

Executive Director's Opening Remarks to the Constituency



Dr. Floribert Ngaruko
Executive Director



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Honorable Adelaide Retselisitsoe Matlanyane, Governor for the Kingdom of Lesotho



*Adelaide Retselisitsoe
Matlanyane*



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Honorable Njuguna Ndung'u,
Governor for the Republic of Kenya

&

Honorable Chris Kiptoo,
Alternate Governor for the Republic of Kenya



Njuguna
Ndung'u



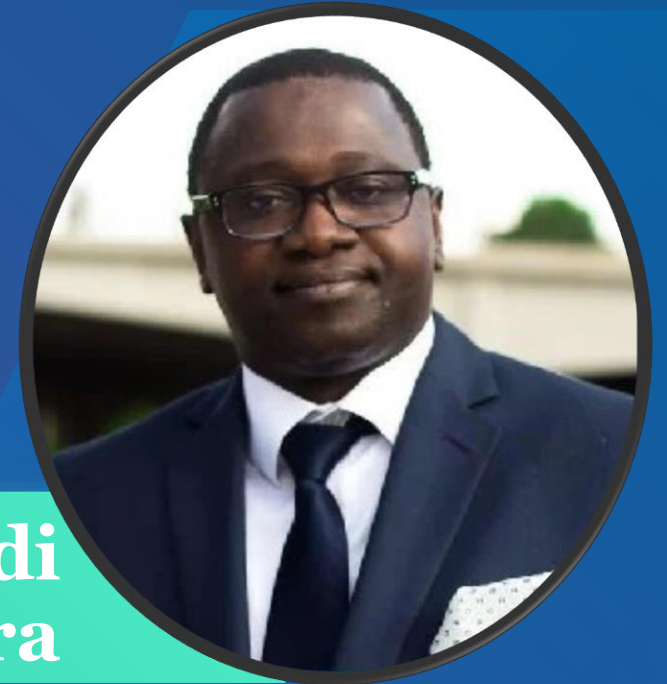
Chris Kiptoo



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Honorable Sheku Ahmed Fantamdi Bangura, Governor for the Republic of Sierra Leone



**Sheku Ahmed Fantamdi
Bangura**



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Honorable Olesitse Harold Masimega, Alternate Governor for the Republic of Botswana



Olesitse Harold Masimega



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Honorable Natu El-Maarmy Mwamba, Alternate Governor for the United Republic of Tanzania



Natu El-Maarmy Mwamba



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Outline of Presentation



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1

Matters Arising from the
24th Constituency
Meeting

2

Global Economic
Development and
Prospects

3

Selected Policy Issues
and Updates

4

World Bank Group
Operations

5

Implementation of the
Mid-Term Office
Strategy

6

Constituency
Engagements

7

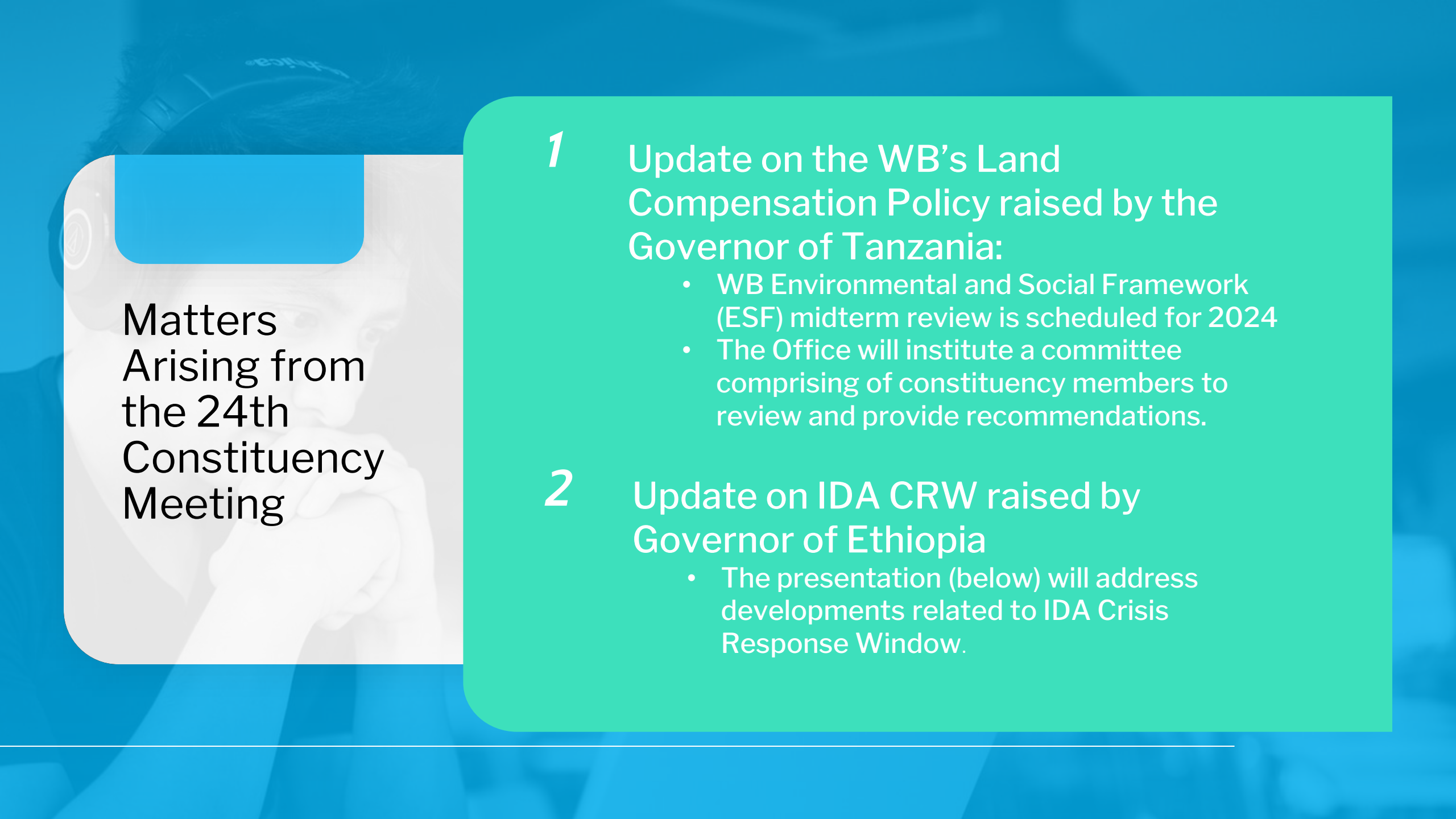
Concluding Remarks

Matters Arising from the 24th Constituency Meeting



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Matters Arising from the 24th Constituency Meeting

- 1 Update on the WB's Land Compensation Policy raised by the Governor of Tanzania:
 - WB Environmental and Social Framework (ESF) midterm review is scheduled for 2024
 - The Office will institute a committee comprising of constituency members to review and provide recommendations.
- 2 Update on IDA CRW raised by Governor of Ethiopia
 - The presentation (below) will address developments related to IDA Crisis Response Window.

Global Economic Development and Prospects

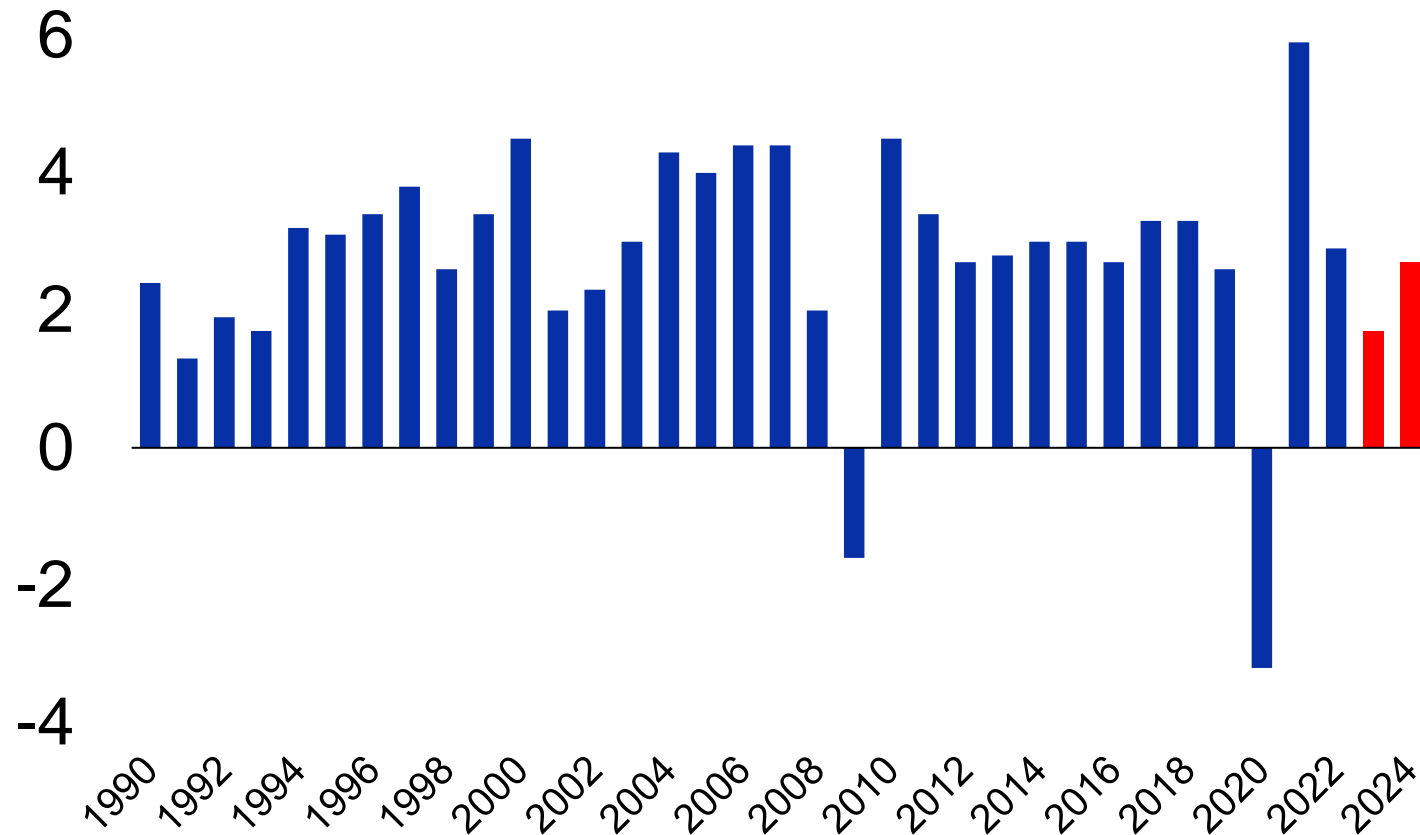


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Global Economic Development and Prospects

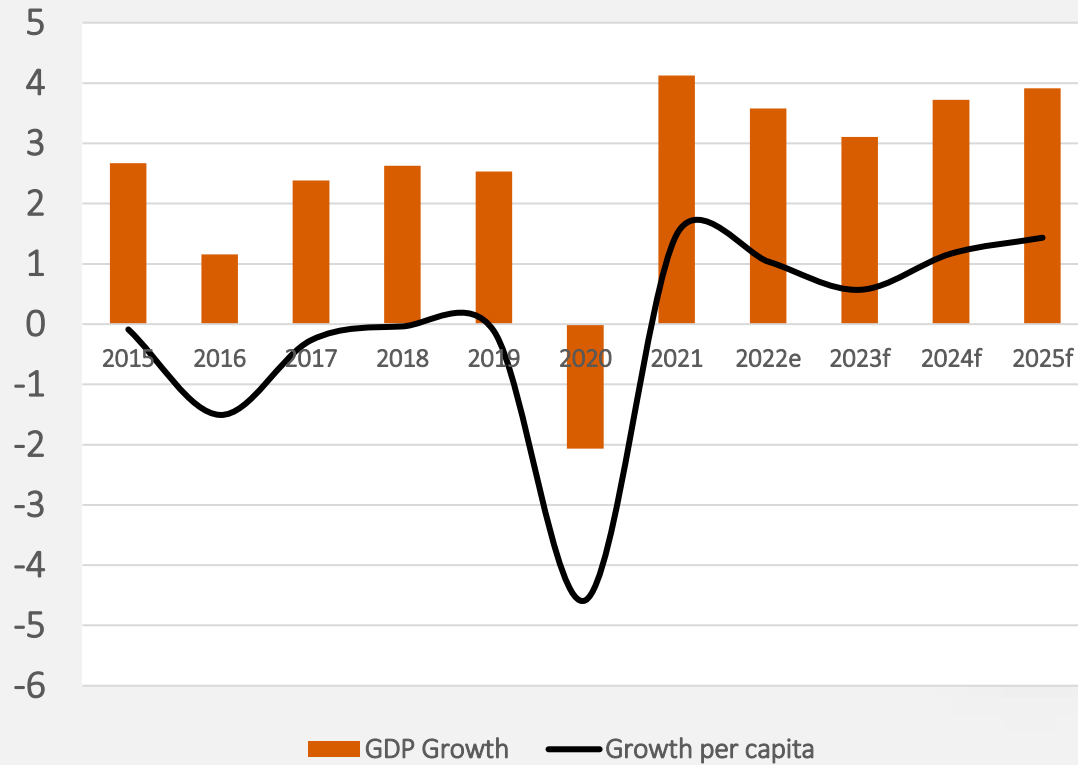
Percent



Source: World Bank, 2023

- Sharp downturn due to crises, financial pressures, tightening monetary policy, and rising geopolitical tension.
- As a result, global economic growth has fallen from 5.5% 2021 to 2.9% in 2022.
- Further deceleration to 1.7% forecasted for 2023

Growth of Sub-Saharan Africa

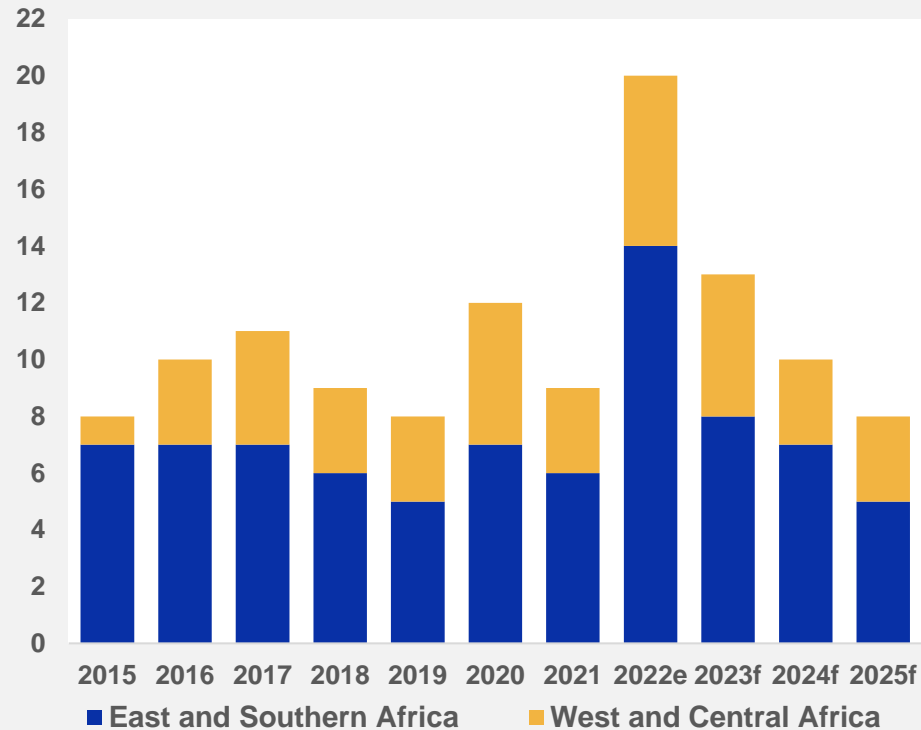


Source: World Bank, 2023

- Growth in SSA slowed to 3.6 percent in 2022, from 4.1 percent in 2021.
- Further deceleration projected in 2023 to 3.1% before bouncing back to 3.7% and 3.9% in 2024 and 2025

Inflation in Africa – Constituency countries

Number of Countries with double digit inflation



Source: World Bank, 2023

- CPI in Sub-Saharan Africa accelerated sharply and hit a 14-year record high in 2022
- Several countries encountered double-digit inflation
- Inflation largely driven by rising food and energy prices as well as weaker currencies.

Selected Policy Issues and Updates



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Selected Policy Issues and Updates

A. Roadmap for the Evolution of the WBG

1

WBG MISSION & VISION

Executive Directors proposed revising the Bank's mission- "To end extreme poverty and boost shared prosperity by fostering sustainable, resilient, and inclusive development".

2

FINANCIAL MODEL

Board discussed options to

- Reduce IBRD E/L ratio to 19%
- Mobilize donor contributions for the IDA Criss Facility
- Remove IBRD Statutory Lending Limit

3

OPERATIONAL MODEL

Board emphasized importance of

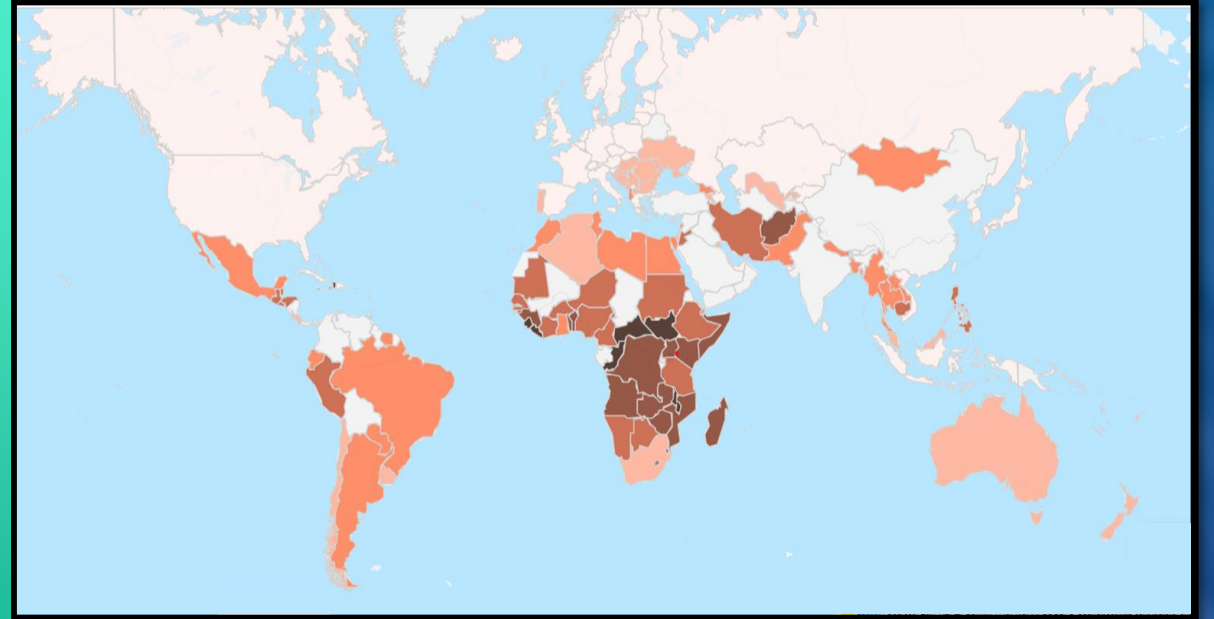
- The country engagement model
- enhancing operating model
- integrating private sector
- reflecting dynamics of debt situation in reforms
- strengthening engagement to increase Domestic Resource Mobilization
- expanding Core Advisory Services and Analytics

Selected Policy Issues and Updates

B. Food Security Situation and WBG Response

- Food security exacerbated by global challenges.
- In 2022, more than 200 million people affected by acute food insecurity.
- 123 million people in Africa reported food insecure in 2022 (WFP)
- In April 2022, WBG Group launched a US\$30 billion food security and nutrition response package.

Prevalence of Moderate or Severe Food Insecurity in the population (% of population) (FAO) 2019 - 2021



Source: [GAFS Dashboard](#) (G7 and World Bank effort)



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Selected Policy Issues and Updates



C. Update on Pandemic Preparedness

- Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness, and Response (PPR) established.
- The Fund aims to help LMICs strengthen PPR and fill existing capacity gaps at country, regional and global levels.
- In first allocation, \$300 million approved for clients.

D. Update on WBG Country Climate & Development Reports

- WBG launching Country Climate and Development Report (CCDR) for several countries.
- The Bank initiated 25 CCDRs covering 29 countries.
- Five constituency countries included in recent update.

Selected Policy Issues and Updates

E. Update on African Continental Regional Economic Integration

- Regional integration remains a key pillar of development strategy in Africa.
- OED recent engagement includes activities in SADC and EAC

1

Southern African Development Community

- SADC members working on Great Green Wall Initiative (GGWI)
- Efforts underway to leverage WB to support the initiative.

2

East African Community

- EAC started discussion with WB for enhanced support to regional integration
- IDA regional window

Selected Policy Issues and Updates



F. IFC Supply Chain Finance Program

- IFC committed US\$8.8 billion to support trade and supply finance
- Of this amount US\$6.1 billion was short-term finance

G. Update on SSA debt Situation

- Government debt level remained above 60 percent of GDP in almost half of SSA economies.
- External sovereign debt in Africa projected to remain high between 2023 and 2024.

Selected Policy Issues and Updates



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H. Illicit Financial Flows in SSA

- Continued large Illicit financial outflows constraining SSA's development efforts.
- From 1980 to 2018, SSA received an estimated 2 trillion in Foreign Direct Investments while losing 1.3 trillion in IFFs over the same period.

G. Update on Remittance Flow to SSA

- Remittance to SSA dropped by 10% between 2019 and 2020.
- Remittance inflows to SSA recovered by 16.4% in 2021 and 5.2% in 2022.
- Projections for 2023 indicate decline by 3.6%.

World Bank Group Operations



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Highlights of WBG operations

IDA

- IDA committed US\$ 6 billion for 12 AfG1 countries (FY23 up to end February).
- IDA portfolio size for Constituency countries is close to US\$25 billion.

IBRD

- FY23 first half total IBRD lending \$10 billion.
- The Eastern and Southern Africa region accounted for 7% of lending.

IFC

- IFC committed US\$19 billion (LTF & STF) in FY23 first half.
- Commitment for Africa was US\$2.9 billion for 48 projects.
- IFC's pipeline project size continues to grow

MIGA

- FY23 first half, MIGA issued new guarantees amounting to \$1.47 billion in support of 10 project.
- MIGA's target for new guarantees in FY23 is \$5.5 billion.

Implementation of the Medium-Term Office Strategy



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Implementation of the Medium-Term Office Strategy

A. Mobilizing Financial and Technical Resources

- OED's focus is resource mobilization through new commitments and improved disbursement to Constituency countries.
- WB Commitment for Constituency countries in FY23 projected to reach US\$9 billion by end of Fiscal Year.
- First eight months disbursement to Constituency countries was \$4.7 billion

Implementation of the Medium-Term Office Strategy

A. Mobilizing Financial and Technical Resources

- IDA20 mid-term review to take place in December 2023 in the United Republic of Tanzania.
- Opportunity for Constituency countries to demonstrate the usefulness of IDA and showcase strong implementation performance.

Implementation of the Medium-Term Office Strategy

A. Mobilizing Financial and Technical Resources

- OED advocating for additional resource mobilization to IDA through the Crisis Response Window
- Large financing gap due to elevated needs arising from the global fuel and food supply disruptions, as well as increasingly severe and frequent natural disasters.
- OED would like to draws Governors' attention to the need to advocate for additional financing to CRW.

Implementation of the Medium-Term Office Strategy

A. Mobilizing Financial and Technical Resources

- WB FCV strategy very relevant to channel dedicated resources to affected countries through IDA's FCV envelope.
- On re-engagement - the OED continues to monitor progress and advocate for the re-engagement of the State of Eritrea and the Republic of Zimbabwe.

Implementation of the Medium-Term Office Strategy

B. Supporting Private Sector Development

- IFC new commitments in Constituency countries reached US\$ 579 (FY23 - first half).
- IFC's pipeline in Africa stands at US\$7 billion.
- Out of the US\$2 billion allocated for the PSW, the pipeline in Africa reached US\$ 1.3 billion (end December 2022).



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Implementation of the Medium- Term Office Strategy



1

C. Enhancing Engagement with Constituency Countries

The ED visited seven countries since November 2022:

- Republic of Uganda;
- Republic of Liberia;
- Republic of the Gambia;
- Republic of Sierra Leone;
- Republic of Zambia;
- Republic of Burundi; and
- Republic of Rwanda.

2

D. Advocating for Diversity and Inclusion

- OED advocacy for the broader representation of staff of African origin in various levels of staffing – entry, middle-career, and senior management levels – in all units of the WBG

3

E. Capacity Development

To assess WB support to capacity building, OED engaged the WB Independent Evaluation Group.

As next step, engagement commenced with WB Board Committee for Development Effectiveness (CODE)

Concluding Remarks



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Upcoming Events

| <u>EVENT NAME</u> | <u>DATE</u> | <u>VENUE</u> |
|---|---------------------|-------------------------|
| Africa Agricultural Policy Leadership Dialogue (AAPLD) | June 1-2, 2023 | Lusaka, Zambia |
| African Caucus | July 6-8, 2023 | Sal Island, Cabo Verde |
| Africa Human Capital Heads of State Summit | July 25-26, 2023 | Dar es Salaam, Tanzania |
| Climate Action Summit | September 4-6, 2023 | Nairobi, Kenya |
| 2023 Annual Meetings | October 9-15, 2023 | Marrakech, Morocco |
| IDA Mid-Term Review | December 4-6, 2023 | Zanzibar, Tanzania |





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The World Bank Group Evolution Roadmap

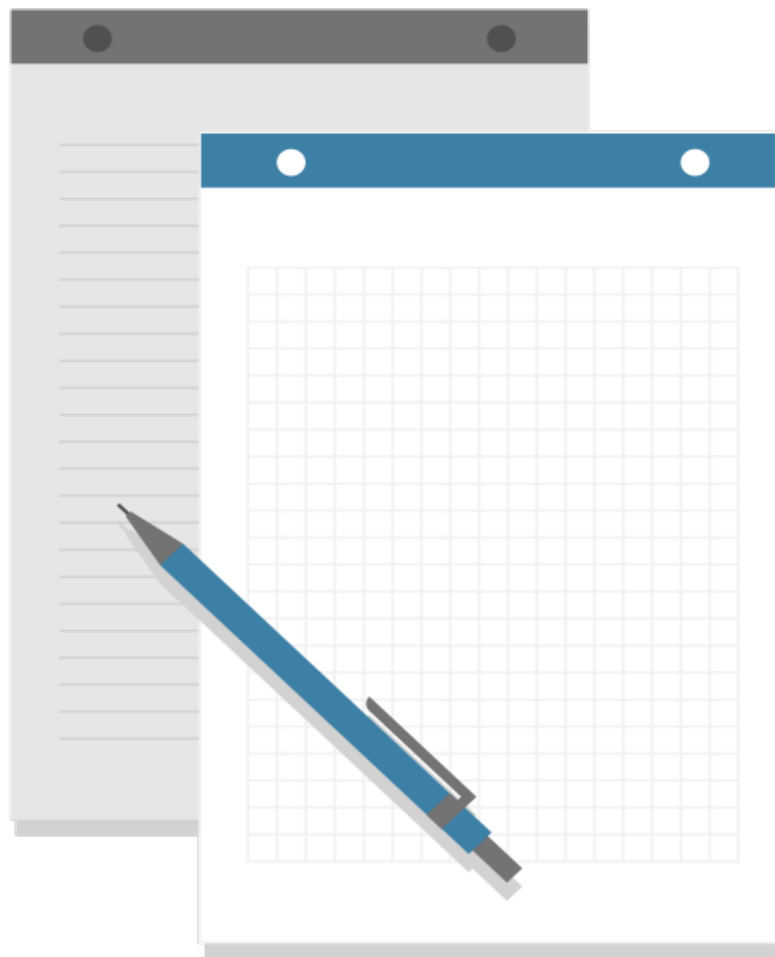
**Evolving the WBG to Respond to Global Challenges and
deliver on the Twin Goals**



WORLD BANK GROUP

Presented to Africa Group 1 Constituency, April 13, 2023





Agenda

1. The Genesis of the Roadmap

2. Pillars of the Roadmap

👉 Progress to date

3. Africa's Voice

👉 Defining Key Priorities

4. Advocacy Matters

5. The Road to Marrakesh



1. The Genesis of the Roadmap



WHO

- 👉 The Shareholders of the WBG
- 👉 During the 2022 IMF/WBG Annual Meetings(October) Development Committee Meeting



WHAT

- 👉 Develop a roadmap to enable and scale the WBG's capacity respond to global challenges
- 👉 while delivering on the Twin Goals and the SDGs in all client countries



WHY

- 👉 Unprecedented confluence of global crises
- 👉 Reversal of development progress



HOW

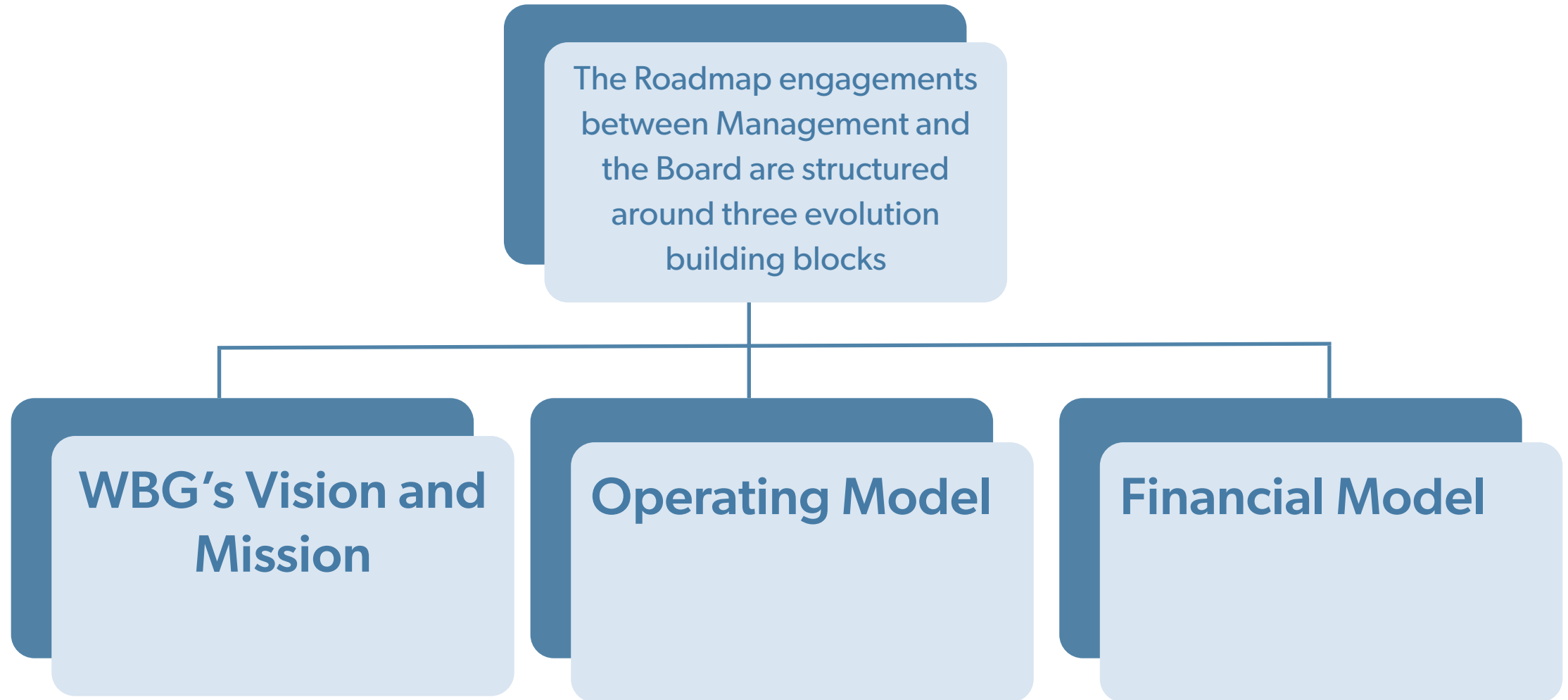
- 👉 Systematic engagement between the World Bank Group Management and the Board.
- 👉 Board led engagement



WHEN

- 👉 Proposals to reform the WBG will be considered by Governors during the Annual Meetings in October 2023, to be held in Marrakesh, Morocco

2. Pillars of the Roadmap



Pillar 1 – Mission and Vision

Vision

"A World Free of Poverty"

Current Mission

"To end extreme poverty and boost shared in a sustainable manner"

Should we still focus on extreme poverty?

End extreme poverty

Boost Shared Prosperity

Key Question

Does this need to change to enable the WBG to address global challenges?

Board Response

Yes

How

Include Sustainability, Resilience, & Inclusion

Provisional Mission Statement

"End extreme poverty and boost shared prosperity by fostering sustainable, resilient and inclusive development"



Something to flag?



The Governors considered a provisional mission during the Development Committee Meeting

The Mission will be finalized before the Annual Meetings in October 2023 subject to the following:

Implications from the **outcome of the operational and financial models**

Further elaboration of indicators, as well as **dimensions of poverty**

Preventing **potential trade-offs** in resource allocation between country engagement and GPGs.



Pillar 2 : Operational Model

The WBG's Operational Model has to be enhanced to address the urgent need to deliver on the SDGs

Leverage Strengths

- 👉 Country Based Model
- 👉 One WBG Approach to leverage synergies
- 👉 Knowledge
- 👉 Partnership

Address inadequacies

- 👉 Connecting country programs to global challenges
- 👉 Achieving results at scale (SDGs & GPG)
- 👉 Increase engagement at the regional and global levels
- 👉 Strengthen operational capacity and crisis response

Cross-cutting enhancements

- 👉 Private capital facilitation to scale interventions
- 👉 Domestic Resource Mobilization for sustainability of financing



Pillar 3 : Financial Model

An expanded mandate
with larger ambition needs
to be sustainably financed

IDA and IBRD are funded through
separate models **but both institutions**
need additional resources to finance
the expanded mandate

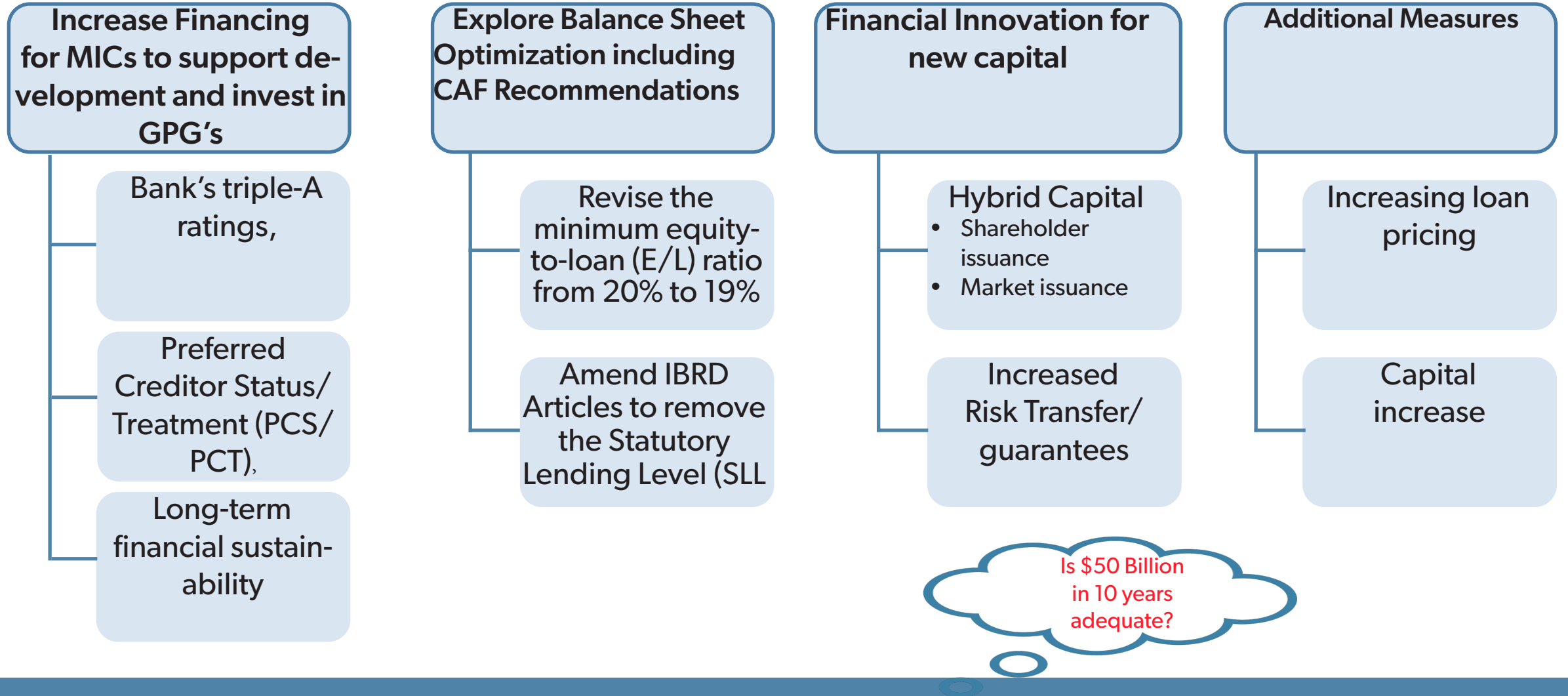
Expanded institutional mandate

- 👉 IBRD Lending to MICs
 - Financial Innovations
 - G20 CAF Recommendations
- 👉 IDA Lending to LICs
 - IDA Replenishments
 - BSO and Financial Innovations

In a nutshell

- Additional Concessionality
- Balance Sheet Optimization
- Ambition vs. Resource need
- Long-term financial sustainability

IBRD Financing





IDA Financing

Addressing the IDA Financing Cliff

Causes

Frontloading of IDA20 resources from FY24/25 to FY23 to address the crises

Recommendation
Proposals to soften the decline in lending for FY24-25

Responding to resources and Balance Sheet Optimization

Recommitment of cancelled balances from projects

Leverage IBRD BSO measures in a manner consistent with IDA concessional model

Long-term Financial Sustainability

Deterioration in the debt situation of IDA countries will require more grants and loans on more concessional terms

Engage the IDA deputies on measures to strengthen IDA long-term financial sustainability



Critical Issues to Keep in Mind

- 👉 Urgency to achieve the **Twin Goals & SDGs** define the approach to the reform
- 👉 Defining the **criteria to select the Global Challenges** to be prioritized should be guided by;
 - The WBG Comparative Advantage
 - Regional perspective to prioritizing GPGs
 - Relevance and impact on development
- 👉 Maintaining the principal of serving all clients while preventing any tradeoffs.
- 👉 The approach has to uphold and enhance the demand-based model of engagement



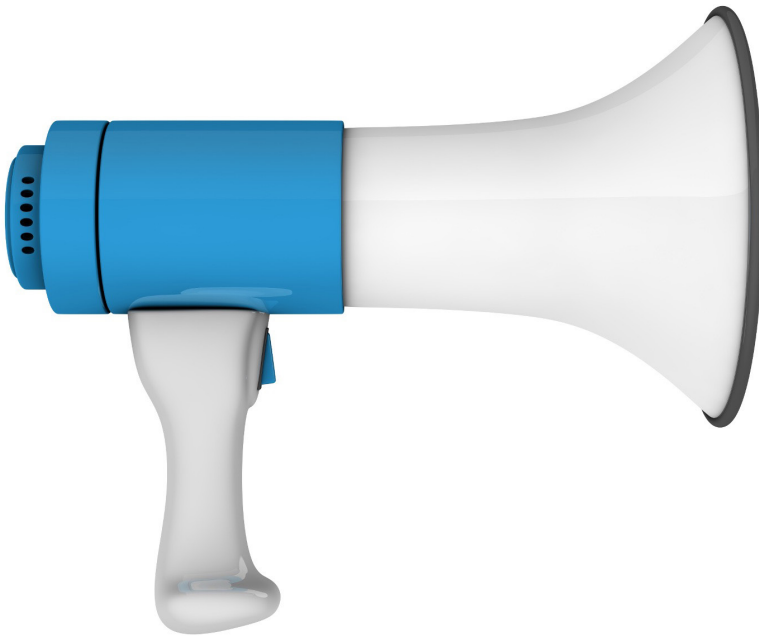
3. Africa's Voice

Priorities

1. Stronger ambition and resolve to address **extreme poverty**.
2. Investment in growth enablers, recognizing that poverty cannot be addressed without significant economic growth.
3. Global challenges need to be defined with a **regional lens**.
4. Food security, energy and water access, and digitalization are crucial for Africa's development.
5. Increasing the level of concessionality & debt resolution are essential create headroom for countries to invest in GPGs.
6. Addressing climate change has to be contextualized within development. for Africa financing adaptation is the primary climate focus.

4. Advocacy Matters

Several publications on the evolution agenda have cited the lack of Africa's voice on the agenda. Advocacy through multiple avenues is critical:



- ➡ Thought Leaders
- ➡ Political Leaders
- ➡ The Voice of SSA Countries -
Governors of the WBG
- ➡ Diplomatic Channels

Consultations started ... <https://consultations.worldbank.org/roadmap>

Consultations on the WBG's Evolution Process

The World Bank Group's public consultation period on our Evolution Process is open until May 31, 2023. The Development Committee paper providing the basis for the consultations is now available [here](#). Click below on 'submit feedback' to share your views.

A survey with guiding questions for your feedback is available below. You can also provide written comments by email to EvolutionRoadmap@worldbankgroup.org. A summary of stakeholder views will be posted at a later date.

Watch our live consultation event on April 11 from 8:30-10:30 am EST. Translation will be available in Arabic, French and Spanish via the same link.

SUBMIT FEEDBACK

OVERVIEW

PHASE 1

PHASE 2

There is broad recognition that the world must do more to address the crises facing development. The devastating impacts of climate change, fragility, debt, pandemics, and other threats to our natural world require a significant shift in the global response. The World Bank Group is central to these efforts, and our shareholders, clients, and partners, want the Bank to be able to do more for global public goods.

The World Bank Group, led by its Board and shareholders, has embarked on a process to evolve its Vision and Mission, Operating Model, and Financial Capacity, as detailed in the Evolution Roadmap, which was publicly disclosed in January 2023. The Bank Group is now engaging and listening to various stakeholders across the development spectrum to ensure an inclusive and collaborative process.



MATERIALS

- [Evolution Roadmap](#)
- [Consultations Outreach Plan](#)
- [Development Committee paper](#)
- [Feedback Summary \(coming soon\)](#)

RELATED

- [World Bank Group Statement on Evolution Roadmap](#)
- [Climate and Development: An Agenda for Action – Emerging Insights from World Bank Group 2021-22](#)
- [Evolution Forum on April 11, 2023 Stream Link](#)

5. The Road to Marrakesh



- 👉 Final Proposals to be considered by Ministers of Finance in October 2023
- 👉 Consultations to ensure an **inclusive process**.
- 👉 SSA is coordinating and **synchronizing advocacy and messaging** to amplify Africa's expectations for the WBG reforms
 - Summit For A New Global Financial Pact – June 22-23 in France
 - African Caucus – July 6-8 in Cabo Verde
 - SDG Summit – September 2023
- 👉 The Office is advocating for the reforms to be presented as a **package** for a comprehensive consideration all WBG members.



Thank You
Merci
Obrigado
Shukran
Ahsante



Boosting MDBs' investing capacity

Independent Review of MDBs' Capital Adequacy Frameworks

Table of Contents

- Introduction and Background
- Recommendations on the Capital Adequacy Frameworks
- Conclusions and next steps

Key Objectives



Frannie Léautier
- Chair



Ahmed Al-Mohsen



Paulina Beato



Chris Humphrey



René Karsenti



Nancy Lee



Mike Muldoon



Hiroshi Naka



Betsy Nelson



Arunma Oteh



Ekrem Keskin



Hans-Peter Lankes



Jens Ulrich



Jinkang Wu

Three objectives:

- i. Provide credible and transparent benchmarks on how to evaluate MDB CAFs;
- ii. Enable shareholders, MDBs and CRAs to develop a consistent understanding of MDBs capital adequacy frameworks;
- iii. Enable shareholders to consider potential adaptations to the current frameworks in order to maximise the MDBs' financing capacity.

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Recommendations

The first two Recommendations (defining shareholder risk tolerance and recognizing the benefit of callable capital) go to the core of MDB capital adequacy.

They have the potential to increase lending headroom substantially and can be accomplished mainly, though not exclusively, through board-level policy changes.

They require shareholders to consider their own approaches to risk appetite and will be watched closely by market participants, and hence must be done deliberately and be supported by a clear communication strategy.

Recommendations

Recommendation 3 (innovations) includes several options that have been piloted and appear technically viable.

Implementation complexity varies, but headroom benefits are potentially substantial, depending on the scale of implementation. By scaling up partnerships with private investors and donors, some innovations carry the risk of influencing MDB missions, although this risk can be mitigated with strong shareholder governance and management oversight. In particular, the Panel proposes the following innovations:

- Freeing up space on the balance sheet
 - Risk transfers to the private sector
 - Donor guarantees
 - MIGA-MDB partnerships
- Offering new forms of capital
 - Hybrid capital
- Boosting countercyclical capacity
 - Pool commitments of callable capital for crisis response

Recommendations

The final Recommendations (engagement with rating agencies and enabling environment for capital adequacy) can be pursued without delay and irrespective of the G20's view on the other recommendations.

They pose relatively low political and technical challenges and require modest resources. Potential gains in lending capacity are indirect, would materialize only over the medium term and are not readily quantifiable.

The proposed reforms would improve the way MDBs and shareholders manage capital adequacy and decide capital needs now and in the future. Risks are minimal and are far outweighed by risks of inaction.

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- Introduction and Background
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- Conclusions and next steps

Strategic Considerations

-
1. Capital adequacy reforms and innovations would be most effective as part of a structured program of MDB actions.
-
2. Shareholders have a critical role in MDB capital adequacy.
-
3. These reforms can reinforce one another when enacted as part of a coherent reform package.
-
4. Coordinated implementation and communication by a substantial number of MDBs would be beneficial to market perceptions.
-
5. If reforms increase lending capacity, G20 shareholders need to ensure adequate budgets and resources to support and sustain high quality operations.

Future Work

The Panel identified three areas for future work:

- Risk appetite and capital adequacy frameworks: More granular analysis are needed on the following issues:
 - Issuer vs stand-alone-credit-rating and its inclusion in MDB risk appetite.
 - Capital buffers and how they are determined across MDBs.
- Capital and reverse stress testing: Assessing the ability to use tools set out in the Review and other management actions to conserve capital in cases of stress.
- Innovation: Assessing the impact of a variety of factors on income dynamics, including the impact of credit ratings and innovations like risk transfers, hybrid capital and non-voting share capital.

Key Messages

1. Unique opportunity window & moment of need
2. Key role of the G20 in maintaining political momentum & value of coordinated action to encourage MDBs to implement the recommendations
3. Importance of specific and concrete deliverables and detailed timetable for each individual recommendation both at institution level and from G20 (where applicable)
4. MDB innovation & early results that can be scaled
5. Space for constructive engagement with CRAs on methodologies

Annex – Supporting evidence

The Panel relied on five sources of information:

1. Existing academic literature and other relevant studies.
2. Information provided by MDBs.
3. Insight from extensive consultations with MDBs, CRAs, shareholders and experts.
4. Externally commissioned Studies.
5. The Panel's own knowledge, judgement and expertise.

Annex - Redefine the Approach to Risk Appetite for MDB Capital Adequacy Frameworks

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|--|--------------------|-------------------------|------------|
| 1a | Define MDB risk appetites prioritizing shareholder-specified limits rather than external criteria. | MDBs, Shareholders | Med. | 1-2 years |
| 1b | Ensure that MDB capital adequacy frameworks account adequately for preferred creditor treatment and the concentrated nature of MDB portfolios. | MDBs | Low/Med. | 1-2 years |
| 1c | Relocate specific numeric leveraging targets from MDB statutes to MDB capital adequacy frameworks. | MDBs, Shareholders | High | >2 years |

Annex - Incorporate Uplift from Callable Capital into MDB Capital Adequacy Frameworks

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|---|----------------------------|-------------------------|------------|
| 2a | Incorporate a prudent share of callable capital into MDBs' own calculation of capital adequacy, following the approach validated by all three credit rating agencies. | MDBs, CRAs Shareholders | Low/Med. | 1-2 years |

Annex - Implement Innovations to Strengthen MDB Capital Adequacy and Lending Headroom

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|---|---------------------------|-------------------------|------------|
| 3a | Endorse MDB consideration of non-voting capital classes (paid-in equity or hybrid) to contribute to available capital. | MDBs, CRAs Shareholder | Med./High | 1-2 years |
| 3b | Scale up the transfer of risks embedded in MDB loan portfolios to private sector counterparties by accelerating the development of funded and unfunded instruments. | MDBs, Shareholders | Med./High | 1-2 years |
| 3c | Encourage shareholder guarantees of sovereign repayments on loans related to cross-cutting priorities. | MDBs, Shareholders | Low | 1-2 years |

Annex - Implement Innovations to Strengthen MDB Capital Adequacy and Lending Headroom

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|--|--------------------|-------------------------|------------|
| 3d | Support collective shareholder commitments of temporary pools of callable capital to help MDBs mount strong countercyclical responses in periods of global or regional crisis. | Shareholders | Low | 1 year |
| 3e | Call on MIGA and MDBs to collaborate on transferring portfolio risk from MDB balance sheets through MIGA's insurance products and reinsurance capability. | MDBs, Shareholders | Low/Med. | 1-2 years |
| 3f | Explore ways of providing MDBs with access to central bank liquidity, including pooled agreements under the supervisory umbrella of one central bank. | Shareholders | High | > 2 years |

Annex - Improve Credit Rating Agency Assessment of MDB Financial Strength

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|--|--------------------|-------------------------|------------|
| 4a | Strengthen communication of G20 members and other shareholders to inform rating agency views of MDBs with respect to the importance of MDBs and shareholder support. | MDBs, Shareholders | Low | < 1 year |
| 4b | Rating agencies can take steps to strengthen their MDB evaluation methodologies. | CRA | Low/Med. | 1-2 years |
| 4c | Rating agencies and MDBs should work together to develop common standards for evaluating the risk weights of ESG-related assets on MDB balance sheets. | CRA | Low | > 2 years |

Annex - Improve the Enabling Environment for Capital Adequacy Governance

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|--|-----------------------|--------------------------------|-------------------|
| 5a | Consider implementing measures to strengthen the ability of shareholder boards at MDBs to effectively undertake their responsibilities in setting the parameters of risk appetite and capital adequacy policies and overseeing their implementation. | MDBs, Shareholders | Low | < 1 year |
| 5b | Prepare regular capital benchmarking reports on each MDB's capital adequacy framework in a comparable format employing harmonized definitions and support regular MDB reviews of capital resources. | MDBs, Shareholders | Low | < 1 year |

Annex - Improve the Enabling Environment for Capital Adequacy Governance

| | Recommendation | Addressed to | Complexity of Execution | Time Frame |
|----|--|-----------------------|-------------------------|------------|
| 5c | Establish enhanced arrangements on issues of capital adequacy and risk management to promote ongoing MDB benchmarking, share best practices and facilitate discussion among MDBs and shareholders. | MDBs, Shareholders | Low | < 1 year |
| 5d | Endorse and support ongoing efforts to transform GEMs into a stand-alone entity with legal status and secured budget able to curate and disseminate regularly-supplied MDB statistics and analysis to support improved knowledge on emerging market risks for MDBs, private investors and rating agencies. | MDBs, Shareholders | Med. | 1-2 years |