FINANCE IN COMMON SUMMIT:

Shaping impactful solutions for Sustainable Finance

instituto CLIMA e SOCIEDADE

Finance in Common

ABOUT ICS

iCS is a philanthropic organization that supports projects and institutions that are dedicated to combating climate change in all the regions of Brazil. Much more than a financing intermediary, iCS promotes the dialogue between sectors, aggregates knowledge and establishes networks of information, intelligence and cooperation, in a combination of strategies designed to promote greater Brazilian ambition in the climate agenda.

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KEY DISCUSSION POINTS AND SUMMARY OF RECOMMENDATIONS

This document presents a summary of the recommendations made during the Finance in Common Summit, organized jointly by the G20 Presidency, the Brazilian Development Bank (BNDES), Instituto Clima e Sociedade (iCS) and Finance in Common (FiCS), on May 20th and 21st, 2024, in Rio de Janeiro, Brazil.

The Summit's main goal was to discuss the role of Public Development Banks (PDBs) in promoting sustainable finance initiatives aligned with the climate agenda, while also identifying synergies between the agendas promoted by FiCS and the G20 mandate.

For two days, representatives from PDBs, Multilateral Development Banks (MDBs), National Development Banks (NDBs), civil society organizations, UN agencies and G20 working groups discussed solutions to tackle the main challenges that hinder the development of sustainable finance initiatives globally.

The discussions focused on four main topics: "Concessional and Innovative Financial Solutions for Climate and Biodiversity", "International Financial Architecture and Country Platforms", "Increasing Blended Finance and private capital mobilization for resilient infrastructure" and "Scaling up subnational finance".

While there are strong synergies between FiCS and G20's agendas, there is a clear need to align not only their practices, but also concrete solutions that can help unlock the PDBs potential to scale up sustainable finance initiatives globally. In this sense, this document aims at summarizing a set of recommendations to the G20 that derive from the discussions held during the FiCS Summit, with the goal of proposing clear guidelines that will help shape the global financial architecture so it is more aligned with the needs of a world challenged by climate change, growing inequalities and socioeconomic disparities between developed and developing countries.

CHALLENGES AND RECOMMENDATIONS

1. GLOBAL FINANCIAL ARCHITECTURE AND COUNTRY PLATFORMS

In order to better respond to global development challenges, the G20 shall issue recommendations to emphasize the needs to reform the Global Financial Architecture to address the long-standing limitations that hinder developing countries from achieving their development goals in a sustainable manner. Leaders need also to recognize the importance of country platforms for mobilizing investments, defining investment priorities and support the creation of project pipeline.

While debating the role of PDBs in promoting country platforms and discussing key points for the reform of the global financial architecture, the main challenges identified revolved around the need for clearer guidelines on how to structure and implement country platforms and the transaction costs that hinder PDBs capability to access resources on global markets.

There has been increasing focus on country platforms as potentially playing a key role in mobilizing resources at scale to deliver on urgent national goals. Country platforms can enhance coordination efforts between both private and public financiers at the national level as well as improve international development cooperation significantly.

For governments and partners embracing collaborative, risk-informed and adaptive ways of working, these platforms offer a more effective model for collective action towards the SDG and Paris goals. This is particularly relevant in the current fiscally constrained context which requires the allocation of available resources to be optimized.

However, there is still room for improvement regarding a common understanding of what country platforms are and how they can be designed to support countries in their efforts to meet climate and biodiversity-related goals. Even though country platforms have great potential in promoting shared solutions for global issues such as climate change – because of their collaborative nature –, it is not clear how they should be designed and implemented. The lack of clear guidelines and of common operational principles hinders their development, and the G20 could be the space to discuss solutions that will unlock their potential.

Regarding the reform of the global financial architecture, PDBs have a clear interest in simplifying the access of resources from MDBs. The current momentum on the reform of MDBs represents a key opportunity to reflect on a broader redefinition of the global financial architecture to include all PDBs – especially NDBs, which have the mandate to implement national economic and development plans as well as Nationally Determined Contributions (NDCs).

Considering the domestic markets, PDBs make significant contributions through local currency financing, serving as a major source of funds and stimulating the development of the local private sector. By working together with MDBs and employing innovative financial mechanisms such as guarantees and risk-sharing instruments, PDBs help reduce the cost of capital and mitigate currency risk. In this sense, the reform of the global financial architecture is key to allow PDBs and NDBs to access funds from multilateral sources through simplified accreditation processes, thus lowering transaction costs and channeling more resources to developing nations.

To tackle the above-mentioned challenges, a set of recommendations are proposed:

I. **Commitment of PDBs to support country platforms in the pursuit of national and global goals**, collaborating with the G20 to strengthen the collective efforts to achieve sustainable and inclusive development worldwide. PDBs want to play a role, both upstream and downstream, to help structure country platforms.

II. **Country platforms allow mobilization from both public and private financial resources**, while supported by an investment and financing plan that encompasses the development of innovative financial mechanisms – such as blended finance – to leverage resources.

III. **NDBs should play a stronger role to structure the operational and financial dimension of country platforms.** This is because, following the guidance of their governments and inserted within the FiCS network, they can provide unique contributions to ensure national priorities and perspectives and are at the forefront of development initiatives.

IV. **PDBs should also play a stronger role in the development of country platforms, since they 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.

V. **NDBs can help reduce the cost of capital and mitigate currency risk, since they 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, they can help unlock financing opportunities for developing countries.

VI. **PDBs to be actively involved in country platforms to contribute to development finance institutions working as a system**, complementing in a powerful manner the ongoing work on MDBs reform agenda.

VII. **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.

VIII. **Development of a common framework for the design and implementation of country platforms**, including:

   A. Setting an agreement on how the respective mandates of the actors and stakeholders involved in platforms interact, and what their respective roles are;

   B. Understanding what ensuring that platforms remain “country-driven and country owned” means in practice;

   C. Developing a common understanding of what integrating the distributional and social justice aspects of the climate transition means in practice for the design of platforms;

   D. Agreeing on how to ensure that country platforms bring together financial, policy, and technical support in a coordinated manner – with PDBs playing a key role in providing operational assistance to these needs; and

   E. Robust understandings of specific national contexts.

IX. **G20 should also consider the rest of the international financial architecture – and not only the Bretton Woods institutions and the MDBs’ system –,** meaning all the institutions gathered within FiCS, provide guidance and incentives to this wider group and increase the traction of G20 decisions.

X. **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.

XI. **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.

XII. **G20 should envisage a capital adequacy review (CAF) and balance sheet optimization work at the perimeter of FiCS**, to improve MDBs' access to multilateral funding sources.

XIII. **The reform of the global financial architecture should allow 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 (GCF), the Global Environment Facility (GEF), the Adaptation Fund, the Loss and Damage Fund, the Climate Investment Funds, the Global Partnership on Education, the Pandemic Fund and the Global Fund.

XIV. **Reduction of fragmentation between the international and national levels, so as to allow financial mobilization from capital markets**. Also, participants highlighted that PDBs should be seen as 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 it to maximize its leverage.

XV. **G20 should set a mandate to FiCS, Network for Greening the Financial System (NGFS), Glasgow Financial Alliance for Net-Zero (GFANZ) and the International Sustainability Standards Board (ISSB)** to help streamline and propose a doctrine and taxonomy on sustainable finance. This would allow the harmonization between practices globally, thus increasing the potential of country platforms and creating a common ground for sustainable finance initiatives.

XVI. Lastly, **participants 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.

2. CONCESSIONAL AND INNOVATIVE FINANCIAL SOLUTIONS FOR BIODIVERSITY AND CLIMATE

To achieve Biodiversity and Climate-related targets, countries need to access funds and technical assistance so that they can build effective policies and strategies that will help them assess the gaps and opportunities for projects in these areas. In this sense, G20 shall identify the main bottlenecks and propose solutions to unlock capital allocation for biodiversity conservation and climate change adaptation and mitigation – especially through the mobilization of capital through innovative financial solutions such as blended finance mechanisms.

While debating the role of innovative financial instruments that can help lower the financing gap for climate and biodiversity initiatives, one of the main challenges identified were foreign exchange risks that hinder developing countries to access funding for this type of project. In this sense, effective management of foreign exchange risk is crucial to provide stability to initiatives and involves using financial instruments like derivatives and swaps to limit currency risks. On the other hand, there is a growing need for policy support that can guarantee liquidity, and developing domestic markets can help mitigate risks related to this issue.

This is because, when borrowing locally, high rates are a barrier for PDBs that need to access resources to fund climate and biodiversity initiatives. At the same time, international borrowing involves expensive hedging, complex currency risk mitigation products and sophisticated financial instruments that are often not viable.

In this sense, PDBs can play a key role in collaborating with MDBs to develop solutions that will allow them to access funds in a more efficient manner. MDBs often offer low-interest financing and guarantees and can also help develop innovations in securitization and portfolio swaps, for example, which can help overcome the challenges faced by PDBs.

Another important challenge identified was the models provided by Credit Rating Agencies, which penalize ratings based on the location of the country – thus harming developing countries' capacity to access resources on international markets. This ends up increasing the funding cost and reducing institutions' leverage capacity, hindering PDBs from accessing funds with competitive rates and enhancing the cost of climate and biodiversity initiatives in these countries.

Overall, the discussions focused on the challenges that restrain developing nations to access financing opportunities on global markets – ranging from MDBs, climate funds and international and private financial institutions. To tackle these challenges, a set of recommendations are proposed:

- **Promotion of regular capital injections from the G20 to climate-vulnerable countries**, to amplify the access to resources and scale up initiatives that can help mitigate climate-related challenges while also contributing to the socioeconomic development of said countries.
- **Creation of a dedicated facility by the G20 to facilitate pass-through or on-lending from NDBs to sovereign governments**, to provide stable and long-term financing that will allow developing countries to act upon their Nationally Determined Contributions (NDCs) and reach their climate mitigation/adaptation and biodiversity conservation targets.
- **Global collaboration effort to address the knowledge gaps that exist in combining nature and climate efforts**, advancing nature-based innovations in a cooperative manner through knowledge exchange, technical assistance and the development of cooperation agreements that can help promote scalable and efficient climate solutions.
- **Creation of a International Contingency Plan for Climate Disasters**, including:
  - An international fund composed of international resources (both grants and concessional loans);
  - Well-established governance for quick decision-making;
  - Well-established criteria to access the fund and defined amounts proportional to the extent of the disaster and country limits;
  - A multidisciplinary committee for technical assistance and for adapting general solutions for each context;
  - International experience shared by expert groups; and
  - Available support teams and equipment (e.g. power generators, rescue equipment and others) to immediately respond to climate disasters.
- **Provision of clear guidance and expectations on the metrics necessary to prove additionality and fulfill various policy requirements for climate finance projects**, particularly in developing countries. These goals should be subject to post-loan approval rather than preconditions, regardless of the nature of the resources – whether they come from international funds such as the GEF and GCF, or whether they come from MDBs and other financial institutions.
- **PDBs to develop just transition plans, policies and programs, including gender equality considerations.**

- **Recommendations from the G20 to major climate funds early preparation funding to support banks to actively develop the necessary policies to achieve accreditation,** alleviating the burden on banks and ensuring that the bank adjustments are made in a thoughtful manner. Major climate funds – such as the GEF and GCF – could create a “fast track” for PDBs and NDBs to actively develop the necessary policies to achieve accreditation. Additionally, PDBs should recognize and support each other’s standards and reporting requirements to reduce complexity and promote co-financing.

- **Adoption of the IDFC taxonomy for climate finance – “Common principles for climate finance” – on a global level**, so as to facilitate better understanding and promote the involvement of private finance in the climate sector.

- **Support of ongoing policy changes in domestic markets** to lower interest rates and build financial systems that can effectively support climate projects – thus decreasing the perceived risk of financing PDBs and NDBs in developing countries.

- **Reduction of transaction costs through a streamline of reforestation program processes** by implementing certifications, fostering legal convergence, establishing platforms, and embracing digitalization to strengthen methodologies and standards to monitor and evaluate the impact of climate and biodiversity projects.

- **G20 to discuss and set carbon and biodiversity credits prices** while also supporting project accreditation and providing essential standards and market infrastructures – particularly as discussions regarding Article 6 of the Paris Agreement progress. In this sense, there could also be a collective effort to create and improve methodologies to price and value bioeconomy products and activities.

- **G20 should encourage countries to explicitly mention the role of PDBs, notably national and subnational, in the assessment, design and 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 Belém and COP16 in Cali.

- **PDBs should invest more in Carbon Markets to help provide the expected quality and integrity.** 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.

- Participants welcomed the creation of **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.

- **Further support in “greening” existing PDBs or transforming existing PDBs into green banks**, through technical assistance funded by willing philanthropies, MDBs and bilateral DFIs. The FiCS Coalition model could serve as an example 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 500mi concessional hedging program to catalyze local currency indexed lending and reduce currency risk exposure of PDBs.

3. INCREASING BLENDED FINANCE AND PRIVATE CAPITAL MOBILIZATION FOR RESILIENT INFRASTRUCTURE

Blended finance structures have great potential in helping mobilize private capital towards the achievement of global goals. G20 shall issue a firm commitment to strengthen financial innovative instruments – such as blended finance mechanisms – capacity to leverage concessional capital through the mobilization of private capital, with a special focus on the promotion of Nature-based Solutions (NbS). In this sense, blended finance can be the tipping point for optimizing resource allocation for resilient infrastructure – whether through the implementation of NbS or not –, since there is a growing need for building infrastructure that can resist and recover from external shocks caused by climate change.

The discussion highlighted four main challenges that hinder countries from building infrastructure that is resilient to extreme climate events: financing climate resilient infrastructure; resource mobilization and creating projects for cross borders infrastructure; and mitigation of foreign exchange risks for private investors.

While in developed countries public investments are not only at the core of resilient infrastructure projects, but also have the capacity to attract private sources of capital, in developing nations the reality is not the same. Especially in the developing world, resilient infrastructure projects are often not as attractive for private investors because of the low return rates on this type of investment and the inability to understand and correctly assess its long-term non-financial returns.

As a result, MDBs and PDBs play a key role in attending the demand for investment in resilient infrastructure in developing countries. However, in order to scale investments in this area it is necessary to mobilize private capital, and blended finance can be an effective tool in addressing this issue and unlocking private investments towards resilient infrastructure – and MDBs and PDBs are at the core of this.

Blended finance can be a tool to create de-risking mechanisms for attracting private capital and creating greater catalytic effect. In this sense, since there is an urgent need to scale investments in resilient infrastructure, donors could help identify and invest in projects with higher risk but potentially high impact, increasing the allocation of capital for first and second loss and developing guarantee mechanisms that are suited for this type of investment – creating incentives to attract private investors for resilient infrastructure projects.

The discussions also highlighted the importance of philanthropic capital for structuring blended finance mechanisms and providing technical assistance to the development of resilient infrastructure projects. Philanthropies were also encouraged to shift focus from assistance to impact, providing education on blended finance and utilizing grants for de-risking and concessional models.

Finally, the discussion touched upon exploring blended finance for Nature-based Solutions (NbS) as resilient infrastructure projects. NbS, which leverages natural systems to provide infrastructure services (e.g., flood protection, water purification), often faces challenges in attracting funding due to their perceived risks and longer-term returns compared to traditional infrastructure. In this sense, a major hurdle for NbS is the lack of liquidity, or the difficulty of converting assets into cash quickly. However, blended finance offers creative solutions to address this issue: by combining public and private funding, blended finance can de-risk NbS projects and attract private investors who might otherwise be hesitant due to the uncertainty of financial returns.

Overall, the discussions focused on the challenges that restrain investment flows to resilient infrastructure, and how blended finance can be a viable solution to address this issue. To tackle the challenges identified, a set of recommendations are proposed:

I. **Development of a taxonomy of blended finance transactions and a clear division of labor within FiCS' members to speed up resilient infrastructure financing**, with 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, including the creation of guarantee schemes especially to cover political and foreign exchange risks.

II. **Creation of a global toolkit for sustainable infrastructure and risk mitigation tools**, stressing the importance of data sharing with rating agencies, especially for fragile countries and for climate-related issues – since currently there is not a clear assessment of how climate change can increase risks for infrastructure.

III. **G20 should take concrete actions to release and incentivize more private capital to flow into infrastructure gaps, with a clear message on the urgency of investing in resilient infrastructure in countries that are more vulnerable to extreme climate events**. The G20 could also help unlock solutions for the main binding constraints for investments in infrastructure: more and better upstream support for project preparation and capacity building, increased provision of highly catalytic capital, and friendly regulation.

IV. **Increase capital allocation capital for first and second loss, as well as guarantees, for blended finance mechanisms.** These mechanisms can be benefited if donors can 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.

V. **G20 governments should allocate more grants for the preparation of sustainable and resilient infrastructure projects**, creating a global program of capacity building and staff secondments between PDBs, Development Financial Institutions (DFIs) and private developers. This is because, on upstream and technical assistance, there is a 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.

VI. **G20 should put blended finance at the core of its agenda**, sending a clear message on the importance of innovative financial mechanisms developed by MDBs and PDBs that could help unlock private investment to climate adaptation – especially resilient infrastructure projects.

VII. **Governments should ease constraints and set incentives for blended finance transactions to be scaled-up**, including via adjusted capital requirements, specific targets for PDBs and NDBs on the use of catalytic capital, and incentives for philanthropies to increase their share of de-risking investments.

VIII. **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 regarding resilient infrastructure projects in developing countries.

IX. **Creation of a specific global database for emerging markets to create transparency** on ratings, investments and sustainable finance initiatives and lower the risk perceived by private investors. This should be backed up by a common taxonomy for blended finance operations.

X. **PDBs commitment 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 the PDBs perspective.

4. SCALING LOCAL AND SUBNATIONAL FINANCE

To achieve many of the SDGs, not only multilateral institutions and federal governments are responsible for supporting development policies and initiatives: subnational entities, such as cities and local governments, also play a key role in addressing the issues that hinder the achievement of SDGs. In this sense, resource mobilization is the main challenge that needs to be addressed in order to build local capacity to face the challenges posed by climate change, and the G20 could be the political space to foster these discussions and help shape solutions to facilitate local governments' access to resources from major multilateral funds.

Cities and local governments play a crucial role for sustainable development, and the SDGs won't be achieved without their contribution. The main effects of climate change – such as floods, droughts and heat waves – are localized: cities, communities and rural settlements are the most affected by extreme climate events and should be at the forefront of adaptation policies and commitments made by governments.

In this sense, the discussions of this thematic area highlighted the importance of allowing cities and local governments to access financial and non-financial resources – such as technical assistance – to better prepare for the transition to more sustainable development models and to build effective policies for climate change adaptation and mitigation.

MDBs and PDBs could play a crucial role in this: through mandates that allow for the provision of funds, they could help shape financial instruments that are tailored to local needs. But there is another important aspect of non-financial assistance that could be unlocked by PDBs and NDBs especially: these institutions bring valuable local knowledge and experience and can ensure not only that development efforts are tailored to the specific needs and circumstances of each locality, but also that local strategies are aligned with national development plans, policies and climate-related targets.

Overall, the discussions focused on the challenges that restrain local governments and subnational agents from accessing adequate sources of capital to help them adapt to and mitigate climate change effects while also promoting positive social, environmental and economic impact locally. To tackle these challenges, a set of recommendations are proposed:

I. **Creation of a Green Cities Guarantee Fund to facilitate cities' access to timely and affordable finance**. Guarantees will back up operations with cities and municipally-owned utility companies, and the private sector can invest in urban projects. This instrument, among others, could help harmonize criteria and standards for meeting funding requirements from diverse funders.

II. **G20 to provide a stronger mandate for PDBs to have a greater policy advisory role beyond being a funder on subnational finance**, since PDBs are particularly well-positioned to understand the economic, social and political contexts necessary for a just transition.

III. **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's Federal Government. 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.)

IV. **Enhancement of direct or indirect technical assistance provision, especially for small- and medium-sized cities** by:

A. Developing diagnostics on city capacities to undertake and execute sustainable finance;

B. Working with cities from plan and project conception to execution and implementation; and

C. Consider seconding personnel to support cities in sustainable finance initiatives.

V. **Providing cities with information about relevant funding opportunities**, and ensuring continuity in their plans through stronger staffing, thus expanding the capabilities and knowledge of local governments and cities and preparing them to further access funding opportunities.

VI. **Strengthening capacities to develop granular, subnational data**, and to facilitate the dissemination of knowledge management schemes between countries. Allied to this strategy, it could also be important to promote initiatives that can harmonize criteria and standards for meeting funding requirements among diverse funders.

VII. G20 to support a move away from project to program-based approaches that encompass:

A. Policy and plan development;

B. Aggregating projects within or among cities to achieve scale;

C. Outlining a range of financing instruments that mobilize concessional and non-concessional funding; and

D. Highlighting the cost of doing nothing to advocate for adaptation finance.

FINAL CONSIDERATIONS

FURTHER RECOMMENDATIONS TO STRENGTHEN THE G20 ROLE IN ADDRESSING SUSTAINABLE FINANCE

The recommendations made along this document leave out a clear message: creating networks between PDBs of different sizes, maturity stages and operational capacities is essential to unleash their full potential to support countries in their transition process. Going forward, developing more synergies between MDBs and other development banks – such as NDBs and PDBs – could contribute to ramping up regional, national and subnational investments – including from the private sector – for global development outcomes.

The G20 holds a very unique opportunity to call out for action on better, larger and quicker financial flows toward the achievement of the Sustainable Development Goals, the Paris Agreement and the Kunming-Montreal Biodiversity Framework. To unlock this, the recommendations proposed within the scope of the four thematic areas highlight the importance of the G20 acknowledging the role of PDBs, NDBs and MDBs in supporting the development of sustainable finance initiatives through the deployment of catalytic capital – mainly in developing countries.

To better address the issues at stake, a final set of recommendations is proposed:

- **G20 members should explicitly integrate the contribution to the goals of the Paris Agreement and SDGs**. They should also explicitly require countries and DFIs 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, the creation of a FiCS SDG alignment coalition could be key to address the urgency of action. With a focus on operations, strategies and institutions, it intends to further define and mainstream sustainable development investment principles among FiCS members, and beyond.
- **The PDBs ecosystem should adopt a more collaborative approach, which could be fostered by FiCS and its members and supported by the G20**. 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, there is a clear need to seize 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 and NDBs**, accompanying the strengthening of a comprehensive, coherent and efficient global development finance architecture – which should be supported by the G20.
- **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.
- **Building on the momentum of the reform of the international financial architecture, there is an opportunity to discuss the enhancement of the credit**

ratings ecosystem. To achieve that, there is a need for 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.

- **Recognizing the importance of capital markets for financial mobilization, there is a clear need to strengthen this ecosystem by reducing fragmentation between the international and national levels**. Coordination between public and private financiers should be encouraged, to develop common assessment and disclosure principles.

Finally, a strengthened dialogue and collaboration between PDBs and major global coalitions of financial stakeholders (such as 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.

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. To achieve this, there is a clear need for political coordination that can help shape new priorities and agendas in the light of the challenges posed by climate change, growing inequalities and socioeconomic disparities between developed and developing countries.

The Brazilian G20 Presidency has prioritized the upstream process of developing national economic transition plans to meet key sustainable development challenges within a broader context of financial system reform. This ambitious agenda speaks directly to current global challenges and has the potential to be further developed under the future South African and United States G20 Presidencies.