Station Note

World Café at TD 1.3

Station 3: President of a multilateral development bank

Facilitator: Chizuru Aoki (Global Environment Facility)
Expert: Preety Bhandari (World Resources Institute)

I have committed the new operations of my Bank will be fully aligned to the goals of the Paris Agreement, Further, I have made a commitment that a third of the Bank's financing will have climate co- benefits. With impending deadlines, my board has also requested me to prioritize a review of the existing portfolio of projects for their impact on climate change adaptation and mitigation.
While some of my shareholders explicitly share this vision and commitment on climate action, the developing country Board members are still measured in their support as they feel that investment in sectors such as education, infrastructure, and health will be compromised as a result.
At the same time, there are other demands for reforms in my institution's operations to take more risks to mobilize the private sector, to enable debt relief and provision of more grant and concessional financing to debt distressed countries, and to bring efficiencies in operations.
As president of a MDB, I see myself as ultimately accountable to my shareholders and not the UNFCCC COP or Paris CMA, while of course I and the Bank as an institution are committed to aligning our portfolio with the goals of the Paris Agreement. Clearly, the scale of investments required to meet the Paris Agreement goals highlights the need for a transformation of the financial systems, and I am aware that the need for fundamental MDB/IFI reform has been identified as an important pathway to increase concessional finance and scaling up action on mitigation and adaptation. So, I seek your advice on the following:

a) I am now faced with a divide in our board, where some client countries are expressing their strong preference to use financing for more conventional infrastructure development projects while others are pushing for bulk of these being earmarked for climate. How can I bridge the divide among my board, while pursuing bold climate commitments? The Country Partnership Strategy (CPS) underlines my investment portfolio in a country. We conduct high-level strategic or policy discussions with the main government counterparts in the country as well as other key stakeholders to build strong country ownership of the CPS. If there is not a strong demand from countries for climate investments, I am constrained in meeting the goals on climate finance. Does the country engagement model need to change to elicit a demand for climate related investments?
b) I believe ensuring development aspirations of my client countries will build their resilience to shocks including climate related ones. Many of the investments in my transport portfolio are in building road infrastructure which allows for connectivity, trade and greater economic opportunities and growth. The Bank is ensuring that these roads are climate resilient. However, the experts tell me these investments also lead to

greater road transportation and associated emissions and undermining the target for Paris Alignment. If I build the road, should I also be investing in electrical generation/grid infrastructure to promote EVs? Further, there is a growing call for Banks to do more on building climate resilience at large using concessional financing. How do I meet these competing demands while making good on my commitment to the goals of the Paris Agreement?

c) My lending portfolio has a fine balance determined by various factors including sustainable levels of lending, credit rating, client demands which determines the mix of financial instruments and the financing envelopes for countries. What would you like me to do differently, to scale up climate operations while ensuring viability of the institution?