

Readout: First Meeting of the MDB Reform Accelerator Network

March 14, 2023

MDB reform is progressing on a few tracks this year. The World Bank has its own Evolution Roadmap in development which will have some decisions made at the Spring Meetings and will be finalized by the Annual Meetings. The G20 has its own process now in place, including an advisory group on MDB reform chaired by Larry Summers and NK Singh and supported by CGD and ICRIER which will report back in June. The Summit for a New Financial Pact in June in Paris will focus on MDB reform and on identifying scarce sources of finance as part of the wider development finance reform agenda. The Finance in Common Summit in September will seek to align public development banks on the 2030 Agenda and Paris Agreement. Finally, the instatement of a new World Bank President in June, the September Annual Meetings, and COP28 in November also present important milestones.

It is important to ensure the academic and think tank community is able to engage with official processes given our experience in and around MDBs. It is also important for us to exchange ideas between ourselves. In this context, CGD has reached out to a broad coalition of think tanks on the topic of MDB reform, especially to include think tanks from the Global South whose views have not been adequately solicited. It is important to ensure that client countries are part of these conversations.

Today, CGD is launching the [MDB Reform Accelerator website](#) to serve as a single place to bring together contributions from the think tank community. The site brings together material into one place not as a passive repository but instead in an active engagement and debate process. The website will amplify different perspectives instead of taking a single view and will solicit new content as well as mirror existing content on other websites. The website will accommodate a broad variety of written products – such as short blogs or longer policy papers – as well as events and podcasts. The website will have a larger launch in April, just ahead of the Spring Meetings. **We welcome your contributions.**

Additionally, in September CGD is co-hosting an event with the Policy Center for a New South (PCNS) amplifying perspectives of the Global South on MDB reform in Rabat on September 11-12 just after the G20 meeting. The event has the full support of the Moroccan Finance Ministry and Central Bank and will focus on issues key to the Global South in the MDB reform agenda such as tradeoffs between financing climate and development. More details on this event will be released soon. CGD will also be hosting events around the Spring Meetings and will distribute more details soon.

On the MDB reform process currently, the immediate focus is on the World Bank and its Evolution Roadmap which can be seen as the first point of entry on systemic issues. At the same time, reform must also be looked at from the greater public development and DFI perspective. Of interest is that the Songwe-Stern report process, which provides the overall framing and rationale for the stepping up of investments and financing in a green development process, has been extended by the presidency of COP28.

On the recommendations of the CAF review, the G20's International Financial Architecture Working Group has been tasked with reporting back to the G20 on the progress of implementation in the MDB system. The World Bank has announced the possibility of increasing its own lending by 20% (about \$6 billion annually) by deploying just a small part of the recommendations, not including changes to callable

capital. Additionally, the winners of the Challenge Fund will hopefully contribute new ideas and impetus for reform.

The discussion raised the question of how to address two views in the MDB reform debate: First, MDBs are not the right instrument for climate financing and a new institution is needed; second, if MDBs finance for climate, this will distract from their original mission of helping the poorest countries and promoting development in middle income countries. The official conversation has ignored these views for the most part. Ultimately, this raises the question of whether climate is a distraction or supportive of development; many in the conversation saw these two as interconnected.

The conversation also raised comments on the role of the private sector, the need for additionality, tensions with World Bank financing of fossil fuels, the need to reevaluate blended finance, recreating momentum for IDA, clarifying the World Bank's mandate, evaluating MDBs' and China's roles in debt treatment, and addressing demand-side issues. In response to group interest, CGD will reconvene this group on specific topics after the Spring Meetings and will explore possible deliverables.