

## G20 - Finance in Common (FiCS) Joint Event 20 & 21 May 2024, Rio de Janeiro

### Key takeaways and recommendations by the FiCS Chairman to the Brazilian Presidency of the G20

The event was organized jointly by the G20 Presidency, BNDES, *Instituto Clima e Sociedade* (iCS) and Finance in Common (FiCS), to discuss synergies between the G20 and FiCS agendas, to better position the role of Public Development Banks (PDBs) in the global financial architecture and integrate their strategies and operations under the G20 framework. The recommendations are meant to provide a useful input to the Sustainable Finance Working Group (SF WG), International Financial Architecture Working Group (IFA WG), Infrastructure Working Group (IWG) and the Task Force for the Global Mobilization against Climate Change (TF CLIMA) of the G20.

On that occasion, participants expressed their deepest sympathies and condolences to Brazil, particularly to the citizens of Rio Grande do Sul who have faced unprecedented and tremendous devastation at the beginning of the month, after intense rainfalls and flooding.

#### **1. The crucial role of Public Development Banks to reorient finance towards sustainability and leave no one behind could be better mobilized and organized**

The [Finance in Common](#) System gathers all Public Development Banks (PDBs)<sup>1</sup> globally with their public and private stakeholders. These institutions play a major countercyclical role and provide significant contributions to the implementation of the Paris Agreement, the Kunming-Montreal biodiversity framework and Agenda 2030 of sustainable development. With a volume of around USD 23 trillion in assets and about USD 2.5 trillion in annual investments – over 10 percent of total global investments, public and private –, FiCS brings together 530 public development banks (PDBs)<sup>2</sup>, among which 90% are either national or subnational development banks, and 10% operate internationally.

Thanks to the legitimacy of their public mandates, PDBs, from Multilateral (MDBs) to National (NDBs) can play a crucial role to face existing crises and challenges. They build bridges between governments and the private sector; between domestic and international agendas; between global liquidity and microeconomic solutions; and between short-term and longer-term priorities. These actors comprise multilateral, international, regional, national and subnational development banks, generalist or specialized. Their twin mandate, working alongside their partners, is to help: i) finance and provide the last mile to leave no one behind ; ii) make of sustainability the new normal of finance.

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<sup>1</sup> Five qualification criteria qualify PDBs : 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. See the database on the [www.financeincommon.org](http://www.financeincommon.org) website and the [2020 Declaration of all PDBs](#).

<sup>2</sup> The FiCS coalition currently comprises approximately 530 PDB members around the globe. It brings together multilateral development banks (MDBs), regional associations of public development banks (PDBs) within the World Federation of DFIs (WFDI) and the 26 members of the International Development Finance Club (IDFC). The movement also relies on an international network of researchers and think tanks, which gather data and produce studies to better understand PDBs, their work, and to guide their activities and role as SDG enablers and change makers.

Our transformations need to rely on an enlarged and complementary machine able to help originate and finance way more quality projects tailored to the needs of local markets, up to local communities and beneficiaries. PDBs can also work on coherence of action, to better characterize how each is contributing to Sustainable Development Investments.

## **2. FiCS can significantly contribute to the G20 agenda**

Since 2021, FiCS has been recognized by G20 Finance Ministers and Central Banks Governors. It has notably delivered a [Progress Report in 2022](#), contributes to the implementation of the G20 Sustainable Finance Roadmap and its G20 Technical Assistance Action Plan which secretariat is hosted by UNDP, as well as to the activities of select Working Groups. The FiCS 2023 Summit in Cartagena also hosted a specific session with a presentation of G20 priorities by the Brazilian government.

During this Rio joint event “*Shaping impactful solutions for Sustainable Finance - a dialogue between Public Development Banks and the G20*”, participants<sup>3</sup> highlighted the important synergies between the G20 and the PDBs agendas. They showcased their innovative operations, financing and institutional collaborations. They invited the G20 to provide incentives for all PDBs to work increasingly as a system, deliver the outcomes needed help turn the SDGs into reality, and mobilize the private sector.

More specifically, G20 delegates, PDBs and their main stakeholders discussed in Rio the following issues and recommendations.

### **On the Global Financial Architecture**

- The International Financial Architecture reform legitimately focuses for now on the Bretton Woods institutions and the MDBs’ system. Participants invited the G20 to also consider the rest of the architecture, meaning all the institutions gathered within FiCS, provide guidance and incentives to this wider group and increase the traction of G20 decisions.
- Participants welcomed the ongoing work between MDBs, notably the *G20 IFAWG Roadmap towards better, bigger, and more effective MDBs*, the *MDBs Marrakech Agenda* and the recent *MDBs viewpoint note*, that include MDBs’ willingness to work as an enlarged system embarking their peers and fully playing their role as multilateral platforms.
- Participants stressed the importance of the recent IMF board decision about SDR reallocation through MDBs balance sheets and reminded that the initial proposal made by the African Development Bank in May 2021 meant to help refinance other African PDBs that could rely on the credibility and rating of their multilateral regional platform.
- They invited G20 governments to envisage a capital adequacy review (CAF) and balance sheet optimization work at the perimeter of FiCS.
- Participants asked for a more open architecture and a single, while demanding, accreditation process to ease access to resources from key multilateral funds, notably the Green Climate Fund, the Global environment Facility, the Adaptation Fund, the Loss and Damage Fund, the Climate Investment Funds, the Global Partnership on Education, the Pandemic Fund and the Global Fund.

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<sup>3</sup> See Annex

- Participants mentioned the importance of capital markets for financial mobilization, and the need to reduce fragmentation between the international and national levels. They invited to work to make PDBs a specific asset class. Coordination between public and private financiers should be encouraged in this perspective. Going forward, the balance sheet of a PDB aligned with the SDGs could allow to maximize its leverage.
- Participants noted that linkages could be increased between FiCS and other global coalitions, such as NGFS, GFANZ and ISSB. The G20 could set a mandate to all four of them to help streamline, assist each other and propose a doctrine and taxonomy on sustainable finance.
- They welcomed the organization by UNDESA of the UN Financing for Development Conference in July 2025 in Spain, to which FiCS has been mandated to actively contribute.

### **On country platforms**

- PDBs endorse and support the country platform approach, as it can significantly enhance cooperation country ownership, financial mobilization and impact in achieving the Sustainable Development Goals (SDGs) and aligning with the Paris Agreement. PDBs want to play a role, both upstream and downstream, to help structure country platforms.
- To emphasize country ownership, National Development Banks (NDBs), following the guidance of their governments and inserted within the FiCS network, provide unique contributions to ensure national priorities and perspectives and are at the forefront of development initiatives. Where appropriate, they can play a stronger role to structure the operational and financial dimension of country platforms.
- NDBs play a crucial financial and operational role in the development and implementation of country platforms by connecting various stakeholders, including governments, private sector, civil society, amongst others, and aligning SDGs with national development plans and policies. PDBs are particularly well positioned to understand the social and political contexts necessary for a just transition. They bring valuable local knowledge and experience, ensuring that development efforts are tailored to the specific needs and circumstances of each country.
- NDBs make significant contributions through local currency financing, serving as a major source of such funds. By working closely together with MDBs and other international partners and employing innovative financial mechanisms such as guarantees and risk-sharing instruments, NDBs help reduce the cost of capital and mitigate currency risk.
- The active involvement of PDBs in country platforms can contribute to development finance institutions working as a system, complementing in a powerful manner the ongoing work on MDBs reform agenda.
- Looking ahead, PDBs are committed to contributing to the G20 process, supporting country platform initiatives in the pursuit of national and global goals. This collaboration will further our collective efforts to achieve sustainable and inclusive development worldwide.

### **On concessional and innovative financial solutions for Biodiversity and Climate**

- The necessity of a global collaboration effort was stressed to address the knowledge gaps that exist in combining Biodiversity and Climate efforts, and advancing nature-based innovations, including a platform on biodiversity.

- Members asked for clear guidance and expectations on the metrics necessary to prove additionally and fulfilling various policy requirements for climate finance projects, particularly in developing countries. They suggested to adopt on a global level the *MDBs-IDFC Common principles for climate finance*, to facilitate better understanding and involvement of private finance in the climate sector.
- They underlined the role of PDBs to develop just transition plans, policies and programs, including gender equality considerations.
- FiCS proposes that the G20 encourages countries to explicitly mention the role of PDBs, notably national and subnational, in the assessment, the design and the implementation of the national green investment strategy in *Nationally Determined Contributions (NDCs)*, *Long-Term Strategies (LTS)* and *National Biodiversity Strategies and Action Plans (NBSAPs)* to be submitted to the UNFCCC for COP30 in Belem and COP16 in Cali.
- They suggested major climate funds to create a “fast track” for banks to actively develop the necessary policies to achieve accreditation. This would alleviate the burden on banks and ensure that the bank adjustments are made in a thoughtful manner. PDBs should recognize and support each other's standards and reporting requirements to reduce complexity and promote co-financing.
- They welcomed the *FiCS Financial Innovation Lab*, led by IDB and CPI in connection with other innovative tools in member institutions, which stands ready to host new ideas and help elaborate and disseminate them at the perimeter of FiCS, for now Climate Resilient Debt Clauses, Debt for Nature Swaps, Voluntary Carbon Markets and Local currency risks management mechanisms.
- PDBs should invest more in Carbon Markets to help provide the expected quality and integrity. Participants made a parallel with their role as initiators and standard-setters to build the Green Bond Market previously. PDBs can play a crucial role in setting the proper standards and market infrastructures, notably when the discussion about article 6 of the Paris Agreement will be finalized hopefully by COP29 in Baku, and in helping originate quality projects and credits as part of the operations they are accompanying. The G20 should set carbon prices and biodiversity prices, and support project accreditation.
- Participants encouraged further support in “greening” existing PDBs or transforming existing PDBs into green banks, through technical assistance funded by willing philanthropies, MDBs and bilateral DFIs. They mentioned the model of the FiCS Coalition for agricultural PDBs.
- PDBs can enhance mitigation and adaptation finance by leveraging local currency solutions and risk mitigation instruments to attract domestic private capital. FiCS and IDFC will work with TCX to develop for the FiCS 2024 Annual Summit a capacity building program to strengthen currency risk management combined with a USD 500m concessional hedging program to catalyse local currency indexed lending and reduce currency risk exposure of PDBs.

#### **On increasing blended finance and private capital mobilization for resilient infrastructure**

- PDBs call the G20 to take concrete actions to release and incentivize more private capital to flow into infrastructure gaps. The main binding constraints are more and better upstream support for project preparation and capacity building, increased provision of highly catalytic capital, and friendly regulation.

- On upstream and technical assistance, we need to generate way more bankable projects for private capital to invest. This issue of origination should be part of the blended finance spectrum more forcefully, as well as the issue capacity building, notably for national public banks. Participants asked G20 governments to allocate more grants for sustainable infrastructure project preparation. They proposed a global program of capacity building and staff secondments between PDBs, DFIs, possibly with private developers. They also welcomed the expansion of databases on blended finance projects and opportunities, including SOURCE.
- On risk taking and catalytic structures, participants highlighted the need to go for the “*high hanging fruits*”, calling for increased capital for first and second loss, as well as guarantees. They also noted the benefits for donors to allocate a greater share of concessional capital to de-risking mechanisms, as they provide a more efficient and catalytic option to the “*dollar-in-dollar-out*” model that is most prevalent in the current architecture.
- In terms of regulation, participants noted the role of governments in easing constraints and setting incentives for blended finance transactions to be scaled-up, including via adjusted capital requirements, specific targets for PDBs on the use of catalytic capital, and incentives for philanthropies to increase their share of de-risking investments.
- Participants also proposed the development of a taxonomy of blended finance transactions and a clear division of labour within FiCS’ members to speed up infrastructure financing: NDBs focusing on origination and co-financing ; regional banks investing in aggregation and syndication platforms to stimulate secondary markets ; and MDBs developing a Global toolkit for sustainable infrastructure notably, guarantee schemes especially to cover political and foreign exchange risks.
- There was emphasis on the need for increased access to the *Global Emerging Market Risk Database (GEMs)* to share data with ratings agencies for lowering the overall risk perceived by international private investors. Participants proposed to support development labels like *Fast Infra* and share SDG guidelines with investors.
- PDBs commit to further develop a joint agenda for action on blended finance and private capital mobilization for resilient infrastructure at the occasion of the next *G20 Infrastructure Investors Dialogue* organized by the G20 Brazilian Presidency and the *D20 Long-Term Investors Club (D20-LTIC)* with the aim of receiving an official task by the G20 Finance track to deliver a FiCS report under the 2025 South African G20 Presidency with key recommendations on the above-mentioned challenges from PDBs perspective.

#### **On scaling local and subnational finance**

- Cities play a crucial role for sustainable development and the SDGs won’t be achieved without their contribution. Participants supported the creation of a *Green Cities Guarantee Fund* to facilitate cities’ access to timely and affordable finance. Guarantees will back up operations with cities, municipally-owned utility companies, and private sector investing in urban projects. This instrument, among others, could help harmonize criteria and standards for meeting funding requirements from diverse funders.

- Incentives should be added to attract private sector involvement e.g. Brazil tax exemptions for investment in sovereign bonds and the Eco Invest program now being developed by IDB, World Bank, and Brazil. Based on the Brazilian example, PDBs could be asked to develop tailor-made innovative financial arrangements with local and external financial stakeholders (central banks, national treasuries, MDBs, etc.) to unlock green and resilient investment, addressing the main existing financial constraints identified at national level (exchange rate instability, high level of cost of capital, lack of international funding, rating ceilings, etc.)
- Participants proposed to enhance the provision of direct or indirect technical assistance especially for small- and medium-sized cities by developing diagnostics on city capacities to undertake and execute sustainable finance, working with cities from plan and project conception to execution and implementation, and consider seconding personnel to support cities
- They encouraged to provide cities with information about relevant funding opportunities, and assist ensuring continuity in their plans through stronger staffing
- Participants called for strengthened capacities to develop granular, subnational data, and to facilitate the dissemination of knowledge management schemes between countries.

### **3. The G20 can remove bottlenecks to unlock PDBs contribution**

Bottlenecks remain and prevent for now PDBs from delivering fully and efficiently the above-mentioned recommendations. Therefore, levers could be further activated by G20 shareholders to unleash PDBs' full potential and structure their network:

- On our mandates, G20 members should explicitly integrate the contribution to the goals of the Paris Agreement and SDGs. They should also explicitly require us to shift away from investments that are not compatible with a just and inclusive transition towards sustainable, low-carbon and resilient development trajectories. In this perspective, participants welcomed the creation of a *FiCS SDG alignment coalition*. With a focus on operations, strategies and institutions, it intends to further define and mainstream sustainable development investment principles among FiCS members and beyond.
- From a financial perspective, recent reports have rightly pointed to the need to allocate more capital to MDBs, which is essential, and to improve the way these actors deliver against the SDGs. Beyond the much-needed strengthening of MDBs capacities as requested by the G20, we need to seize and strengthen the full potential of the whole PDBs ecosystem and make it pivotal for the reorientation of the entire financial system (public and private) towards sustainability.
- Governments can reinforce this momentum through capacity-building programs for PDBs, accompanying the strengthening of a comprehensive, coherent and efficient global development finance architecture.
- To finance sustainable investments, more PDBs should also have facilitated and full access to capital markets, so that PDBs could be recognized as a specific asset class.
- To enhance the credit ratings ecosystem, there is a need for a better coordination among credit rating agencies, financial regulators, private sector and PDBs active in developing countries on debt management issues, to identify opportunities to refine the methodologies of rating agencies and more realistically capture credit risks in developing and emerging markets.

- A strengthened dialogue and collaboration between PDBs and major global coalitions of financial stakeholders (NGFS, GFANZ, ISSB, Berne Union, OPSWF, etc.) would also ensure that PDBs' role and capacities are put into motion at their full capacity. Together with key multilateral funds dedicated to the main SDGs, FiCS could form a public global financial architecture, at the disposal of the G20.

**Annex: Draft list of institutions represented [alphabetic order]**

ABDE - Brazilian Economic and Developmental Association	ALIDE - Latin American Association of Development Financing Institutions
ADB - Asian Development Bank	AFC – Africa Finance Corporation
AFD – Agence Française de Développement	AFAP - Agência de Fomento do Amapá
AFEAM - Agência de Fomento do Estado do Amazonas	AIIB - Asian Infrastructure Investment Bank
BAfD - African Development Bank	BADESC - Agência de Fomento de Santa Catarina
BADESUL – Development and promotion Agency, Rio Grande do Sul	BANCOLDEX - Banco de Desarrollo Empresarial de Colombia
Banco do Nordeste, Brazil	Banpará – Bank of Pará, Brazil
Banrisul – Bank of Rio Grande do Sul	BASA –Banco da Amazônia
BDMG – Banco de Desenvolvimento de Minas Gerais	BNDES - Banco Nacional de Desenvolvimento Econômico e Social
Bloomberg Philanthropies	BOAD – West African Development Bank
BRB - Banco de Brasília	BRDE - Development Bank of the Southern Region, Brazil
BSTDB – Black Sea Trade & Development Bank	Caixa Economica Federal
CAF - Corporación Andina de Fomento	CDB - China Development Bank
CDP - Cassa Depositi e Prestiti, Italy	CDG - Caisse des Dépôts et de Gestion, Morocco
CDRI - Coalition for Disaster Resilient Infrastructure	CNP Assurances Group
CEBRI - Brazilian Center for International Relations	CPI – Climate Policy Initiative
Consulate of Norway	CVF-V20 - The Climate Vulnerable Forum and the Vulnerable Twenty
C40 - Cities Climate Leadership Group	DBN - Development Bank of Nigeria
DBSA – Development Bank of Southern Africa	Development Finance Corporation, Belize

Development Bank of Rwanda	EBRD - European Bank for Reconstruction and Development
D20-Long term Investment Club	E3G - Third Generation Environmentalism Ltd (Think Tank)
EIB - European Investment Bank	Faculty of Philosophy, Languages and Human Sciences, University of São Paulo
FMDV - Global Fund for Cities Development	FOMENTO PARANÁ – Development Bank of Paraná, Brazil
FiCS - Finance In Common	GEAPP – Global Energy Alliance for People and the Planet
FONPLATA – Development Bank for Argentina, Bolivia, Brazil, Paraguay and Uruguay	GIZ – German Agency for International Cooperation and Development
GFANZ – Glasgow Financial Alliance for Net Zero	Greenpeace
Grantham Research Institute, London School of Economics	IFAD - International Fund for Agricultural Development
IDFC – International Development Finance Club	IDB – Inter-American Development Bank
iCS - Instituto Clima e Sociedade, Brazil	Instituto Guetto
Instituto Igarapé	JBIC – Japan Bank for International Cooperation
Impacta – Finanças Sustentáveis	Ministry of Finance, Brazil
KfW - Kreditanstalt für Wiederaufbau, Germany	Ministry of Finance, France
Ministry of Finance and Economic Planning, Ghana	Ministry of Foreign Affairs, Portugal
Ministry of Foreign Affairs, UK	Municipality of Niterói (Prefeitura de Niterói)
Montreal Group / Development Bank of Canada	Ocean Pact (OceanPact Serviços Marítimos)
OPEC Fund for International Development	PT-SMi - PT Sarana Multi Infrastruktur (Indonesia)
OECD - Organisation for Economic Co-operation and Development	Pro-Natura International
Presidency of Brazil (Presidência da República)	Secretaria de Ciência, Tecnologia e Inovação de Goiás (Secretariat of Science, Technology and Innovation of Goiás)
Piauí Fomento - Agência de Fomento e Desenvolvimento do Estado do Piauí	Secretaria Municipal de Relações Internacionais de São Paulo
Secretaria Municipal de Relações Internacionais de Rio de Janeiro	Standards and Poors – Global Ratings
SIS - Soluções Inclusivas Sustentáveis	TDB - Eastern and Southern African Trade and Development Bank



TCX Fund	U.S Consulate General in Rio de Janeiro
The Nature Conservancy	UN Women
UN SDSN - Sustainable Development Solutions Network	VEB.RF – Vnesheconombank, Russia
University of Pennsylvania	Wise Responder
Voluntary Carbon Markets Integrity Initiative (VCMI)	World Bank
World Animal Protection Brazil	WRI - World Resources Institute, Brazil