

Panel on MDB reform to focus on green finance

Expert group will hold first in-person meeting in Washington next week

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New Delhi, 7 April

The G20 expert group on strengthening multilateral development banks (MDBs) set up under India's presidency will hold its first in-person meeting in Washington DC starting Wednesday on the sidelines of the spring meeting of the World Bank and the International Monetary Fund.

The group is likely to focus on greater coordination among more than a dozen MDBs and channelling private capital into green finance.

Last month, India constituted the nine-member expert group with Lawrence Summers, president emeritus at Harvard University, and NK Singh, chairperson of the Fifteenth Finance Commission, as the co-convenors of the group.

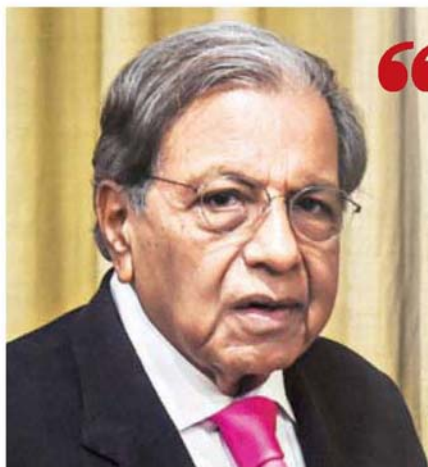
The expert group has been entrusted with charting a road map for an updated MDB ecosystem for the 21st century, with milestones and timelines. It has also been tasked with evaluating various estimates regarding the scale of funding required from MDBs for addressing member countries' increased financing needs, and developing mechanisms for coordination among the MDBs.

"The expert group has been meeting virtually and we have held very extensive discussions. This will be the first in-person meeting of the group," Singh told *Business Standard*.

The committee has been asked to submit its report by June 30.

Ahead of the meeting of the expert group, the World Bank last week released a report titled "Evolution of the World Bank Group – A Report to Governors".

The report estimated average annual spending needs of \$2.4 trillion per year for developing countries between 2023 and 2030 to address the global challenges



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NK SINGH
CO-CONVENOR, EXPERT GROUP

of climate change, conflict, and pandemics. "Scaled-up effort and financing will be needed from all sources: Domestic and international, and from the public and private sectors," the report said.

In November 2022, at the Bali G20 Summit, French President Emmanuel Macron announced the organisation of an international conference in Paris in June 2023 to propose solutions to finance issues that go beyond the climate question, including access to health and the fight against poverty.

Macron's announcement came in the background of the Bridgetown Initiative, named after the capital city of the island nation Barbados, which aims to facilitate access to international financing for countries that are most vulnerable to climate change. The COP-28, scheduled to take place in November-December, is also expected to focus on climate finance.

Singh said the expert group will take cognisance of all these developments and many reports on reforming the MDBs, especially under the German and Italian G-20 presidency.

In their Bali declaration, G20 leaders

had acknowledged the urgent need to strengthen policies and mobilise financing, including by significantly increasing support for developing countries. During Indonesia's G20 presidency, an independent review of MDBs' Capital Adequacy Frameworks recommended exploring ways of providing MDBs with access to central bank liquidity, including pooled agreements under the supervisory umbrella of one central bank.

"The expert group will seek to devise a coordinating mechanism among the MDBs by bringing a degree of uniformity and standardisation. We would also like to address the issue of incentivising private capital into green finance," Singh said.

The expert group was formed after Prime Minister Narendra Modi called for strengthening MDBs. "We need to collectively work to strengthen multilateral development banks for meeting global challenges like climate change and high debt levels," Modi had said in February, while addressing the G20 meeting of finance ministers and central bank governors virtually.