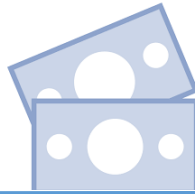




Building Pieces of the Puzzle Together

The Role of National Development Banks



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Agenda Style

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National Development Banks

- National development banks (NDBs) are financial institutions owned by a country's government and typically established to promote economic development and growth in their respective countries.
- NDBs are potentially useful policy instruments for fixing market failures, incubating markets, coordinating public policies with stakeholders, and promoting economic structural transformation equitably and sustainably.

National Development Banks



528+
PDBs and DFIs



155+
Countries and
Economies



\$23
trillion
Total Assets



10%
Annual financing
of PDBs and DFIs
as a % of total
world investment

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Role in Financing Sustainable Projects

As the world moves towards a more sustainable future, NDBs will play an increasingly important role in financing sustainable projects. NDBs have the resources, expertise, and relationships to make a real difference in the fight against climate change and the promotion of sustainable development.

Role in Financing Sustainable Projects

NDBs can play a crucial role in financing sustainable projects by:

- **Providing Finance:** Long-term loans and guarantees to projects that meet specific sustainability criteria.
- **Mobilize Private Sector Investment:** Providing guarantees, co-financing, invest in funds and other forms of support.
- **Providing Technical Assistance:** Helping developers to identify and implement sustainable solutions.

Role in Financing Sustainable Projects

- **Policy and regulatory support:** Contribute to the design of frameworks that promote environmentally friendly sectors.
- **Catalyzing innovation and research:** Funding research initiatives, innovation centers, and knowledge sharing.
- **Monitoring and evaluation:** Identify areas for improvement and promote continuous learning and accountability.

Advantages

NDBs have several advantages that make them well-suited to financing sustainable projects:

- NDBs have a long-term perspective (not driven by short-term profits).
- NDBs have access to a variety of financial resources, including attracting private investment.
- NDBs have relationships with all stakeholders that can help projects overcome challenges and achieve success.

Achieve The SDGs

NDBs can help to achieve the SDGs by supporting projects that address the following areas:

- **Sustainable agriculture:** Projects that improve soil quality, conserve water, and reduce the use of pesticides and fertilizers.
- **Water and sanitation:** Projects that build water treatment plants, upgrade water distribution systems, and construct sanitation facilities.

Achieve The SDGs

- **Energy efficiency:** Projects that install energy-efficient appliances, upgrade buildings, and develop renewable energy projects.
- **Public transportation:** Projects that build public transportation systems, such as buses, trains, and subways.
- **Climate change:** Projects that reduce greenhouse gas emissions and promote renewable energy.

Banks in Scaling up Sustainable Financing

1. Align NDB mandates, activities and incentives with the SDGs and the Paris Agreement, with a more integrated assessment of the costs and benefits of different projects to identified trade offs between the SDGs.
2. Provide lower cost and longer term financing so NDBs can offer real incentives for firms to take SDG related loans even if they have more demanding reporting requirements.

Banks in Scaling up Sustainable Financing

3. Strengthen use of better data, particularly on gender to show impact and avoid green washing, supported by clear definitions, taxonomies, and common impact measurement standards.
4. Enhance collaboration at all levels with the public and private sector, between sub national and national entities and between the NDBs and other international partners including Multilateral Development Banks.

Alignment with the Paris Agreement

- Multilateral Development Banks can leverage considerable private capital even in challenging periods. This will help unlock the resources which are key for the transition of emerging and developing countries.
- Decisive shareholder action is a precondition for achieving the necessary changes within Multilateral Development Banks and other NDBs and the implementation of the CAF review recommendations.

Alignment with the Paris Agreement

- Given that each MDB rely on their own methodology to account for climate finance, third party auditing should be required, particularly considering non disclosed activities like trade finance and direct finance.
- MDBs require very strong leadership to tackle both climate change and developmental aspirations This needs to be done in tandem.

The Maturity Lengthening Role

- NDBs should be well capitalized to unleash their potential for scaling up the provision of long term finance.
- NDBs need to be well governed to unleash their potential for providing long term finance.
- The maturity lengthening role of NDBs is enhanced by the higher market liquidity of NDB bonds if NDBs are larger in terms of their relative bond issuance size in the banking system.

Alfredo Schclarek, Associate Professor, National University of Córdoba and CONICET, Argentina

JiajunXu, Executive Deputy Dean, Institute of New Structural Economics (INSE) at Peking University

JianyeYan, Associate Professor, Institute of New Structural Economics (INSE) at Peking University



Thank you for your attention

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