

Making Finance work for Climate : the Role of Development Banks

December 10, 2 pm – 4 pm

IDFC Pavilion @ COP25
Madrid, Spain

Co-organizers	IDFC, ALIDE, BDMG, IDB
Description of objective, content and expected outcomes of the session	<p>Development finance institutions, including national and regional development banks such as members of ALIDE or IDFC, have a major role to play for the implementation of the climate and SDGs agendas. These government-sponsored institutions deliver a unique service, that of turning domestic and international policy priorities, such as NDCs, long term strategies and overall Paris Agreement objectives, into concrete action in the field. They constitute an essential link between governments and the private sector, deploying a wide range of potentially powerful instruments for fixing market failures, incubating and redirecting markets and promoting sustainability.</p> <p>Development banks are experiencing a renaissance, illustrating the increasing recognition of their relevance, with several hundred such institutions already established worldwide - some since decades - and more and more governments establishing or planning to create new development banks.</p> <p>However, there is mounting analytical evidence indicating that the potential of development banks remains largely untapped. Such institutions can do more to help not only close the financing gap but also reorient all financial flows, public and private, towards climate-compatible investment.</p> <p>The event will discuss how to unleash this potential, and consider the following key issues :</p> <ol style="list-style-type: none"> i. <i>Governance</i> – the need for political support from governments and inclusion of more explicit climate and SDGs in the mandates of development banks; ii. <i>Regulation</i> – setting up of incentivizing financial regulatory frameworks; iii. <i>Characterization of Paris-Agreement aligned investments</i> – elaboration of a global common framework to define which investments are consistent with the Paris Agreement and which ones are not, and ensure coherence of action; iv. <i>Global climate finance architecture</i> – how to make it more collaborative and facilitate direct access to international resources by local financial institutions; v. <i>Business models of development banks</i> – how shall development banks rethink their activities with public and private stakeholders, including capital markets, to increasingly play a role of climate and sustainable development investment, rather than sole direct investors, and help “shift the trillions”?

	<p>The event will address this series of issues through two complementary panels of one hour each. The first one will concentrate in key lessons learned from recent successful experience of Development Banks in financing projects with relevant impact on the SDGs agenda. The second one will discuss the next steps towards a stronger role of Development Banks, including at the national a level, to foster a greener and more sustainable economy, identifying gaps, risks and opportunities for their performance in this area.</p> <p>This high-level event would also contribute to consolidate the recent call by the World Federation of DFIs – WFDFI (to which ALIDE is member) and IDFC for the organization, under UN sponsorship, of a Summit of Development Banks¹, to help unleash the potential of such institutions to redirect finance towards climate and SDG-compatible investment.</p>
<p>Run of show and Speakers</p>	<p>After a <u>short introduction</u> by the organizers (AFD as Chair institution of the IDFC + ALIDE) (5 minutes)</p> <p>the high-level event will be structured around <u>2 panels</u> with CEOs and high-level representatives from :</p> <p><u>First Panel</u> : Lessons from recent experiences in SDG financing (55 minutes including Q&A) Moderation: Edgardo Alvarez, Secretary General, ALIDE</p> <ul style="list-style-type: none"> - Emma Navarro, Vice-President, EIB - Sergio Gusmao Suchodolski, President, BDMG - José Carlos García de Quevedo, President, ICO - Jose Luis Curbelo, President, COFIDES - Juan Antonio Ketterer, Head, Connectivity, Markets and Finance, IDB - Johannes Scholl, Head, Energy & Financial Sector, Latin America, KFW <p><u>Second Panel</u>: Gaps, risks and opportunities to fully tap the potential of development banks for an efficient implementation of the climate agenda (55 minutes including Q&A) Moderation: Alexis Bonnel, Strategy, Foresight and Institutional Relations, AFD</p> <ul style="list-style-type: none"> - Ignacio Andino, Director, Project Finance, CAF - Petrônio Cançado, Director, Energy, Public and Social and Environmental Management, Transportation and Sanitation, Industries and Services, BNDES - Jens Sedemund, Head, Environment and Climate Change, OECD - Tony Clamp, Deputy Director, Private Sector Facility, GCF - Stephany Griffith-Jones, Director, Financial Markets, Columbia University - Leonardo Martinez-Diaz, Director, Sustainable Finance Center, WRI <p>Concluding remarks by co-organizers (5 minutes)</p>

¹ See for instance IDFC’s contribution to the UN Climate Action Summit of last September: <https://www.idfc.org/wp-content/uploads/2019/09/official-idfc-communique-vdef21-09-2019-22h50-cet.pdf>, and the joint WFDFI-IDFC statement released in October 2019: https://www.idfc.org/wp-content/uploads/2019/10/press-release-wfdfi-partners-with-idfc_oct-2019.pdf