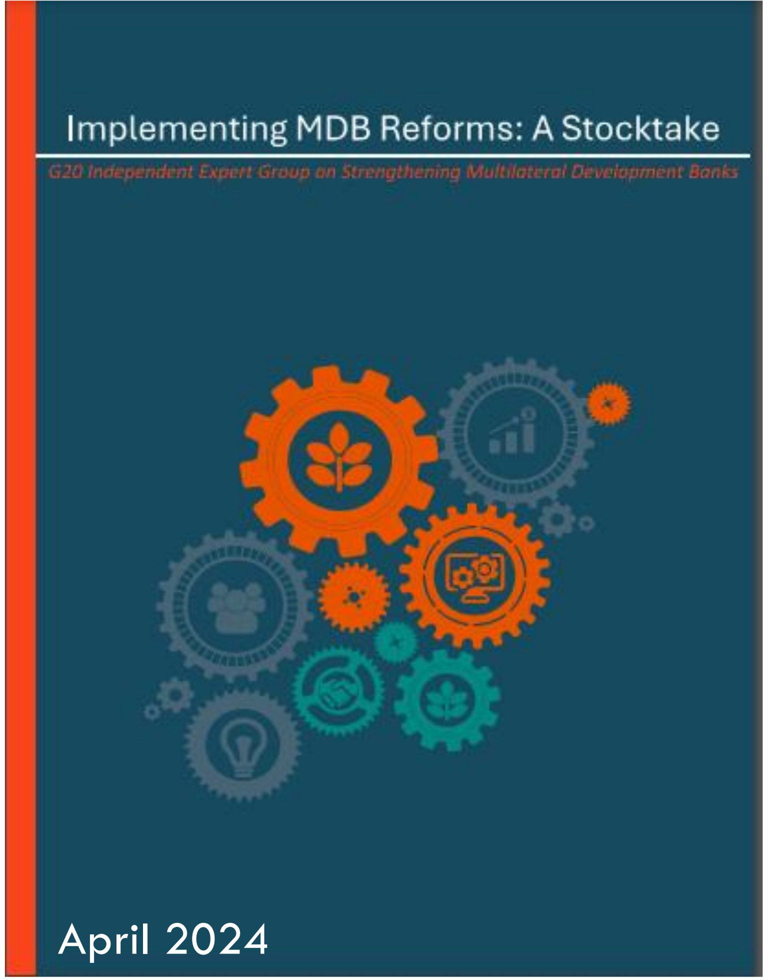

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PROGRESS OF MDB REFORMS:

FINDINGS FROM THE SURVEY OF GLOBAL EXPERTS

ADBInstitute

BILL & MELINDA GATES foundation

Ford Foundation

ICRIER

MDB REFORMS WAS A TOP PRIORITY OF THE INDIAN G-20 PRESIDENCY

The Indian G-20 Presidency established the Independent Expert Group (IEG) to suggest a roadmap for an updated MDB ecosystem that is adequate for the 21st century. The two volume IEG reports were endorsed at the New Delhi Leaders' Declaration (NDLD) and the Fourth FMCBG in Marrakech.

SINGH & SUMMER: DESPITE THE BOLD RHETORIC, 2023 WAS A DISASTER IN TERMS OF SUPPORT FOR THE DEVELOPING WORLD

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The World Is Still on Fire

Apr 15, 2024 | **LAWRENCE H. SUMMERS** and **N.K. SINGH**

For the last several years, world leaders have made big promises and laid out bold plans to mitigate the climate crisis and help the neediest countries adapt. At this year's World Bank/IMF Spring Meetings, they must demonstrate that they can fulfill these promises, rather than simply touting new ones.

CAMBRIDGE/DELHI – The world is facing the worst five-year span in three decades. Higher interest rates have left developing countries crushed by debt, and half of the poorest economies haven't recovered to where they were before the pandemic. Growth is weak across large swaths of the world, and inflation remains persistently high. And behind it all, the thermometer keeps inching up. Last year was the warmest on record, as is true of nearly every month.

For the last several years, world leaders have made big promises and laid out bold plans to mitigate the climate crisis and help poor countries adapt. They pledged that the World Bank would transform itself to work on climate change, and that the multilateral system would get new money and lend more aggressively with the resources it has, including to meet concessional needs. An agreement between creditors would provide debt relief to countries that most needed it. And where public money was insufficient, the multilateral system would be able to catalyze private investment in developing countries.

- The challenge facing the developing world got steeper.
- About half of IDA-eligible countries failed to recover to pre-pandemic income levels.
- Nearly $200 billion private capital flew out of EMDCs (ex-China) in 2023.
- The external debt servicing of EMDEs rose by $40 billion in 2023; and the debt service ratio in Sub-Saharan Africa rose from 21% in 2022 to 32% in 2023.

SEVERAL INITIATIVES TO TRACK MDB REFORMS

CENTER FOR GLOBAL DEVELOPMENT

Research Commentary Experts Events

Multilateral Development Bank Reform Tracker

ODI Report

Country perspectives on multilateral development banks

A survey analysis

THE WORLD BANK IBRD • IDA

Country Opinion Survey Program

The World Bank Group Country Opinion Survey (COS) Program systematically measures and tracks the perceptions of the World Bank Group's clients, partners, and other stakeholders who are development practitioners in client countries across the globe.

FOUR PART SURVEY BY THE IEG CORE TEAM

1. Vision and Mission. Adopt a triple mandate of eliminating extreme poverty, boosting shared prosperity, and contributing to global public goods (GPGs)
2. Better Bank. Support transformative programs, by providing clarity on the policy and financial conditions for investments, streamlining processes, and collaborating with local partners
3. Bolder Bank. Take on and manage risk more effectively for the clients and in engagements with private sector; and
4. Bigger Bank. Helping clients reach the scale needed to deliver economy-wide results quicker

ABOUT THE SURVEY

Respondents

- All the experts consulted during the preparation of the IEG reports were surveyed.
- Out of those 350 experts, 69 responded – 20% response rate is similar to other MDB surveys
- The respondents were spread across more than 15 countries and include both Part I and Part II countries and insiders (staff and Board of MDBs) and outsiders (client countries' government officials, non-state actors, academics and former employees of MDBs)

Questionnaire

- The online questionnaire was comprised of 30 questions, each question mapped to one of the recommendations made by the IEG
- The respondents reported their answer on a five-point scale: 5 - Strongly Agree; 4 - Agree; 3 - Neither Agree nor Disagree; 2 - Disagree; and 1- Strongly Disagree.

TYPICAL QUESTIONS

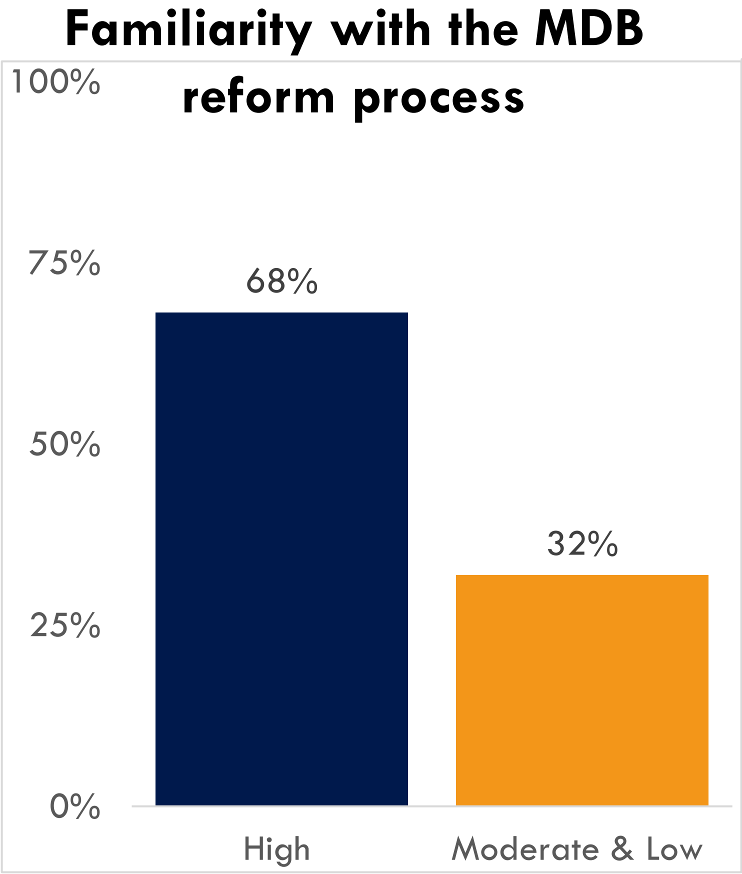
1. Vision and Mission. During the last 12 months, MDBs have significantly increased their focus on supporting the highest priority global public goods (GPGs), especially on climate change and pandemic preparedness and response, as well as addressing transboundary challenges such as conflict and fragility and food security. Do you agree or disagree with this statement?

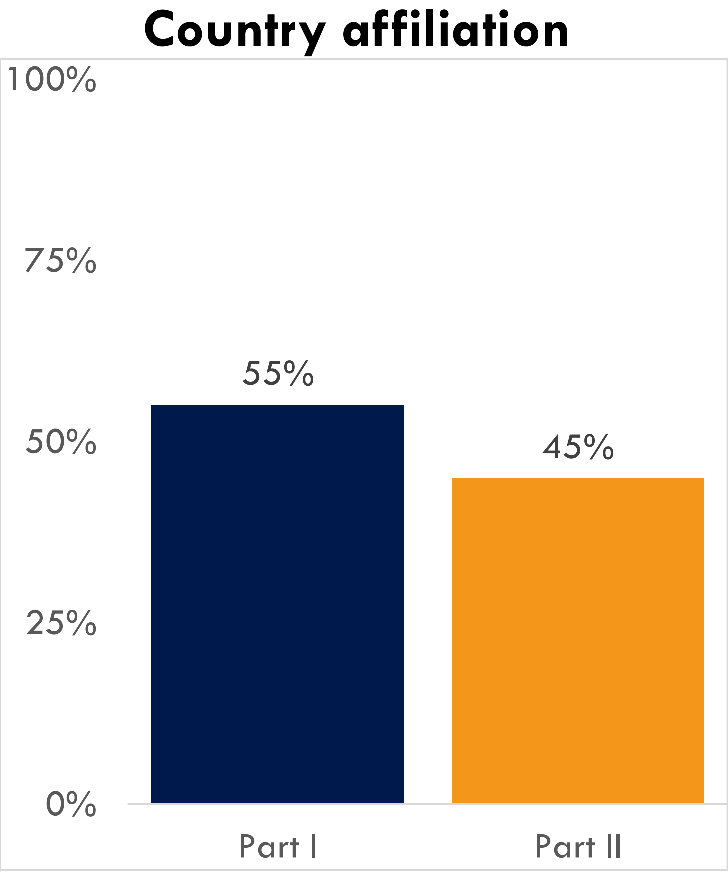
2. Better Bank. During the last 12 months, MDBs have increased their engagement in client countries by helping them build country platforms and bring together all development partners including the private sector to fund programs and projects that are based on a shared vision, common priorities, and core standards. Do you agree or disagree with this statement?

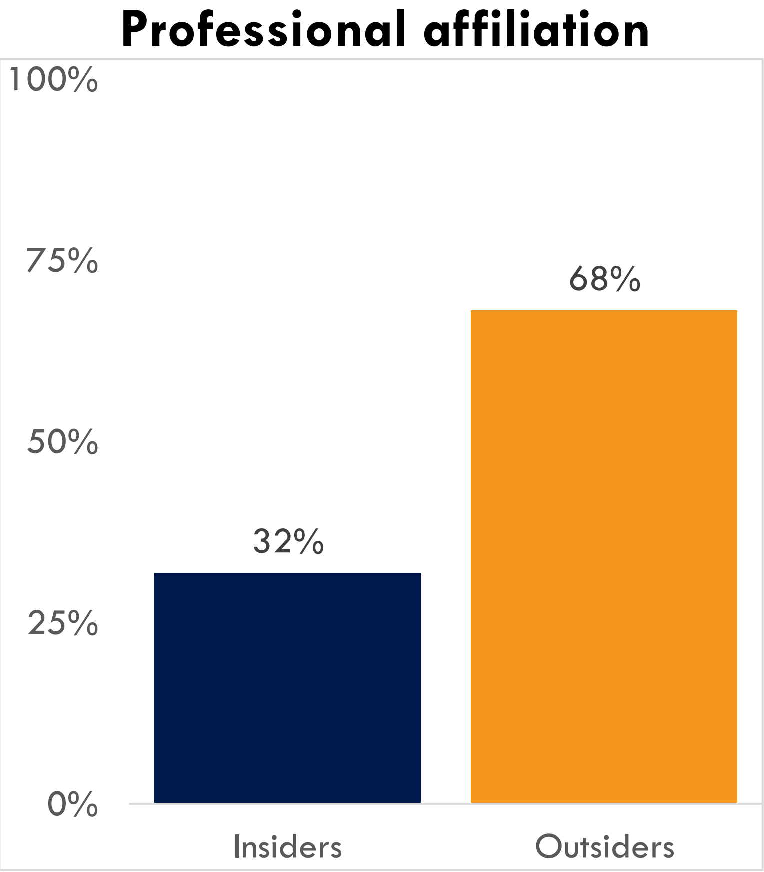
3. Bolder Bank. In the last 12 months, MDBs have made taken credible steps to ensure greater use of guarantees in their portfolios by creating incentive structures, standardizing guarantee contracts, having flexibility in treatment of guarantee, etc. Do you agree or disagree with this statement?

4. Bigger Bank. Based on the reforms initiated by the MDBs in the past 12 month, MDB shareholders are willing to initiate a review of general capital increase to ensure that lending volumes can be tripled over 2019 base. Do you agree or disagree with this statement?

CHARACTERISTICS OF THE RESPONDENTS

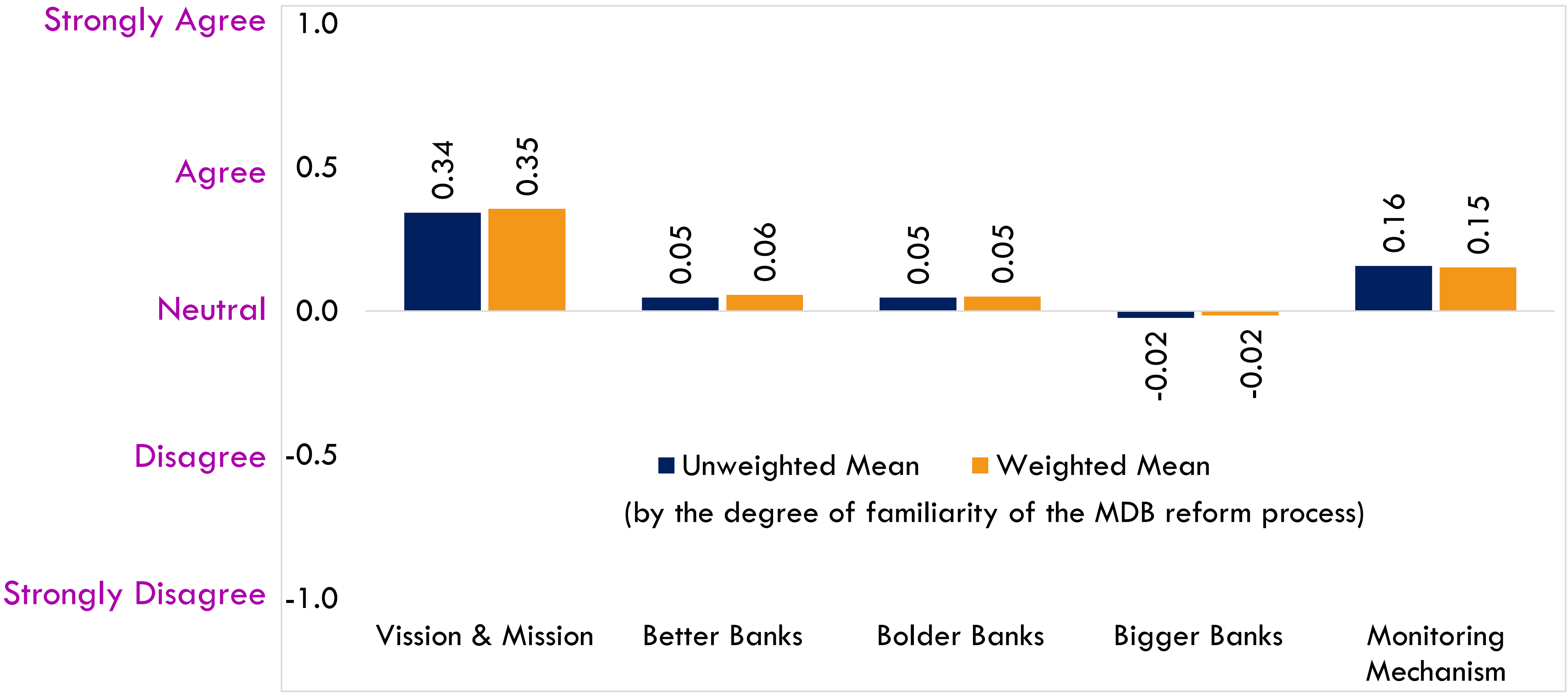




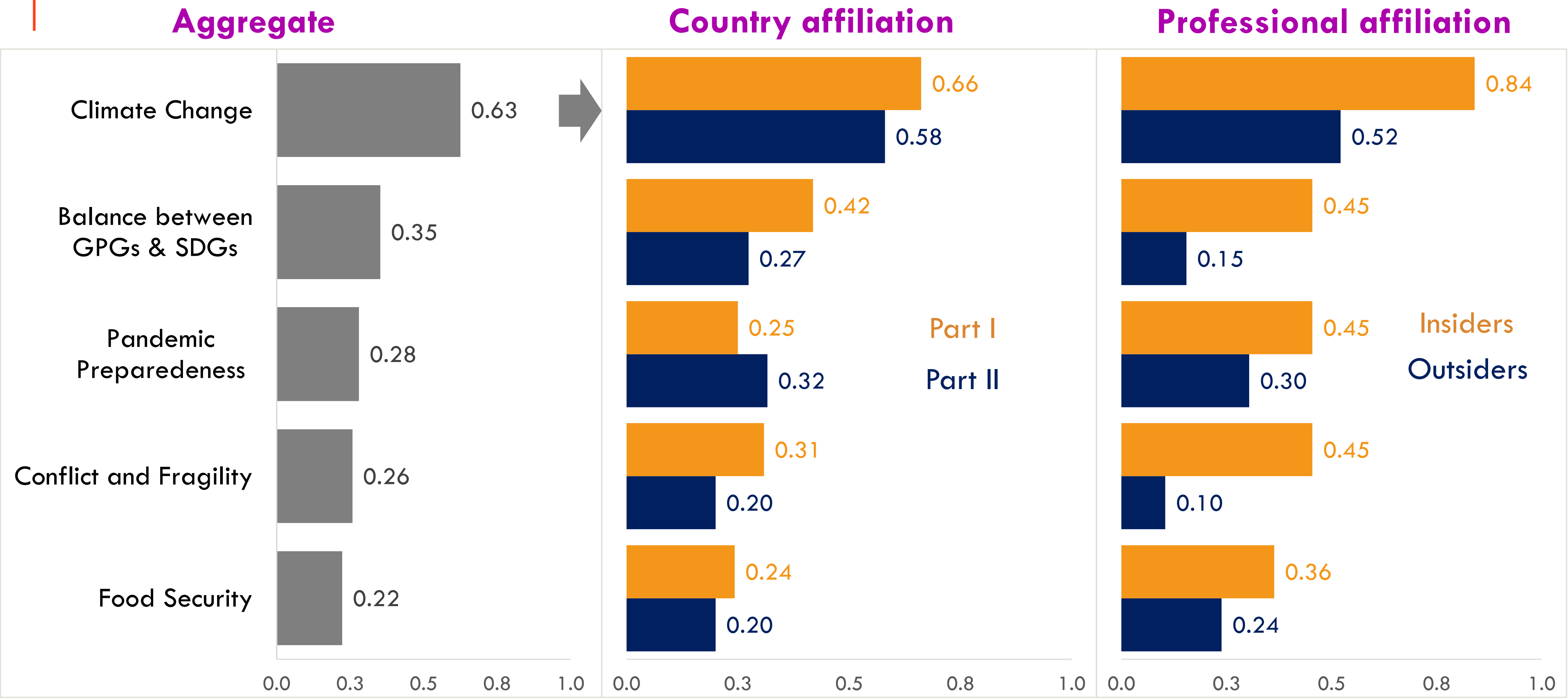


KEY FINDINGS

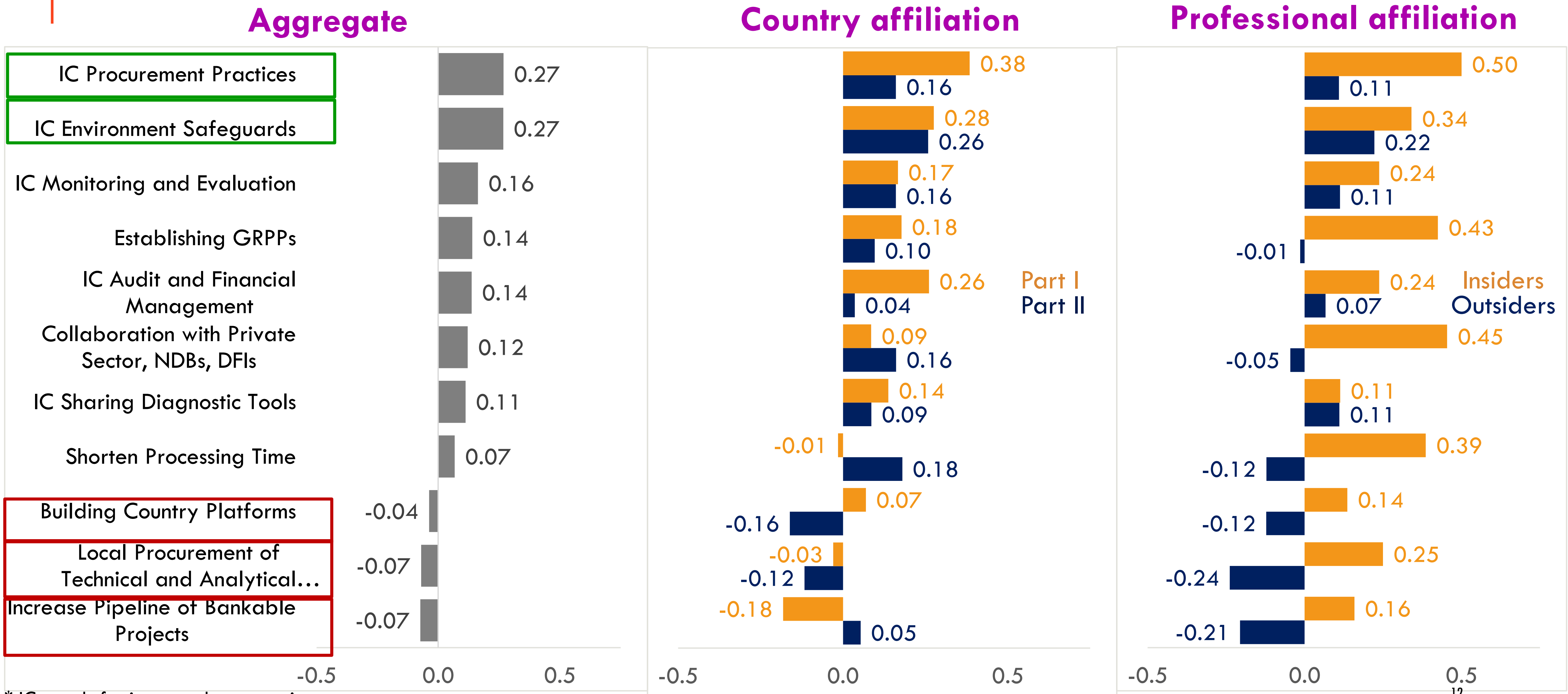
SLOW AND MODEST PROGRESS ACROSS MOST INDICATORS



VISION & MISSION: RECOGNITION THAT MDBs HAVE SUCCESSFULLY EXPANDED THEIR MANDATE TO INCLUDE GPGs AND IT HAS NOT COME AT THE COST SDGs

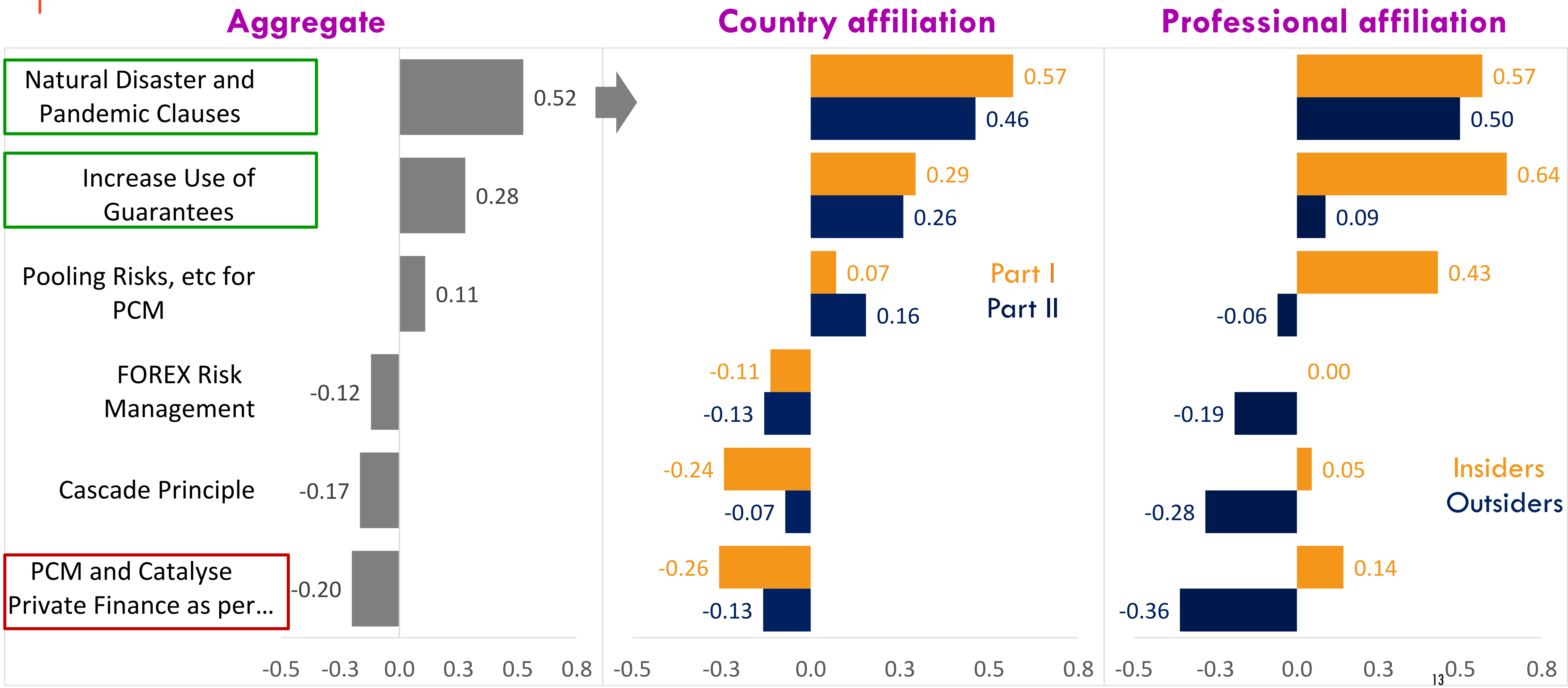


BETTER BANK: SOME PROGRESS ON HARMONISATION OF STANDARDS, BUT BIG-TICKET REFORMS ARE LAGGING

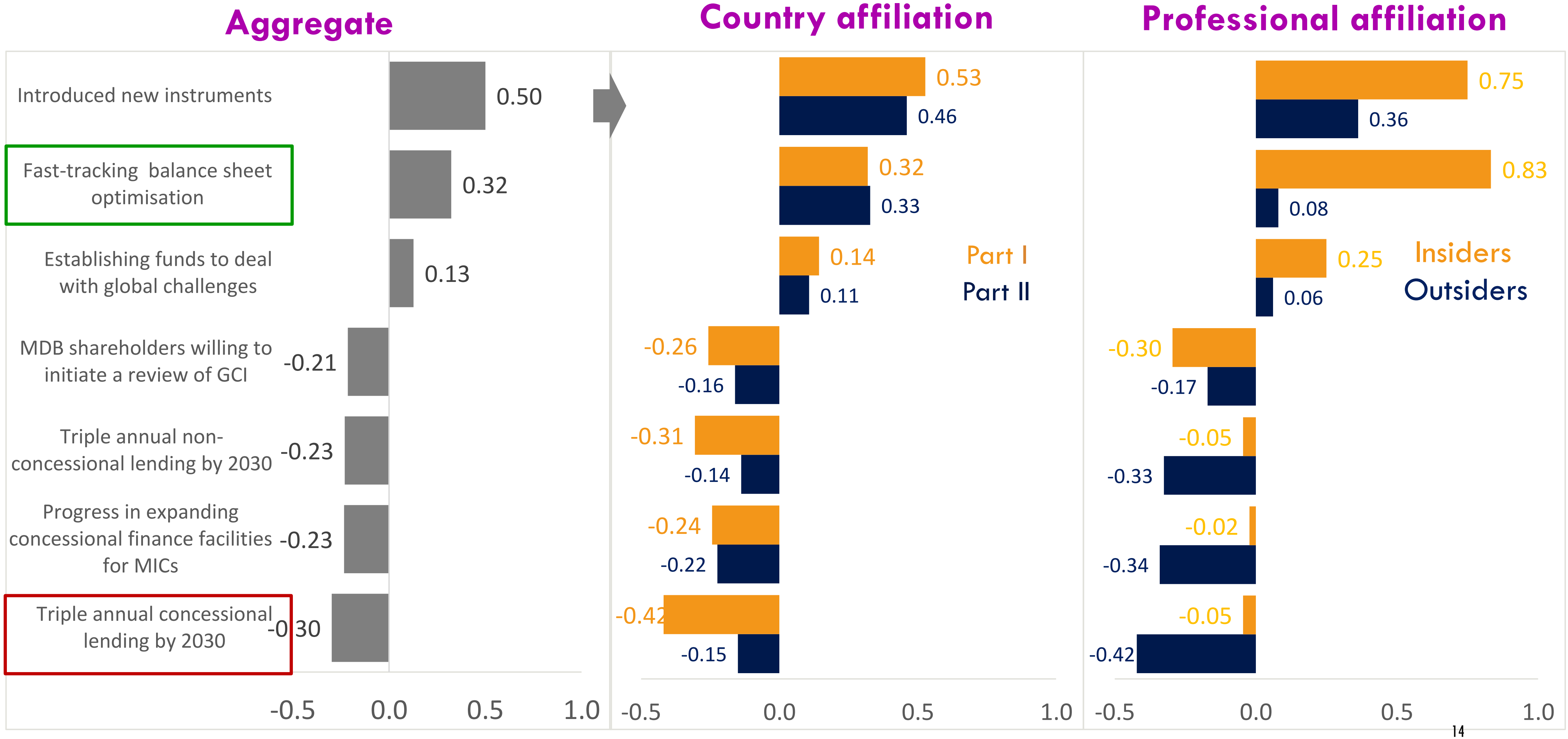


* IC stands for increased cooperation

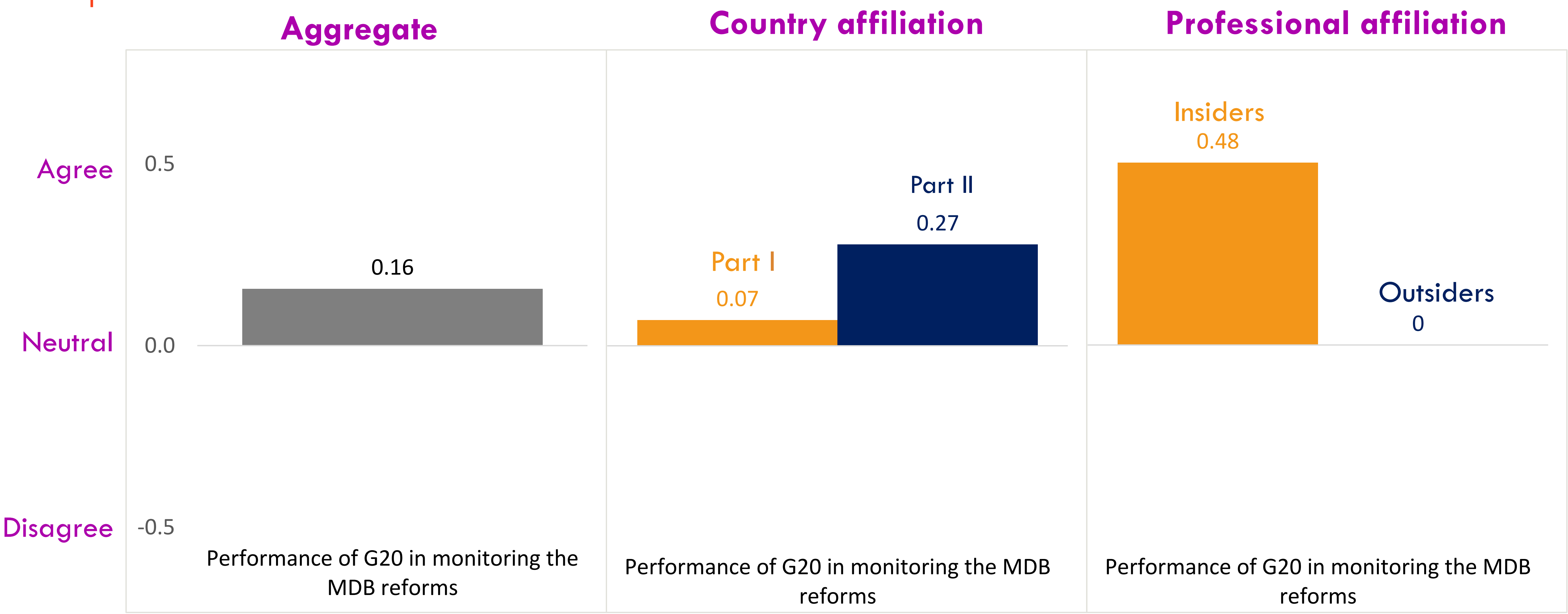
BOLDER BANK: PCM TARGETS OFF-TRACK, WITH PART I AND OUTSIDER RESPONDENTS LEAST IMPRESSED ABOUT THE PACE OF REFORMS



BIGGER BANK: SIGNIFICANT PESSIMISM PERSISTS FOR MDBs TO SCALE UP, WITH CONSIDERABLE DISCONNECT BETWEEN INSIDERS & OUTSIDERS



M&E: CONSIDERABLE SCOPE FOR G20 TO IMPROVE ITS MONITORING OF MDB REFORMS



SUMMARY AND NEXT STEPS

KEY TAKEAWAYS

- A story of glass "quarter-full"
- Growing recognition that MDBs have successfully expanded their mandate
- Some acceptance that emphasis on GPGs has not come at the cost of SDGs
- Progress to achieve the broader mandate – to become better, bolder, and bigger banks – has however been slow and modest
- Insiders (MDB staff and Board) are more optimistic than outsiders (rest of the sample) – the former feel their organisations are doing a lot, while the latter do not seem particularly impressed
- Part I respondents are more discriminatory in their response than Part II
- Most consequential finding is that MDBs are <u>not</u> on track to achieve any of their broad funding targets by 2030, namely: (i) quadrupling private capital mobilization; (ii) tripling concessional lending; and (iii) tripling non-concessional lending.

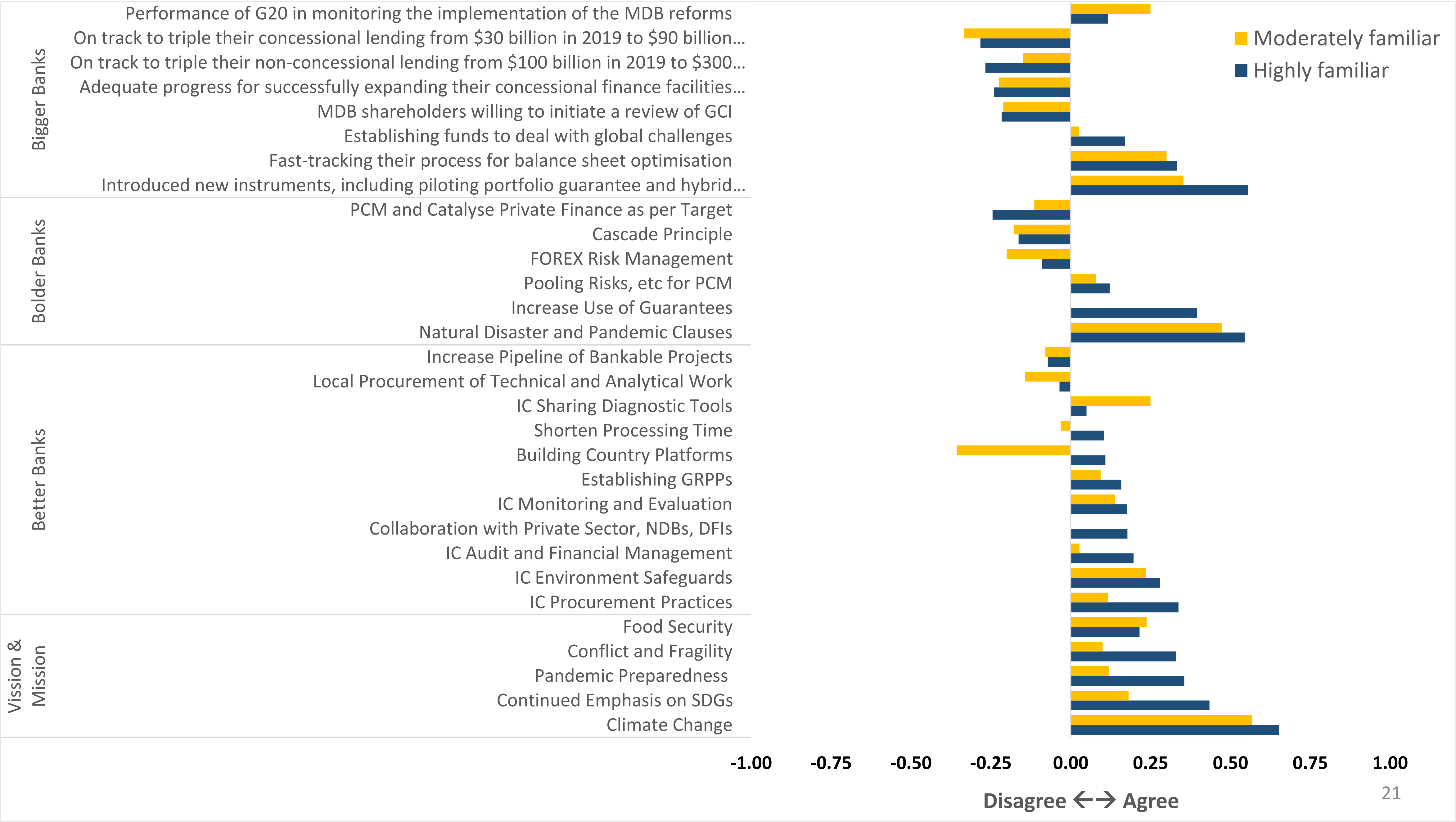
NEXT STEPS

- The IEG continues to meet regularly to take stock of MDB reforms.
- The IEG Core team – comprising of researchers from Brookings, CGD, ICRIER and ODI – have created different instruments to collectively and individually monitor the pace and nature of MDB reforms.
- ICRIER is starting a detail survey of MDB beneficiaries in India with the goal of identifying and disseminating good practices on operating model and implementation procedures.
- Expect periodic updates from the IEG and the Core team, especially during the Bank-Fund Annual and Spring Meetings as well as at COP29.

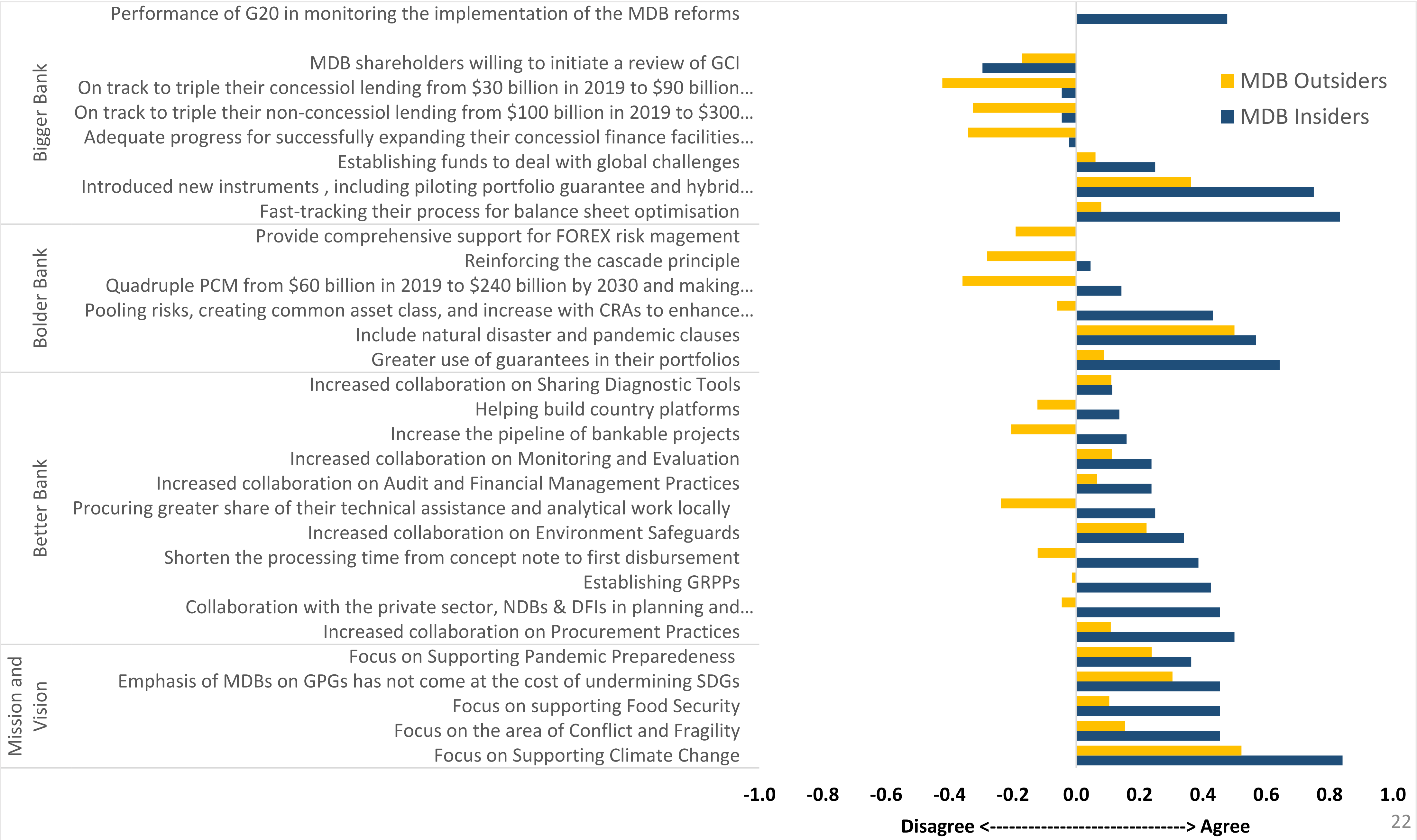
THANK YOU!

BACK-UP SLIDES

Comparison by respondents' familiarity with the MDB reform process



Comparison between insiders and outsiders



Comparison between Part I and Part II respondents