



# Finance in Common

The global summit of Public Development Banks

**MAKING  
SUSTAINABILITY  
THE NEW NORMAL**  
OF FINANCE, FROM  
ORIGINATION TO  
DEPLOYMENT,  
FROM THE FIRST TO  
THE LAST MILE

## MEMBERS

## OF THE FINANCE IN COMMON INITIATIVE

Finance in Common (FiCS) is a dialogue platform bringing together around 530 Public Development Banks. It fosters an open dialogue among its members and with key players from the international financial architecture: international organizations, central banks, governments, private sector, civil society, philanthropies, think tanks and academics.

FiCS' thematic coalitions and alliances foster peer-to-peer exchanges, knowledge sharing and craft collective solutions on key themes, from gender to social investment, water, sport, sustainable food systems, and many more.

FiCS promotes strategic initiatives to reorient the financial system towards sustainability, positioning PDBs as partners of choice and seeking to align their financing with the objectives of the Paris Agreement, the UN SDGs and the Global Biodiversity Framework.

Actions driven by FiCS members aim to accelerate a just energy transition, to boost climate finance, to protect lives and livelihoods, and to ensure that public resources reach the most vulnerable.

“

*We must get there collectively by organizing the decisive role of our Development Banks.*

”

President of France  
**Emmanuel Macron**

“

*If there is an extraordinary crisis, the instruments have to be extraordinary. We need to move from being rhetorical to building instruments that really empower life on the planet.*

”

President of Colombia  
**Gustavo Petro**

“

*Let's bring our best people together for the identification, design and financing of the multitude of projects that we will need to make, collectively, an impact. I hope that the FiCS coalition will keep on growing as a platform of doers.*

”

President of the European Investment Bank  
**Werner Hoyer**

“

*Our ambition is to build a global and seamless architecture of all public financial institutions, each positioned where their comparative advantages, guided by the twin mandate of financing the most vulnerable and mobilising for sustainable development.*

”

Chairman, Finance in Common  
**Rémy Rioux**

## FiCS KNOWLEDGE PILLAR

Since the inception of Finance in Common in 2020, **an international collective of researchers and think tanks has been generating research on PDBs** to connect practitioners with academic researchers and think tanks. It ensures policy coherence and provides expertise to practitioners, building on:

- An updated database;
- A Memo of policy recommendations for decision-makers;
- A bibliography of 140 publications and papers to help bridge the knowledge gap.

### 10 KEY FINDINGS ON PDBs

- ✓ PDBs are numerous and **financially powerful**.
- ✓ Capital Base of PDBs are generally **under-leveraged**.
- ✓ **Leveraging private sector** funding is becoming critical.
- ✓ **Measuring outcomes/impacts** is key.
- ✓ **Artificial intelligence (AI)** emerges as a **transformative** asset for PDBs business model.
- ✓ **Capital** is insufficient and could be **better allocated**.
- ✓ PDBs should have **access to sustainability assistance**.
- ✓ PDBs need to be conceived as a **global system**.
- ✓ **New regulations and standards** are needed.
- ✓ The current global development finance architecture needs to be reformed to **foster public entrepreneurship**.

## OVERVIEW

# PUBLIC DEVELOPMENT BANKS AT A GLANCE

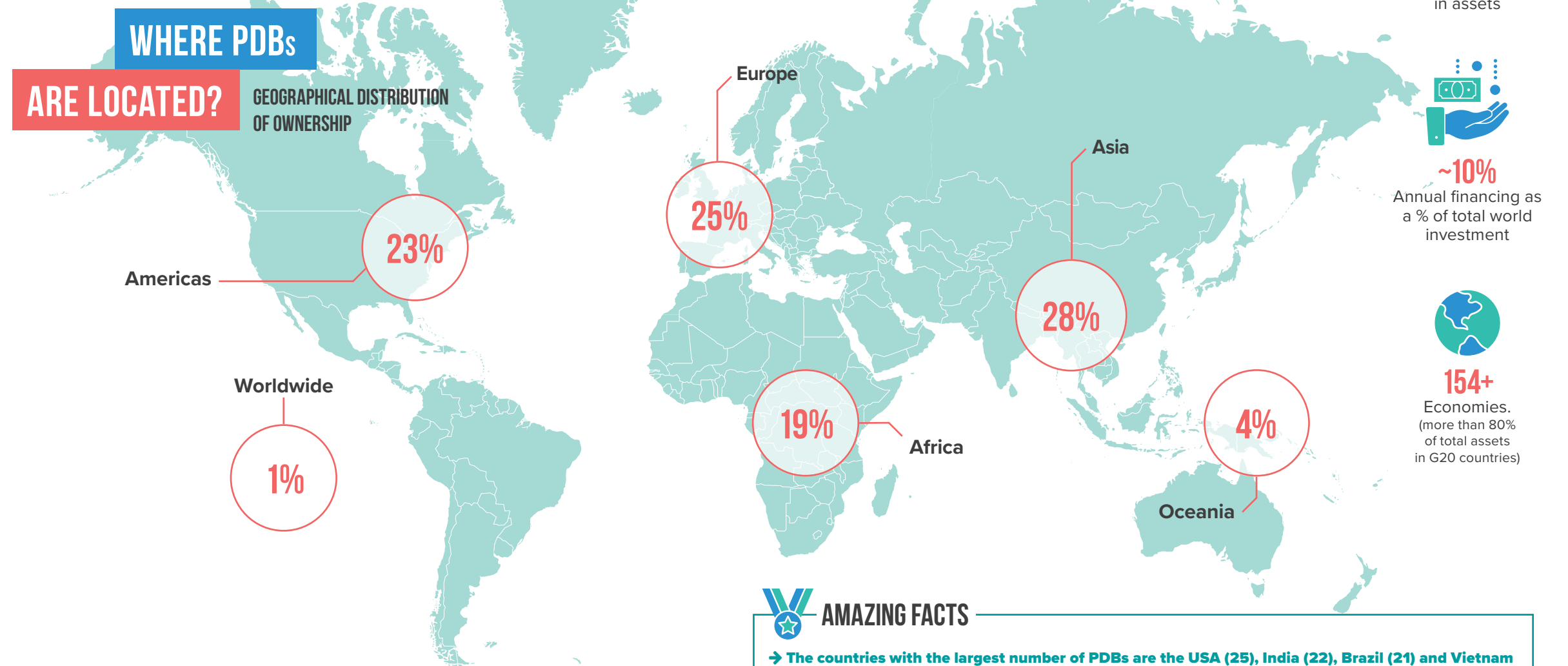
There are around 530 Public Development Banks in the world. Where are they, in which sectors, how much do they disburse?

## WHAT'S A PDB?

INSE, Peking University, and AFD have proposed a set of five qualification criteria that should be met simultaneously to qualify an entity as a PDB or Development Finance Institution (DFI):

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

90% of these PDBs are either national or subnational development banks, and the remaining 10% operate internationally.



**526 PDBs**  
in 2023



**~\$23 TRILLION**  
in assets



**~10%**  
Annual financing as a % of total world investment



**154+**  
Economies.  
(more than 80% of total assets in G20 countries)



## AMAZING FACTS

- The countries with the largest number of PDBs are the **USA (25), India (22), Brazil (21) and Vietnam (20)**. In these countries, the PDB landscape is largely dominated by subnational institutions.
- **102 new PDBs (20% of all PDBs)** have been created worldwide since the 2008 financial crisis.
- The National Bank for Financing Infrastructure and Development (**NaBFID**) is the **youngest PDB**, created in 2023 in India.
- The main mandates pursued by PDBs are: SME financing (81% of all PDBs), infrastructure (65%) and industrial sector development (64%).
- Larger PDBs tend to better integrate environment-related SDGs in their strategies, which calls for increased cooperation between development banks.

# A CREDIBLE FORUM SUPPORTING THE REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM

*FiCS brokers powerful alliances between PDBs and their stakeholders. It creates a seamless architecture, to deliver sustainable and streamlined financing. It does so through stronger collaboration, more systemic approaches, and by actively positioning PDBs as change-makers in the implementation of the SDGs.*

## GLOBAL CHALLENGES CALL FOR GLOBAL COOPERATION

Governments of the G20 have increasingly recognized the importance of the FiCS movement in the international financial architecture, acknowledging the vital role of PDBs towards the achievement of the SDGs and the Paris Agreement goals.

**FiCS offers a unified perspective and prioritizes PDBs' contributions to the G20 agenda.** On one hand, FiCS acts as a catalyst for implementing G20 recommendations, urging all PDBs to collaborate as a cohesive system, avoid fragmentation, and **amplify the transformation of the financial sector.** On the other hand, G20 countries increasingly recognize the role of PDBs in reshaping the financial landscape, leading to strengthened mandates and resources. Through participation in the G20 Technical Assistance Action Plan, **FiCS ensures that PDBs have access to sustainability support and improved metrics, facilitating the development of higher-quality projects.**

## A RELEVANT PLATFORM TO LEVERAGE ADDITIONAL RESOURCES

Public and private actors gathered in Paris in June 2023 for the **Summit on a New Global Financing Pact**, affirmed their collective determination to address the joint climate, economic and development challenges through increased global cooperation. Leaders acknowledged the unique opportunity that FiCS offers to consolidate efforts and act as a true lever for more financial resources and better coordination.

On that occasion, PDBs, including MDBs all of which have now rallied the FiCS movement, committed to **work as a system**, to enhance their cooperation and to bring forward **concrete deliverables**. These will focus primarily on **SDG alignment, innovative financial instruments as well as technical assistance and capacity building for PDBs.**

## LIVING UP TO THE PROMISES OF THE 2020 FICS JOINT DECLARATION AND DELIVERING TANGIBLE SOLUTIONS

The FiCS movement is now consolidated with the affiliation of all MDBs. **Political leaders have entrusted FiCS with strategic tasks to harmonize taxonomies and SDG alignment methodologies, strengthen members' capacities for project preparation, and scale up innovative instruments to address the debt crisis affecting so many countries.** The FiCS Cartagena Summit delivered a robust roadmap to 2024 and beyond that will position PDBs as true change makers, leading the way to sustainable development hand-in-hand with their allies.

Beyond the work of the existing thematic coalitions and working groups, which constitute a community of practice and act as specialized knowledge hubs, PDBs are now actively engaging on delivering concrete solutions around:

- ✓ the definition of commonly agreed methodologies for their institutional alignment with the SDGs, drawing on the work of the International Development Finance Club (IDFC);
- ✓ the origination and preparation of more quality bankable projects tailored to the needs of local markets and end-beneficiaries;
- ✓ the identification of innovative strategies and instruments to leverage their balance sheets, enhance their risk appetite, scale up cross-border capital flows from developed countries towards low and middle income countries;
- ✓ building up capacity, sharing knowledge and offering technical assistance support to better equip PDBs in delivering on their objectives.

*FiCS Annual Summits bring together heads and senior representatives of PDBs as well as other key stakeholders contributing to the movement, such as philanthropies, private sector, academia, think tanks and CSOs to discuss priorities, projects and financing.*

*Carrying the banner of change making: PDBs stand ready to lead and facilitate profound transformations of our societies and economies, to renew the public global financial architecture, forming a vast and seamless architecture of sustainable investment.*

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

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

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

Public Development Banks operate at sub-national, national, regional, international and multilateral levels. They share three main attributes:

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

With their public mandates and countercyclical roles, PDBs are more relevant than ever to help reconcile the climate, economic and social agendas. They represent a “visible hand” that can help mobilize and direct the finance that we need for the future that we want.

## A COURSE OF ACTION TO RESPOND TO NEW CHALLENGES

What type of collective action is required to avoid a long recession and recover from high inflation rates and supply chain disruptions? How can PDBs help economies cope with short-term employment support and long-term necessary transformation of industries? How can they implement the transition towards a low-carbon and resilient economy? These questions are at the core of the Finance in Common Initiative.

PDBs provide long-term or concessional resources, initiate knowledge-sharing and technical-assistance programs, and promote private-sector involvement. In their effort to align with the objectives of the Paris Agreement and the SDGs, a growing number of PDBs are also setting new requirements for the allocation of their own funding. However, the reorientation of global finance towards climate and SDGs requires a more coordinated effort to position PDBs as change-makers in the implementation of key global agendas.

## CONCRETE AND SUSTAINABLE SOLUTIONS

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

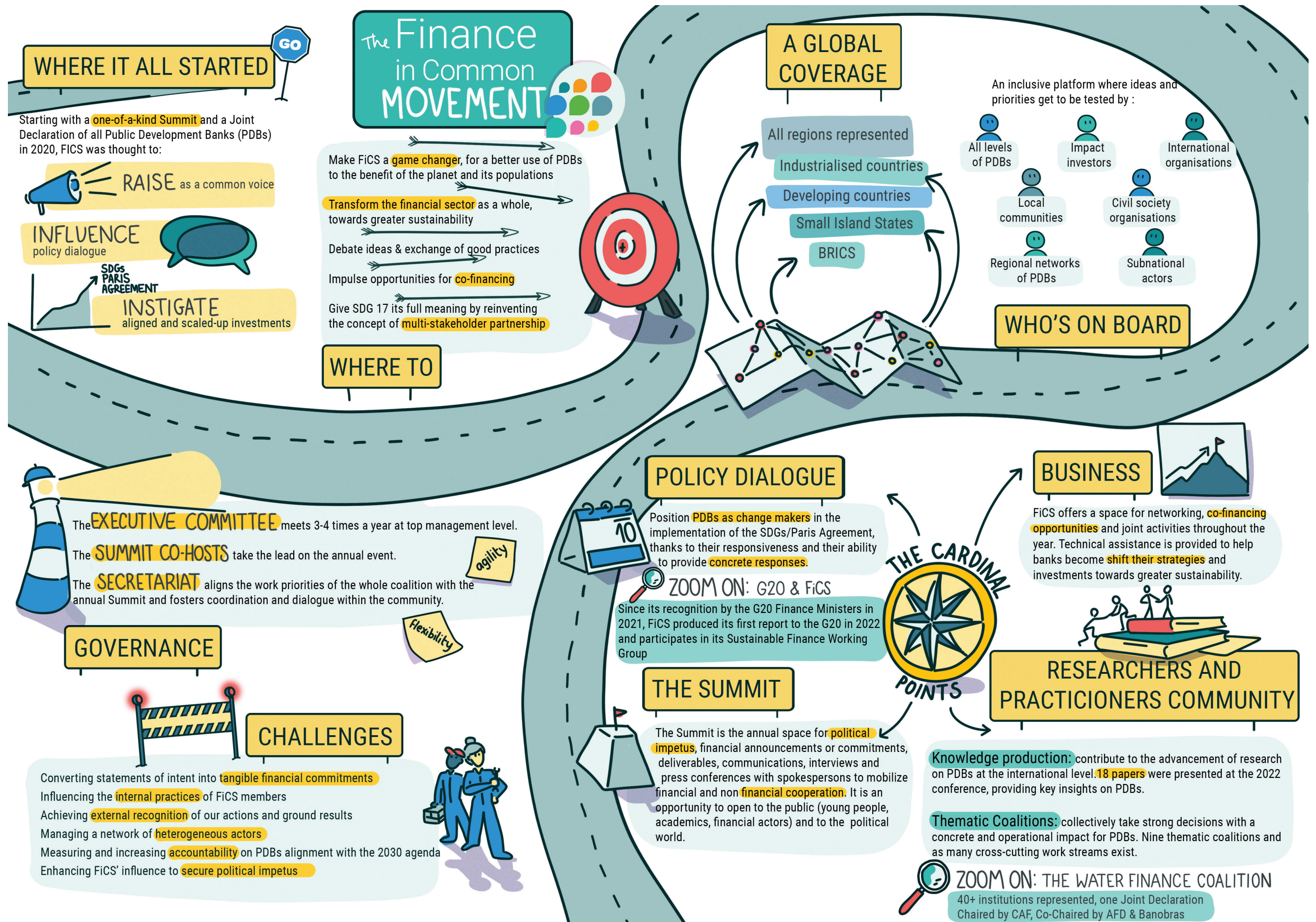
## A NEW VISION OF DEVELOPMENT FINANCING

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

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

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







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The global summit of Public Development Banks

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