

Cartagena, 6 September 2023

FINAL COMMUNIQUÉ 2023 FINANCE IN COMMON SUMMIT

1. Since 2020, Finance in Common (FiCS) has become the global movement of all Public Development Banks (PDBs) and their stakeholders

The fourth edition of the Finance in Common Summit¹ took place from 4 to 6 September in Cartagena de las Indias, Colombia, for the first time in Latin America and the Caribbean. All participants warmly thanked the Colombian authorities for hosting this event, honored by the presence of H.E. President Gustavo Petro. Co-organized² by IDB, ALIDE, Bancoldex, CAF, CDB providing the specific experience of their region, alongside with EIB, AECID, CDP, AFD, IFAD and IDFC, the Summit, under the overarching theme of *"Building new alliances for the future of development banking"*, focused its discussions around four key topics: climate and biodiversity; sustainable infrastructure; SMEs and financial inclusion; and equipping Public Development Banks to support them as SDG enablers.

FiCS is now established as the global movement for all public development banks, bringing together 1500 delegates from around the globe. The FiCS coalition manages 23 trillion USD in assets and about 2.5 trillion USD in annual investments, more than 10% of total investment flows. By fostering a dialogue between all PDBs and their stakeholders (international organizations, central banks, regulators, standard-setters, private banks, insurers, private sector, academia, philanthropists, local authorities, the UN and civil society) FiCS contributes to the emergence of a global framework for sustainable investment.

Participants shared a common sense of urgency and stood ready to do more to protect the most vulnerable populations and preserve global commons. Members reaffirmed the commitment to share and apply best practices and internationally accepted norms and standards on environmental, social and governance (ESG) in their policies and to actively manage debt sustainability.

¹ FiCS gathers all Public Development Banks; ie all MDBs, all regional associations of PDBs members of the World Federation of Development Finance Institutions WFDI and the members of the International Development Finance Club IDFC, all adhering to our [Paris 2020 Joint Declaration](#), as well as key stakeholders.

² Organizing team (alphabetical order) : Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement (AFD), Bancoldex, Caribbean Development Bank (CDB), CAF - development bank of Latin America and the Caribbean, Cassa Depositi e Prestiti (CDP), European Investment Bank (EIB), International Development Finance Club (IDFC), International Fund for Agricultural Development (IFAD), Inter-American Development Bank (IDB) and Latin American Association of Development Financing Institutions (ALIDE),

The Summit recognized the contributions of PDBs in recent international fora: Summit for a New Global Financing Pact in Paris, where a special FiCS event took place; EU-LAC Summit in Brussels, as reminded by AECID and the European Commission during FiCS; Amazon Summit in Belem; BRICS Summit in Johannesburg. Participants welcomed the African Climate Summit, hosted in Nairobi by President Ruto, in parallel with FiCS. They will further contribute in support of the upcoming G20 Leaders' Summit in Delhi, the UN SDG Summit in New York, the IMF-WB Annual Meetings in Marrakech and COP 28 in Dubai, showcasing PDBs' contributions and solutions to make finance more inclusive and sustainable.

2. The Cartagena Work program: main conclusions and deliverables of FiCS 2023

FiCS 2023 was a working summit between practitioners, sharing innovations and solutions to transform their institutions and for a more inclusive financial architecture. A progress report on the following conclusions will be presented by the 2024 FiCS Summit.

a) To align finance with the SDGs, Paris Agreement and Global Biodiversity Framework

Participants shared their commitments and methodologies to align operations, strategies and institutions with SDGs and recognized the risk of fragmentation attached to the multiplication of specific frameworks and taxonomies on sustainable finance. Efforts need to align with country priorities and local contexts³. The IDFC, among others, proposed a position paper to set common guidelines for implementing 2030 Agenda alignment by PDBs and the wider financial community. FiCS decided to set a working group to further define and mainstream sustainable development investment principles.

More specifically, on Climate and Biodiversity

Mobilizing public capital, to scale up green lending in ways that are also socially just, was recognized as critical. IDFC members reported a record high of 288 billion USD in total green finance commitments in 2022, a 29% increase from 2021, of which 32 billion USD were allocated for adaptation finance, a 52% increase from 2021, and more than 18 billion USD for biodiversity projects. Cumulatively, green finance commitments by IDFC members surpassed 1.5 trillion USD since the Paris Agreement in 2015.

Nature-based solutions (NBS) were recognized as key components to reduce vulnerability to climate change and enhance social inclusion, among other co-benefits. The Green Coalition of development banks of the countries sharing the Amazon region⁴ presented its roadmap for the action plan and governance of the coalition. A Call for Action on sustainable blue finance established a new coalition of banks⁵ willing to work together on a Blue Finance Roadmap to contribute to the UN Ocean Conference 2025. It encourages PDBs to scale up their coordination and contributions to an ambitious blue economy, to promote biodiversity and foster protection, restoration and sustainable use of marine resources.

A number of new innovative solutions were presented and discussed to be replicated, including the Global Green Bond Initiative (GGBI) led by the European Commission in the context of a Team Europe initiative to structure green bond markets in emerging and developing economies and the IDB's [Green Bond Transparency Platform](#), with a joint declaration⁶ to promote the adoption by other countries outside the LAC region. Together with the conclusions of the Global Expert Review on Debt, Nature and Climate led by Colombia, Kenya and France, this could lead to more engagement by COP 28. Participants also supported the Caribbean Development Bank (CDB) bid to host the secretariat for the Santiago Network for Loss and Damage.

³ See notably country-owned Integrated National Financing Frameworks (INFFs)

⁴ For more information about the coalition: <https://bit.ly/3PsQ6a4>

⁵ EIB, CAF, CDP, EBRD, KfW, BOAD, IDB, ADB, AFD

⁶ IDB, EIB, AFD, KfW

On Sustainable Infrastructure

The urgent need to originate more quality projects was reaffirmed, building on critical partners, such as the Sustainable Infrastructure Foundation (SIF) or the multilateral platform SOURCE. The work that PDBs, and especially local banks, can do in originating projects on the ground, building on their knowledge of local markets, was fully recognized. Given the existing capillarity of subnational development banks, the role of municipalities and local authorities, the potential to reduce financing gaps and increase economic and social integration of territories, the FiCS Coalition on resilient cities and regions will propose a reinforced working agenda with subnational development banks based on the strategies designed by the two Alliances of SDBs in Africa and Latin America and the Caribbean. This includes consolidating the ecosystem of players, technical assistance and funding and financing channels to ensure the setting up of a systemic urbanization financing architecture. Participants also insisted on the need to invest more on project preparation facilities.

Participants shared their experiences on the mobilization of private finance, via blended finance and de-risking activities. These include green bonds, sustainability-linked loans, guarantees and investment funds, aiming at providing a more attractive risk-return profile for private investors, as well as addressing the bottlenecks and regulatory barriers that have been preventing so far to fully mobilize public and private resources to fund greenfield infrastructure projects. Thanks to the work led by the D20 Long-Term Investors Club (D20-LTIC) and other partners, FiCS calls to promote innovative financing solutions and address the “*Infra Gap*” between private investor appetite for infrastructure and existing pipeline of bankable projects. The crucial importance of quality data to better assess the risks and mobilize private capital was also underlined, thanks to initiatives such as GEMs.

On SMEs and Gender equality

Participants acknowledged the significance of improving SMEs productivity to drive economic growth and employment. The Montreal Group held its Annual Summit alongside FiCS, underscoring its commitment to sustainability. Its members showcased many innovative products and solutions to accelerate sustainability as embedded within the growth of SMEs operations. The FiCS Gender Coalition presented a study covering more than 50 PDBs worldwide to review best practices on gender financing and support to women entrepreneurship. The first IDFC Gender Finance Mapping, for 2021, reported that volunteer members committed close to 10 billion euros to reach SDG 5 on Gender Equality.

b) To further increase cooperation between all PDBs by deploying innovative tools

FiCS members agreed to set an Financial Innovation Lab, to strengthen cooperation between its members and better equip them. This lab would in priority incubate the following innovations: the generalization of contingent debt clauses linked to disasters, of parametric contingent financing and credit lines and innovative risk transfer solutions for vulnerable communities. Since foreign exchange risk is a significant barrier to scale cross-border capital flows from developed countries towards low and middle income countries, FiCS members welcomed a new study from TCX and FiCS on this issue and also called for the development of new and innovative systemic answers on this issue. IDB, IDFC and philanthropist expressed an interest to accompany this innovation Lab.

Participants also concurred that substantial capacity need to be built in the PDB system to face the challenges posed by climate change and meet the SDG targets. Technical assistance can become a transformation tool to ensure the impact of innovative financial solutions and to adopt international standards. Through FiCS, PDBs can raise their key technical assistance needs to the international community through mechanisms such as the one provided by the implementation of the G20 Sustainable Finance Technical Assistance Action Plan which is to be housed and convened by UNDP. Building on the IDFC climate and biodiversity facility, participants envisaged a dedicated program providing contextualized and customized technical assistance responding to the effective needs of PDBs, especially in Africa.

PDBs also expressed their will to harness the power of Sports and Cultural industries for SDGs, recognized as a source of numerous kind of jobs, of income at various scales, and as a social lever to connect,

transform and actively engage people. The Coalition for Sustainable Development through Sport launched a roadmap to support Public Development Banks, with the aim of leveraging sport as an innovative tool, building on the catalytic effect of Olympic and Paralympic Games, major international sport events, as well as on the potential of grassroots sport movement. In this perspective, FiCs members welcomed the initiative proposed by France to organize a Summit on “Sport for sustainable development” to be convened in 2024.

c) To mobilize and join forces with all other willing stakeholders

The FiCS Knowledge Program connects since 2020 the initiative with think tanks, researchers and academia. Its advisory group ensures policy coherence and provides expertise to practitioners. It presented an [updated database](#)⁷ and a Memo of policy recommendations for decision makers, building on a bibliography of 140 academic papers or reports constituted since 2020. Among others, the Memo assesses that the global development finance architecture is not fostering enough public entrepreneurship, and points to the insufficient current reporting on the magnitude of financial investments, from a scientific standpoint, to assess their impact in SDGs. It also calls for more research to examine the conditions under which the private sector’s profit-driven logic, risk assessment, and fund allocation can significantly contribute to sustainability without embarking moral hazard. PDBs welcomed this research program and called for more data availability and a dialogue with the chief economist of their institutions.

Private finance representatives, notably Berne Union and GFANZ, were also present in Cartagena. Participants agreed that PDBs can play a significant role addressing the mismatch between private financial institutions’ risk tolerances and the risk-return profiles of investment opportunities in emerging markets and developing countries to unleash private finance at the scale required. They acknowledged the importance of converging towards common methodologies and taxonomies, working together with rating agencies and standard setters to integrate ESG factors into their methodologies. Support to domestic financial systems and capital markets in developing markets can also increase the regional allocation of climate finance. This ultimately contributes to delivering on the call made upon FiCS and the other networks of financial institutions to structure a common framework for alignment towards the SDGs with a proactive approach. The Berne Union stressed the role of export finance, how the risk mitigation instruments deployed by public and private sector underwriters of credit and political risk can help leverage private sector investment for projects with sustainable economic impact, and opportunities for a more integrated overall system of public finance to bring together export and development capital.

PDBs and philanthropies showcased their synergies, building on a White Paper⁸. Participants encouraged PDBs to develop a pipeline of potential projects for joint initiatives to work with Philanthropies, and invite more private sector actors and philanthropies to participate in blended finance mechanisms. Philanthropies were called to ensure that blended-finance mechanisms takes into account the local context and the perspective of civil society, and to leverage their comparative advantages to enter successful collaborations with PDBs.

The [Declaration from Civil Society Organizations](#), emanating from civil society organizations, communities and human rights defenders calling to move from ambition to action, was acknowledged. It provides recommendations on human rights, development finance, climate, biodiversity and sustainability as well as insights to strengthen PDBs and CSOs relationships. By next Finance in Common Summit (2024), the current coordination mechanism between FiCS and CSO organizations should provide a joint working plan.

⁷ The database was initiated by the Institute of New Structural Economics (INSE) at Peking University in 2017. Recognizing INSE’s pilot effort, AFD has joined hands to strengthen first ever comprehensive database on PDBs and DFIs since November 2019. The dataset can be downloaded for free at <http://www.dfidatabase.pku.edu.cn/>.

⁸ CEBRI in collaboration with IDB, I4CE and Wings

3. FiCS members contribution to the reform of the international financial architecture

Beyond this Cartagena Work program and to contribute to a renewed global financial architecture, FiCS members called on their national authorities and respective constituencies to activate and implement the following actions:

- Strengthen PDBs' mandates to systematically align their operations with the SDGs through incentivizing policies and regulatory frameworks;
- Encourage and approve common methodologies for the institutional alignment with the SDGs, as well as the characterization of SDG compatible investments. FiCS to coordinate task force/working group to provide recommendations;
- Extend the recommendations from the G20 Capital Adequacy Framework report to all PDBs, to mobilize the capital base of PDBs which are under-leveraged;
- Allocate more concessional resources at an affordable cost, and facilitate cross-accreditation to key multilateral funds (such as the GCF, GEF, GPE, FIF, etc.), if proper standards and procedures are satisfied;
- Enhance monitoring and evaluation mechanisms and improve executing and implementation capabilities to assess PDBs contributions to the SDGs, and evaluate effectiveness and impact of development programs. The Global Research Group to coordinate a study regarding available tools and best practices;
- Ensure PDBs can access sustainability assistance, including by participating to the G20 TAAP, and to better measure outcomes/impacts;
- In view of the 2024 summit, support harmonization of co-financing standards and adoption of best global practices that are tailored and adapted to local contexts, among PDBs and its stakeholders to increase efficiency and scale of collaboration.

ANNEX: List of deliverables

Declarations

- Joint Declaration on the Global Green Bond Initiative (GGBI) : A common objective between AECID, CDP, EBRD, EIB, IDB, IDB Invest, KfW, Proparco (on behalf of AFD Group), GCF and signed in presence of the European Commission
- Declaration on Art and Development
- Joint statement by a selection of national PDBs on their intention to align their operations with national long term strategies (LTS)
- The Cartagena Ocean Action Declaration: Public Development Banks call for Action on sustainable blue finance to deliver positive action for the ocean. A commitment to work together towards the UN Ocean Conference 2025 to foster protection, restoration and sustainable use of marine resources.
- Joint Declaration of Intent on Gender Equality, Inclusion and Diversity in Latin America and the Caribbean between CAF and KfW
- Joint Declaration by the Multilateral and Bilateral Development Institutions for the Global Enhancement of Accountability and Transparency in the Green and Sustainable Bond Market between IDB, EIB, KfW and AFD.
- Joint Declaration of the Coalition for sustainable development through sport

Reports

- IDFC position paper on SDG alignment: elements for the implementation of SDG alignment by Public Development Banks
- TCX/FiCS/Deloitte study on local currency risks
- Study Net Zero I4CE/CPI
- IDB and ALIDE's regional tool, that uses a climate tagging model which enables PDBs to identify climate projects in their portfolios to align with the Paris Agreement

- UNDP, together with a group of institutions under the Task Force for Inequality-related Financial Disclosure (TIFD) launched the report "From Fragmentation to Integration: Embedding Social Issues in Sustainable Finance"
- Announcement of the launch of the IDB-OECD study "Promoting access to financial markets to medium and growth companies in LAC" with OECD
- IFAD, IDB and Momentus Global in collaboration with the FiCS agriculture coalition presented a new study "Food Systems Finance for Resilient Futures: An MDB and NDB Collaboration Roadmap", with recommendations on how MDBs and NDBs could strengthen their collaboration to improve food system financing
- EIB presented a study assessing physical and transition risks in Latin America and the Caribbean and their impacts on banks and financial intermediaries
- IDFC first Gender mapping
- IDB's discussion paper on the idea of national infrastructure platforms to promote the mobilization of private investment in sustainable projects
- Main findings of the Report to present financing challenges of subnational infrastructure projects and the role of subnational development banks providing re-risking tool to mobilize private capital, co-published between FMDV and IDB
- "White Paper" highlighting opportunities and rules of engagement for scaling up blended finance between PDBs and Philanthropies. Co-published by CEBRI with IDB, Wings and IC4E
- IDB's "Investing in Climate Resilience: From physical climate risk maps (heatmapping) to investment opportunities in resilience – examples from of NDBs acting in Brazil and Mexico".
- EIB's climate risk for LAC report by ECON
- Presentation of joint working group recently created by ALIDE and IDB to support PDBs from LAC in their alignment with Paris Agreement
- Partnership announcement: Introduction of the recently created Green Coalition of Public Development Banks for financing the Amazon region
- IDB-AFD joint presentation to Knowledge Advisory Group of a comprehensive literature review of "Public Development Banks (PDBs) in recent years (2013 to 2023)"
- IDFC Green Finance Mapping (4-pager)

Databases

- Database on infrastructure. It provides main findings of the contribution of the PDBs in the development of private infrastructure in Latin America from 2004 to 2023.
- Update of the [PDB's database](#)