

## DECLARATION

### **FOR A NEW PACT BETWEEN PUBLIC AND PRIVATE INVESTORS TO INCREASE INVESTMENT IN SUSTAINABLE INFRASTRUCTURE IN EMERGING MARKETS AND DEVELOPING COUNTRIES**

### **SUMMIT FOR A NEW GLOBAL FINANCING PACT, PARIS, 22<sup>ND</sup> OF JUNE 2023**

#### **Whereas**

- **Delivering Sustainable Infrastructure at scale in Emerging Markets and Developing Countries (EMDCs) is critical to achieving the Sustainable Development Goals (SDGs) and climate mitigation ahead of 2030.** A large part of humanity still lacks access to basic development services (water and sanitation, energy, transport, housing, education, health...). Such infrastructure needs to be accessible, affordable, well designed, operated and maintained, but additionally to adapt and be resilient to climate change and to help mitigate its effects. Provision of essential infrastructure services can be severely impacted by the physical manifestation of climate change, and at the same time, some types of infrastructure – particularly energy and transport – are associated with significant greenhouse gas (GHG) emissions.
- **Globally, Sustainable Infrastructure requires investments of nearly \$10trn per annum to 2050 with a significant share of this in EMDCs.** Addressing the financing gap, requires not only that we mobilise finance to invest in large infrastructure but in all kinds of infrastructure: from small scale (gabions dam for water and irrigation by communities, small offgrids solar units, school and health facilities and equipment, sport centers...) to large scale (power plants, water and sanitation treatment plants, urban integrated mass transport, housing ...), locally and regionally (power interconnection, transport hub, telecommunications...).
- **The scale and diversity of the investment needed requires new approaches to secure the mobilization of all forms of finance, public, private and philanthropic, in complementary ways.** A variety of financing resources are needed to fund the infrastructure financing gap, from public funds (municipalities, national budgets, national, regional or international public development banks, international agencies...) and private funds (small local investors, SMEs, national sovereign funds and commercial banks, international funds, large commercial banks and sovereign wealth funds and philanthropies). Ensuring public and philanthropic finance is used where it can be most impactful, and catalytically to crowd in private finance, will help to address the Sustainable Infrastructure financing gap. Where projects can be financed with private finance, public money can be put to work more impactfully elsewhere.
- **Taken together, the scale of public and private and philanthropic capital which can be deployed is sufficient to address the sizeable investment needs.** New frameworks, collaborative approaches and instruments are needed to ensure that sufficient capital flows where it needs to go. Public Development Banks, Private Investors, and Philanthropies should work hand-in-hand to mobilize financial and technical tools to respond to the call of Emerging Markets and Developing Countries to deliver Sustainable Infrastructure. Convening more than 1000 institutions responsible for assets of more than \$170 trn, the Public Development Banks, gathered in the Finance in Common initiative

(FiCS), and the private financial institutions in the Glasgow Financial Alliance for Net Zero (GFANZ) can play an impact full role.

**Willing Public Development Banks operating at the international, regional and local level gathered in the Finance in Common (FiCS) initiative and private financial institutions, engaged in the Glasgow Financial Alliance for Net Zero (GFANZ), are committed to working together to increase efforts to support EMDCs to secure the needed investment in Sustainable Infrastructure, in particular by:**

- **strengthening country commitments, programmatic approaches and contractual frameworks:** to enable a favorable country environment for long term investment in Sustainable Infrastructure, we call for and are ready to support country-led platforms such as Just Energy Transition Partnerships or new infrastructure partnerships (e.g. transport, digital, water and sanitation, health and any other infrastructures) or programs, based on clear policy objectives, coherent investments plans and stable regulatory contract frameworks. We are ready to propose standard, replicable, balanced contract templates to attract domestic and international private investment and to address critical challenges collaboratively.
- **supporting initiatives to scale and accelerate pipelines of more and better prepared bankable projects,** by strengthening the capacities of local actors, notably by the definition and the implementation of international programs of capacity building and staff secondments, between public and private institutions, as well as making available more grant resources managed by PDBs, Aid Agencies and philanthropic organizations for project preparation aligned with the objectives of the Paris Agreement and SDGs that could mobilize additional sustainable private financing.
- **greater coordination to ensure that public finance is used where it is most needed and in a catalytic manner.** As Sustainable Infrastructure scales and becomes more standardized, it can be more readily be financed, allowing public and private finance to better share and address financing challenges together.
- **promotion of regional platforms** to create or scale up existing initiatives for regional Sustainable Infrastructure project preparation and to support pooling of projects and financing, including via funds that can attract institutional investors and greater use of securitization, syndicated debts and secondary markets, to attract a wider set of investors and free up capital of PDBs and private banks for new investment.
- **coordination to support the enhancement of global instruments,** including provision of targeted financial guarantees, a deepening of structures to mitigate foreign exchange risks, new structures that bring in more public equity/first loss, greater deployment of common standards for infrastructures investments and better articulated toolkits to build the quality and capacity of project preparation, and certify its alignment with SDGs and a just transition, and to sharing more data with local actors, rating agencies and private investors.

**Will continue the dialogue between public and private investors** to support more effective coordination and complementary and impactful approaches in Sustainable Infrastructure in a Global Forum, including at the 2023 Finance in Common Summit in Cartagena (4-6 September 2023) and at COP28 in Abu Dhabi (30 November – 12 December 2023).

