idfc International Development Finance Club

COOPERATION FOR DEVELOPMENT (C4D)

ANNUAL REPORT 2024

Summary

EXECUTIVE SUMMARY

Created in 2011, the International Development Finance Club (IDFC) is a group of 26 national and regional development banks from across the world, majority of which operate in emerging markets. IDFC members work together towards the implementation of Sustainable Development Goals and the Paris Climate Agreement agendas. The IDFC members have a combined total asset value of US $4 trillion, commit over US $800 billion (including US $170 billion of climate finance) making them the largest provider of public development and climate finance.

IDFC has crafted four objectives to meet its vision and mission, namely:

- Knowledge sharing and capacity building,
- Pursuing advocacy on the role of public development banks,
- Increase cooperation between members,
- Foster cooperation with partners within the financial ecosystem.

The IDFC has five working groups overseeing its activities:

- Biodiversity,
- Climate,
- Cooperation for Development
- Gender equality
- SDG alignment,

The Cooperation for Development (C4D) Working Group is jointly led by BOAD, BICE, CAF, CDG, DBSA and JICA. It is transversal as it is responsible for evaluating the cooperation between members and identify and map out cooperation for members. The C4D prepares an annual report which provides insights on engagements that took place between members in the previous year.

OVERVIEW

The C4D’s Annual Report is completed using the results from C4D’s annual questionnaire to members.

The questionnaire for 2024 was divided into three main sections, namely:

1. Financial Cooperation,
2. Non-financial Cooperation,
3. Private Sector Cooperation.

The questionnaire was sent to all members through an email by IDFC Secretariat.

The questionnaire had the following objectives:

- Identify types of funding taking place between members and from members to the private sector.
- Identify the most preferred type of non-financial cooperation.
- Identify the sectors in which members cooperate with other members or the private sector on.

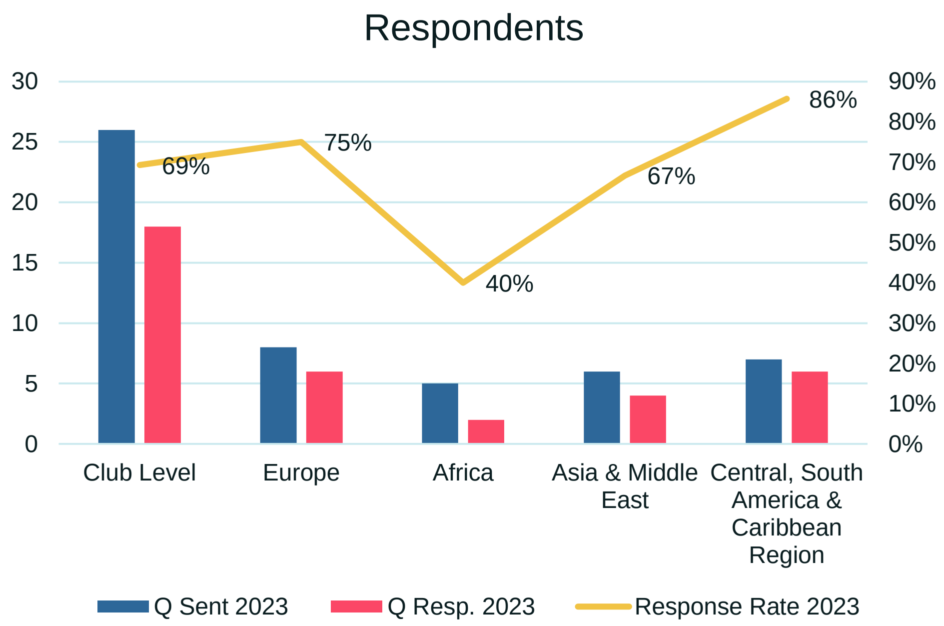
The questionnaire had a response rate of 69% (18 members), an increase from 65% in the previous year by a single respondent.

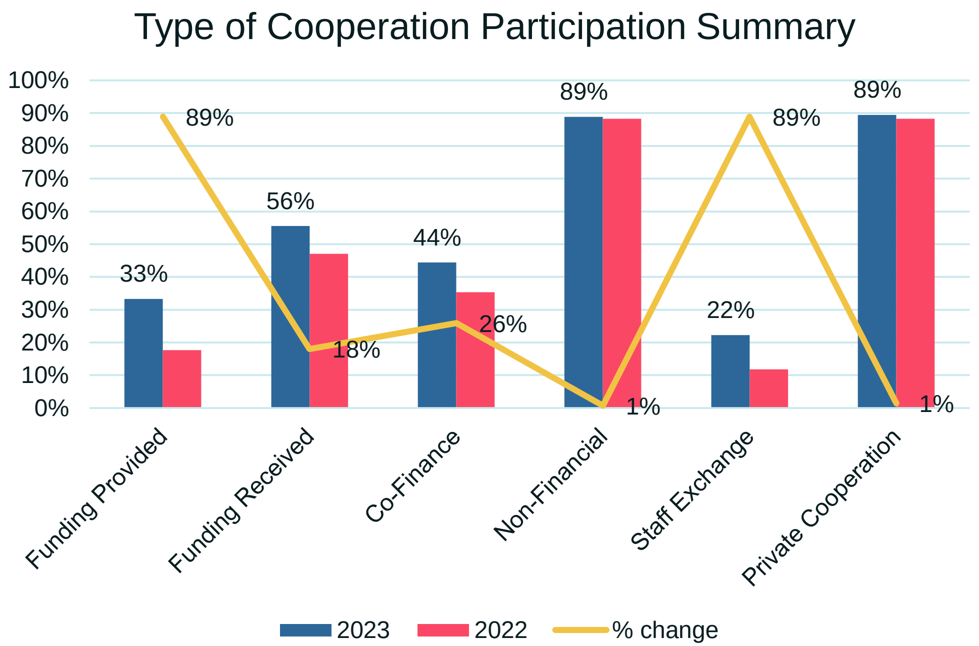
The members who responded to the questionnaire are AFD, Bancoldex, BICE, BNDES, BOAD, BSTDB, CABEI, CAF, CDP, DBSA, HBOR, ICD, JICA, KfW, NAFIN, PT SMI, SIDBI and TSKB.

KEY OUTCOMES

- Overall response rate of 69% with 18 responses received (AFD, Bancoldex, BICE, BNDES, BOAD, BSTDB, CABEI, CAF, CDP, DBSA, HBOR, ICD, JICA, KfW, NAFIN, PT-SMI, SIDBI, TSKB) - **highest participation in the last 3 years**
- Improvement of cooperation across all areas, especially in financial cooperation:
  - **Nearly 90% of respondents utilized non-financial cooperation with other members**
  - **Increase of number of funding from a member to another member** (In 2023, 9 members have received funding from another member and 8 members have provided funding)
  - **Increase in co-financing**: 8 members involved in 2023 for a total project value of USD 6.88 billion (from USD 3.7 in 2022)
- Cooperation with other partners:
  - Increase of the cooperation with the private sector: in 2023, US $14 billion was extended to the private sector; and co-financing with the private sector increased by 23%
  - Examples of projects and partnerships provided by AFD, Bancoldex, BNDES, BOAD.

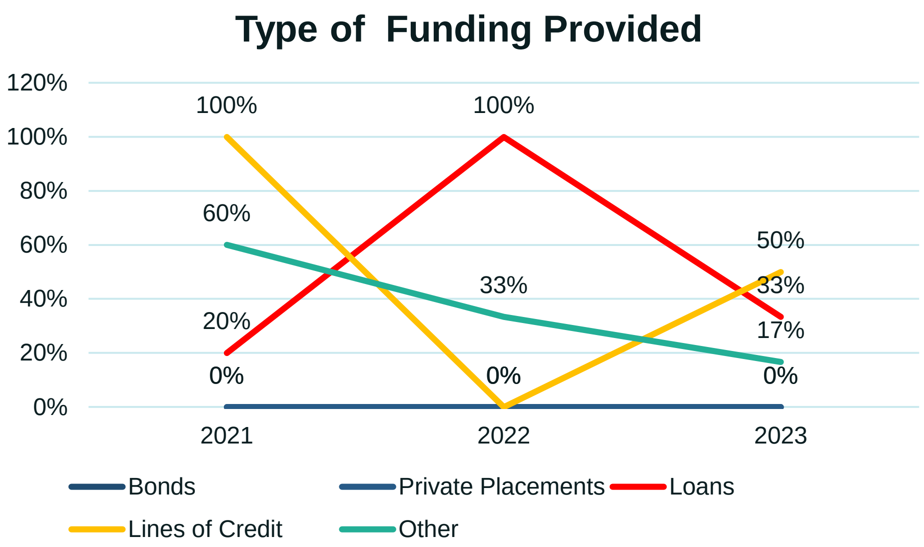
RESPONSES

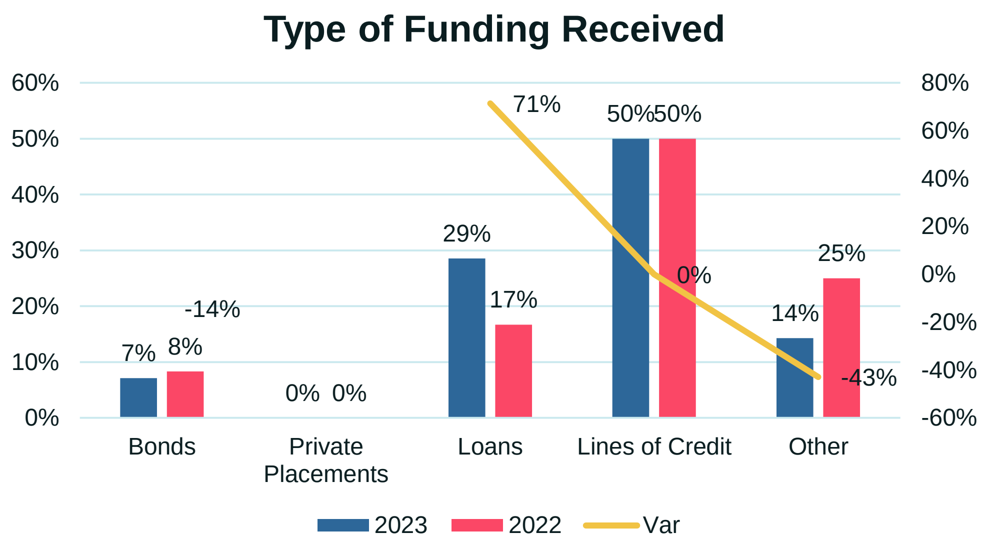




- The Club achieved an overall response rate of 69%. This was mainly due to the strong participation from the European and Central, South America and Caribbean Region members, which saw 100 % and 83% of members responding to the questionnaire, respectively.
- 67% of Asia and Middle East members responded to the questionnaire, whilst Africa is the only region that had less than half of the members responding to the questionnaire.
- There was an improvement of participation across all areas of cooperation, with members who indicated that they provided funding to other members seeing biggest change of 89%.
- Non-financial cooperation remains a strong cooperation area as well as cooperation with the private sector with 89% of the respondents taking part in each.
- Staff exchange remains to be the least utilised form of cooperation by respondents.

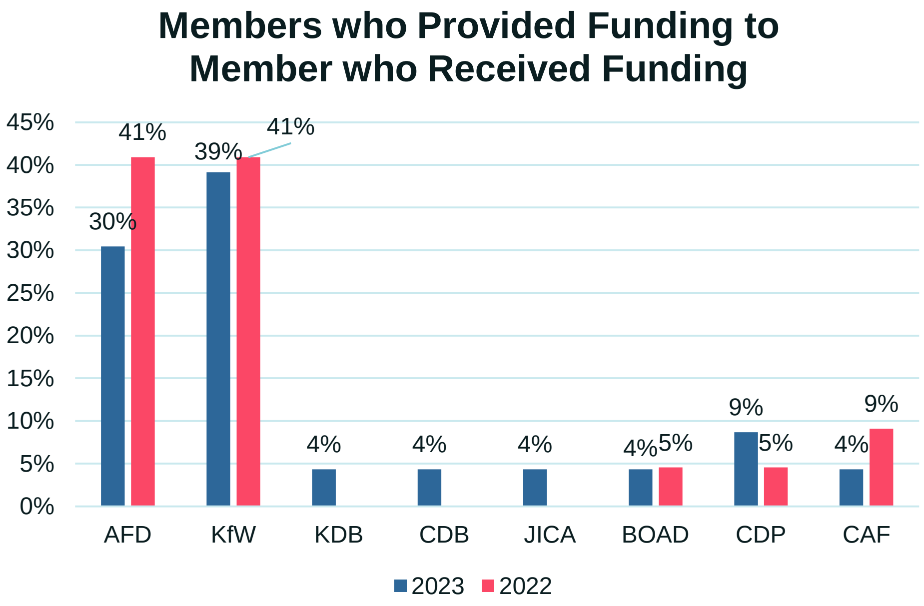
FUNDING PROVIDED & RECEIVED

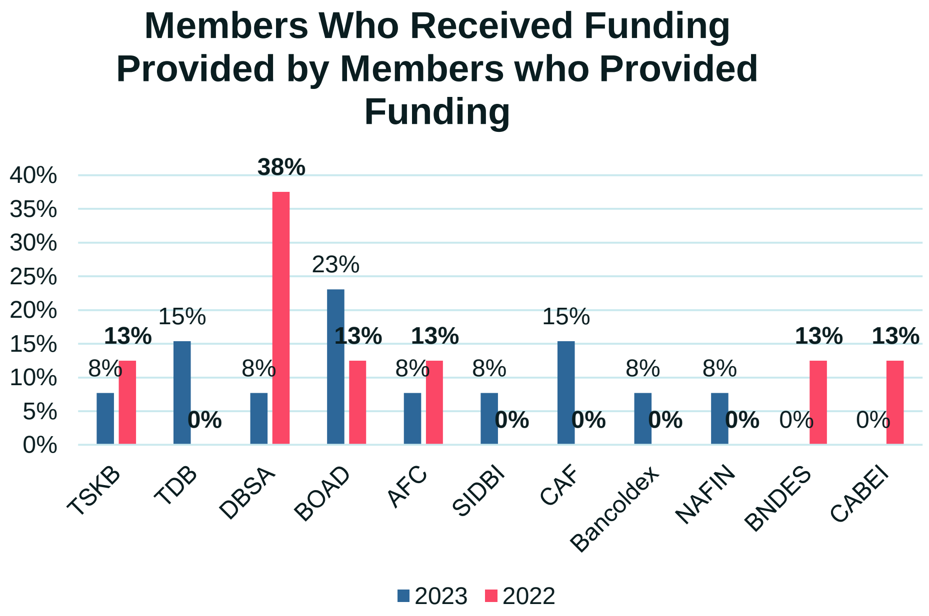




- 33% (6 respondents) of respondents indicated that they provided funding to other members, an increase from the previous year's 18% (3 respondents).
- 50% of respondents who provided funding used credit lines as means of doing so, whilst 33% used loans to provide funding and 17% used other means representing a more diverse funding when compared with the previous year in which all respondents provided funding in the form of loans, and 33% used other types of funding.
- 56% (10) of respondents indicated that they received funding from other members, an increase from the previous year's 41% (7).
- 50% of funding received by respondents was through lines of credit, whilst 29% was through loans. Only 7% of respondents who received funding, received it through bonds, whilst 14% received it through other means such as grants and equity contribution.

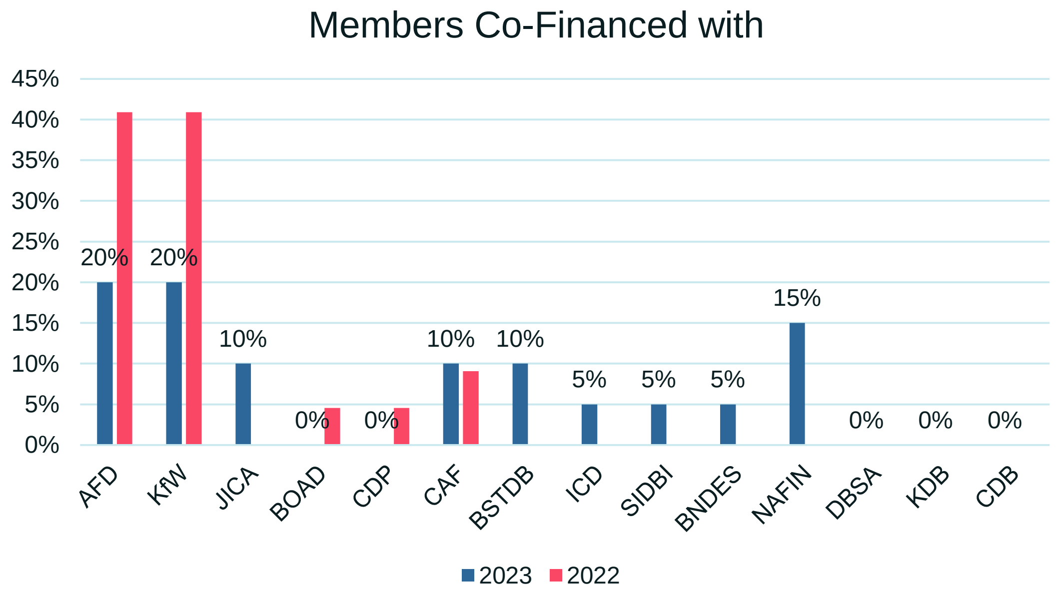
FUNDING PROVIDED & RECEIVED

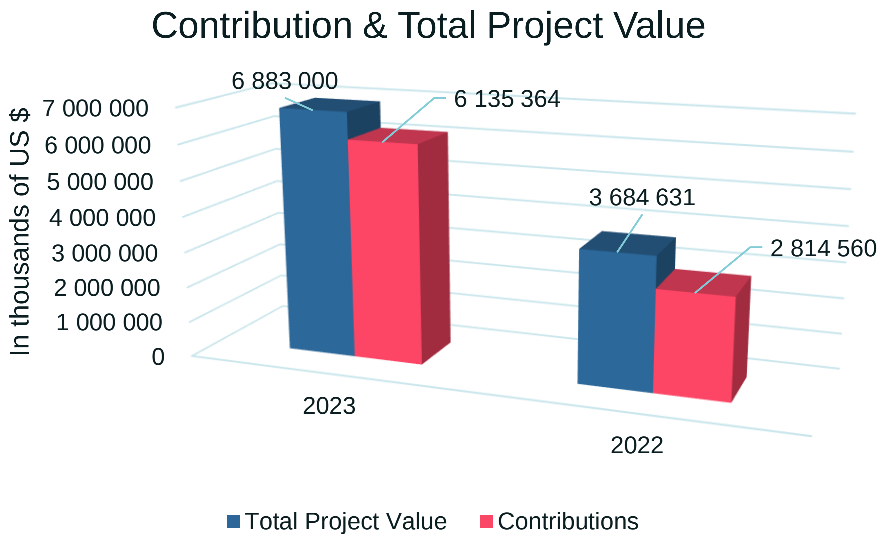




- The respondents provided funding to nine Club members, which is an increase from 6 reported in the previous year.
- BOAD received funding from 23% of respondents that provided funding, and TDB and CAF received funding from 15% of respondents that provided funding to other members.
- Respondents that received funding indicated that they received funding from AFD, BOAD, CAF, CDB, CDP, KDB, KfW and JICA, which is slightly greater than the number of respondents that indicated that they provided funding to other members.
- 39% of respondents that received funding indicated that they received funding from KfW and 30% from AFD. This highlights the flow of funds from developed economies into emerging and developing economies.

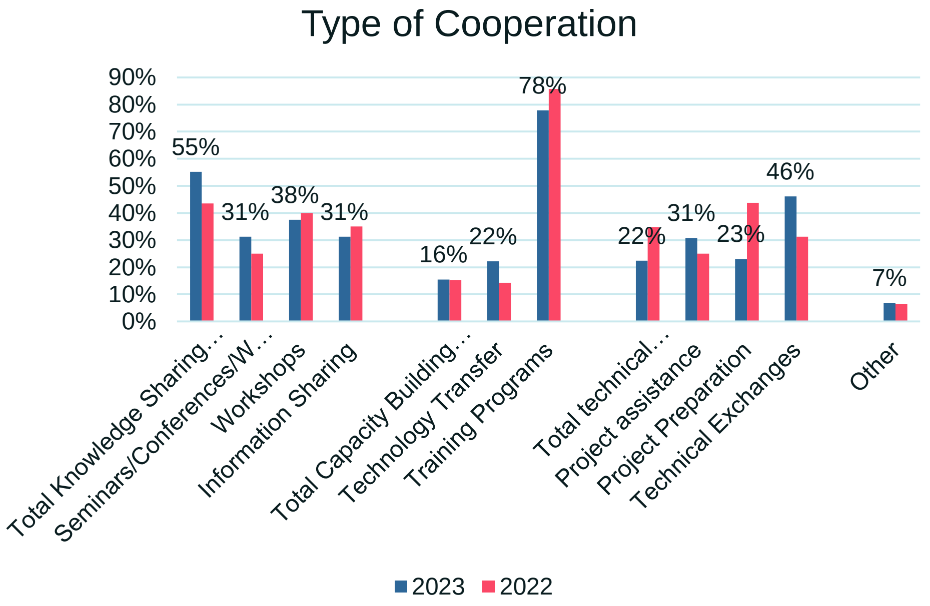
CO-FINANCING

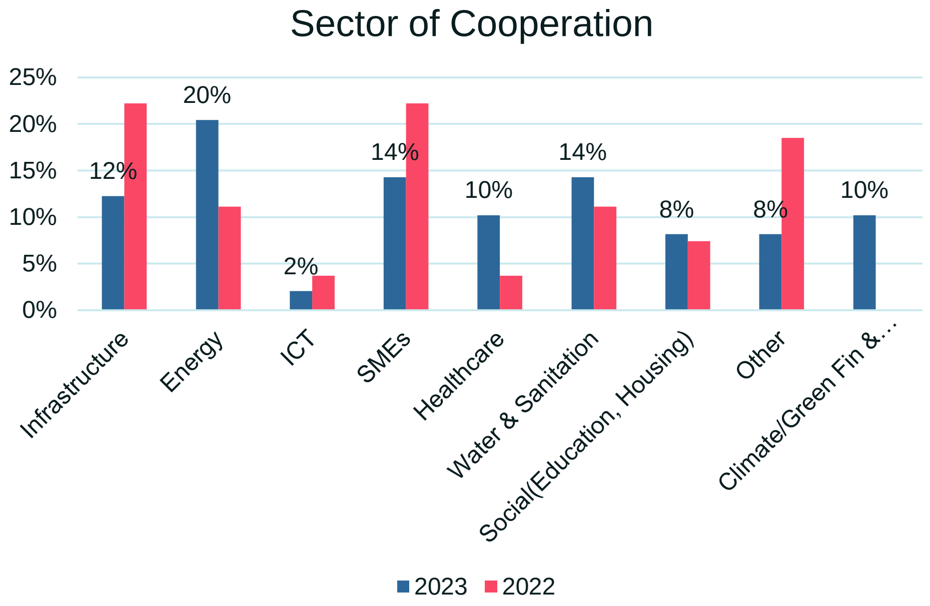




- 44% (8) of respondents indicated that they co-financed projects with other members, an increase from the previous year's 36%.
- 20% of respondents that co-financed projects, co-financed them with KfW and AFD.
- US $6.14 billion of own contribution was made by respondents to finance projects worth a total of US $6.88 billion, this is an increase in both areas from the previous year's US $2.81 billion and US $3.68 billion, respectively.
- Whilst the total value of projects and own contribution has increased, the total number of projects co-financed has decreased to ten project from the seventeen in the previous year.
- The increase in value of projects co-financed may be a result of an increase in the size of projects co-financed.

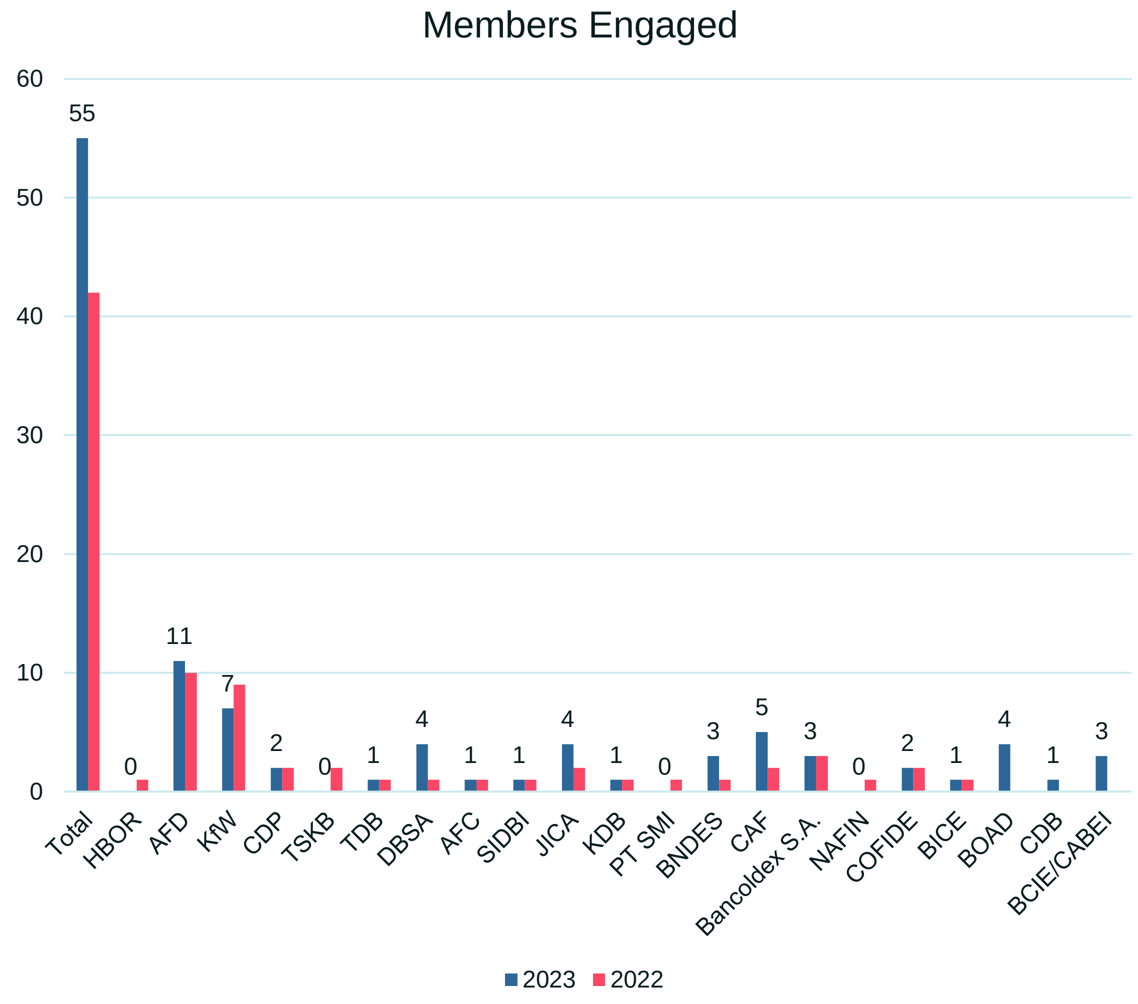
NON-FINANCIAL COOPERATION





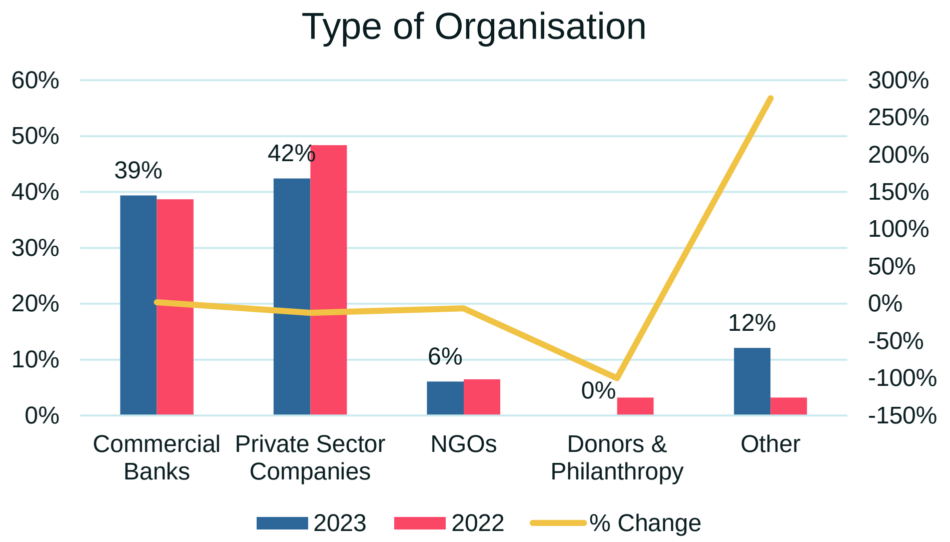
- 89% of respondents utilised non-financial cooperation with other members.
- 55% of all non-financial cooperation engagements were through knowledge sharing, which was nearly equivalent across seminars/conferences, workshops and information sharing at 31%, 38% and 31% respectively.
- Capacity building made up 16% of all non-financial cooperation and continues to be strongly dominated by training programs which made up 78% of all capacity building engagements.
- 20% of non-financial engagements were done on the energy sector, whilst SMEs and water and sanitation each made up 14% of the engagements.
- We have added climate/green finance and biodiversity as a sector as it made it up 10% of engagements, this indicates the Club's continued efforts in tackling recent development issues.

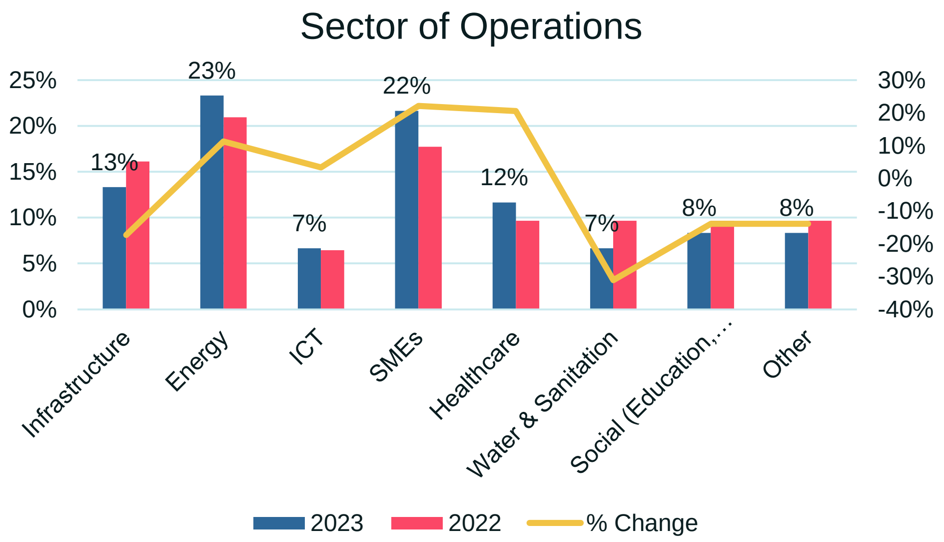
NON-FINANCIAL COOPERATION



- 89% of respondents engaged with other members through non-financial cooperation.
- A total of 55 non-financial engagements took place between respondents and other members, an increase from the previous year's 42.
- AFD was the most engaged member with eleven engagements, followed by KfW with seven engagements.
- Majority of members who were engaged by respondents for the previous year saw an increase in number of engagements. This resulted in an increase of average engagement from 1,68 in the previous year to 2.2 overall and from 1 to 1.45 when not considering outliers.
- Whilst only 22% of respondents took part in staff exchange programmes this is an increase from the previous year's 12%. The average tenure for staff exchange was 18 months, decreasing from 24 months in the previous year, which shows an elaborate amount of time to allow for skills transfer to the hosting member.

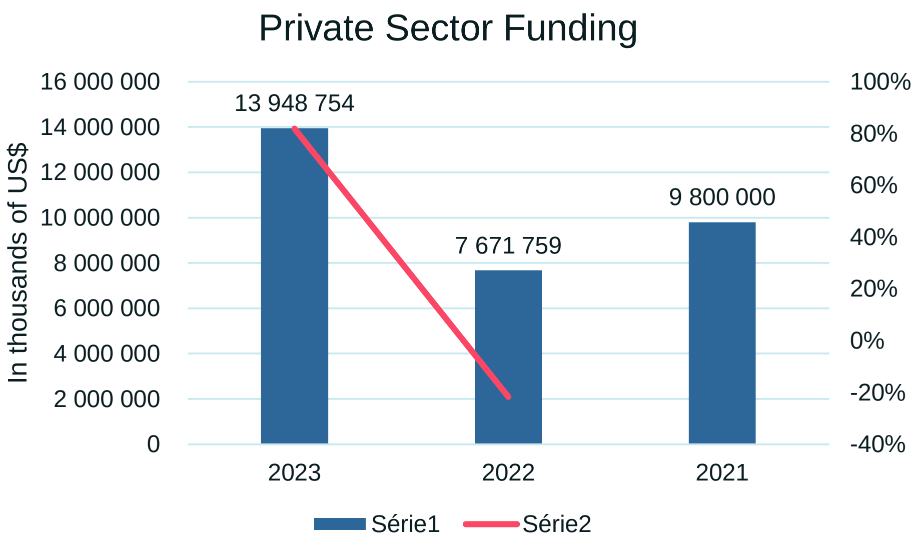
PRIVATE SECTOR COOPERATION

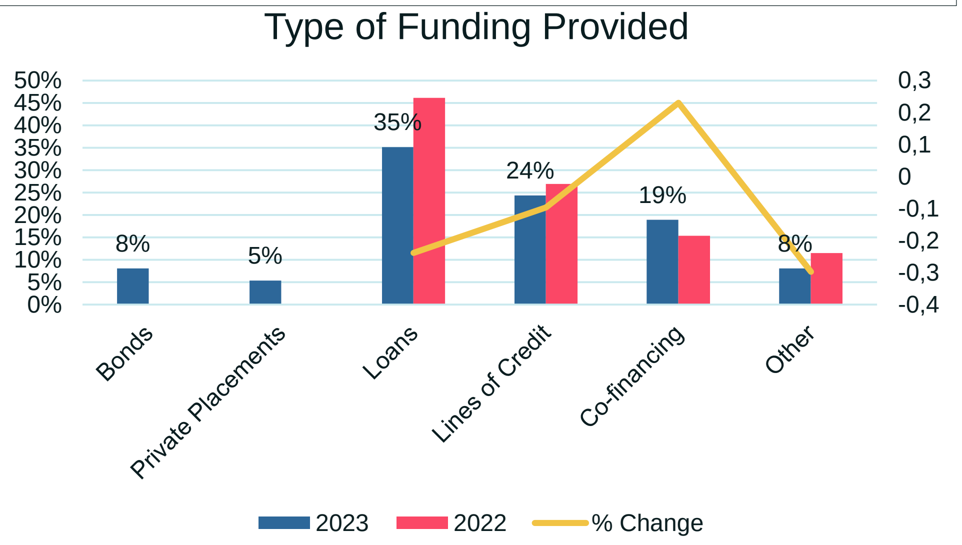




- 89% of respondents indicated that they cooperated with the private sector.
- Majority of the respondents cooperated with commercial banks and private sector companies.
- None of the respondents engaged with donors and philanthropes.
- The energy sector and SMEs sectors remain the sectors that respondents engage the private sector more on.
- ICT and water and sanitation remain the sectors least engaged on with the private sector.

PRIVATE SECTOR COOPERATION





- US $14 billion was extended to the private sector. This is an increase of 82% from the previous year.
- 35% of funding provided to the private sector was through loans, which continues to be the most used form of funding.
- Lines of credit was the second most used form of funding making up 19% of funding.
- There was a 23% increase in co-financing, 15% to 19%, with private sector by respondents, which may indicate an increase in resource mobilization from members with the private sector.

idfc International Development Finance Club

IMPACT OF CLUB MEMBERS

IMPACT OF CLUB MEMBERS - BNDES

Context

BNDES in partnership with the International Fund for Agricultural Development (IFAD) of the United Nations (UN) will allocate funding for climate resilience, allowing for sustainable management of 85 000 hectares of land, in semi-arid areas of the nine Northeastern states of Brazil, prioritizing women, youth and traditional communities for participation. This will be bundled by **Sertão Vivo - Planting Climate Resilience Project.**

Funding provided:

- **IFAD:** US$30 million loan,
- **Green Climate Fund:** US$65; grant of US$34.5 million,
- **BNDES:** US$73 million; Through in-kind non-monetary contributions valued at US$14.5 million
- **Total investment package up to be raised:** US$217 million.

Partners

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELPMENT

BNDES

GREEN CLIMATE FUND

IMPACT OF CLUB MEMBERS - AFD

Context

Example 1: Partnered with International Committee of the Red Cross (ICRC) for workshops on the role of the private sector in fragile contexts and for drinking water supply project in Mozambique (Cabo Delgado).

Example 2: Partnered with The Southeast Asia Energy Transition Partnership (ETP), a multi-donor partnership formed by governmental and philanthropic partners to accelerate sustainable energy transition in Southeast Asia in line with the Paris Agreement and Sustainable Development Goals. The objective is to empower 3 countries, Indonesia, Vietnam and the Philippines to transition towards a sustainable energy system, generate economic growth and ensure energy security.

Example 3: Partnered with the Global Energy Alliance for People and Planet (GEAPP) to promote universal access and just energy transition in Africa, Asia, Latin America and the Caribbean.

Partners

ICRC

AFD AGENCE FRANÇAISE DE DÉVELOPPEMENT

ENERGY TRANSITION PARTNERSHIP

Powering Prosperity and Enabling Sustainability in South East Asia

UNOPS

Global Energy Alliance for People and Planet

GEAPP

IMPACT OF CLUB MEMBERS - BOAD

Context

The African Development Bank Group (AfDB) and the West African Development Bank (BOAD) signed an agreement on granting a EUR 70 million line of credit to strengthen BOAD's support to the private sector in the West African Economic and Monetary Union (WAEMU). This will include joint funding from Cassa Depositi e Prestiti, which is providing EUR 60 million, and the Development Finance Institute Canada (FINDEV), which is contributing EUR 20 million.
The funding will support the agro-industry, renewable energy, health and information, telecommunications sectors, promote women, create at least 5,900 jobs (including 2,000 for women) which is part of BOAD's Djoliba strategic plan.

BOAD, the Climate Technology Center and Network (CTCN) and the National Renewable Energy Laboratory held a workshop on the potential and exploitation of green hydrogen in the energy, trade and industry sectors, with the support of Benin's Ministries of Energy and Environment, Housing and Urban Planning.

Workshop Objective: to support sustainable and economic development in Africa through a viable hydrogen economy, reducing carbon emissions and climate impact. Cooperation between BOAD and the CTCN aims to contribute to the acceleration of low-carbon economic growth on the continent, through knowledge sharing, capacity building and resource mobilization, for the deployment of green hydrogen technologies and services.

Partners

CTCN
UN Climate Technology Centre & Network

Banque Africaine de Développement – African Development Bank

African Development Fund – Fonds Africain de Développement

cdp

FinDev Canada

BOAD

International Development Finance Club

CASE STUDIES

COOPERATION FOR IMPACT

BANCOLDEX: Financial Strengthening of MSMEs

CASE STUDY - BANCOLDEX

Description

Bancóldex has a portfolio of non-financial services to improve entrepreneurs’ capabilities to access and appropriate use of financing.

This portfolio includes:

(i) financial education and business training programs,

(ii) specialized technical assistance services, and

(iii) strategic alliances.

In 2023, 2,307 companies were supported with non-financial services (97 % classified as MSMEs) located in 280 municipalities in the country.

The technical support mainly focused on the financial strengthening of the companies. In addition, the following programs are being implemented:

- Vincúlate y Crece,” was submitted and approved by USAID’s Finance for Equity Program which supports the implementation of the technical strengthening component of the project in 2024.
- “Vincúlate y Crece Sostenible” submitted and approved by The Swiss State Secretariat for Economic Affairs (SECO) supporting its implementation in 2024.

Partners

BANCOLDEX

USAID FROM THE AMERICAN PEOPLE

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO

CASE STUDY - BANCOLDEX

Purpose & Objective

The mentioned programs contribute to promoting financing access for microenterprises with specific objectives:

- “Vincúlate y Crece,” aims to attract more entrepreneurs and enhance the Bank’s operation in different regions.
- “Vincúlate y Crece Sostenible” seeks financial readiness and credit preparation for microenterprises.

Contribution

Bancóldex, is recognized as a leading entity in financing MSMEs. As a national development bank with our non-financial products, we contribute to improve the capabilities of the MSMEs, increase their possibilities of access and adequate use of financing, as well as the projects implementation success.

Being part of IDFC allows Bancóldex to have valuable connections to continue building alliances with international partners and sharing experiences toward financial inclusion. For instance, having the role of IDFC co-chair has allowed us to promote relevant topics on the Club's agenda, as the cost of capital and the role of PDBs in the New Global Financial Arquitecture, but also be aware of the member´s initiatives in order to find points of collaboration.

CASE STUDY - BANCOLDEX

Development Impact

Each project establishes an environmental monitoring mechanism to evaluate its impacts in terms of sustainability. This ensures compliance with environmental objectives and allows for corrective measures to be taken when necessary.

Particularly, in “Vincúlate y Crece Sostenible” the selected companies will undergo a qualitative and quantitative diagnosis to identify whether making an investment in new technologies would have a positive impact on the company given its current energy consumption, associated with SDG 7.

International Development Finance Club

CASE STUDIES

COOPERATION FOR IMPACT

DBSA: Development of National Water Programme

CASE STUDY – DEVELOPMENT BANK OF SOUTHERN AFRICA

Description, Purpose & Objective

The DBSA is at the forefront of developing a National Water Programme for South Africa.

The objective of the programme is to address the South Africa’s water challenges comprehensively through a programmatic approach through priotising needs and strategically mobilising resources for maximum impact.

Contribution

The DBSA is the programme secretariat and the fund manager. DBSA aims to attract private sector investment as well as public sector investment. DBSA will partner with the Trans-Caledon Tunnel Authority (TCTA).

This will be used to deliver tangible solutions for various stakeholders, including municipalities and other water sector players.

The DBSA is to contribute a total of R1.85 billion for the construction of Berg River-Voelvlei Augmentation Scheme, Western Cape South Africa, which is equivalent to the total project value.

CASE STUDY – DEVELOPMENT BANK OF SOUTHERN AFRICA

6 CLEAN WATER AND SANITATION

Development Impact

The project will provide much needed boost to Cape Town's water supply by:

- Extracting 23 million cubic meters of water annually from the Berg river,
- Leverage on existing infrastructure to maximise efficiency,
- Reverse operation during summer to allow for downstream release to Voelvlei Dam.

Partners

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

TCTA
A new word for water

CONCLUSION

The participation in this year's questionnaire is the highest of the last three years. The Club's members' cooperation with each other has shown improvement across all areas of cooperation, apart from non-financial cooperation which remained at the same level as the previous year.

The move from loans being the most dominant form of funding towards lines of credit coincides with positive sentiments around the financial market.

Members continue to prioritise solutioning for less carbon intensive economies as they cooperate strongly within the energy sector with other members and private sector.

Infrastructure finance gap has become a reality that members need to tackle, as such members see the need to pool their resources together which enables risk mitigation and whilst availing funds to finance infrastructure projects, this is further elaborated through the respondent of which nearly half (44%) of took part in co-financing activities with other members. Co-financing by respondents was for energy, water and sanitation, climate, biodiversity and urban development.

Respondents have also indicated the use of resourcing funds with the private sector for co-financing opportunities.

The realization of having MSMEs at the heart of global economic recovery also sentiments with members at a local economic level, this is shown through MSMEs being the second highest sector in which members engaged with the private sector.

Whilst staff exchange participation remains low, the Club has planned a workshop in which benefits around skills transfer, capacity building, and technical assistance because of staff exchange can be derived by members.

International Development Finance Club

Thank You

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