

Public Development Banks and the Future of Public-Public Collaborations



CIRIEC Webinar

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There's no
pathway to
financing a
sustainable future
that will *not* go
through world's
public banks.

But will it be a
just transition?



Public Banks 101

Public Banks 101

...

EVIDENCE BRIEF

The World of Public Banks

Key takeaways

- Public banks can tackle global grand challenges as a matter of policy, not profit.
- There are 1115 public banks and financial institutions worldwide with combined assets exceeding \$91 trillion.
- The world of public banks is institutionally diverse.
- There are no guarantees that public banks will serve public purposes. Democratic governance is key.

The Scale of Public Banks

The world is facing global grand challenges around equitable and sustainable development. Due to their position within the public sphere, public banks can be protected against market and profitability pressures to address these challenges. Public banks can be tasked with being **policy-maximizing institutions** rather than profit-maximizing entities.

Public banks are **financial institutions that are located with the public sphere** by virtue of controlling public ownership by a government, public authority, or other public enterprise, or according to a legally binding public interest mandate, or through meaningful public governance and control, or by some combination of these factors.¹

There are **1115 public banks and financial institutions worldwide**.² These include public national, sub-national, multilateral, and central banks. While there is variation among countries, in many societies public banks comprise a significant, sometimes dominant, part of the financial sector.

The world's 1115 public banks have **assets totaling over US\$91 trillion**. This amount is 55 percent greater than the 2023 GDPs of the United States, China, Japan, Germany, and India *combined*.

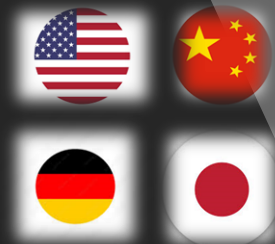


The Types and Functions of Public Banks

Public banks and financial institutions exist around the world. Public banks of differing types serve multiple purposes. **Public commercial banks**, like the State Bank of India and the Alberta Treasury Branch in Canada, accept deposits from and provide short- and long-term loans to households, corporations, and public authorities. Public commercial banks typically have branch networks and geographical reach. In offering a wide range of retail banking services, they often compete with other public and private banks.

Public development banks, like the National Bank for Economic and Social Development in Brazil and the Fonds d'Équipement Communal in Morocco, do not usually lend to individual households or businesses but instead lend to larger institutions and organizations, governments and municipalities, and to other retail banks and financial institutions. Public development banks may have specializations or targeted programs for micro-, small-, and medium-sized enterprise promotion, infrastructure, export-imports, agriculture, municipal development, and so on.

Over \$57 trillion
in assets



A world of public banks

Over 900
worldwide

What is a
'public bank'?



Current Research

Realizing the Potential of National Development Banks to Boost Sustainable Development Financing with MDB Support



Research Question

What do NDBs need from MDBs to help foster a more catalytic public development bank response to financing the 2030 SDGs at the pace, scale, and on the terms appropriate for global green and just transitions?



Thomas Marois, Professor and Canada Research Chair. Director of Public Banking Project, McMaster University.

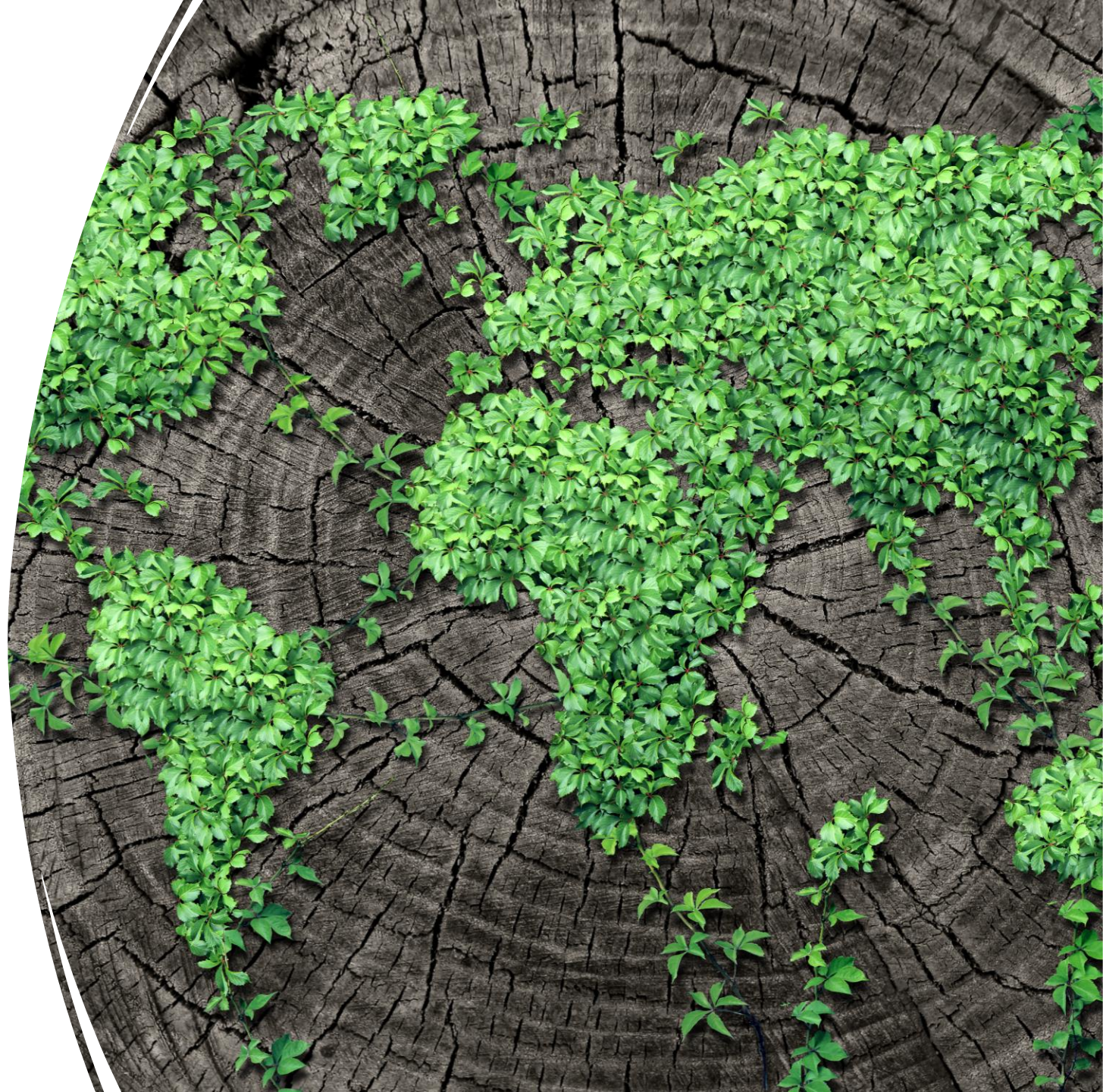
Jacob Wolford, Research Fellow, Public Banking Project, McMaster University.

Ali Riza Güngen, Research Associate Academic, Public Banking Project, McMaster University.

Régis Marodon, Senior Advisor on Sustainable Finance, Agence Française de Développement (AFD).

Methodology

- ❑ Builds on 2022-23 MDB study (9 banks)
 - ❑ Interviewed 18 NDBs in 2024 (40 high-level staff)
 - ❑ Africa & Middle East (6); Asia (3); Europe (4); Americas (5)
 - ❑ Synthesis and interpretation
 - ❑ Verification (Working Paper & Presentations)
-



Results

- ❑ NDBs collaborate with MDBs, but collaboration is **intensely risk and cost sensitive** and often too **complex**, too **slow**, and too **insensitive** to domestic circumstances
- ❑ NDBs derive **tangible benefits** from MDB technical assistance (financial and non-financial)
- ❑ Global south NDBs have a sense of being **unequal and subordinate** partners to the MDBs and that MDBs **do not fully appreciate local conditions**





Four Recommendations

- 1. MDBs and multilateral climate funds must significantly expand low-risk, affordable, genuinely concessional, and high-quality climate financing and grant funding to NDBs.**

This is the *sine qua non* for delivering climate financing at the pace, scale, and on the terms needed.



Four Recommendations

- 2) MDBs need to rethink technical assistance to better enable sustainable domestic financing of green and just transitions vis-à-vis specific national contexts.
- 3) NDBs need to take responsibility for building a more substantive pipeline of attractive climate and just transition development projects.

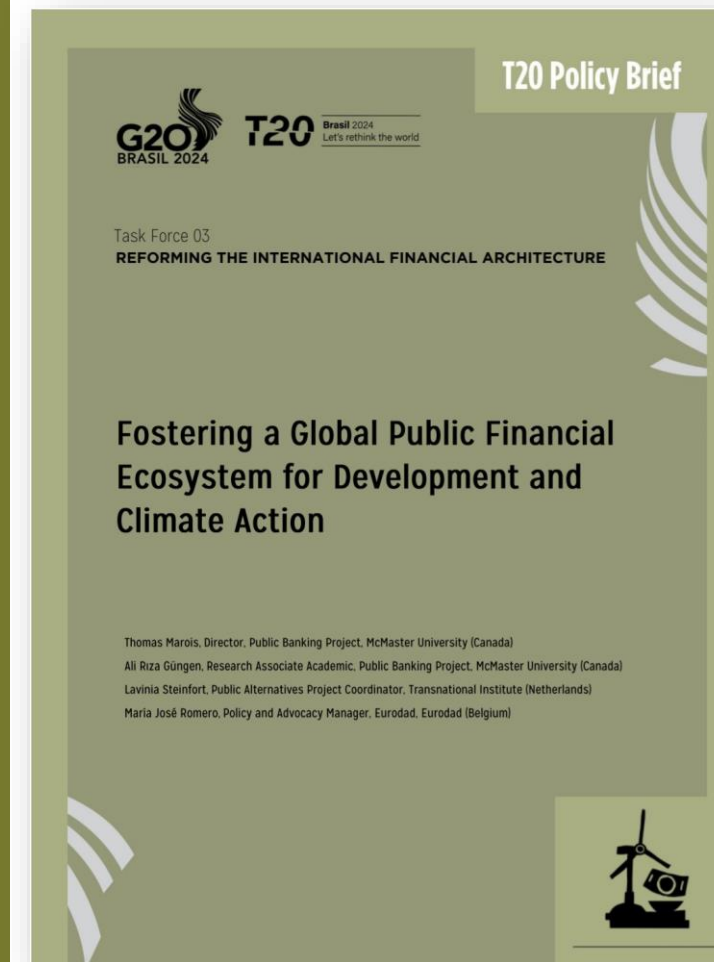
Four Recommendations

- 4) UN Member States should call on their **NDBs and MDBs to foster a global public development bank ecosystem** grounded in accountable public-public collaborations.





Pathways to Impact



FfD4 Preparatory Process

4th International Financing for Development Conference

Seville, Spain | 2025

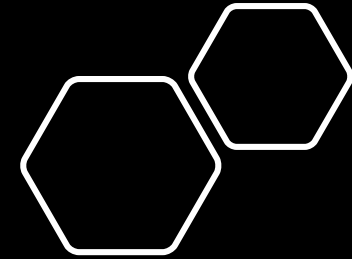




Sevilla Commitment

Fourth International Conference on Financing for Development

Sevilla, Spain
30 June - 3 July 2025



**A Negotiated
Outcome
Document ...**

FfD4.
Trump.
Debt.
PDBs.



Sevilla Commitment

Fourth International Conference on Financing for Development

Sevilla, Spain
30 June - 3 July 2025



Development Bank of Southern Africa showcases water infrastructure success stories

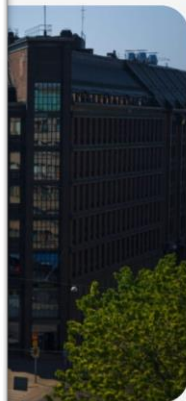


THE DEVELOPMENT BANK OF SOUTHERN AFRICA
SHOWCASES WATER INFRASTRUCTURE SUCCESS STORIES

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



consultation.

Privacy - Terms

Climate change

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Donald Trump pushes World Bank to finance more fossil fuel development

The US is applying pressure to lenders to drop restrictions on projects contributing to climate change



The World Bank and other development lenders have placed restrictions on backing fossil fuel projects because of concerns over emissions © Luke Sharrett/Bloomberg

Attracta Mooney in London and **Aime Williams** in Washington

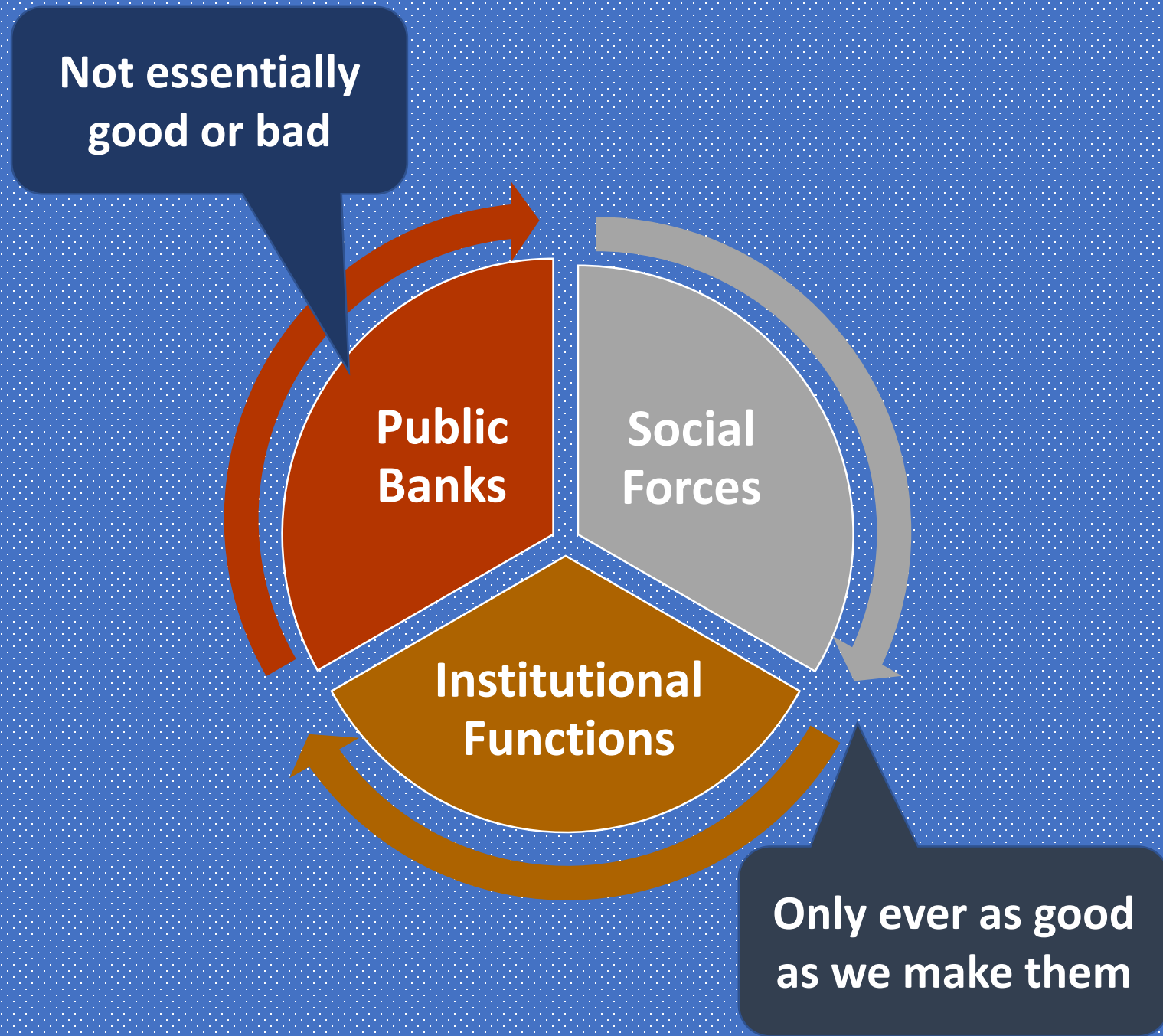
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Rethinking Public Banks

Public banks as dynamic sites of contestation and condensations of social struggles and power relations

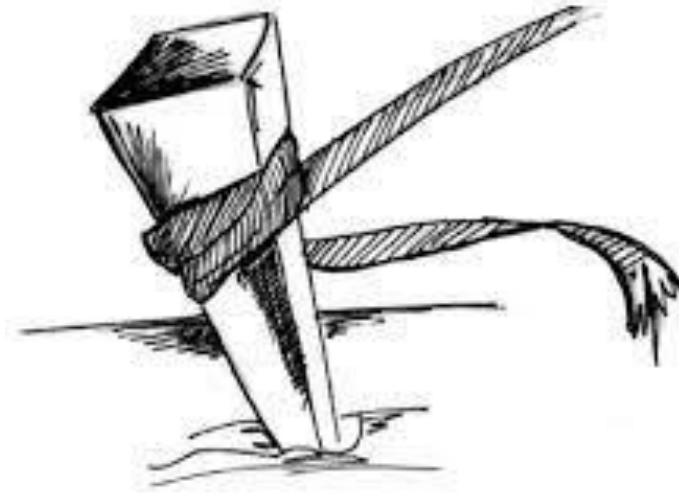
Public banks as policy takers ...



Existing economic theories have failed to capture dynamism

Ownership
determines
functions

**Political view/
Neoclassical**



Public Ownership
Form

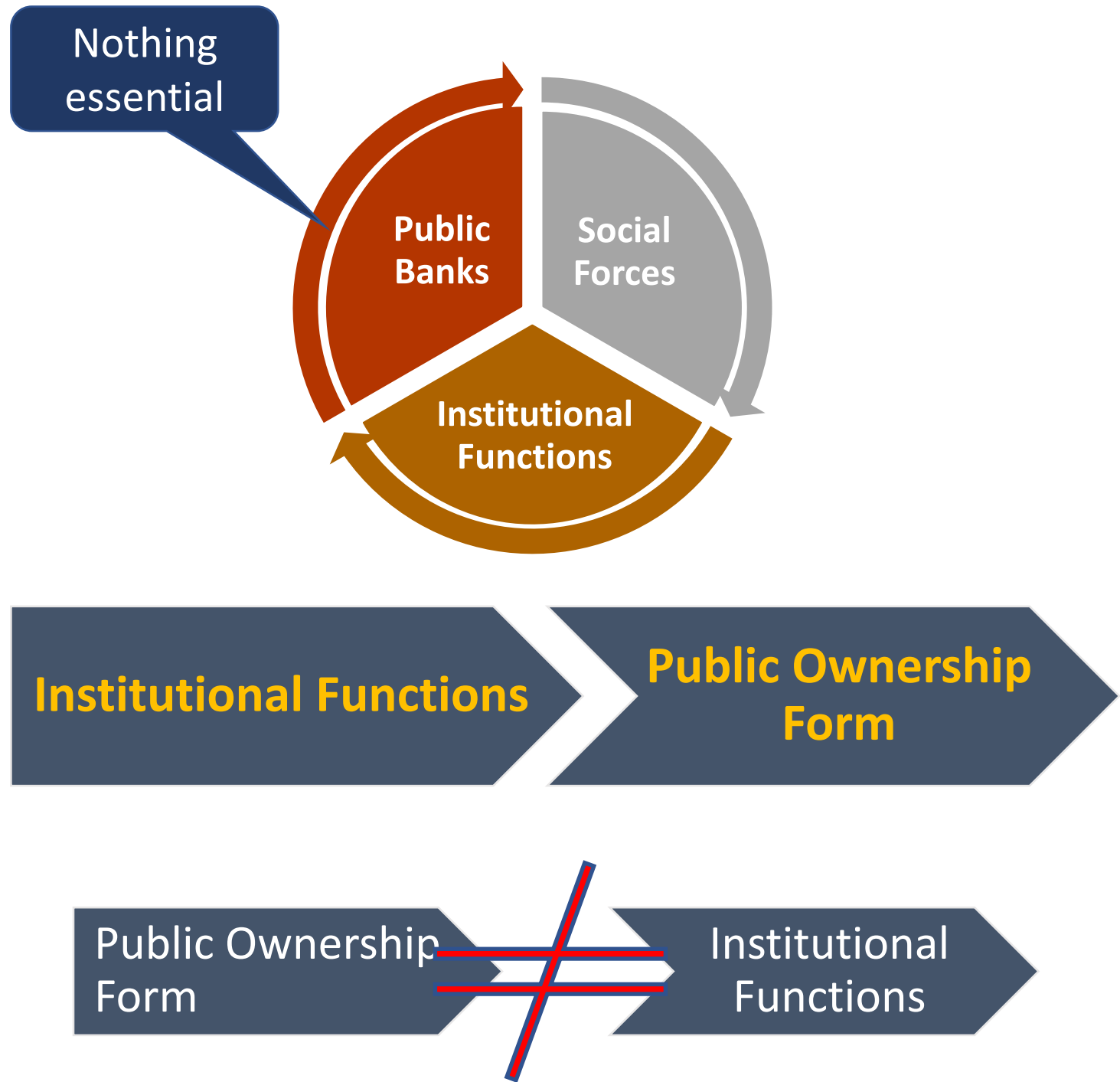
**Development view/
Heterodox**

*Have put a
stake in being
'public'*

Institutional
Functions

Turn theory
on its head

**Contested
functions**
shape evolving
meaning of
public ownership





‘We are a bank of and for the public sector, which is why we enjoy good relationships with local authorities and the central government.’

NWB (Dutch Water Bank) Annual Report 2020



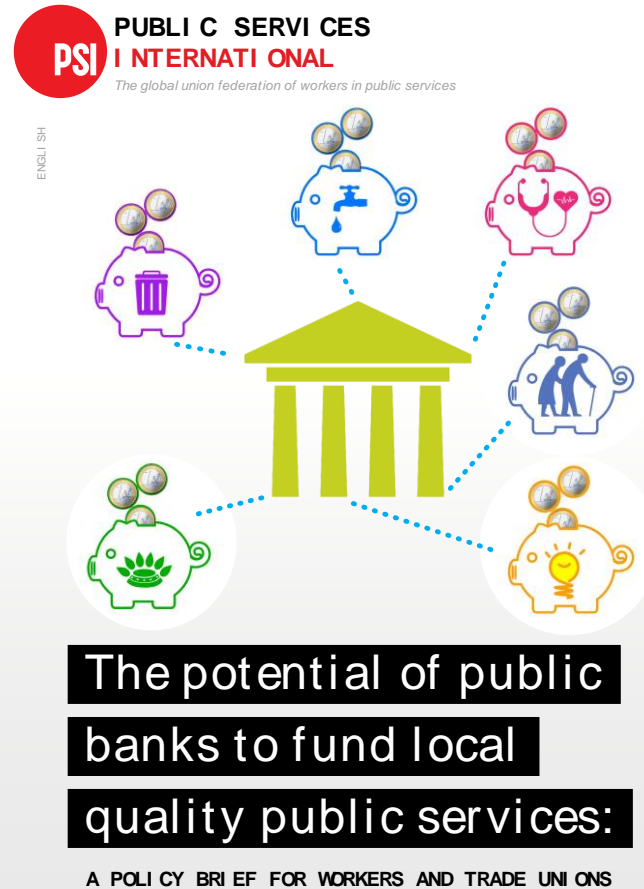
‘The purpose of the Bank is to invest and seek to attract investment from private sector investors and institutional investors in infrastructure projects ... that will generate revenue.’

Canada Infrastructure Bank Act (2017)

Why it matters ...

‘A dynamic view allows us to see the operational contradictions of public banks and understand the relationships of power and politics at play ...’

(Marois 2022, p.367, *ROPE*)



H.R.6775 - Public Banking Act of 2023

*Rashida Tlaib and AOC
have a proposal for a
fairer, greener financial
system — public banking*



Public Banks can do
more than you think ...



**Banco
Popular**

Cooperative-Public-Public Partnerships

Coopelesca

FORJANDO EL DESARROLLO DE LA ZONA N





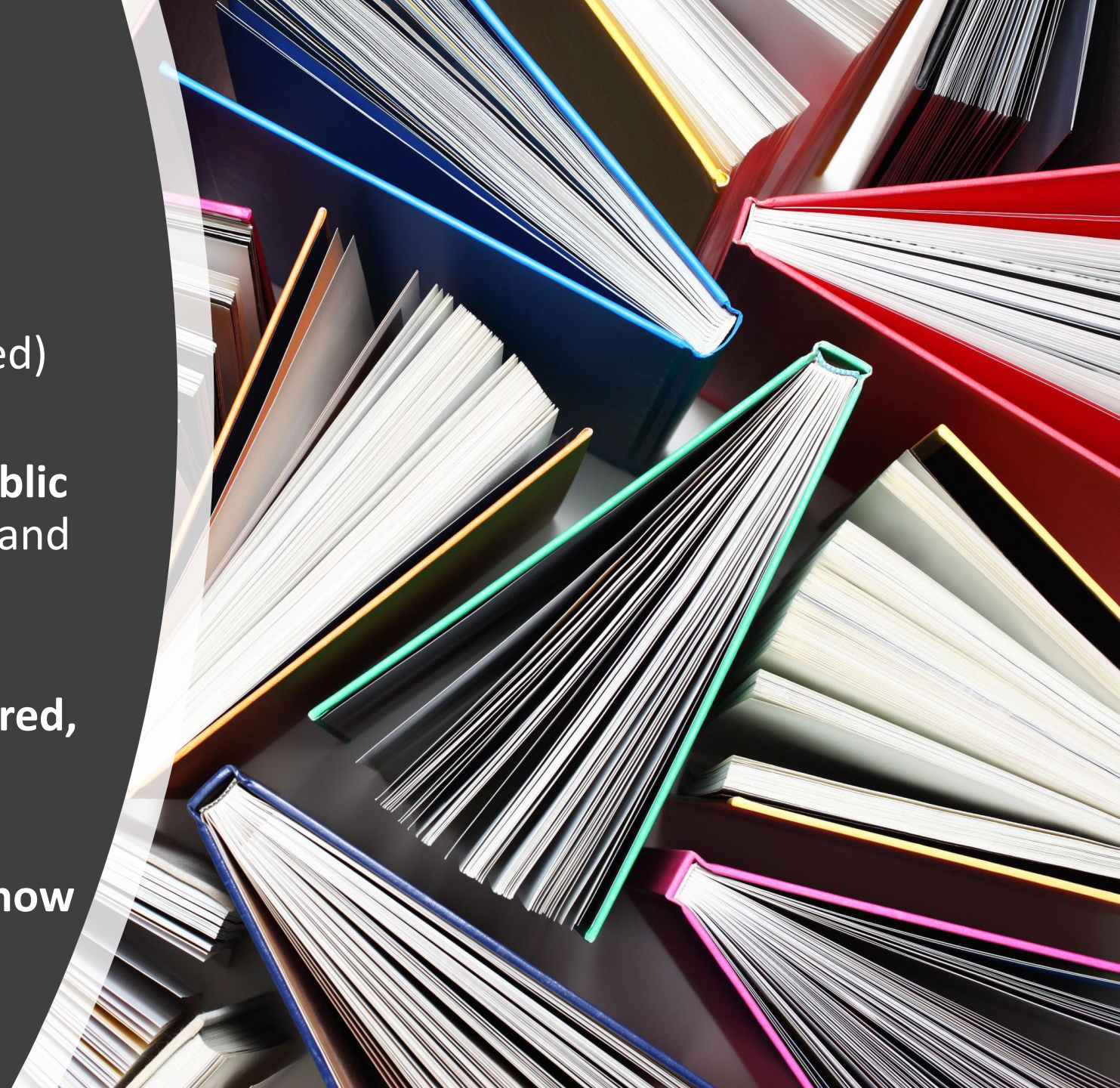
**Municipal Finance
Authority of BC**

**The most economically
efficient bank in the
world?**



A Dynamic Research Agenda

1. **Historical case studies** of existing public banks (why exist; how evolved)
2. Excavate already-existing **public-public collaborations** (PPCs among banks and with other public entities)
3. Take seriously **class-divided, gendered, and racialized** power dynamics
4. Develop a richer understanding of **how and for whom public banks are governed** and the impacts of this





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Thank you!

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