

# 10



IDFC

TOGETHER TO SHAPE  
A SUSTAINABLE FUTURE

#IDFC10Years

IDFC  
COOPERATION  
FOR DEVELOPMENT

*Report – 2020/21*

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## Introduction

The IDFC is a Development Finance Club comprising 27 members from around the world. The underlying objective is to develop DFIs through collaboration and knowledge sharing to ensure that the world becomes more equitable and development more sustainable. The COVID-19 crisis has shown the importance of global and international cooperation in tackling the pandemic and the type of coordinated response required to deal with its associated challenges such as inequality, climate change, and gender equality.

There are four modes of cooperation within the club: **Knowledge sharing** through seminars, workshops, staff exchanges, information sharing, etc.

**Capacity building** includes training programmes and staff exchanges.

**Technical assistance** includes project assistance, technology transfer, technical assistance for accreditation processes, project preparation. **Co-financing** between members.

## Overview

**The Cooperation for Development Working Group** - provides IDFC with a framework within which partners can share experiences, deepen collaboration, pool resources and offers solutions to development challenges IDFC members face. There are three main objectives of the working group.

1. Share lessons and experiences with each other and foster greater collaboration for impact.
2. Map existing cooperation and what members are doing in areas of common interest.
3. Identify and explores synergies, research deficiencies and needs toward developing thematic and focus areas for future collaboration.

Main takeaways include:

- Developing partnerships with other development players to guarantee a coordinated response.
- Cofinancing is gaining momentum as banks realize the impact of the intervention can be maximized.
- Members' focus has shifted from capacity building and cooperation towards financing and instrument development.

## Findings

The cooperation for development report provides an overview of collaboration within the Club for 2020/21. This year's report includes IDFC member cooperation on Covid-19 cooperation and focuses on the type of COVID-19 partnerships developed, and on how members aim to deepen collaboration within the Club in the post COVID-19 period. Many members are exploring ways to do this as the normal business models come under scrutiny in the post-COVID world.

The **C4D Workstream** is tasked with collating and presenting the IDFC's collaboration initiatives within the Club. This work is conducted through the instrument of a questionnaire, with the **objective of mapping existing cooperation and what members are doing in areas of common interest.**

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## *IDFC has four modes of cooperation:*

- *Knowledge sharing through seminars, workshops, and staff exchanges.*
- *Capacity building, including training programmes and staff exchanges.*
- *Technical assistance, including project assistance, technology transfer, technical assistance for accreditation processes and project preparation.*
- *Co-financing arrangements and projects.*





## ***Cooperation for Development Working Group:***

BICE, CDG, DBSA, JICA

## ***CFD questionnaire objective:***

1. Highlight cooperation in Knowledge sharing
2. Highlight cooperation Capacity building
3. Highlight cooperation in Technical Assistance
4. Highlight cooperation in Co-financing



## ***Methodology:***

An electronic survey was sent out to all IDFC members requesting information. The responses were then analysed.

## ***Questionnaire***

- Name of institution
- Geographical mandate
- Number of IDFC members engaged with
- Type of cooperation and sectors
- Information about one or two initiatives
- How many projects co-financed
- Total value of co-financed projects
- Number of staff exchanges/ partnership exchanges
- Number of training events, seminars conferences, workshops
- Cooperation focused on COVID-19 measures
- Ideas for post Covid-19 cooperation

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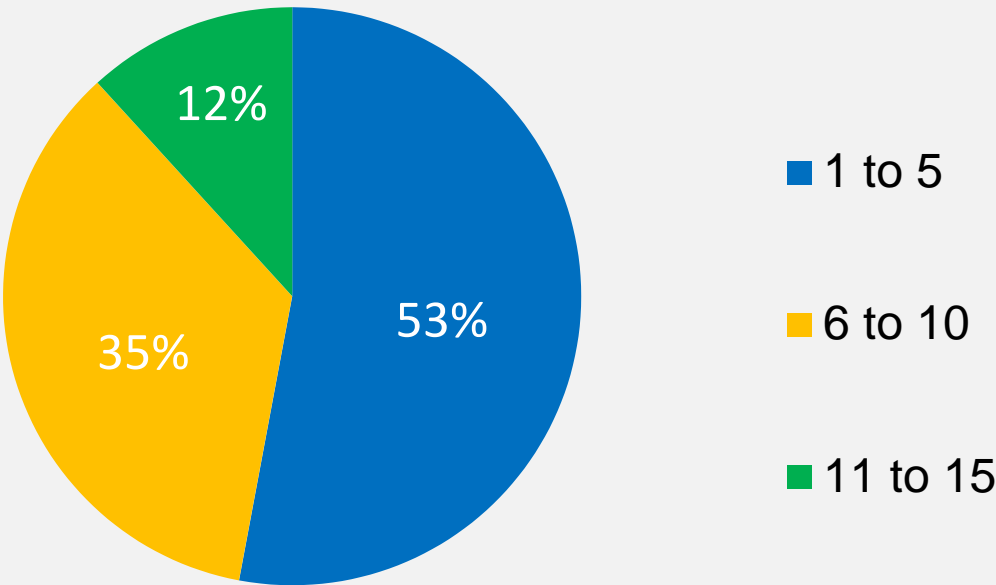
Responses

AFD, BANCOLDEX, BICE, BNDES, BOAD, BSTDB, CAF, CDP, DBSA, HBOR, IIB, ICD, JICA, KDB, PTSMI, TDB, VEB

# 1. 2020 Partner Engagement



## Partners engaged

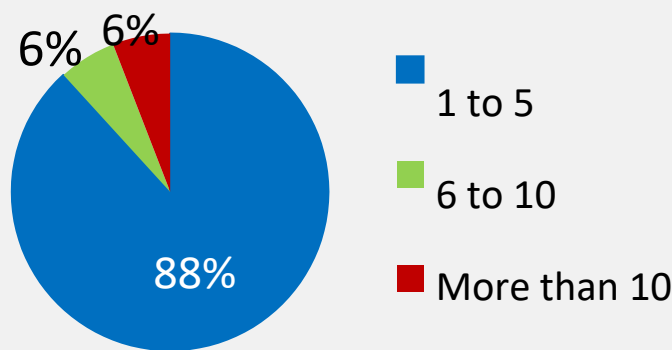


- All respondents had engaged with **at least 1 IDFC partner in 2020.**
- Most respondents, **53%, had at least engaged between 1 and 5 members.**

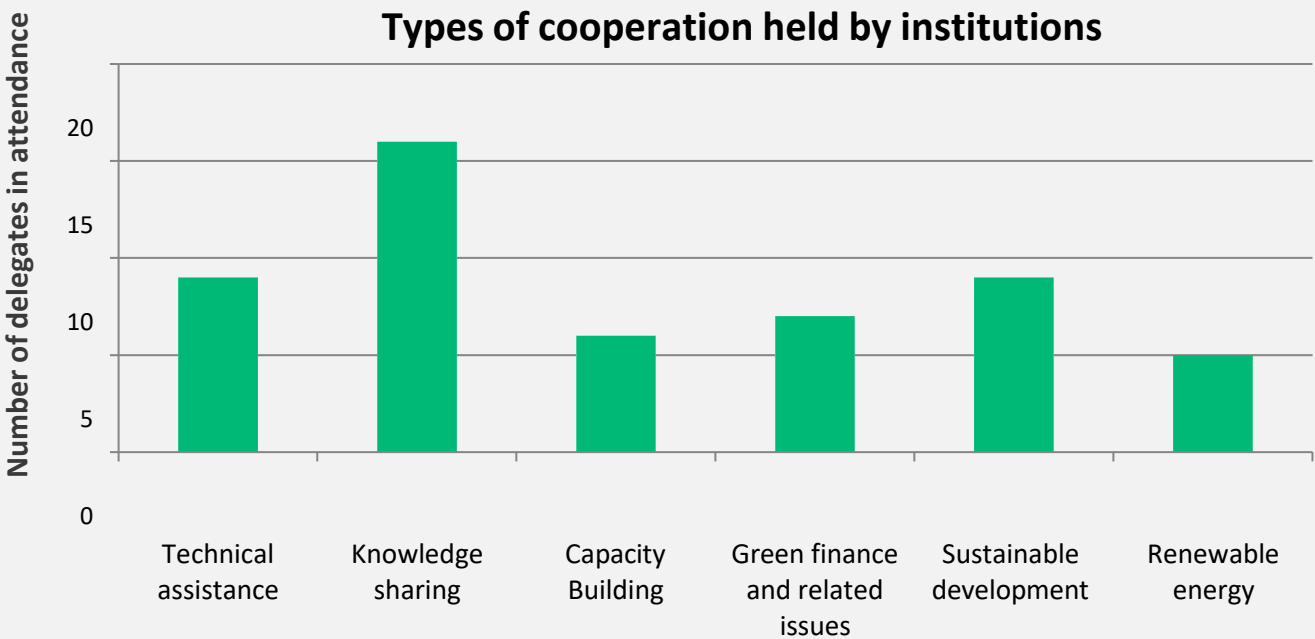
# 2. Types of Cooperation and Sectors



## Percentage of Number of Cooperations Held



All members that answered this survey had at **least 1 type of cooperation with other IDFC members**. Most banks did between **1 and 5 events of each type**.



- **Knowledge sharing»** was the most popular type of cooperation cited, almost all the institutions (94%) did at least 1 event of this type. The other types of cooperation held were:
- Technical assistance (52%)
- Sustainable development (52%)
- Green Finance and related issues (41%)
- Capacity building (35%)
- Renewable energy (29%)

### 3. Training, Events, Seminars & Conferences

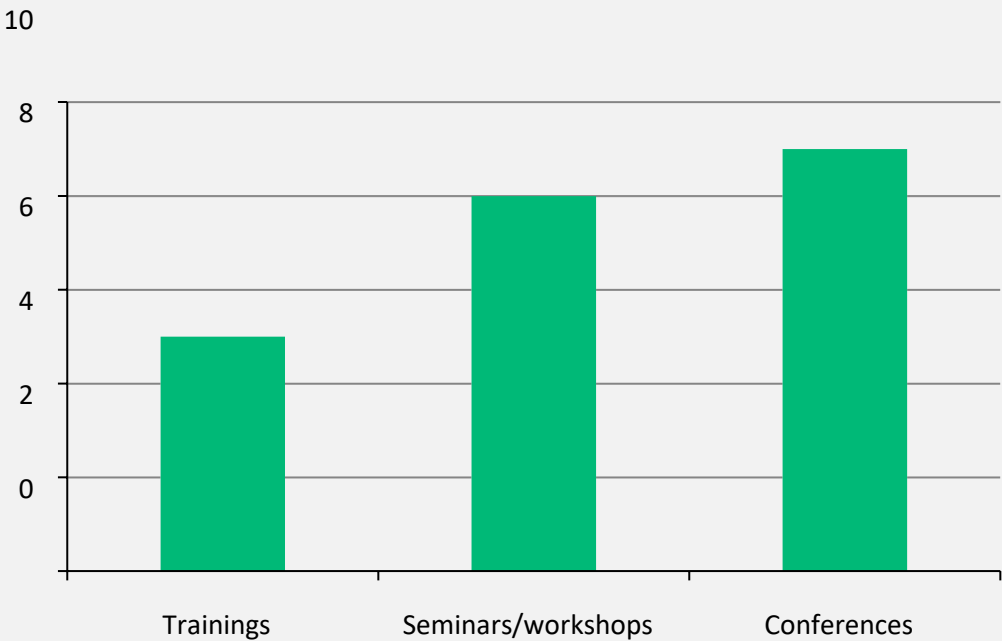


Only 3 institutions, **CAF, AFD, and DBSA** had staff exchanges.

### 4. Training, Events, Seminars & Conferences

- **First Edition** – Finance in Common Summit, high level Summit of 450 Public Development Banks and their partners joining forces to promote sustainability and resilience, and to foster cooperation in rethinking the global financial system and fostering new coalition of actors. (Nov 2020)
- **30 working group meetings/ webinars** on the different thematic areas such as climate, biodiversity, gender equality, SDG alignment and cooperation for development.
- **4 IDFC** institutional meetings held.

Type of events by IDFC members





## 5. Projects Co-Financed in 2020

6

Members

co-financed projects with other IDFC members:

**AFD, CDP, BOAD, PTSMI,  
DBSA and JICA**

Each member co-financed between 1 and 5 projects, and in total 20 projects were co-financed.



**Total amount of projects  
co-financed: + USD 25.5 billion**



## 6. Innovative and Rewarding Initiatives with IDFC Members in 2020



### ➤ **AFD**

CLIMATE: Subscription to the first green issue + support for the preparation of the issue and monitoring of the green bond with DBSA. HEALTH / TDB health activities financing and support programme.

### ➤ **CAF:**

EUR 150 MM, EUR 100 MM and USD 300 MM mobilized with financial resources from Europe to Latin America from AFD, CDP, and KfW in the form of lines of credits. Although the relationship with such institutions has been developed before and aside of the IDFC, the Club has strengthened their collaboration, creating additional opportunities for collaboration. CAF issued its first social public bond to support shareholders in fighting effects of COVID-19 pandemic into the value of EUR 700 MM.

### ➤ **BSTDB:**

USD 100 million credit line established with KfW. This was Co-signed with four other IDFC members (CAF, CABI, IIB, TDB) and three other MDBs. A petition was put forward to the Basel Committee for Banking Supervision requesting that BCBS complete its definition of what constitutes an MDB, and to recognize them on the basis of their essential nature, instead of conflating recognition with their credit rating.

### ➤ **IIB:**

Two-day online workshop with BSTDB on Strategy, entailing new shareholders and lending process. Highly practical and informative.

### ➤ **CDP:**

Has cooperated successfully with CAF strengthening its relationship through a 100 €/mln facility to support sustainable development projects in Latin America focusing on energy, transport, and social and urban development sectors. This facility aims to finance green projects with a high component of environmental protection and climate change mitigation, adaptation, or increased resilience, thus confirming the common engagement of the two institutions to achieve the UN 2030 Sustainable Development Goals. In 2020 CDP has also engaged in a partnership with TDB launching two facilities (Long-Term Line of Credit in support of local SMEs - 50€/mln and Short-Term Line of Credit in support of local SMEs - 75€/mln) to promote impact finance in Africa. Thanks to CDP funding, TDB will be able to support local SMEs operating in key sectors affected by the COVID-19 pandemic crisis, helping to stabilize the system of economic relations and reactivate trade flows with Italy and Europe.

## 6. Innovative and Rewarding Initiatives with IDFC Members in 2020



### ➤ Bancoldex:

Design of a new innovative product which aims to digitally close the gap of a microentrepreneurs' access to finance. Supported by CAF.

Innovative Business Models:

Study to identify how development banks play a catalyst/innovative role in achieving sustainable development goals (SDGs), also amidst COVID-19 and its impact in the institutions' business models. Co-lead with CDG and BNDES.

### ➤ BOAD:

Banks and development finance institutions operating in the West African region gathered for an online workshop which was the initiative of the West African Development Bank (BOAD), the French Development Agency (AFD) and the General Secretariat of the Finance in Common Summit. The workshop held under the theme "Development banks in the face of the crisis: countercyclical response and sustainable recovery" took place ahead of the first global summit bringing together public development banks in November 2020.

### ➤ DBSA:

#### *Green Bond issuance with AFD*

- The DBSA launched its first green bond €200m bond issued through a private placement with the Agence Française de Développement (AFD).
- The green bond issuance will be applied to projects that contribute to climate mitigation and /or adaptation, that are aligned to South Africa's National Development Plan (NDP) objective of an "environmentally sustainable and equitable transition to a low carbon economy" and that are aligned to the SDGs.
- Joint initiative with JICA to provide technical support to the DBSA in supporting local municipalities on non-revenue water (NRW) challenges, to reduce water loss and to improving revenue.
- Joint initiative with KfW to strengthen the coordinating function within SADC (Southern African Development Community) to improve the regional water infrastructure for pro-poor water supply and sanitation and facilitate information and knowledge sharing.

## 6. Innovative and Rewarding Initiatives with IDFC Members in 2020



### ➤ JICA:

Preliminary coordination was made to dispatch a water sector expert to DBSA. Following the technical cooperation that JICA implemented in the past four years, JICA expert will assist the improvement of nonrevenue water in South Africa.

(<https://www.sanews.gov.za/south-africa/japan-hands-over-water-training-centre-sa>) JICA co-financed World Bank's Development Policy Financing project of "Accelerating India's COVID-19 Social Protection Response Program (PMGKY)". The project is co-financed by AFD, KfW and the same policy is supported by other donor agencies too. Co-financing of this volume among donor community is not a usual practice in India. JICA supports sports for development and peace, and stands by Sport en Common, a digital platform which was created by the AFD Group at the occasion of FICS, to help support lever for sustainable development.

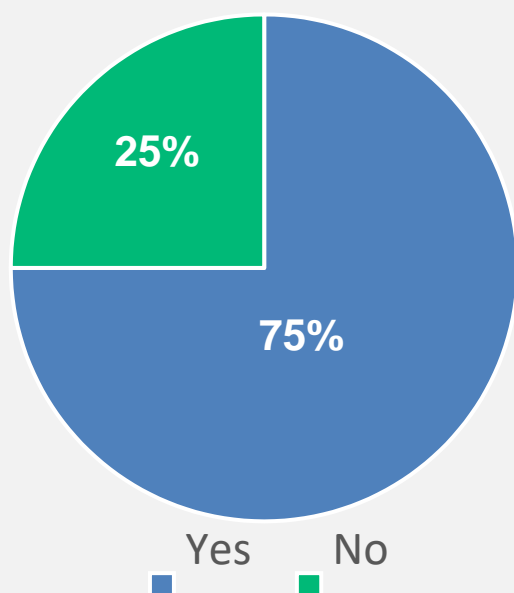
### ➤ VEB:

On September 9, 2020, VEB.RF in partnership with IDFC and AFD held a Finance in Common Presummit "From Pandemic to Recovery. The Role of Development Banks", with the participation of the United Nations Secretary General António Guterres, the OECD Secretary General Ángel Gurría, the Deputy Secretary General of the United Nations Mrs. Amina J. Mohammed and heads of AFD, DBSA, TSKB, ICB, ICD, Bancoldex, BICE, PT SMI, New Development Bank, NDF (Saudi Arabia) ADFIAP, ALIDE, GI HUB, CEA PME and VEB.RF. The presummit has given occasion to focus on two main issues that are at the core of every after-shock recovery: the well-being of small and medium enterprises and the sustainable infrastructure, as well as to highlight the role of development banks in the long-term economic recovery.

## 7. IDFC Members Cooperation in COVID-19 Initiatives



- **75%** of the institutions cooperated with other IDFC members in COVID-19 initiatives



### Type of cooperation with other IDFC members

- Credit lines/ technical assistance in support of sustainable recovery
- Knowledge sharing/conferences for COVID-19 response and recovery (workshops and best practice approach)



# 7. IDFC Members Cooperation in COVID-19 Initiatives



## COVID-19 Measures

JICA	Co-financed World Bank's development policy financing project of accelerating India's COVID-19 Social Protection Response Program, together with AFD and KFW. JICA supported by JPY-30 billion.
CDP	European Commission's call for action for a "Team Europe" coordinated response to COVID-19 in partner countries.
ICD	Official signatory of the Coalition Statement for a sustainable and inclusive recovery for the private Sector.
CAF	Approved facilities worth USD 6.6 Billion to member countries for rapid response against economic and social effects caused by COVID-19.
AFD	COVID/Credit line in support of sustainable recovery in counter-cyclical response to the COVID-19 crisis.
KDB	Special term loan products to support SMEs affected by the pandemic, debt/equity contribution to a SPV set up for providing liquidity to businesses.
DBSA	Augment the financial and delivery capacity of local government to respond to COVID-19 crisis through financing acquisition of hospital beds, medical equipment, ventilators, and COVID-19 test kits.
BSTDB	Webinar on Post Pandemic Recovery of Black Sea Economies.
TDB	Liquidity support for COVID-19 affected sectors with AFD.



# 7. IDFC members Cooperation in COVID-19 Initiatives



## COVID-19 Measures

### ICD

- Knowledge Sharing with CDG, Bancóldex, BNDES, VEB, ICD, DBSA, AFD (Secretariat) regarding Covid impact on Business Models
- Projects with CAF: Beginning of negotiations with CAF to support Bancóldex with a second loss guarantee to strengthen the supply of direct working capital for SMEs.
- Workshop with CAF: Beginning of negotiations to develop a joint workshop for regional development bank leaders to better address SMEs needs.
- ProjectsCAF: Beginning of negotiation for a credit line for reactivation.

### BOAD

- Technical assistance grant of €600,000, with the purpose to contribute to the development of resilient and low-carbon economic models in the WAEMU region by increasing and redirecting investment flows towards climate projects.
- Loan agreement of €100 million (XOF65.6 billion) was signed between BOAD and AFD. It is aimed at supporting BOAD in its counter-cyclical response to the COVID-19 crisis. This loan came as a direct support to the financing of the response plans of WAEMU member countries based on an initiative led by BOAD, in conjunction with BCEAO and the WAEMU Commission. An emergency loan of XOF15 billion at a preferential rate was made available to each member country (for a total of XOF120 billion). The loan will also finance economic stimulus investments made by the private sector in the sub-region, based on which BOAD has just made available to the Union's commercial banks a refinancing facility of XOF100 billion.

### PTMSI

With AFD held a Podcast event with topic: "The Role of Development Bank Post Covid-19".

### VEB

Knowledge sharing on measures taken by different institutions for sustainable post-Covid recovery  
Held a Podcast with AFD titled " The Role of Development Bank Post COVID-19"

## 8. Post-COVID-19 Cooperation Ideas with IDFC Members



Co-financing of sanitary initiatives, targeting vaccine purchases to be made by Latin American countries.

Organization of an international event to evaluate the position of NDB in the process of sustainable recovery post COVID-19.

Workshop on a transformation in communications sector and event organization in COVID-19 era: from offline to online and hybrid.

Jointly finance COVID-19 recovery phase. Organize meetings to identify needs and opportunities among IDFC members to foster cooperation and joint action for COVID-19 Recovery within the club.

SMEs support in sustainable recovery. Digitization tools and 4.0 industries. Direct loans architecture complementary to second-tier loans. Technical assistance to SMEs as a self-sustaining service from the financial institutions.

Deepening cooperation in the exchange of experience (joint conferences, seminars) on sustainable development, policies, countercyclical measures and green projects.

# 8. Post-COVID-19 Cooperation Ideas with IDFC Members



Deepening cooperation in the exchange of experience (joint conferences, seminars) on sustainable development policies, countercyclical measures and green projects.

Potential opportunity of co-financing or bank loans for infrastructure, healthcare, agriculture, SME development and two-Step loan for COVID-19 response in health sector reinforcement of social security.

Continuing the cooperation with African IDFC members in the framework of the "COVID-19 – Health in Common" – a € 1.2 billion initiative in response to the worldwide public health crisis caused by the COVID-19 pandemic.

Climate Finance.

Staff exchanges

Climate screening tools.

## 9. Type of Cooperation Required for Post COVID-19 Recovery

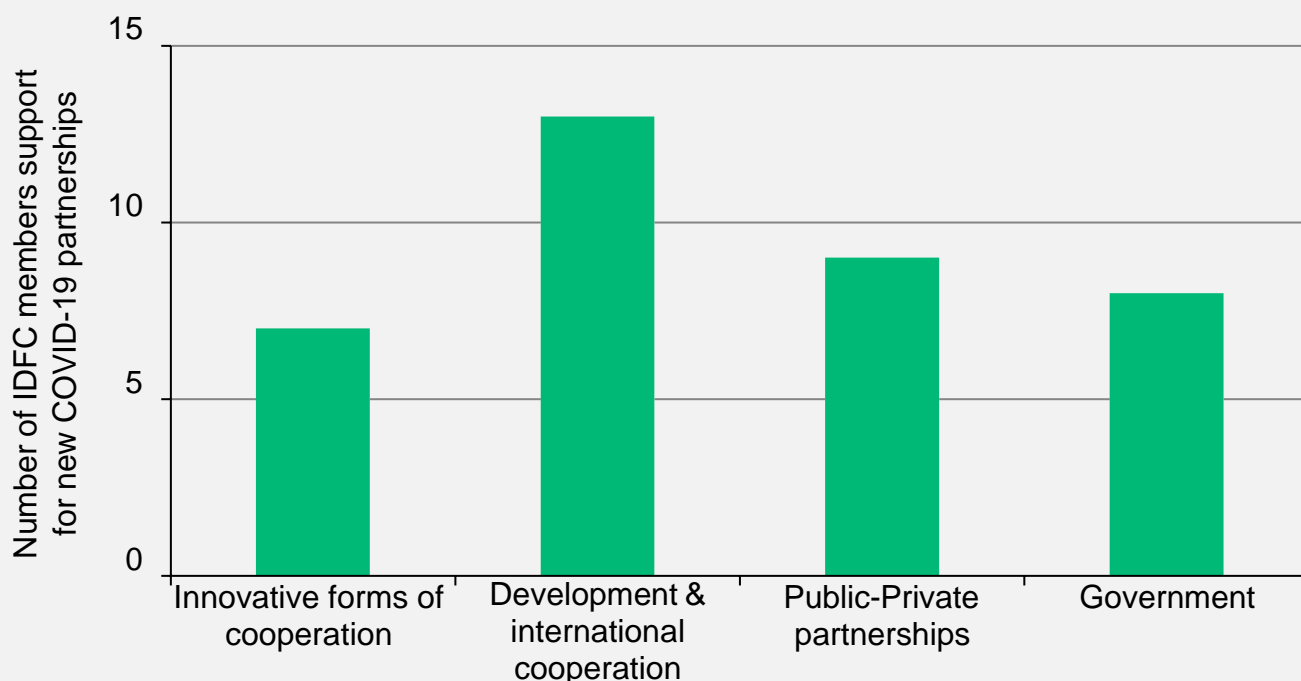
- Most respondents, believe that **Development and International cooperation (87%)**, followed by the **Public Private partnership (47%)** are the best type of cooperation for post COVID-19 recovery.

▪ *Other innovative forms of cooperation that members mentioned are:*

- ✓ blended finance mechanism
- ✓ Innovative finance (green bonds)
- ✓ guarantee schemes

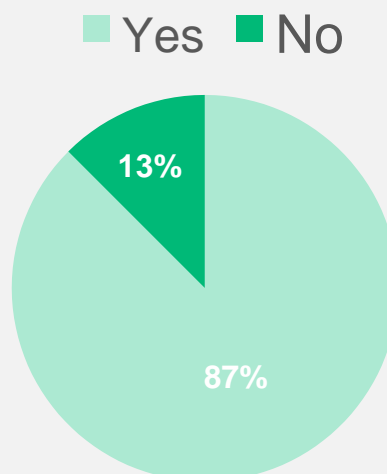


### Type of cooperation for post COVID-19 recovery

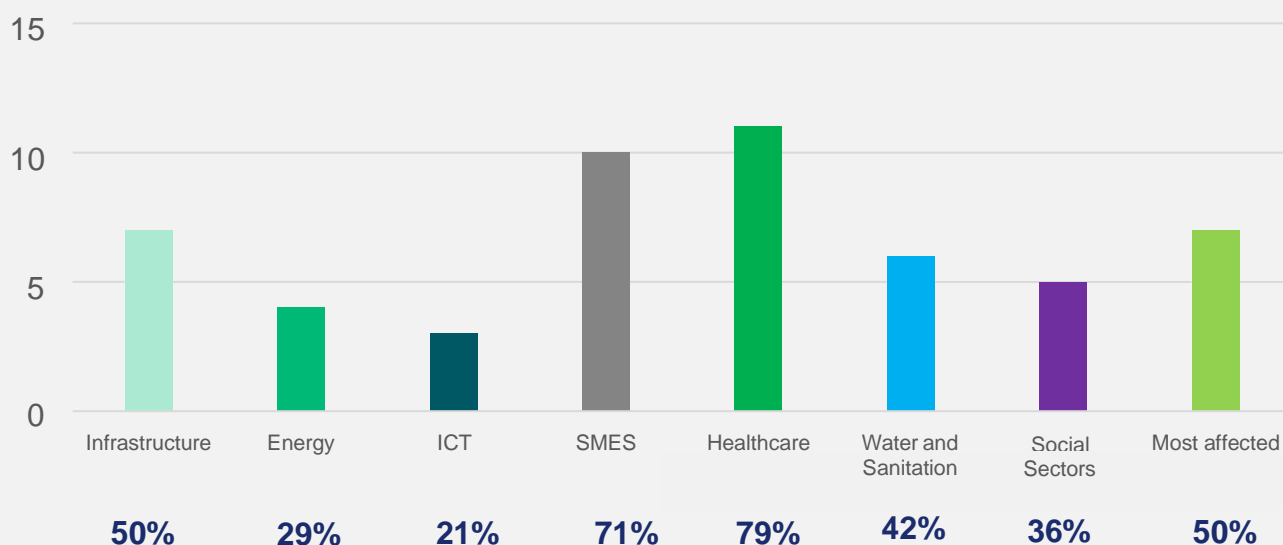


# 10. Public Development Banks Improve their Partnerships with the Private Sector to Better Face the COVID-19 Crisis Impacts

- **87 % of IDFC members experienced** the need to improve their partnerships with the private sector to better face the COVID-19 crisis impact in the following sectors:



## Specific sectors



# 11. Partnerships with Stakeholders Due to the COVID-19 Crisis

94%  
Members

experience the need to **accelerate its partnerships** with the following stakeholders due to the COVID-19 crisis impacts

- State/ Government **81%**
- IDFC members **50%**
- Other PDBs **31%**
- Commercial Banks **31%**
- Other Private Companies **25%**
- International Development & Cooperation Agencies **25%**
- NGO's **19%**
- Donors & Philanthropy **12%**



***The following key findings and recommendations will serve as the basis for future discussions.***

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- *To address post recovery phase after COVID-19, Public Development Banks should focus their effort on creating partnerships with other development banks, governments, and other development actors to guarantee a coordinated and sustainable intervention in sectors most affected by COVID-19 as for instance public health and small medium and large enterprises*
- *Members and partners are becoming more collaborative in the areas of financing and co-financing. This mode of cooperation is becoming more frequent and clearer in terms of partnership arrangements and needs...*
- *Whereas in the past the focus was more toward capacity building and technical cooperation. These results are showing a shift toward financing and instrument development*



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