#COP28IDFC

International Development Finance Club

COP28 UAE

Press release

IDFC pavilion at COP28 in Dubaï, United Arab Emirates

For the fourth consecutive year, IDFC is organizing a pavilion in the blue zone of the COP happening in Dubai from November 30 to December 12

For its 2023 Green Finance Mapping, IDFC reports a total financing of USD$ 1.5 Trillion of green finance since 2015, with a record high of USD$ 288 Billion in 2022

Dubaï, United Arab Emirates Dec 1st 2023 - The International Development Finance Club (IDFC), the international group of 26 leading national and regional development banks, is coordinating a pavilion at the COP for the fourth consecutive year. The COP28IDFC pavilion offers the opportunity to promote IDFC key deliverables on climate agenda and provide a platform for members and partners to display their projects reflecting their collective commitments towards the Paris agreement objectives and the Sustainable Development Goals; it marks also the recent election of a co-presidency between Bancoldex and BOAD.

The Club is expecting more than 30 events co led by 9 members (AFD, BICE, BNDES, CABEI, CAF, DBSA, JICA, KfW and PTSMI) and 7 partners (MCI, I4CE, IDDRI, UNOPS, UNEHS, ETP and CPI).

Key topics as carbon market, nature-based solutions, forest conservation, urban infrastructures, agriculture, energy or blue economy are covered. The panels are also addressing the question of Paris agreement alignment, climate finance post-2025 and the role of public development banks in transforming Financial Systems for Climate and Nature among others.

IDFC Green Finance Mapping

Since 2011, IDFC has conducted a periodic mapping of member institutions' green finance contributions. In 2022, IDFC members reported a record high of $288 billion in total green finance commitments, a 29% increase from 2021. Cumulatively, green finance commitments by IDFC members surpassed $1.5 trillion since the Paris Agreement was signed in 2015. This is the result of IDFC members' unique ability to deliver green finance at scale. Mitigation finance reached the highest level to date ($245 billion), increasing by 31% over 2021. Adaptation finance also reached a record high, increasing 52% to $31.6 billion. The uptick in adaptation finance follows members' commitment to increase their adaptation finance in the IDFC State of Ambition (2021). Overall, more than half of members (14) increased their green commitments in 2022 returning to, or surpassing, pre-pandemic levels. Finance for biodiversity projects remained stable in 2022, totaling $18.2 billion.

At $78 billion in total renewable energy finance in 2022, IDFC contributes a significant portion of the $494 billion (annual average) renewable energy finance tracked globally. The largest share of renewable energy finance was for on-shore and off-shore wind, accounting for $32.8 billion (42% of

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total); solar followed as the next biggest renewable energy investment, totaling $23.7 billion (30% of total). IDFC members almost doubled their investments in renewable energy since the Paris Agreement.

Key findings:

- $288 billion in green finance in 2022, a record high
- $1.5 trillion in total green finance since 2015
- $245 billion in mitigation finance in 2022
- Adaptation finance increased 52% to a record high of $31.6 billion
- $18 billion in biodiversity finance in 2022

IDFC Green Finance Full report

Common principles on mitigation and adaptation: adoption of a new methodology

IDFC is pleased to announce the adoption of the revised version of the Common Principles on Mitigation and the updated version of the Common Principles on Adaptation. IDFC extends its gratitude to the MDBs group for the excellent cooperation shown during the process of revising and updating these common principles to align them with the evolution of climate finance and enhance their effectiveness in supporting IDFC and MDBs members' efforts in financing the climate transition.

IDFC strongly believes that these new versions of the Common Principles will facilitate access to other banks willing to adopt the principles and enhance their climate finance investments.

IDFC progress report on the State of ambition

In 2023, IDFC members were asked to complete a survey on their respective progress towards achieving the objectives of the (2021) State of Ambition. The following trends were observed:

- **IDFC reporting members have ended the provision of international public finance for new unabated coal power** generation abroad by end of 2021.
- IDFC is collectively working towards Paris Alignment, with associated institutional-level strategies and policies put in place alongside complementary climate risks assessment and project approval processes.
- Across IDFC, climate finance is rising rapidly, both as an absolute amount ($288 billion in green finance in 2022, a record high) and as a share of total investment portfolios (24% of total new commitments in 2022).
- IDFC members have to navigate their particular NDC country-context, which can lead to differentiated portfolio compositions and projects therein, with different overall institutional mandates.
- IDFC members differ in their access to financial resources, which implies certain limits and challenges for some in relation to green finance.
- IDFC members are increasingly turning to topics such as adaptation, nature-based solutions, biodiversity and loss & damage, with growing momentum to mainstream these issues into institutional objectives; however, more is needed on this front. This survey allowed to identify the fields in which the IDFC members would appreciate receiving support from the IDFC Climate & Biodiversity Facility and the IDFC Climate Working Group.

Signature of a partnership with the Initiative Mainstreaming Climate in Financial Institutions (MCI)

IDFC supports the Initiative Mainstreaming Climate in Financial Institutions, a coalition of public and private financial institutions around the globe aiming to systematically integrate climate change

considerations across their strategies, programs, and operations. With this agreement, IDFC and MCI build a joint roadmap for partnership and collaboration, based on two pillars: access to information on climate mainstreaming best practice, and knowledge sharing between IDFC members and multilateral development banks (MDBs) and private financial institutions.

> *"Since their creation, IDFC and Mainstreaming Climate in Financial Institutions have been looking in the same direction to foster dialogue and build capacity for financial institutions to progressively adapt and contribute to a sustainable future. The Initiative will support IDFC in enriching its exchanges on climate mainstreaming and rely on IDFC's network to broaden its outreach among public development banks."*

IDFC contribution to the UNFCCC Post-2025 Climate Finance dialogues

During COP28, IDFC released elements for consideration by the corresponding UNFCCC discussion tracks[1].

IDFC's proposals build on the unique and crucial role of Public Development Banks (PDBs) to accelerate the alignment of entire financial systems with the Paris Agreement, and the need to fully tap their potential. They highlight the importance of adopting a comprehensive approach for the future regime for climate action, combining quantitative and qualitative aspects. It is about embracing the imbricated and complementary challenges of (i) dramatically increasing volumes serving low carbon and resilient pathways as well as loss and damage, including by (ii) reorienting existing financial capital and flows, which remain largely inconsistent with low carbon and resilient countries' development pathways, while (iii) delivering climate finance dedicated to generating transformational impacts. In this regard, reinforcing the catalytic role of PDBs, in particular at national and sub-national levels (e.g by strengthening their capital base, facilitating their access to concessional resources, or providing capacity support, etc.) should be considered as transformational.

A corresponding incentivizing framework needs to be set up. Collaboration between all stakeholders (governments, regulators, PDBs, private financial institutions, civil society organizations …) has to be fostered at all levels (sub-national, national, regional, international and multilateral), making the optimal use of their different added values and complementarities. Beyond the scaling up of *traditional climate finance*, the elaboration of accountability frameworks based on a more coherent characterization of *climate-aligned finance* as well as of *transformational climate finance*, also is essential.

Study "Helping public development banks navigate the Paris alignment approaches"

IDFC and AFD are supporting the elaboration of a paper on what it means for Public Development Banks (PDBs) to be in line with the objectives of the Paris Agreement. Indeed, PDBs have a key role to play to support the decarbonization and climate resilience of developing and emerging countries and the redirection and mobilization of public and private financial flows in line with the objectives of the Paris Agreement. This entails in particular assessing their financings with regards to plausible country low carbon development pathways, but also efforts to support exemplary projects, and actions in the

[1] Ad hoc working group on the New Collective Quantified Goal on Climate Finance (NCQG), Sharm el-Sheikh dialogue on the implementation of Article 2.1.c of the Paris agreement. Non-Party stakeholders, including financial institutions, are invited to provide inputs.

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regulatory and public policies arenas likely to foster enabling environments and that necessary re-direction of investments.

IDFC Climate and Biodiversity Facility

- **Launching of the Fast track OnBoarding programme (CF2TOB)**

With the key support from the European Climate Foundation, the programme aims to support 4 banks (3 IDFC members and 1 non IDFC member) to accelerate their climate finance mainstreaming journey. Developed on a pilot basis, the CF2TOB programme seeks to enhance comprehension regarding the utility and effectiveness of capacity-building initiatives. Subsequently, in a second phase, informed by the feedback from participating institutions, the capacity-building programme can be refined further before its broader implementation, extending beyond IDFC members to a wider audience.

- **Partnership with Growald Climate Fund to support PDBs in strengthening energy sectoral policies**

IDFC Facility was awarded a USD 800,000 grant by the Growald Climate Fund as the initial contribution to develop and implement on pilot basis, a Program for Empowering public development banks (PDBs) in Sustainable Energy (PEPSE). This initiative aims to support PDBs in formulating and integrating sustainable energy policies and operational action plans.

IDFC Co presidency

Last October, on the occasion of the IDFC Annual Meeting, the Club elected Serge Ekue, President of BOAD (West African Development Bank) and Javier Diaz Fajardo, President of Bancoldex as co-chairs of IDFC for a 2-year mandate. The club will benefit from the complementarity of mandates, geographical footprints, shareholding structures of both institutions and from their strong willingness to align PDBs with the 2030 agenda, to enhance PDBs capacities and to develop financially sustainable projects.

> "*We believe that sharing common challenges, ambitions, and objectives enables us to address global issues with local solutions from a development banking perspective. Bringing new perspectives to the co-chairmanship of the IDFC will make it more relevant for future generations and the fulfillment of international development commitments,*" said Javier Díaz Fajardo, President of Bancóldex.
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> *"Sustainable Development and the fight against Climate Change could only be made possible via financial actors that we are. Our mission is to build on the IDFC achievements and Commitments of its members to further support economic frameworks of countries we are engaged with, whilst reducing inequalities and promoting environmental sustainability,"* said Serge Ekue, President of BOAD.

After three consecutive mandates, the Agence Française de Développement (French Development Agency) is pleased to pursue its commitment by hosting IDFC Permanent Secretariat in Paris, France.

News and press release

About IDFC

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The International Development Finance Club (IDFC), created in 2011, is the leading group of 26 national and regional development banks from all over the world, a majority active in emerging markets. IDFC is the largest provider of public development and climate finance globally, with US$ 4 trillion in combined assets and annual commitments above US$800 billion, including US$ 170 billion per year of climate finance. IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies. IDFC members are aligned with and work together to implement the Sustainable Development Goals (SDGs) and the Paris Climate Agreement agendas. Through IDFC, and in close partnership with other development bank networks, members join forces as a platform to promote and leverage sustainable development investment worldwide.
To learn more about IDFC please visit our website or follow us on X & LinkedIn

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