven energy system to one primarily based on renewable energy;
- › Shaping a role for the bank in unlocking opportunities arising from the low carbon energy transition;
- › Identifying opportunities for effective partnerships with industry and other financiers to achieve a just energy transition;
- › Providing a recommended governance and management structure for developing an Integrated Just Energy Investment Framework that is aligned with a Just Energy Transition.

The JET framework focuses recovery efforts on building a sustainable, resilient and inclusive economy to stimulate equitable and inclusive growth in order to tackle South Africa's historical structural inequalities of unemployment and poverty. Key to South Africa's recovery measures is the implementation of efforts to secure energy security and stimulate green recovery in support of a just low-carbon transition. The Bank will consider investments which align with South

Africa's Integrated Resource Plan (IRP) and the SDGs, and demonstrate the optimal and most competitive technology solution to support the achievement of the Intended Nationally Determined Contribution (INDC) or a similar plan to transition to a green economy and science-based transition targets. The next steps include developing a comprehensive long-term DBSA Integrated Just Transition strategy, including short-term and intermediate targets to achieve Net Zero Emissions (NZE) by 2050 covering other key sectors. There is also a need to develop just transition policies, sustainable finance systems, processes, practices, procedures and tools, creating alignment within the organization, guiding investment decision-making and providing clarity to stakeholders and partners.

Finance in Common is a great platform for sharing appropriate best practices on supporting JET initiatives, and disclosing progress made by Public Development Banks in implementing JET initiatives.



2.

AGRICULTURE AND FOOD SECURITY

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Agricultural Public Development Banks Cluster

Members

Signatories are ADB Ltd, ADBC, ADF, AFRACA, APRACA, BANRURAL, BFA, BNDES, DBS, DBSI, FIRA, IFAD, LBA, NABARD, NENARACA, TADB and with around 30 institutions participating regularly in the meetings

Secretariat

IFAD

Objectives specified in the 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.

approach with the Agriculture PDB cluster. Specific actions included (i) developing a mapping of the agricultural PDBs' portfolios dedicated to green and inclusive food systems, to inform the development of a taxonomy on green and inclusive finance, and reinforce synergies; (ii) identifying and strengthening partnerships between the PDB Platform and existing networks; (iii) realizing a business model and the implementation modalities of the PDB Platform.

The Agriculture PDB cluster also contributed to major international events, COP26 (November 2021) and the Nutrition 4 Growth Summit (December 2021), to raise awareness on the key role of PDBs in financing sustainable and climate-smart agriculture, and in supporting projects with a specific focus on nutrition. All these events were important opportunities for the PDBs to reinforce their capacity to work together, to keep the momentum of the Food Systems Summit and to share their ideas with partners and different stakeholders

PROGRESS AS OF OCTOBER 2022

In line with its work plan, the Agriculture PDB cluster continued to meet and exchange on critical common topics, and to share experience and best practices. Meetings have been organized to address support to food systems SMEs in Africa and Latin America (February 2022), digital solutions and PDBs' experience in working with Fintech enterprises (April 2022), but also a special session to discuss the consequences on food security of the war in Ukraine and the key role of agricultural PDBs in this context (May 2022).

Following the announcement of a PDB Platform for Green and Inclusive Food Systems during the 2021 FICS Summit, IFAD has been working to finalize the design and operationalize the Platform, building on a consultative

PROSPECTS

The PDBs Working Group will continue to learn from each other experiences, with a particular focus on Adaptation to Climate Change. As for the Platform, the results of the ongoing studies (portfolio and network mapping, business model) will be shared with the PDBs and their partners. Based on the results, discussions will be renewed with the potential technical and financial partners of the Platform, to secure its financing for the next four to five years (2023-2027). The Platform should deliver its first services to its members in 2023, which will include technical assistance, sharing of experience and training, and support to innovation.



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Public Development Banks can catalyse food systems transformation



Thouraya Triki,
Director of sustainable production, markets
and institutions Division, International Fund for
Agricultural Development

The war in Ukraine is triggering food, fertilizer and energy price hikes, and as a result food systems are again being shaken to the core. In the last two years, the COVID-19 pandemic already took a strong toll on our global food systems - and especially on the poor rural populations that billions depend on for food. In addition, extreme weather events like droughts and floods have hit rural areas hard, as dramatically demonstrated in Pakistan and the Horn of Africa. The ongoing and long-lasting impacts of climate change are also damaging for crop yields, soil salinity and water resources. Hunger and poverty are rising.

This is why more than ever, we need to transform our food systems to be more sustainable, resilient and inclusive—starting with small producers, who produce around one-third of the world's food. Their contribution to global food security is essential, especially when trade is disrupted by pandemic and war, making it even more important for countries to build their resilience to tackle economic or climate shocks.

Public Development Banks can be key actors in the transformation of food systems. Because of the size of their investments, their mandate and counter-cyclical financing role, PDBs have a major role to play in financing a fundamental transformation. They currently account for nearly two-thirds of formal global financing to agriculture, and can further contribute to filling the financial gap the sector is facing. But to do so they need to adapt their strategies, investment patterns, activities and operating modalities to better align to today's priorities and fully contribute to global development and climate goals.

IFAD's mandate is to invest in rural areas for real and sustainable change, driven by rural people themselves, and acts as an assembler of development finance. To support the efforts of rural micro, small, and medium

size enterprises and farmers organizations, we need to strengthen the agricultural PDBs. With that aim in mind, IFAD is taking the lead in the setting up of a platform for green and inclusive food systems, bringing together national, regional and international PDBs. The Platform will deliver services (technical assistance, sharing of experience and financial tools, support to innovation) according to individual PDB needs and context, to help them scale up financing to deliver inclusive and sustainable food systems. About 40 agricultural PDBs from Africa, Asia and Latin America are currently engaged in actions to improve and increase their green and inclusive finance.

Stronger and better-equipped PDBs will help enable more powerful responses when a shock occurs.

Most of the PDBs in fact are already engaged in reinforcing existing social safety net mechanisms, reconstitution of food stocks, increasing local production as a substitute for imports, and granting agricultural credit lines and guarantees to banks and financial institutions.

I invite all the participants to Finance in Common to join our efforts to reinforce the capacity of the PDBs to play their role in transforming food systems in a sustainable way.



3.

ALIGNMENT OF FINANCIAL CHAINS WITH THE PARIS AGREEMENT

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Financial Institutions Group on Aligning Financial Chains with the Paris Agreement

Secretariat

Secretariat of the Mainstreaming Climate in Financial Institutions initiative (hosted by I4CE) and UNEP-FI

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.

PROGRESS AS OF OCTOBER 2022

The Group brings together, on a voluntary and open basis, interested financial institutions *via* a series of webinars for group exchange, peer learning and joint problem solving. Since the last edition of the FICS Summit in October 2021, two workshops, attended by a diverse range of public and private financial institutions as well as think tanks and regulators, have been organized on the following topics: (1) How are financial institutions making the alignment of counterparties and activities a part of decision-making? (November 2021); (2) How to assess the level of “alignment” of a counterparty? (May 2022).

PROSPECTS

The group will continue organizing workshops, webinars and events, including during COP27, to continuously take stock of recent developments and discuss perspectives regarding the alignment of financial counterparts and entire financial chains, with the aim of fostering this new frontier of ambition. Key topics of discussion moving forward include counterpart alignment, assessment scope and methodologies, building coherence between existing approaches, types of activities undertaken on the basis of such analysis, possible regulatory incentives for the alignment of financial chains, etc.



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4.

FORESIGHT FOR SUSTAINABLE FINANCE

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Task Force on Foresight for Sustainable Development Finance

Members

More than 120 participants from all regions around the world are involved.

Secretariat

OECD/Development Co-operation Directorate (DCD)

Objectives

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

PROGRESS AS OF OCTOBER 2022

The Task Force was set up by the DAC-Friends of Foresight community in March 2021. During the past year, the Task Force has organized and participated in several sessions highlighting the importance of, and how to, mainstream foresight in sustainable development finance. The events also discussed the inherent need for Public Development Banks to be more future-aware and anticipate and integrate uncertainty, based on their long-term mandates and the complexity of the sustainability issues they address and of the contexts in which they operate.

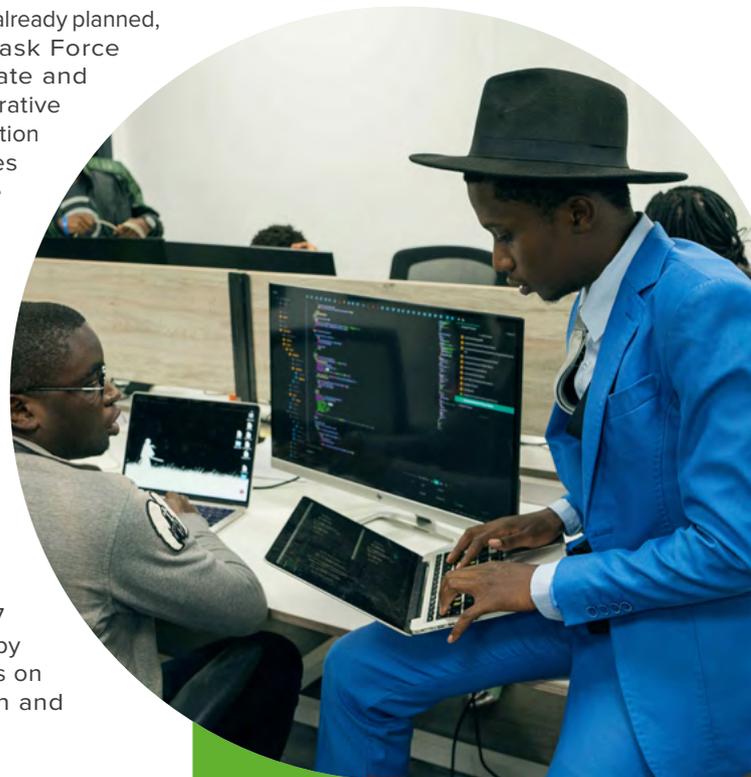
The Task Force has also organized a series of webinars to develop a work program, based on collaborative activities proposed by members on a voluntary basis. Three main areas of work have been set up, relating to (i) foresight practice and corresponding approaches and methodologies; (ii) joint foresight work to generate

insights on topics of shared interest; (ii) building a community of practice to help disseminate foresight practices for sustainable finance. Concrete activities have started and/or are already planned under this framework.

PROSPECTS

Beyond the activities already planned, members of the Task Force will seek to facilitate and mainstream collaborative foresight work in relation with priority themes emerging from the Finance in Common Summit. The Task Force members will also seek to consolidate its membership and visibility.

The next plenary meeting of the Task Force is planned in November. The Task Force will also contribute to COP27 on climate change by fostering exchanges on the future of green and sustainable finance.



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5.

GENDER EQUALITY

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Gender Equality and Women's Empowerment in Development Banks

Members

ADFIMI, AECID, AFD, AFD Paraguay, AfDB, ALIDE, Banco do Nordeste, Bancoldex, BANOBRAS, BDMG, BICE, BIO Invest, BNCR, BRD, CABEI, CDC Group, Central Bank of Suriname, DBN, DBSA, DEG, DFC, EIB, FINAGRO, FIRA, FOGABA, Findeter, FinDev Canada, Finfund, HBOR, IFAD, IFU, JICA, KFW, Proparco, PT-SMI, Swedfund, The Montreal Group, TSKB.

Secretariat

UN Women and AfDB

Objectives specified in the 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.

PROGRESS AS OF OCTOBER 2022

The Coalition held seven meetings to advance the focus areas of the FICS Gender Declaration, with 50 PDBs participating, and among them 37 signatories of the Gender Statement. The meetings explored the topics of gender bonds and the role of PDBs in growing the market; gender and climate change; gender lens investing;

funding and digitalization. Additionally, the Coalition organized two high-level events on: (1) "Gender Equality and Climate Change Finance: the Role of Public Development Banks" during CSW66, and (2) a side-event on "Gender and Fragility" at the MDB Gender Summit.

The Coalition updated the "Paris Development Banks statement on Gender Equality and Women's Empowerment", and increased the number of signatories from 36 at the end of 2021 to 41 in October 2022.

The Gender Coalition produced a synthesis report to highlight promising practices of PDBs on selected topics: (1) Gender responsive green and quality infrastructure; (2) Health care and adaptive social protection; (3) Gender responsive climate change; (4) SDG5 and the human rights approach and (5) Digital financial inclusion.

PROSPECTS

The Coalition will continue to work on sharing good practices, building capacities and skills, and learning from each other on topics of interest highlighted in the FICS Statement on Gender. The work plan for 2023 will be discussed in detail between members of the coalition during its final 2022 meeting.



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6.

RESILIENT CITIES AND SUBNATIONAL DEVELOPMENT BANKS

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Coalition on resilient cities and regions

Secretariat

The Global Fund for Cities Development (FMDV), with AFD as a co-lead

Objectives

The Coalition aims to create a global and strategic community of practice for multilateral, regional, national and subnational Public Development Banks based on their mandate to finance subnational urban development.

PROGRESS AS OF OCTOBER 2022

The Coalition on resilient cities and regions has been officially launched during the 2022 FICS Summit, with a pre-launch meeting in July. The Coalition is dedicated to financing sustainable, fair and resilient urban development. It aims to bridge the

urban and subnational financial gap, which is a prerequisite to reach the 2030 Agenda. The coalition will also promote PDB-led solutions to bridge the market failure in financing urban resilience, both on the soft empowerment front to create the enabling environments, and on the investment front to diversify the tools and resources available.

The Coalition on resilient cities and regions is also in charge of the coordination of two regional Alliances of subnational development banks, one in Africa and one in Latin America and the Caribbean (see below).

PROSPECTS

The Coalition on resilient cities and regions will build its action plan around workshops, studies and matchmaking sessions notably on the following themes: (1) Scaling up financing of urban climate adaptation and resilience of cities and regions; (2) Leveraging multilateral funding and private finance through vehicles for blended finance.



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ALLIANCES OF SUBNATIONAL DEVELOPMENT BANKS IN AFRICA AND IN LAC

Subnational development banks are financing institutions with a mandate of financing local governments and actors such as SMEs, as well as subnational investments for urban infrastructure.

The Alliance of Subnational Development Banks in Latin America and the Caribbean was launched in April 2021 and its Steering Committee currently counts 23 members. The Alliance has organized multiple peer-to-peer and multi-stakeholder workshops: developing

guarantees and de-risking instruments to finance a just urban and territorial transition (April); implementing the urban transport strategy of the Green Climate Fund in LAC with SDBs (May); first edition of the Annual Forum of the Alliance of SDBs in LAC (August). For 2023, the Alliance Steering Committee agreed on a work plan to (1) support SDBs to develop common norms, standards, and operating procedures, and (2) develop a pipeline of bankable and sustainable projects through project preparation and technical assistance.



7.

SOCIAL INVESTMENT

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Coalition for Social Investment

Members

Signatories: AADFI, AFD, ALIDE, BOAD, CEB, EIB, FONPLATA-Development Bank, TSKB, WFDFI. With ILO, UNDP, WHO as sponsors, and around 20 institutions participating regularly in the meetings.

Secretariat

AFD and CEB

Objectives specified in the statement

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

PROGRESS AS OF OCTOBER 2022

The Coalition launched two work streams to share experiences on (i) methodological gaps and measurement challenges, to foster greater alignment with the SDGs, and (ii) to increase social components in project design, and identify innovative social investment projects. It finalized a “Survey on social investment trends, practices and opportunities”.

The Coalition also engaged with a number of networks and partners (B4IG, GSG on impact investing, national banks...) to discuss potential synergies and make the case for more and better social investments. It also organized a dedicated session during

the 2022 FICS summit, and proposed a draft “Health and social protection investment agenda” with a focus on Africa, calling upon PDBs to expand the agenda worldwide.

Finally, it participated in and organized a number of events, such as two panel discussions during COP26 (“Social and Climate Agendas at Par for a Just Transition” and “Financing the Global Commons for Pandemic Preparedness and Response”); a briefing on the ILO’s Global Accelerator on Jobs and Social Protection; a webinar on “Social investment as a key lever for inclusive growth” together with AADFI, as well as a pre-FICS online event on “The role of education, skills and training in making the ecological transition socially just”.

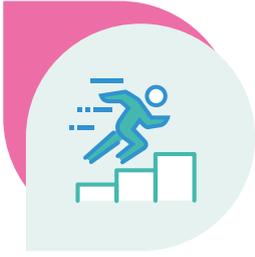
PROSPECTS

The coalition will continue to host technical exchanges challenges related to social investment in the context of its two work streams, and to engage with prospective partners. It also plans to continue to participate in global and thematic events, to recall the role of social investment in mitigating the consequences of economic, environmental, social and stability crises.

In terms of events, the Coalition will curate again some specific events during COP27 on the role of education for just transitions, social protection and climate education. Finally, the Coalition will continue to prepare the ground for future concrete co-financing opportunities on selected projects, and play its part in the possible implementation of the draft “Health and social protection investment agenda” prepared in the context of FICS 2022.



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8.

SPORT FOR DEVELOPMENT

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

The Coalition for Sustainable Development Through Sport

Members

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

Secretariat

The “Sport en Commun” platform

Objectives specified in the 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 Sport & Development 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.

PROGRESS AS OF OCTOBER 2022

Following the roadmap set in 2021, the two Coalition working groups continued to host group workshops and bilateral meetings. Regarding the first area of intervention of the coalition (co-financing sustainable sport infrastructure), AFD identified

a pipeline of sustainable sport infrastructure projects, opening new funding opportunities for coalition members. The second working group, coordinated by UNESCO, has seen exceptional growth and engagement. This began in 2021 with a proposal to investigate social return on investment (SROI) data modeling, and social outcomes contracting (SOC), two promising and innovative financial instruments to scale up funding in Sport for Development. This model was presented by UNESCO and its partners at the Dubai Expo (January 2022). Through UNESCO’s global alliance Fit for Life, multiple SOC interventions are being jointly created to develop these methodologies and create additional investment opportunities for the Coalition. This has already resulted in the Development Bank of Latin America (CAF) joining the Coalition to coordinate a SOC investment in Santiago, Chile. This pilot project, launched during UNGA77, will focus on access and inclusion in physical activity for all, including disabled people. Current government support for the scaling up phase of this project is forecasted at \$50 million. In terms of communication, the intranet of the coalition’s public website seeks to foster knowledge sharing and networking.

PROSPECTS

The new Chair of the coalition, ICS, along with the support of Co-chairs AFD and JICA and other members, will implement an outreach plan to attract other Public Development Banks to join the coalition and invest in Sport for Development projects. CAF and UNESCO will implement a pilot SOC project: “Trampolín: Leveraging Data and Investment for Inclusion through Sports”, which will be launched

just before the Pan American Games in Santiago, and followed by national and regional scaling-up. In parallel, UNESCO and AFD are jointly designing a potential “Sport & Gender” SOC in the Democratic Republic of the Congo. Finally, the Coalition will continue to promote high-impact projects through Sport for Development investments in connection with the Olympic and Paralympic movements, with a specific focus on sustainable sport infrastructure, management and social animation of local, community infrastructure, as part of the legacy of major sport events. AFD has led the way by awarding a €45 million loan to the Senegalese State for the rehabilitation of three competition venues that will be used during the Youth Olympic Games Dakar 2026 and the construction of several local sport facilities.



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9.

WATER

INFORMATION ABOUT THIS THEMATIC COALITION

Name of the coalition

Water Finance Coalition

Members

CAF (Chair), AFD (Co-chair), BANOBRAS (Co-chair), with EIB, AsDB, AfDB, GCFund, ADB, BNDES, DBSA, Fonplata, ISDB, NADB, PTSMI, VDB, SWA, and many others.

Secretariat

IRC Wash

Objectives specified in the statement

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

PROGRESS AS OF OCTOBER 2022

The Coalition persisted in its peer learning and experience exchange activities, the networks keeps on growing (+50 members), and meets quarterly in two time zones. It continues its advocacy: recently the Coalition had a strong presence at the 9th World Water Forum in March and at World Water Week.

The Water Finance Coalition produces knowledge: an AFD policy brief summarizing the previously published global study on the role of Public Development Banks in the water and sanitation sector was recently published. The Coalition has also published a kit on accounting for climate co-benefits in water projects,

which explains how the water sector is intrinsically linked to climate issues, outlining the fundamental elements behind this linkage, and how investing in the water and sanitation sector is therefore a way for national development banks to meet climate change targets and contribute to climate finance.

The Governance of the Coalition also evolved in June 2022: CAF became Chair, and AFD and Banobras remain Co-chairs with great interest and many new ideas.

PROSPECTS

The study published in 2021 confirmed the Coalition's initial hypothesis that national PDBs are underused but, also, that they have the potential to raise finance for achieving both SDG 6 and the water-related Paris Agreement goals. While a number of obstacles and constraints were identified during the writing of this study, the objective is now to help national banks overcome and understand these challenges and create or transform their water business.

One of the next Water Finance Coalition goals will be to identify and support three national Public Development Banks to develop a roadmap for increased involvement in water finance, based on an analysis of current opportunities and barriers to doing so. The three national PDBs will be selected following a call for interest, within the Water Finance Coalition followed by selection by IRC jointly with AFD and with the Chair and Co-chair of the Coalition.

The Water Finance Coalition is also planning to host a high-level event gathering the top management of PDBs to help them mainstream water and sanitation in their strategies.



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ANNEXES

ACRONYMS AND ABBREVIATIONS

AADFI	Association of African Development Finance Institutions
ADB Ltd	Agricultural Development Bank Ltd, Nepal
ADBC	Agricultural Development Bank of China
ABDE	Brazilian Development Association
ADF	Agricultural Development Fund, Afghanistan
ADFIMI	Association of National Development Finance Institutions
AFD	Agence Française de Développement
AfDB	African Development Bank
AECID	Española de Cooperación Internacional para el Desarrollo
AFRACA	African Rural and Agricultural Credit Association
AIIB	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	West African Development Bank
BRD	Development Bank of Rwanda
CAF	Corporacion Andina de Fomento - Development Bank of Latin America
CABEI	Central American Bank for Economic Integration
CDC	Commonwealth Development Corporation Group (United Kingdom)

CDC	Caisse des Dépôts et Consignations (France)
CDP	Cassa Depositi e Prestiti (Italy)
CEB	Council of Europe Development Bank
CFA	Conservation Finance Alliance
CI	Conservation International
COFIDE	Corporación Financiera de Desarrollo (Peru)
DBN	Development Bank of Nigeria
DBS	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	Global Fund for Cities Development
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
IDDR1	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
MDB	Multilateral Development Bank
MFW4N	Making Finance Work for Nature (IDFC Working Group)
MSME	Micro, small and medium-sized enterprises
NABARD	National Bank for Agriculture and Rural Development (India)
NDB	National Development Bank
NENARACA	Near East-North Africa Rural & Agricultural Credit Association
NRDC	Natural Resources Defense Council
OECD	Organisation for Economic Co-operation and Development
PDB	Public Development Bank
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)
SDB	Subnational Development Bank
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-related Financial Disclosures
TSKB	Turkiye Sinai Kalkinma Bankasi
UCLG	United Cities and Local Governments
UNEP-FI	United Nations Environment Programme Finance Initiative
UNESCO	United Nations Educational, Scientific and Cultural Organization
UK	United Kingdom
US DFC	United States International Development Finance Corporation

WBG	World Bank Group
WCS	The Wildlife Conservation Society
WEF	World Economic Forum
WWF	World Wide Fund for Nature



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