

Multilateral banks not fit for purpose in 21st century, say Singh & Summers

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Former Fifteenth Finance Commission chairman N K Singh and former US Treasury Secretary Lawrence Summers, in a blog post on Tuesday said there was a general recognition that multilateral development banks (MDBs) like the World Bank and the International Monetary Fund were not fit for purpose in the 21st century and unable to meet challenges like climate change, pandemics, fragility, and migration, which require

new finance capacity and new approaches.

“The total flow of support from the World Bank and other MDBs to developing countries was \$192 billion in 2022. While this is a substantial figure, it is a third less than the share of developing country gross domestic product attained in 2009 (during the global financial crisis), even as the need for investments in assuring that development is sustainable has greatly increased,” Singh and Summers said in a post on the website of the Indian Council for Research on International



Former 15th Finance Commission chairman N K Singh (left) and former US Treasury Secretary Lawrence Summers are in charge of a G20 expert group to formulate a plan for reforms in multilateral institutions

Economic Relations.

The two men have been tasked by the Group of Twenty

(G20) — headed by India this year — to be in charge of an expert group to formulate a

detailed plan for reforms in multilateral institutions. The panel will submit its report before the meeting of G20 Finance Ministers and Central Bank Governors in Gandhinagar in July.

Singh and Summers have invited suggestions from the general public in the blog post.

The panel will come up with a report presenting a road map for an updated multilateral ecosystem for the 21st century, with milestones and timelines, including vision, incentive structure, operational approaches, and financial capacity.

This will enable MDBs to be better equipped to finance a wide range of sustainable development goals and transboundary challenges such as climate change and health.