

'This is the last clear chance for MDBs'

Renowned economist and former US Treasury secretary **LAWRENCE SUMMERS** says multilateral development banks (MDBs) such as the World Bank, International Monetary Fund (IMF), and Asian Development Bank need to become not just bigger but also bolder and better. Summers, co-chair of the G20 expert group on MDB reforms, tells Ruchika Chitravanshi in a telephonic interview that India's G20 presidency will be remembered for the time when the world turned the corner on addressing the 21st century challenges. Edited excerpts:

What do you think of the G20 Delhi declaration as far as strengthening MDBs is concerned?

I am very encouraged by the Delhi declaration at two levels. The most important recognition is that the world is on fire. This is the moment for bold action, not for business as usual. I welcome the way in which the Delhi declaration highlights the sympathy towards the recommendations of our expert group. I am optimistic that as we move from G20 to IMF-World Bank to the COP (Conference of the Parties) meetings, we will see continuous progress. We don't have a lot of time to spare. Without substantial changes in nations' approaches and flow of capital, we will have calamitous consequences. India's leadership will be remembered for the time when the world turned the corner on addressing profound challenges.

What further direction can we expect from the second volume of your report?

The second volume will speak in more detail about the finance modalities and the fundamental goal of tripling lending by 2030. We need these institutions to become not just bigger but also bolder and better. We need to move

on the 21st century time table if they are to meet the challenges. They have to be outward looking and look at a full array of instruments such as derivatives, mutual funds, insurance, and guarantees.

Do you think there is a strong case for a separate multilateral institution to deal with the 21st century challenges?

I hope not. Existing institutions have enormous capacity of staff and ongoing inflows. With 17 operating institutions, we have too many rather than too few institutions. It is not the course I would suggest. But this is the last clear chance for MDBs. If they cannot grasp the nettle and move quickly, then the attention would be towards what you are suggesting.

INDIA'S (G20) LEADERSHIP WILL BE REMEMBERED FOR THE TIME WHEN THE WORLD TURNED THE CORNER ON ADDRESSING PROFOUND CHALLENGES

LAWRENCE SUMMERS,
Co-chair of the G20 expert group on MDBs



'INDIA COULD GROW EIGHTFOLD BY THE MIDDLE OF THE CENTURY'

FULL INTERVIEW

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‘With great determination on policy, India could grow 8x by middle of the century’

How difficult do you think it would be to mobilise private capital?

Nothing important is ever easy but we are increasingly seeing a coming together of the world. I am encouraged by the way the shareholders have come together.

What are the major challenges in the way of MDB reforms?

It is a major challenge for the US, given the many competing demands to maintain its position. There are challenges that stem from the tensions that exist between the US and China. There is a clear challenge from all the cost that is going into the Russia-Ukraine conflict, which could instead be going into the planet. But I am guardedly optimistic.

To what extent have you been able to address the concerns of the low and



middle income countries in your next report?
Future of the planet will depend on

the lower and middle income countries, where the bulk of emissions are. If they are using coal 20 years

from now, then it paints a very dire picture. There are crucial issues in the poorest countries that have to be addressed alongside these concerns.

How do you see India's evolution towards achieving its own goals and meeting the 21st century challenges?

I have been coming to India for more than 20 years. It is a very different country now than 1991. There is a possibility that with great determination on the part of policy and with some good luck in the external environment, India could grow eightfold by the middle of the century. It will be a larger transformation than the last 30 years. But it will require social solidarity, improvement in effectiveness of public institutions, and a degree of cooperation between the government and institutions, taking a long-term view together.