

Press release

Aligning finance with the SDGs: IDFC contribution to the sustainable recovery and the 2030 Agenda

Paris, November 12th, 2020 - In response to the COVID-19 crisis, IDFC members have adapted their business models and operations to support the most affected sectors in order to maintain jobs and business survival, thus ensuring a counter-cyclical role with a significant increase in their lending volumes (more than 50% on average). To build back better, IDFC strongly reaffirms, at the FIC Summit, [its strategic objectives to work towards the alignment of financial flows with the Sustainable Development Goals and the Paris Agreement](#), with reinforced accountability frameworks and through revitalized partnerships with the Public Development Banks' community and ecosystem.

In the framework of the FIC Summit, the International Development Finance Club (IDFC), a leading group of 26 national and regional development banks presents hereby its contribution to improve the fundamental drivers of sustainable recovery towards the achievement of the Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement.

Facing COVID-19 and its social and economic impacts, IDFC members have mobilized their full set of instruments and financial capacity to provide a stronger alignment with beneficiaries' needs. They have also accelerated their appraisal and decision-making process, which allowed for the rapid implementation of contingency loans and massive reallocation of funding, where it was most needed, to maintain jobs and to support local economies.

IDFC members have played a countercyclical role to respond to the COVID-19 crisis with a significant increase of their lending volumes, more than 50% in average and even a doubling of commitments for some member institutions, according to their mandate and sectors of operation.

"Members have been using innovative tools and processes to support new lending in the context of COVID-19. They have also leveraged non-financial instruments to facilitate transactions and explored joint initiatives regionally to support their beneficiary countries" said Hamid Tawfiki, CEO of CDG Capital.

IDFC will keep ensuring this mission as the pandemic is still effecting countries' economies and is committed to help structure the most adequate collective answer, within the international development finance community, to support an inclusive and sustainable recovery.



In this context, [IDFC reaffirms its commitment to align financial flows with the SDGs and the Paris Agreement](#). To do so, IDFC shares the collective recognition that shifts in development models are necessary to advance towards sustainability.

This includes the **explicit mention of climate and sustainable development considerations in the mandates of development banks and the design of SGD-related incentivizing mechanisms** for PDBs in order to support their country's long-term SDG and climate strategies and action plans.

Regulatory framework should facilitate PDB's unique role in the promotion of SDGs, allowing for flexibility when warranted as well as rapid and effective response to crises. While heterogeneous regulatory regimes mirrors the diversity of PDBs, the regulatory frameworks of national institutions should be more closely oriented to multinationals' ones in order to allow them to fulfill their mandate in an equally manner and to foster cooperation between them.

New investments strategies and innovative tools are needed to tackle SDGs, including credit enhancement products and de-risking mechanisms (eg. guarantee for thematic bonds, first-loss mechanism), equity investments and concessional resources in local currency aligned with local needs and capacities. Non-financial products, including technical assistance for capacity building, project preparation and monitoring, to align borrowers' strategies and operations with climate and SDGs are of particular importance to generate deeper impacts and ensure their sustainability on the ground. Increased mobilisation of the private sector, through blended finance, is an essential and strategic lever to reach SDGs and to ensure a sustainable recovery.

" Looking at members' operations shows their capacity to implement a wide scope of instruments and to develop innovative business models to broaden their impacts and tackle SDGs while taking into account the needs and characteristics of the contexts in which they operate" affirms Javier Diaz, CEO of Bancoldex.

Members also agree with the need for practical and standardized tools to characterize which investments are aligned with the SDGs. Building on its experience on the Alignment with the Paris Agreement, members are willing to build compatible SDG frameworks and taxonomy. Collectively, **IDFC is ready to work with the finance community towards the elaboration of common principles characterizing the alignment of finance with the SDGs**. In this regards, IDFC is sharing the state of play of its work on [SDG Framework through a dedicated report](#).

Finally, cooperation is at the essence of the IDFC, first among its members, but also through strategic alliances with other PDBs, the multilateral system and the private sector, thus leveraging diversified partnerships to scale-up funding and impacts in favor of SDGs. **The IDFC calls for enhanced forms of cooperation to revitalize the global partnership for sustainable development and to align the entire finance chain with the Paris Agreement and the SDGs**.

For more information about IDFC and its SDGs Alignment commitments please check **the IDFC website at www.idfc.org or follow the club on Twitter [@IDFC_Network](https://twitter.com/IDFC_Network)**

About the Finance in Common Summit

The first-ever global meeting of Public Development Banks – The Finance in Common Summit - focuses on how Public Development Banks can influence the global financial system to better protect our planet and societies. The Summit takes place on the sidelines of and in partnership with the Paris Peace Forum, and contributes to the UNSG "SDG Decade of Action", just ahead of the G20 Summit in Riyadh (21-22 November), and the 5th anniversary of the Paris Agreement and the COP21.

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