

Key findings



Art is in the Doing, Public Development Banks serving public policies

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This overview is published in the framework of the third edition of the Finance in Common Summit in Abidjan “Green and Just transition for a sustainable recovery”.



Objectives and research questions

Building on the first-hand data collection, we aim to systematically identify specific public policy areas where PDBs operate in practice. Previously, we have identified eight official mandates of PDBs, namely, the flexible mandate, agriculture, international trade, housing, infrastructure, international financing of private sector development, local government, and micro, small and medium-sized enterprise. Yet, little is known what are specific public policy areas engaged by PDBs with a flexible mandate and whether PDBs with a single official mandate engage in other public policy areas. Our present report aims to fill the gap. We aim to answer two research questions: first, what are the frequency of public policy areas pursued by PDBs; second, what types of PDBs are more likely to engage in a specific public policy area.



Methods

We have relied on the first-hand data collection to conduct the statistical analysis to identify the stylized facts of public policy areas served by PDBs. The aim of primary data collection is to ensure academic rigor throughout the entire data collection and verification processes to achieve the goal that each data point collected can be verified with supporting evidence and are as transparent and rigorous as possible. Our sample contains 350 PDBs worldwide. To ensure the academic rigor of the data collection, we have designed the codebook first where each public policy has been clearly defined with clear-cut operational indicators. Then, we have trained two groups of research assistants who collected the data independently to enable us to compare the result of data collection to identify discrepancies for double checking. We have also used ‘frequency counts’ of key words as a tool to help us identify the cases that need to be checked. Each data point has been manually verified with the supporting evidence to ensure the accuracy.



Results

We have identified 17+ public policy areas grouped under three categories, namely, clients/beneficiaries, economic sectors, and cross-cutting goals. As can be seen in Figure 1 below, five public policy areas have been classified into the category of clients/beneficiaries, namely rural smallholders, small-and-medium-sized enterprises (SMEs), financial inclusion, local governments and international development financing. Five public policy areas have been grouped into the category of economic sectors, namely, education, health, infrastructure, social housing, and industrial sector development. In the category of cross-cutting/macro goals where PDBs are aimed at contributing to socio-, economic-, or environmental- development at the macro level and the channel can be through serving a specific client and/or investment activities in a certain economic sector, we have identified trade finance, gender equality, climate, biodiversity, food security, innovation, and regional integration.

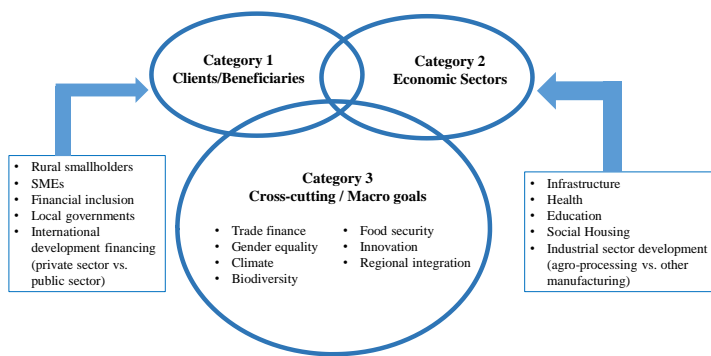


Figure 1: Public policy areas proactively pursued by PDBs/DFIs

Our key findings are as follows:

- SMEs is the most prevalent public policy area followed by infrastructure and industrial sector development;
- Climate is gaining prominence as over half of PDBs have engaged in combating climate change;
- Less than one fifth of PDBs have devoted efforts to achieve biodiversity;
- There are vast variations in the likelihood of engaging in a given public policy area across different PDBs. For instance, PDBs from high-income countries are more likely to engage in international development finance, trade finance, and innovation, where PDBs from low-income countries tend to focus more on industrial sector development



Recommendations

PDBs are potentially useful policy instruments for serving public policies worldwide. It is important for governments to justify the niche of PDBs in addressing specific public policy areas so as to maximize their development effectiveness. It is also crucial to adapt the role of PDBs to changing development needs.