



"Building resilience for people and planet"

Paving the way to Finance in Common, the first global summit of Public Development Banks
An international Research conference

The Visible Hand: Development banks in action for climate and SDGs

More than 400 Public Development Banks (among them Multilateral Development Banks) are active worldwide, at various geographic levels (sub-national, national, regional, global) and with diverse sectorial mandates (infrastructure, SME, housing, local government, agriculture, international, Exim). An international group of senior researchers has been constituted to support with academic papers the Finance in Common summit this November in Paris. They will liaise closely with senior officials from development banks.

This group is coordinated by **Jiajun Xu**, Executive Deputy Dean at the Institute of New Structural Economics (INSE) at Peking University, leading work to build the first comprehensive database on Development Finance Institutions worldwide; **Stephany Griffith-Jones** of Columbia University, co-author of the *The Future of National Development Banks*; and **Regis Marodon** from the Economic Research Department of the Agence française de développement (AFD).

The research aims at delivering concrete, evidence-based recommendations for consideration by decision-makers participating in the Finance in Common summit (including governments, development banks and regulators). The paramount question is on scaling up the contribution of development banks to the action plan for climate and Sustainable Development Goals (SDGs). The severe crisis affecting the world, following the Covid19 disruption, is indeed opening the avenue for better, larger, more responsible banking to rebuild our economic systems in a more sustainable way. Development banks certainly will have a key role to play.

The group of researchers, constituted with prominent research centers and think tanks, aims to deliver key contributions on five main issues:

1. **The inclusion of Development Banks in the architecture of global finance** and the efficient use of the various types of development banks (multilateral, international, regional, national and local) are two topics to be addressed by **Jose Antonio Ocampo**, a former Colombian Finance Minister and currently a Professor at Columbia University; **Alfredo Schclarek Curutchet**, Associate Researcher at the National Scientific and Technical Research Council, Argentina (**CONICET**), and Jiajun Xu will also contribute.
2. **The business model of Development Banks** aims to evaluate which instruments of development banks are best suited to maximize their impact on sustainable development. An important task is also to catalyze funds from the private sector, taking into account the different levels of development and priorities of the countries. This part will be conducted by **Stephany Griffith-Jones**, currently **Financial Markets Program Director at the [Initiative for Policy Dialogue](#) at Columbia University**. Contributions are foreseen from **Shari Spiegel**, Chief of the Policy Analysis & Development Branch in the Financing for Sustainable Development Office of the Department of Economic and Social Affairs at the United Nations (UN-DESA), Jiajun Xu, and from authors from **the Foundation for International research (FERDI)**.
3. The absence of common frameworks to **characterize what is aligned with long-term climate and SDGs** compatible trajectories – and what is not – is a major challenge to coherence of action. **Kevin Gallagher**, Director of the Global Development Policy Center of Boston University and co-chair of the T-20 Task Force on International Financial Architecture, and Jiajun Xu will rise to the challenge, and there will also be a contribution **the Institute of Sustainable Development and International Relations (IDRRI)** in France.
4. **Regulatory frameworks** could be examined in their capacity to provide the relevant set of incentives to engage in climate and SDGs. The topic will benefit from the inputs of **Ulrich Hege**, Vice-President of Toulouse School of Economics in France, and **Ricardo Gottschalk** from UNCTAD, currently working on the role of regional development banks in financing infrastructure.
5. On the **Mandate and Governance** issue, very few development banks currently benefit from explicit mandates related to the climate and SDG agendas. Best practices on how to effectively govern development banks (financial autonomy, transparency, accountability, etc.) need to be discussed. Jiajun Xu will collaborate with Tianyang Xi, a political scientist from National School of Development at Peking University to make a contribution.

Besides the constituted research groups, several additional institutions may contribute to the research conference:

- The IDFC (International Development Finance Club) has constituted five groups of practitioners to study the five above-mentioned topics with their operational landing point, and will be closely associated with the research.
- ODI (Overseas Development Institute) of London is contemplating a study on governance standards (e.g. independence, incentives, auditing and accountability) of development banks and their practical implications.
- OECD/PNUD are conducting an international study on the alignment of private sector financing for the SDGs, that should be valuable for development banks in their synergetic role with private banks.

- I4CE (Institute for Climate Economics) in Paris is studying practical recommendations for DFIs to incorporate the climate agenda in their operations.
- WRI (World Resources Institute), headquartered in Washington, regularly produces research materials on the alignment of development banks with the Paris Agreement and the SDGs.
- The Green Fund is considering a study on how to include more intensively development banks in climate action.
- Other research centers, think tanks and practitioners are invited to participate and share their findings on the role that DFIs may play in achieving the SDGs. Smaller institutions prominent in their home country will be specifically included in the spirit of “leaving no one behind”.

The Agence française de développement (AFD), the International Development Finance Club (IDFC) and the Ford Foundation are confirmed sponsors of the research.

A conference will be organized in Paris 9 and 10 November 2020, gathering this research community and providing an opportunity to exchange with representatives of development banks, including IDFC and WFDFI members, on its main findings, and paving the way forward. The conference will be broadcast and its material published in a conference proceedings booklet.