## Summary Notes

# Summit for New Global Financing Pact
# Paris Official Roundtables

June 22, 2023

**Roundtable 1: Evolving the model of multilateral development banks to address the 21st century challenges**

*Moderator: Bruno Le Maire*

**M. Abiy Ahmed**, Prime Minister, Ethiopia
**Mme Nirmala SITHARAMAN**, Minister of Finance, India
**Mme Janet YELLEN**, Secretary of the Treasury, USA
**M. Ajay BANGA**, World Bank President
**Mme Mafalda DUARTE**, Director General, Climate Investment Funds (CIF)
**Mme Melinda FRENCH GATES**, Bill & Melinda Gates Foundation

**Summary:**

The first session started with **Janet Yellen**, Secretary of Treasury of the United States of America. She opened her remarks saying that the development landscape has been challenged with several economic shocks, which impact more heavily developing countries and puts in risk our shared goals. In this context, MDBs would have a very important role to play; and even though MDBs are filled with knowledge and they bring resources when times are tough, it is time for them to evolve. If MDBS are to continue to foster growth sustainably amidst shocks, they need to look at issues such as the reforming of their vision, operating model and financial capacity, the development of a framework for concessional resources, offer borrowers the option of having climate resilience clauses, strengthen private sector mobilization. Besides, MDBS could also look at a closer relationship with regional banks and trust funds, and at the optimization of its balance sheets. Yellen also highlights the G20 adequacy Framework for MDBs. From the G20 Presidency, **Nirmala Sitharaman**, Minister of Finance of India, brought the points being discussed within the G20 regarding the reform of the international financial architecture, that include recommendations such as balance sheet optimization, the scaling of MDBs operational models, enhancing the coordination between MDBs, and between the G20, and the broadening of the mission state. She also highlights the G30 Adequacy Framework and the Expert Working group created to discuss precisely the reform of the international financial architecture.

Both **Ajay Banga**, President of the World Bank, and **Abiy Ahmend**, Prime Minister of Ethiopia, stress the importance of looking at challenges as inter-connected crisis, in which issues such as poverty, debt crisis, food security, climate change, pandemics and conflicts cannot be looked at in an isolated way: “the time of picking crisis has passed”. Ahmed pointed out to the unprecedented squeeze of funding suffered by Africa, while facing impacts from these inter-connected crises from an extreme magnitude. In this context, MDBs should be central players in addressing this crisis, and they should, therefore, undergo through a reform that allows them to better address issues such as market failures, boost concessional finance and grants and to foster shared prosperity. Ajay recalls the importance of the partnerships between MDBs and actors like the private sector, philanthropies and governments, and that the biggest concern is the fact that efforts are lagging in speed and scale. Finally he points also to the need to secure jobs, especially for young people in the south, who are more likely to suffer from impacts of the “demographic bomb”.

**Mafalda Duarte**, CEO of the Climate Investment Fund, claims for a paradigm shift towards climate finance, and recollects how the sector has advanced throughout the last decade. But she identifies some limitations regarding this growth. Even though climate finance resources have almost doubled within the last decade, resource mobilization still isn't growing in enough speed and scale, as it happens with partnerships with the private sector. There's also the lack of common metrics and criteria for funds, and countries should strengthen their national regulation in order to enable an environment for investments of the sort. Finally, the sector is still very fragmented, with overlapping mandates and lack of scale, which poses the need to establish an effective complementarity between green funds.

Finally, **Melinda Gates**, from Bill and Melinda Gates foundation recalls that in Bretton Woods in 1944, we were looking for peace and development, and we got peace and development for some countries; now it's time to look for everyone. She highlighted the need to push for relieving the debt burden so countries can really ensure development. But that she believes that the right agenda has been set, and now we need to find a way of properly finance it.

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**Roundtable 2: Debt and SDR-channelling: where do we stand and how to go further?**

*Moderator: Nadia Calvin, Deputy Prime Minister, Spain*

**M. Edouard NGIRENTE**, Prime Minister, Rwanda
**M. Kaïs SAÏED**, President, Tunisia
**M. Mahamat Idriss DEBY ITNO**, President, Chad
**M. Ranil WICKREMESINGHE**, President, Sri Lanka
**Mme Kristalina GEORGIEVA**, President, IMF
**Dr. Akinwumi A. ADESINA**, President, African Development Bank

**Summary:**

There is a huge need for investment in green technologies and transition – but the reality of the cost of climate change as it is today, prohibits that sort of investment. Extreme weather events are now more and more common place, displacing people and livelihoods. But these costs are the result of a growing crisis that the countries worst affected did the least to cause. Oil (or other fossil fuels) is part of the fiscal solution for some countries – as the **President of Chad** outlined, in how they are reinforcing their stabilisation funds with the IMF. Diversifying away from these sorts of economic activities requires more concessional finance.

The **President of Sri Lanka** emphasised the specific challenges that middle income countries also face. When Sri Lanka went bankrupt, they were not eligible for the Common Framework nor many of the other measures that low-income countries can access. Help from the IMF was slow and delayed – they had to look to their neighbours for help including $4bn from India. More to the point, having a viable process to deal with this when the country was under stress rather than in default, would have been beneficial to all. **Kristalina Georgieva** encouraged reform, to make our institutions work harder and better, but not to throw them out wholesale. The IMF recognises and is working to get funds out the door faster and on concessional terms. Georgieva also declared victory on the $100bn SDR recycling target (failing to note that $21bn of that, from the US, is an unlikely to be met) and emphasised the financing being delivered by the PRGT (to 56 LICs), the RST (7 so far) and the effort to get the AfDB SDR hybrid capital instrument working. The **President of Rwanda** noted it was the first country to receive an 'SDR loan' via the RST and are very pleased with it, but noted the need for more partnership and more engagement with the private sector to fight climate change.

Fundamentally the growth in need is outstripping the pace of reform so debt financing, even unsustainable debt, becomes part of the answer. The old system was designed for a post-WWII world and a new system cannot be built on the same principles – bare minimum in ensuring that other countries have a seat at the table and that those least responsible, do not bear the highest cost. The SDR allocation was a stark example of the inequalities and irrationalities of the system, very little went to where it was needed most. Speakers also drew comparisons between the level of support for Ukraine – 'a model of action for broader international development' – and the burden that African other countries bear.

Outlining reforms needed, speakers emphasised:

- More concessional resources are urgently needed overall.
- More affordable resources where they are needed including a better sharing of SDRs.
- MDBs should move faster, reduce bureaucracy and take more risk.
- MDBs can also be a great opportunity to make the most of the SDRs sitting unused, leveraging them by three or four – making progress on recycling through SDRs should be a priority.
- Unilateral suppression of debt in order to alleviate the huge burden that African countries have to suffer from climate change which they didn't cause.
- For MICs, access to concessional finance has to consider a broader range of factors including other vulnerabilities.

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**Roundtable 3: A new method: green growth partnerships**

*Moderator: Catherine Colonna*

**M. Denis SASSOU-NGUESSO**, President of the Republic of Congo
**M. Abdel FATTAH AL-SISSI**, President, Egypt
**M. Cyril RAMAPHOSA**, President, South Africa
**M. Gustavo PETRO**, President of Colombia
**M. SANJAYAN**, CEO of Conservation International

**Summary:**
Partnership for just energy transition can become a model of sustainable development and they necessarily involve the mobilisation of private and public funding. **Cyril Ramaphosa**, President of South Africa mentioned the following lessons learned from the Just Energy Transition Partnership: any plan like this needs to take into consideration the countries particularities and never be imposed on any country, it must foster for a just transition, must be flexible and take into account the current country challenges, access to concessional loans is key and it should involve all the communities and stakeholders. **Abdel Fattah el-Sisi**, President of the Arab Republic of Egypt also mentioned that a concessional funding platform is a condition for development to occur and to reach the Paris Agreement objectives in the context of the climate change crisis.

For **Ursula Von Der Leyen**, President of the European Commission, JETPs are key not only in terms of funding but also regarding the knowledge transfer. She also mentioned that green bonds are key for the green energy transition, attracting funding from the emerging market is a core subject for developing economies and carbon pricing is one of the most effective tools to cut emissions. **Denis Sassou-Ngueso**, President of the Republic of Congo claimed that the support measures to developing countries to adapt and mitigate promises at Copenhagen have not yet arrived and that concrete solutions are needed. He announced that the Summit for the three forest basins will be held this year. The three basin Summit could be a new environmental alliance and he invites the North to participate in the creation of a structured market for the services they rendered to humanity through their environmental preservation effort.

**Gustavo Petro**, President of Colombia, suggested that capital that creates markets has limits and that it could only support processes up to the point where they are profitable, but the resources that are going to be needed to solve these crises go beyond profitability. Therefore, he proposed a Global Marshal Plan of Investment, in which a much greater capital flow to increase climate action and a reduction to public debt for climate action swap is needed**. M. Sanjayan**, CEO of Conservation International, agreed that we will never be able to tame the Paris Agreement if we do not have a Marshal Plan for climate and nature. Therefore, we need seed funding to get countries prepared for a transition of nature, large scale funding that involves philanthropy, private public sector and all instruments possible. Last but not least, local and indigenous communities need to have a voice in this process.

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**Roundtable 4: Innovating with instruments and financing to address new vulnerabilities**

*Moderator: Chrysoula Zacharopoulou & Mia Mottley*

**M. Nana Addo AKUFO-ADDO**, President of Ghana
**M. Muhammad Shehbaz SHARIF**, Prime Minister, Pakistan
**M. William RUTO**, Preident, Kenya
**M. Charles MICHEL**, President, EU Council
**M. Ilan GOLDFAJN**, President, InterAmerican Development Bank (BID)
**Mme Laurence TUBIANA**, President and Executive Director, European Climate Foundation

**Summary:**

**Chrysoula Zacharopoulou** emphasised the need to move beyond 'optimising' existing resources and instruments. **Mia Mottley** then said that, while the Summit is not a 'pledging' conference, it needs to produce more innovative financial instruments, in the form of foreign exchange guarantees, debt for climate (and health, education etc.) swaps, guarantees, and sources of concessional financing for middle-income countries. She also called for debt cancellation for IDA countries, an increase in MDBs' callable capital and emphasised the role of credit rating agencies.

**Nana Akufo Addo** highlighted three priorities: greater resource mobilisation and taxation in Africa, innovative financial instruments, and regional integration and cooperation on the African continent. He also highlighted the power, and lack of accountability, of ratings agencies. **Muhammad Shehbaz Sharif** questioned how the West could afford to spend billions in Ukraine (not mentioned by name but heavily implied) while it failed to increase development finance. **Ilan Goldfajn** emphasised the importance of debt swaps, natural disaster clauses and sustainability-linked bonds, and argued that the next step was scaling these instruments through MDB coordination.

**Laurence Tubiana** called for a shipping levy, a financial transactions tax and a tax on fossil fuels. She emphasised that the principle "polluters pay" should underscore these initiatives and called for a new taskforce to work on these measures. **Charles Michel** emphasised the importance of instruments to address perceptions of risk in the private sector, carbon pricing, and measures to create safe environments for investment. **William Ruto** Called for two outcomes from the Summit: an immediate solution to the liquidity crisis for low income countries and the scaling up of longer term financing. He called for MDBs to give global south countries a grace period for loans. He emphasised new taxes, and signalled Kenya's willingness to participate in them. He emphasised governance issues at the Bretton Woods Institutions, and highlighted the Africa Climate Summit as a landing point for reform.

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**Roundtable 5**: **Ensuring more reliable, comparable information and data**

*Moderator: Sylvie Goulard & Mark Carney GFANZ*

**Ambassador Adam, MOHAMMED**, Nigeria
**M. David CRAIG**, TNFD
**M. Mark CARNEY** GFANZ
**Mme Mary SCHAPIRO**, Bloomberg
**Mme Sabine MAUDERER**, Vice-President, Network for Greening the Financial System
**Mme Catherine MCKENNA**, Special Envoy, UN

**Summary:**
The panel report discusses the importance of data and system change in the finance sector, emphasizing the need for a new financial paradigm due to the ongoing economic and digital revolutions. **Mark Carney** highlighted the parallels between the current transformation and the Industrial Revolution, which necessitated changes in banking, central banking, and the international monetary system and argued that similar transformative measures are required now to address climate change, including banks focusing on carbon, stress testing by central banks, and the establishment of a new international financial system. **Mary Shapiro** acknowledged the crucial role of data in enabling action at the necessary scale in climate finance and underlined the importance of the upcoming release of the International Sustainability Standards Board's climate standards. Shapiro shared information on the new data platform to be housed at the UN from the Climate Data Steering Committee (CDSC) which will provide open access to data needed by financial institutions for the transition to a net-zero economy.

**David Craig** addressed the work of The Nature-related Financial Disclosures (TNFD) in addressing the risks and impacts associated with nature. He acknowledged the complexity of measuring nature-related risks and impacts and the need for a methodology that simplifies and standardizes disclosures and how the TNFD was using existing pillars from the TCFD and the forthcoming Montreal agreement and its 23 targets. **Ambassador Mohammed** underlined that Africa's perspective on climate change and environmental issues has shifted substantially from seeing it as Western concern to an African concern as climatic disasters have made it clear that climate change is a real and immediate threat. Mohammed underlined that after Covid, it's evident that relying solely on public resources and government funding would not solve the problems at hand so will have to attract private capital which will require aligning with global standards and compete internationally and data availability and transparency have become crucial as private capital tends to flow towards regions where risks and opportunities can be assessed accurately,

**Catherine McKenna** noted merely relying on commitments and long-term pledges is insufficient in addressing climate change and global poverty and measuring progress on an interim basis allows for innovation and adjustments to be made when necessary, fostering accountability and driving further action Discipline is crucial in addressing climate change - by measuring progress and scaling up financial resources on a global scale, not limited to a few countries, we can solve the climate crisis and tackle poverty simultaneously. **Sabine Mauderer** explained the work of the Network for Greening the Financial System (NGFS) and how its growth to include members from the Global South broadened its perspective. Data is key given that public funds will primarily be allocated to adaptation, there is limited funding available for transformation so there is a need to mobilize greater private capital by encouraging corporates and financial institutions to present comprehensive transition plans outlining their transformation strategies for the next decade or two.

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**Roundtable 6: Mobilizing the private sector for the SDGs: sustainable infrastructure and SME financing**

*Moderator: Bertrand Badré & Rémy*

**M. Macky SALL**, President of Senegal
**M. Yoshimasa HAYASHI**, Foreign Minister, Japan
**M. Makhtar DIOP**, Director General, International Finance Society
**M. Khadem AL REMEITHI**, ADIA, UAE Sovereign Fund
**Mme Jamila BEN BABA** (PDG Laham Industries)
**M. Jay COLLINS**, Vice-President, Citigroup
**M. Thomas BUBERL**, Director General, AXA Group

**Summary:**
**Macky Sall**, President of the Republic of Senegal stated that the actual financing infrastructure model is no longer adequate, given that the rules are no longer appropriate to respond to the needs of the different countries and do not take into account climate change requirements. Developing countries are still waiting for the reallocation of the Special Drawing Rights (SDR) with no concrete results. Governance needs to change in order to meet these needs and the most urgent need for Africa is financial infrastructure. With 31% of renewables based on a debt, Senegal was incurred in unfavourable conditions. He announced a JETP agreement with the G7 for just energy transition to move up to 40% of renewables in their share of energy by 2030. In 2023, Japan assumed the G7 Presidency and during the Hiroshima Summit the G7 remarked the importance of mobilising private financial assets to have less financial gap and the needs of continued effort to scale up ODA and expand its catalytic use. **Yoshimasa Hayashi**, Minister of Foreign Affairs of Japan participated in the panel and stressed that the public and private sector should work together. Japan continues to support the Indonesia JETP with the private sector engagement. The G7 launched the Partnership for Global Infrastructure and Investment (PGII) with a pledge to mobilise up to 600 billion USD. ODA from Japan will increase from 20% to 40% (8.4 billion USD).

**Khadem Al Remeithi** from ADIA presented 5 key conclusions from The Working Group 3:

1. The need to create a quality enabling environment to attract more investments,
2. Create more country catalyst in order to originate more bankable projects,
3. Improve regional aggregation and syndication platforms,
4. Develop a global toolkit to help share data and risks with all stakeholders
5. Pursue the dialogue between public and private.

**Werner Hoyer**, President of the European Investment Bank (EIB) agreed that good quality infrastructure is essential and for this, taking care of a decent in-house expertise for the opinion about the quality of investments that guarantees that. EIB provided 11 billion EUR in financing and more than half of their lending support the private sector directly and they are in charge of the implementation of the Union´s Global Gateway Strategy, an example of how the EIB finances sustainable infrastructure. **Jay Collins**, Vice President of Citigroup remarked that they are not working bold enough and that project centricity should not be confused with bankability. There is an urgent need for MDBs and others to triple down on creating more projects, the private sector needs to sit at the table with MDBs and countries to re-look at an enabling environment and to supercharge the tools that mitigate the risks of the private sector asking if these tools are fit for purpose for mobilising the private sector. **Makhtar Diop**, IFC's Managing Director of the World Bank observed that the water sector, sanitation sector and adaptation are not being included in the current conversations and they can become vertical areas. Also, there is a challenge for middle income countries to aggregate the demand of larger projects.

**Jamila Ben Baba**, PDG from Laham Industrie marked the need to invent new financial tools adapted to fragile countries: simple, quickly deployed and at reasonable cost. For **Thomas Buberl**, CEO of Axa Group, the issue of innovation in the private sector was fundamental and how instruments such as blue bonds can make us more resilient to climate change. **Odile Renaud-Basso**, President of the European Bank for Reconstruction and Development (EBRD) mentioned that investments in the private sector in emerging countries are fundamental because employment is created locally.