



4th Finance Ministers and Central Bank Governors (FMCBG) Meeting

**G20 ROADMAP TOWARDS BETTER, BIGGER
AND MORE EFFECTIVE MDBS**

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The G20 is committed to making Multilateral Development Banks (MDBs) better, bigger and more effective to better meet countries' sustainable development goals as well as to address global and regional challenges with a renewed sense of urgency and determination.¹ The global community is well behind in meeting the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement, and time is running out. Only 17 percent of the SDG targets are on track, while progress on approximately one-third of these goals has either stagnated or regressed since the 2015 baseline.² Global Green House Gas (GHG) emissions continue to reach alarming levels, which is inconsistent with limiting average global warming to well below 2°C and makes achieving the 1.5°C goal increasingly difficult.³

Meanwhile, the shortfall in development and climate finance from all sources – private, public, and philanthropic – has significantly expanded. The SDG financing gap has increased from US\$ 2.5 trillion in 2015 to US\$ 4 trillion currently.⁴ In the New Delhi Declaration, G20 Leaders noted the need to mobilize US\$ 5.8-5.9 trillion in the pre-2030 period for investments to meet the climate goals of the Paris Agreement, in particular for implementing countries' Nationally Determined Contributions (NDCs). They also noted the need to mobilize US\$ 4 trillion per year for clean energy technologies by 2030 to reach net zero emissions by 2050.⁵

While investing in solutions to tackle development and climate challenges requires concentrated efforts by all stakeholders – public and private, domestic and international – MDBs play a pivotal role in reaching the most vulnerable and marginalized populations, and working to prevent anyone from being left behind. This can be achieved through MDBs ability to work with governments, national and subnational development banks, and the private sector to scale up investments; provide low-cost and long maturity financing; mitigate risks; generate and disseminate knowledge; combine affordable long-term finance, technical support, and policy advice; and bring actors together for transformative change.

Elevating the role of the MDBs requires continuing the reforms currently underway within the MDB ecosystem and advancing new ones. These reforms should not only focus on increasing MDBs' financial capacity, but also on enhancing their operations and incentive structures to increase the accessibility, efficiency, effectiveness and responsiveness of MDBs' support to countries' sustainable development goals as well as efforts to address global and regional challenges – all while strengthening MDBs working as a system for the greatest development impact.

In September 2023, G20 Leaders committed to “pursue reforms for better, bigger and more effective MDBs to address global challenges to maximize developmental impact.”⁶ To do so, they called for the MDBs to “undertake comprehensive efforts to evolve their vision, incentive

1. Third G20 Finance Ministers and Central Bank Governors Meeting Communiqué, 26 July 2024.

2. United Nations. (2024). *The Sustainable Development Goals Report 2024*. United Nations.

3. IPCC (2023). *AR6 Synthesis Report: Climate Change 2023*. The Intergovernmental Panel on Climate Change.

4. UNCTAD. (2023). *SDG Investment Trends Monitor*. United Nations Conference on Trade and Development.

5. G20 New Delhi Leaders' Declaration. New Delhi, India, 9-10 September 2023.

6. Ibid.

structures, operational approaches and financial capacities so that they are better equipped to maximize their impact in addressing a wide range of global and regional challenges while being consistent with their mandate and commitment to accelerate progress towards the SDGs.” In July 2024, G20 Finance Ministers and Central Bank Governors further underscored the need for “enhancing representation and voice of developing countries in decision-making in MDBs and other international economic and financial institutions to deliver more effective, credible, accountable and legitimate institutions.”⁷

While each MDB has its own mandate, client countries and governance structure, the G20 is well positioned to provide political impetus for enhanced coordination on systemic issues across the major MDBs, thus reducing duplication of efforts and achieving synergies in areas where MDBs collective and coordinated action can add value. G20 members play a critical role at MDBs Boards in guiding MDBs strategies in the best interest of all shareholders, respecting their voices and contributions. G20 members are also well positioned to sustain the momentum of MDBs’ reform efforts, as with the launch of the Independent Review of MDB’s Capital Adequacy Framework (CAF) agenda in 2021. With G20 members adding political impetus across the major MDBs and under the direction of each MDBs governance structure, the CAF agenda has significantly increased MDBs lending capacity and improved the common understanding of CAF issues among all stakeholders,⁸ benefiting G20 countries and beyond.

I. BOOSTING ONGOING EFFORTS TO TRANSFORM MDBS AND HOW THEY WORK TOGETHER

The MDBs are already evolving, each in line with their individual mandates, capabilities, expertise, and client base, to become better, bigger and more effective, going beyond business-as-usual to operate as an expanded system, collaborating with their peers, and fully leveraging their role as multilateral instruments for greater scale and impact. As highlighted in the Heads of MDBs “Viewpoint Note: MDBs Working as a System for Impact and Scale,”⁹ MDBs have made progress in agreeing, for example, to find a common understanding and way forward on country-led platforms, facilitate cofinancing, and harmonize procurement practices as parts of the strategy to increase responsiveness to clients and improve development outcomes.

In addition, to scale up financing capacity, MDBs have agreed to continue making progress on their CAF implementation efforts, including by conducting a callable capital review to clarify the processes for potential capital calls, enhancing their engagement with credit rating agencies, and designing and deploying innovative financial solutions. MDBs also committed to releasing more detailed GEMs¹⁰ statistics and exploring scalable local currency and FX hedging solutions to manage risk-sharing and attracting private investors.

7. Third G20 Finance Ministers and Central Bank Governors Meeting Communiqué, 26 July 2024.

8. G20 Progress Report, Implementing the Recommendations of the G20 Independent Review of Multilateral Development Banks’ Capital Adequacy Frameworks (26 July 2024).

9. Heads of MDBs. (2024). *Viewpoint Note: MDBs working as a system for impact and scale*. Inter-American Development Bank.

10. Global Emerging Markets Risk Database.

Furthermore, to enhance development effectiveness and impact, MDBs have agreed to further collaborate on impact evaluations, and results frameworks, take stock of key performance indicators on nature and biodiversity to explore the feasibility of alignment of some indicators, identify nature finance in MDB portfolios. Additionally, MDBs are committed to engage in dialogue on principles to allocate MDB concessional finance and other incentives to make progress on regional and global challenges, and pursue other harmonization initiatives, including procurement practices, methodologies to measure and report on climate results as well as private capital mobilization.¹¹

These measures can be further enhanced through collaboration with the wider network of national and subnational development banks and other development finance institutions in supporting country platforms, developing project pipelines, scaling-up hedging solutions and local currency financing, and developing innovative financial solutions to mobilize private capital. Improving the existing collaboration among the MDB system, national and subnational development banks, including through the Finance in Common (FiCS) initiative, could unlock investments to reach SDG and Paris-related goals.¹²

II. G20 AND MDBS CAN FURTHER ELEVATE THEIR AMBITION

This Roadmap contains short and medium-term recommendations and actions for the considerations of MDBs, while respecting their own governance frameworks and mandates. The objective of the Roadmap is to make MDBs better, bigger, and more effective, charting a credible path for MDBs to help countries meet the 2030 Agenda for SDGs, as well as the goals of the Paris Agreement. It is the result of a gradual, inclusive and collaborative process¹³ that reflects G20 consensus and is aimed at MDB shareholders and Boards, management (directly or upon Board approval), staff, and other relevant actors, as appropriate.

The recommendations and corresponding actions prioritize areas where the MDBs can add value as a system and were developed in close consultation with the G20 IFA Working Group. Evidence gathering and broad-based consultations were held with the Heads of MDBs Group, MDB experts, the G24, the FiCS, the T20, the C20 and the B20. They build on the work of the current and previous G20 presidencies, including the CAF recommendations report that was commissioned in 2021 and delivered in 2022,¹⁴ the G20 CAF Roadmap of 2023,¹⁵ the recommendation of the Independent Expert Group (IEG) on Strengthening MDBs of

11. See [HoMDB's Viewpoint Note \(2024\)](#).

12. Connecting the MDB system with national and subnational development banks could make the best use of the US\$ 23 trillion in assets managed and US\$ 2.5 trillion annual investments made by the Finance in Common institutions. G20-Finance in Common (FiCS) Joint Event 20,21 May 2024, Rio de Janeiro. "Key takeaways and recommendations by the FiCS Chairman to the Brazilian Presidency of the G20." We are grateful to FiCS for the key takeaways and recommendations.

13. G20 Presidency and Co-chairs note on the *Way Forward for Better, Bigger, and More Effective MDBs*. (July 26, 2024)

14. *Boosting MDBs' investing capacity. An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks* (2022).

15. *G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks* (2023).

2023,¹⁶ and the G20 CAF Progress Report of 2024.¹⁷ They also build on the World Bank's progress on its Evolution Roadmap and the reforms being undertaken by other MDBs to better address global development challenges as well as the joint commitment reflected in the Heads of MDBs' Viewpoint Note for the banks to operate as an expanded system.

The following paragraphs reflect the three pillars (better, bigger and more effective) of the G20 MDB Roadmap, each including a set of recommendations and their corresponding actions. Section III contains the monitoring and reporting process and the Annex includes the tentative implementation timeframe. The G20 MDB Roadmap builds on the work done by the MDBs, both collectively and individually, while maintaining the level of ambition and speed of action.

Recommendation 0: Evolve MDBs visions to support reforms to equip the institutions to better address development and global challenges. Call on **MDBs** to (0.1) evolve MDBs visions to drive adoption of reforms that equip the institutions to maximize their impact in addressing a wide range of development and global challenges to more effectively deliver on their mandates and commitments to accelerate progress towards the SDGs.

Better MDB system

To increase accessibility, efficiency, effectiveness, and responsiveness of financing, advisory, policy and blending activities, MDBs will need to continue to improve their operations. This includes focusing more on a programmatic rather than a project-based approach; more effectively combining financing, policy and technical assistance; enhancing MDB country-level and institutional coordination and cooperation, including for analyses, diagnostic, and impact monitoring, notably through country-owned, country-led platforms; and enhancing strategies to promote joint programming and stronger division of labor. They may further address sector specific barriers to market creation and project development, mitigate risks for private investors, enhance private capital enablement, strengthen private capital and domestic resources mobilization, and attract investments for transformative change.

Recommendation 1: Strengthen country systems through capacity building and promote more streamlined, agile and risk-based operational policies and processes. Building on existing cross-institutional initiatives, call on **MDBs** to (1.1) strengthen country systems through capacity building to effectively implement MDBs environmental and social frameworks (ESF) and procurement policies for public and private sector clients, especially in low-income and vulnerable countries. (1.2) Map policy and implementation differences in MDBs' ESFs, integrity, and procurement policies, simplify MDBs review and clearance processes (e.g. streamline requirements, implementation documents and guidelines), and set objectives to increase speed and agility of MDB financing while preserving its quality and development impact. (1.3) Promote mutual reliance agreements, and upward

16. G20 Independent Experts Group (2023). *The Triple Agenda: A Roadmap for Better, Bolder and Bigger MDBs*.

17. G20 Progress Report *Implementing the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks* (26 April 2024).

harmonization toward the highest standards, and policies, whenever possible, to streamline the application of best available approaches and policy requirements.

Recommendation 2: Support ambitious country-owned, country-led platforms and strengthen co-financing activities. Building on the G20 Reference Framework for Effective Country Platforms of 2020 and the ongoing work of the TF Clima on country platforms, call on **MDBs** to (2.1) support platform planning, design, co-financing, and implementation to advance the development and implementation of the country development strategies and NDCs. (2.2) Pursue operational reforms to better work as a system within country platforms, specializing in sectors and activities where MDBs have a proven track record and comparative advantage, and setting internal incentives, aligned systems, and dedicated instruments. (2.3) Facilitate private and local financial partnership mechanisms, including with national and subnational financial institutions, where appropriate and, upon request, facilitate their integration into country platforms. When requested, (2.4) provide implementation support for specific operational components, policy reforms, data transparency and collection, and financing strategies, and monitoring and evaluation systems of individual country platforms, based on a functional division of labor, country needs and strategies, and sequencing agreed upon with country authorities.

Recommendation 3: Enhance project pipelines through upstream and coordinated project preparation support and evolve operational approaches to implement updated MDB visions. Call on **MDBs** to (3.1) scale-up project preparation support, especially at the design stage, by collaborating with the private sector to identify and develop bankable projects; adopting innovative approaches to cost recovery strategies; incorporating project preparation costs into MDB financing; optimizing existing resources; and leveraging and accessing concessional and non-concessional resources, including through vertical environmental and climate funds, with the support of G20 shareholders who have governance roles in those funds. Other measures include enhancing integration and syndication of project preparation funding across MDBs and MDB-led project preparation facilities (PPFs), particularly for large, transformational, and/or regional projects, in line with the G20 Principles for Infrastructure Project Preparation Phase of 2018. Building upon the G20 Principles for Quality Infrastructure Investment of 2019. (3.2) Share information and scale up the joint MDB digital portal (number of projects and co-financiers) to facilitate and accelerate the co-financing of public sector projects.¹⁸ (3.3) Undertake the operational reforms needed to implement updated visions, including by integrating the effects of global challenges into client's diagnostics and building work to address those challenges into country engagement. (3.4) Implement incentive frameworks to prioritize collective impact over individual lending metrics and to promote greater consolidation and coordination of project preparation efforts among MDBs (e.g. the G20-launched Global Infrastructure Facility, the Multilateral Cooperation Center for Development Finance). (3.5) Support the development of robust country systems for project preparation, including upstream engagement to enhance policy, legal and regulatory frameworks, removing obstacles to market creation and project development, and providing technical assistance.

18. See HoMDBs' Viewpoint Note (2024).

Recommendation 4: Step up the level of ambition on private capital and domestic resource mobilization (DRM). Call on relevant **MDBs** to (4.1) set clear and ambitious targets for mobilizing and enabling private capital, aligned to countries' priorities and development plans, while ensuring staff incentives are in line with these targets, and maintaining a strong focus on achieving, measuring, and transparently reporting development impact. (4.2) Encourage support aimed at removing potential policy and regulatory bottlenecks to private investment and fostering enabling conditions to catalyze more private sector engagement, including through the use of originate-to-distribute models, securitization mechanisms, and MDB guarantees to catalyze capital markets into greater lending to client countries to create receptive local environment and help unlock project pipelines. (4.3) Revise the joint MDB measurement methodology to expand the coverage of measuring private capital mobilization (both indirect and direct, and different types of capital) to capture new and emerging products and efforts across the MDBs while minimizing double counting where possible and encouraging harmonized metrics among the MDBs. (4.4) Work towards more comprehensive and granular reporting and disclosure on private capital mobilization. Continue to work on GEMs and release data on default and recovery rates, showing credit performance for sovereign and private sectors by institutions, sectors, financing instruments, countries, country groups and regions.¹⁹ (4.5) In coordination with the IMF where relevant, pursue coordinated and sequenced interventions in client countries to boost domestic resource mobilization, including by formulating programming based on common diagnostic tools where possible.

Recommendation 5: Scale up local currency and hedging solutions. Call on **MDBs** to (5.1) where possible and consistent with their risk management processes, increase the quality and expand the quantity of local currency financing options available across currencies, maturities, and other sovereign and non-sovereign client-requested features to support the deployment of larger amounts of private capital, including risk transfer tools, guarantee-based approaches, and off-shore and on-shore mechanisms, in line with MDBs charters. (5.2) Expand technical assistance for borrowers to build capacity for currency risk management strategies, help them make well-considered borrowing decisions that minimize levels of currency risk and increase demand for borrowing in local currency, strengthen local capital markets, develop a strong domestic investor base, and increase domestic resource mobilization. (5.3) In collaboration with private sector and development finance initiatives such as TCX and other MDB-led initiatives, develop, support, and scale foreign exchange hedging and other innovative financial solutions that can offer currency risk mitigation to projects and borrowers across developing countries (through learning lessons from, for example, Brazil's Ecoinvest program).

Recommendation 6: Optimize the use of concessional resources to support low-income countries' sustainable development goals as well as to support, with a clear allocation framework, low- and middle-income countries addressing global and regional challenges and align incentive structures with updated visions. Call on **MDBs** to (6.1) establish a pathway to optimize the use of concessional funding for it to be more effectively managed, targeted and impactful. This includes encouraging strong contributions

19. As included in the 2023 and 2022 MDB Joint Report. Such data is important for both private investors and credit rating agencies.

from existing donors and expanding the pool of donor countries, with a primary focus on low-income countries' sustainable development, such as the fight against poverty and hunger, as well as supporting low and middle-income countries to address global and regional challenges (e.g. those with cross-border externalities), with a clear framework for the allocation of scarce concessional resources, and providing strong support for the poorest countries. (6.2) Review and evaluate existing concessional financing frameworks and other incentives, based on lessons learnt from existing practices related to the allocation of concessional finance for sovereign operations, including to address global challenges.²⁰ (6.3) Fully utilize blended finance mechanisms and other innovative schemes by reinforcing the MDBs interoperability and co-financing with the vertical climate, environmental and health funds, especially in the context of the G20 call to optimize their use.²¹ (6.4) Deploy internal incentives, such as staff rewards and update performance metrics, within the institutions, to align operations with updated visions.

Bigger MDB system

MDBs will need increased financing capacity to contribute to addressing new and existing challenges while managing risks to their balance sheets, and safeguarding their long-term financial sustainability, robust credit rating and preferred creditor status. The growing number of MDBs reporting on CAF implementation and the progress made so far signal a deeper integration of the CAF agenda within these institutions. Identified measures have the potential to unlock up to US\$ 357 billion in additional lending headroom over the next decade, with further implementation of CAF measures still to come.²² Innovative financial instruments can also serve as a tool to meet the SDGs.²³ These measures should be considered as part of regular MDB-led reviews of the MDB strategies and the alignment between resources and strategies. These regular reviews would lay a solid basis for MDB's Boards consideration on whether and when additional capital may be needed or not. They would also enable the G20 to serve as a platform for closely tracking progress over time, assessing how the total MDB lending capacity evolves in a way that supports the meeting of SDGs by 2030.

Recommendation 7: Continue ambitious CAF review implementation and review progress periodically. Call on **MDBs** to (7.1) continue ambitiously implementing and reporting on the CAF recommendations, as relevant and appropriate, in line with the evaluations in both the 2023 G20 Roadmap on CAF and the 2024 G20 Progress Report, on a rolling basis, with independent reviews of the reporting. (7.2) Develop a set of guiding principles to ensure their capital adequacy frameworks assign appropriate value to preferred creditor status (PCS) and effectively account for portfolio concentration, as relevant, considering the credit history of MDBs. (7.3) Explore options for common system-wide approaches to better assess the risk mitigation value of callable capital, where applicable, ensuring that minimum capital established in their respective capital adequacy frameworks

20. See HoMDB's Viewpoint Note (2024).

21. 2024 G20 Sustainable Finance Report (forthcoming).

22. G20 Progress Report *Implementing the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks* (26 April 2024).

23. G20 note on *SDR Channeling* (26 July 2024).

reflects that value, while safeguarding the financial stability and robust credit rating of the MDBs. (7.4) Continue to strengthen MDB collective engagement with credit rating agencies to explore how rating methodologies can better reflect MDBs' particular features and the counter-cyclical role of their lending.

Recommendation 8: Explore general principles for reviews of the alignment of MDBs resources and strategies, with a view to helping countries achieve their sustainable development goals as well as to address global and regional challenges, while respecting the mandate of each institution. Where such reviews are not in place, call on **MDBs** to (8.1) at regular intervals, undertake reviews of their strategies and the alignment of MDBs resources to those strategies. (8.2) Report, on a voluntary basis, on the regular reviews to IFAWG, identifying actions taken by the Boards to adjust strategies and align resources with those strategies, to better support countries through a full range of measures, including by considering the variety of resources available to each institution. Call on **IFAWG** to (8.3) continue to work on broad principles for regular reviews of MDB-led review of resources, periodically report on MDBs' regular reviews and track the evolution of the total financing capacity of MDBs.

Recommendation 9: Develop and support innovative financial instruments, including hybrid capital and portfolio guarantee mechanisms. Call on **MDBs** to (9.1) continue to explore the use of innovative financial instruments to increase MDBs financial capacity including hybrid capital mechanisms, for shareholders and capital markets, portfolio guarantee platforms, credit insurance, and synthetic securitization, while considering the cost implications of those instruments, and encourage private sector and domestic resource mobilization. Continue to (9.2) invite countries that are willing and legally able to explore channeling SDRs to MDBs, which could strengthen their financial capacity to support the SDGs and global challenges, including the goals of the Global Alliance Against Hunger and Poverty, while respecting the reserve asset status of the resulting SDR denominated claims and ensuring their liquidity. Call on countries that are willing and permitted to consider voluntarily underpinning this arrangement with Liquidity Support Agreement (LSA).²⁴

More Effective MDB system

To maximize development impact, facilitate complementarity and consistency, and improve the scope for collaboration, it is crucial to enhance MDBs' results frameworks, foster coordination and cooperation among MDBs, enhance voice and participation of developing countries in decision-making processes, while increasing geographical diversity and female representation in management, staff, and Board,²⁵ whilst ensuring that all appointments processes are open, transparent and merit based. These efforts aim to improve the effectiveness, credibility, accountability, and legitimacy of these institutions, as urged by G20 Leaders in September 2023.

24. *Ibid.*

25. G20 Presidency Note on Representation at Top IFI Positions (forthcoming).

Recommendation 10: Strengthen impact measurement and reporting, and align it with updated visions.

Call on **MDBs** to (10.1) design or enhance steering and reporting tools that focus on impact, outcomes and outputs and development effectiveness aligned with strategic objectives and updated visions. (10.2) Ensure the independence of evaluations, make greater use of the impact evaluations and results data and findings, considering them when elaborating strategy, operational and project proposals, using harmonized metrics, approaches, and systems where appropriate, while ensuring minimal burden on client countries. (10.3) For the MDBs which have not yet established full cycle impact assessment and results monitoring systems for their operations, to continue to build such systems by learning from good practices in other MDBs and seeking a balance between harmonization of approaches and individual mandates, size, scope and characteristics of clients and operations of respective MDBs. (10.4) Promote alignment of results measurement and management systems across the MDBs and the SDGs, including climate and biodiversity goals. (10.5) Develop local capacity for data collection disaggregated by gender, transparency, impact measurement, and reporting.

Recommendation 11: Increase MDBs' geographical diversity and female representation, while enhancing developing countries' participation.

Call on **G20 shareholders** to (11.1) promote more balanced female representation across MDB Executive Boards by appointing more women. Call on **MDBs** to (11.2) promote greater regional diversity and more balanced female representation in MDB management as well as staff positions. (11.3) Implement concerted action, financing, and programs at scale to support female equality, integrating that with MDBs' operations.

Recommendation 12: Create incentives for MDB cooperation and coordination.

Call on **MDBs** to (12.1) keep developing internal incentives and mechanisms to encourage MDBs cooperation at the system level and coordination at the country level, while maintaining project quality, efficiency, impact effectiveness and lending affordability. (12.2) Use common diagnostic and evaluation tools to inform and support country programming, pursue greater coordination of interventions in specific sectors or themes, co-develop new financial instruments, and consider each other's country strategies when setting up their respective ones.

III. MONITORING AND REPORTING ON THE G20 MDB ROADMAP

While respecting each MDBs' institutional mandates and governance structures, we call on the **MDBs**, working alongside with relevant stakeholders including **G20 shareholders and other actors**, to implement the recommendations and actions above, develop indicators, where appropriate, and periodically report on progress to the **IFAWG** with a view to continue to evolve MDBs vision, governance, incentive structures, operational approaches, and financing capacity to better meet sustainable development goals as well as to address global and regional challenges. The **IFAWG** will initiate, organize, and lead a monitoring and reporting process that builds on the work done by the MDBs, both collectively and individually, while maintaining the level of ambition and sense of urgency outlined in the Roadmap.

To implement the G20 Roadmap, we encourage the **Heads of MDBs Group**, as well as **MDBs individually**, to continue to engage with the IFAWG on a monitoring and reporting process.

We also call on **MDBs** to continue working collectively — pushing the boundaries of the MDB system — and to partner with governments, national and subnational development banks, and the private sector. These efforts will be critical in closing the financing gap and addressing countries' development priorities and needs.



ANNEX

A tentative prioritization and implementation timeframe of the Roadmap has been jointly developed with the Heads of MDBs Group, outlining both short-term actions to be implemented within the next 1 to 3 years, and medium-term actions extending through 2030. This will enable efficient monitoring, reporting, and the creation of relevant indicators.

Table: Prioritization and Implementation Timeframe of G20 Roadmap towards Better, Bigger and more Effective MDBs

No.	Recommendations	Short	Medium
Better MDB System			
0. Evolve MDBs visions to support reforms to equip the institutions to better address development and global challenges			
1.	Evolve MDBs visions to drive adoption of reforms that equip the institutions to maximize their impact in addressing a wide range of development and global challenges to more effectively deliver on their mandates and commitments to accelerate progress towards the SDGs.		
1. Strengthen country systems through capacity building and promote more streamlined, agile and risk-based operational policies and processes			
1.	Strengthen country systems through capacity building to effectively implement MDBs environmental and social frameworks (ESF) and procurement policies for public and private sector clients, especially in low-income and vulnerable countries.		
2.	Map policy and implementation differences in MDBs' ESFs, integrity, and procurement policies, simplify MDBs review and clearance processes (e.g. streamline requirements, implementation documents and guidelines), and set objectives to increase speed and agility of MDB financing while preserving its quality and development impact.		
3.	Promote mutual reliance agreements, and upward harmonization toward the highest standards, and policies, whenever possible, to streamline the application of best available approaches and policy requirements.		
2. Support ambitious country-owned, country-led platforms and strengthen co-financing activities			
1.	Support platform planning, design, co-financing, and implementation to advance the development and implementation of the country development strategies and NDCs.		
2.	Pursue operational reforms to better work as a system within country platforms, specializing in sectors and activities where MDBs have a proven track record and comparative advantage, and setting internal incentives, aligned systems, and dedicated instruments.		
3.	Facilitate private and local financial partnership mechanisms, including with national and subnational financial institutions, where appropriate and, upon request, facilitate their integration into country platforms.		
4.	When requested, provide implementation support for specific operational components, policy reforms, data transparency and collection, and financing strategies, and monitoring and evaluation systems of individual country platforms, based on a functional division of labor, country needs and strategies, and sequencing agreed upon with country authorities.		



No.	Recommendations	Short	Medium
Better MDB System			
3. Enhance project pipelines through upstream and coordinated project preparation support and evolve operational approaches to implement updated MDB visions			
1.	Scale-up project preparation support, especially at the design stage, by collaborating with the private sector to identify and develop bankable projects; adopting innovative approaches to cost recovery strategies; incorporating project preparation costs into MDB financing; optimizing existing resources; and leveraging and accessing concessional and non-concessional resources, including through vertical environmental and climate funds, with the support of G20 shareholders who have governance roles in those funds. Other measures include enhancing integration and syndication of project preparation funding across MDBs and MDB-led project preparation facilities (PPFs), particularly for large, transformational, and/or regional projects, in line with the G20 Principles for Infrastructure Project Preparation Phase of 2018. Building upon the G20 Principles for Quality Infrastructure Investment of 2019.		
2.	Share information and scale up the joint MDB digital portal (number of projects and co-financiers) to facilitate and accelerate the co-financing of public sector projects.		
3.	Undertake the operational reforms needed to implement updated visions, including by integrating the effects of global challenges into client's diagnostics and building work to address those challenges into country engagement.		
4.	Implement incentive frameworks to prioritize collective impact over individual lending metrics and to promote greater consolidation and coordination of project preparation efforts among MDBs (e.g. the G20-launched Global Infrastructure Facility, the Multilateral Cooperation Center for Development Finance).		
5.	Support the development of robust country systems for project preparation, including upstream engagement to enhance policy, legal and regulatory frameworks, removing obstacles to market creation and project development, and providing technical assistance.		
4. Step up the level of ambition on private capital and domestic resource mobilization (DRM)			
1.	Set clear and ambitious targets for mobilizing and enabling private capital, aligned to countries' priorities and development plans, while ensuring staff incentives are in line with these targets, and maintaining a strong focus on achieving, measuring, and transparently reporting development impact.		
2.	Encourage support aimed at removing potential policy and regulatory bottlenecks to private investment and fostering enabling conditions to catalyze more private sector engagement, including through the use of originate-to-distribute models, securitization mechanisms, and MDB guarantees to catalyze capital markets into greater lending to client countries to create receptive local environment and help unlock project pipelines.		
3.	Revise the joint MDB measurement methodology to expand the coverage of measuring private capital mobilization (both indirect and direct, and different types of capital) to capture new and emerging products and efforts across the MDBs while minimizing double counting where possible and encouraging harmonized metrics among the MDBs.		
4.	Work towards more comprehensive and granular reporting and disclosure on private capital mobilization. Continue to work on GEMs and release data on default and recovery rates, showing credit performance for sovereign and private sectors by institutions, sectors, financing instruments, countries, country groups and regions.		
5.	In coordination with the IMF where relevant, pursue coordinated and sequenced interventions in client countries to boost domestic resource mobilization, including by formulating programming based on common diagnostic tools where possible.		



No.	Recommendations	Short	Medium
Better MDB System			
5. Scale up local currency and hedging solutions			
1.	Where possible and consistent with their risk management processes, increase the quality and expand the quantity of local currency financing options available across currencies, maturities, and other sovereign and non-sovereign client-requested features to support the deployment of larger amounts of private capital, including risk transfer tools, guarantee-based approaches, and off-shore and on-shore mechanisms, in line with MDBs charters.		
2.	Expand technical assistance for borrowers to build capacity for currency risk management strategies, help them make well-considered borrowing decisions that minimize levels of currency risk and increase demand for borrowing in local currency, strengthen local capital markets, develop a strong domestic investor base, and increase domestic resource mobilization.		
3.	In collaboration with private sector and development finance initiatives such as TCX and other MDB-led initiatives, develop, support, and scale foreign exchange hedging and other innovative financial solutions that can offer currency risk mitigation to projects and borrowers across developing countries (through learning lessons from, for example, Brazil's Ecoinvest program).		
6. Optimize the use of concessional resources to support low-income countries sustainable development goals as well as to support, with a clear allocation framework, low- and middle-income countries' in addressing global and regional challenges and align incentive structures with updated visions			
1.	Establish a pathway to optimize the use of concessional funding for it to be more effectively managed, targeted and impactful. This includes encouraging strong contributions from existing donors and expanding the pool of donor countries, with a primary focus on low-income countries' sustainable development, such as the fight against poverty and hunger, as well as supporting low and middle-income countries to address global and regional challenges (e.g. those with cross-border externalities), with a clear framework for the allocation of scarce concessional resources, and providing strong support for the poorest countries.		
2.	Review and evaluate existing concessional financing frameworks and other incentives, based on lessons learnt from existing practices related to the allocation of concessional finance for sovereign operations, including to address global challenges.		
3.	Fully utilize blended finance mechanisms and other innovative schemes by reinforcing the MDBs interoperability and co-financing with the vertical climate, environmental and health funds, especially in the context of the G20 call to optimize their use.		
4.	Deploy internal incentives, such as staff rewards and update performance metrics, within the institutions, to align operations with updated visions.		



No.	Recommendations	Short	Medium
Bigger MDB System			
7. Continue ambitious CAF review implementation and review progress periodically			
1.	Continue ambitiously implementing and reporting on the CAF recommendations, as relevant and appropriate, in line with the evaluations in both the 2023 G20 Roadmap on CAF and the 2024 G20 Progress Report, on a rolling basis, with independent reviews of the reporting.		
2.	Develop a set of guiding principles to ensure their capital adequacy frameworks assign appropriate value to preferred creditor status (PCS) and effectively account for portfolio concentration, as relevant, considering the credit history of MDBs.		
3.	Explore options for common system-wide approaches to better assess the risk mitigation value of callable capital, where applicable, ensuring that minimum capital established in their respective capital adequacy frameworks reflects that value, while safeguarding the financial stability and robust credit rating of the MDBs.		
4.	Continue to strengthen MDB collective engagement with credit rating agencies to explore how rating methodologies can better reflect MDBs' particular features and the counter-cyclical role of their lending.		
8. Explore general principles for reviews of the alignment of MDBs resources and strategies, with a view to helping countries achieve their sustainable development goals as well as to address global and regional challenges, while respecting the mandate of each institution			
1.	At regular intervals, undertake reviews of their strategies and the alignment of MDBs resources to those strategies, where such reviews are not in place.		
2.	Report, on a voluntary basis, on the regular reviews to IFAWG, identifying actions taken by the Boards to adjust strategies and align resources with those strategies, to better support countries through a full range of measures, including by considering the variety of resources available to each institution.		
3.	Continue to work on broad principles for regular reviews of MDB-led review of resources, periodically report on MDBs' regular reviews and track the evolution of the total financing capacity of MDBs.		
9. Develop and support innovative financial instruments, including hybrid capital and portfolio guarantee mechanisms			
1.	Continue to explore the use of innovative financial instruments to increase MDBs financial capacity including hybrid capital mechanisms, for shareholders and capital markets, portfolio guarantee platforms, credit insurance, and synthetic securitization, while considering the cost implications of those instruments, and encourage private sector and domestic resource mobilization.		
2.	Invite countries that are willing and legally able to explore channeling SDRs to MDBs, which could strengthen their financial capacity to support the SDGs and global challenges, including the goals of the Global Alliance Against Hunger and Poverty, while respecting the reserve asset status of the resulting SDR denominated claims and ensuring their liquidity. Call on countries that are willing and permitted to consider voluntarily underpinning this arrangement with Liquidity Support Agreement (LSA).		



No.	Recommendations	Short	Medium
More Effective MDB System			
10. Strengthen impact measurement and reporting, and align it with updated visions			
1.	Design or enhance steering and reporting tools that focus on impact, outcomes and outputs and development effectiveness aligned with strategic objectives and updated visions.		
2.	Ensure the independence of evaluations, make greater use of the impact evaluations and results data and findings, considering them when elaborating strategy, operational and project proposals, using harmonized metrics, approaches, and systems where appropriate, while ensuring minimal burden on client countries.		
3.	For the MDBs which have not yet established full cycle impact assessment and results monitoring systems for their operations, to continue to build such systems by learning from good practices in other MDBs and seeking a balance between harmonization of approaches and individual mandates, size, scope and characteristics of clients and operations of respective MDBs.		
4.	Promote alignment of results measurement and management systems across the MDBs and the SDGs, including climate and biodiversity goals.		
5.	Develop local capacity for data collection disaggregated by gender, transparency, impact measurement, and reporting.		
11. Increase MDBs' geographical diversity and female representation, while enhancing developing countries' participation			
1.	Promote more balanced female representation across MDB Executive Boards by appointing more women.		
2.	Promote greater regional diversity and more balanced female representation in MDB management as well as staff positions.		
3.	Implement concerted action, financing, and programs at scale to support female equality, integrating that with MDBs' operations.		
12. Create incentives for MDB cooperation and coordination			
1.	Keep developing internal incentives and mechanisms to encourage MDBs cooperation at the system level and coordination at the country level, while maintaining project quality, efficiency, impact effectiveness and lending affordability.		
2.	Use common diagnostic and evaluation tools to inform and support country programing, pursue greater coordination of interventions in specific sectors or themes, co-develop new financial instruments, and consider each other's country strategies when setting up their respective ones.		

