

**FIRST EVOLUTION FORUM**  
**TUESDAY, APRIL 11, 2023**  
**8.30AM – 10.30AM EST**  
**WORLD BANK HEADQUARTERS MC13-121**

Representatives from the Board of Executive Directors and World Bank Management

- Koen Davidse, Dean of the Board of Executive Directors
- Junhong Chang, Co-Dean of the Board of Executive Directors
- Axel van Trotsenburg, Senior Managing Director, World Bank
- Anshula Kant, Managing Director and World Bank Group Chief Financial Officer

**Moderator:** Marilou Uy, former Director of the Secretariat of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)

**Introduction**

The first Evolution Forum was held in hybrid format in Washington DC on April 11, 2023. It was attended by approximately 60 participants in-person and 40 via Zoom. They represented CSOs/NGOs, think tanks, academia, governments, foundations, development partners and the private sector. The discussion was also live streamed to the public and translated into Arabic, French, and Spanish.

At the outset, the moderator stated the basis for the discussion was the latest Development Committee paper and that the Forum was part of an inclusive process that would continue after the Spring Meetings. She encouraged the participants to visit the [WBG Evolution Consultations website](#), take the survey and post comments through May 31, 2023.

Board members and Management opened with brief remarks, highlighting that the Spring Meetings are framed by the need to respond to global crises, and that the WBG will focus on efforts to get back on track to meet the SDGs. The recent multiple crises have reversed positive development trends, and the WBG has stepped up support to help address this. But more needs to be done, highlighting the need to revisit elements of the WBG vision and mission as well as its operating and financial model. The twin goals will remain core to the WBG while better integrating global challenges into the WBG's mission and work. The institution already has a strong focus on support to address climate, fragility and the recent pandemic, currently totaling about half of all financing. But this needs to be provided more systematically by building on the country model, doing better as "One WBG", and leveraging partnerships and knowledge. A variety of proposals is under development in these areas. On the financing model, the WB has provided \$1.2 trillion in financing over the last 20 years and has a track record of leveraging its balance sheet as well as its hybrid financing model which has helped support IDA. Recent measures to enhance financial capacity include lowering the E/L ratio, running a pilot capital hybrid model, removing the statutory lending limit and increasing the limit for shareholder guarantees. Additional proposals will be considered in a number of areas such as enhanced callable capital and hybrid capital for shareholders.

The moderator opened the floor for discussion, noting that the WBG would like to hear from as many participants as possible, both in the room and online, and indicated that a recording of the Forum and a high-level summary would be available on the Consultations website.

## MAIN HIGHLIGHTS

1. There was strong support for the continued focus on **the sustainable development goals (SDGs) and the twin goals of ending poverty and boosting shared prosperity**, as well as requests for stronger emphasis on inequality, inclusion, and gender equality.
2. The emphasis on the **climate crisis** and other global challenges is welcome, but these should not be supported at the expense of poverty reduction.
3. **Concessional resources** for low-income countries should be protected and not compromised by commitments to finance global challenges. Additional concessional and grant finance is needed and can be complemented by flexible financial terms (eg, discounted lending, longer maturities, differentiated pricing).
4. **Partnerships and co-financing** are critical to the path forward, and the WBG should use its convening power to bring together MDBs, the private sector, philanthropic organizations, and recognize the important role that civil society can play.
5. Civic space continues to shrink with the rise of restrictive governments, highlighting the need for greater **transparency and conducive environments for civic participation** to deepen inclusive development and increase accountability.
6. **Additional financing** will be needed to fill the financing gap, requiring a bolder call for capital and better leveraging of private investment.
7. The **process** for further developing the Evolution Roadmap should include additional consultations, particularly in-country discussion in the Global South.

The WBG responded to various points raised by Forum participants. It clarified that the poverty reduction goal is not in question, and that it is preparing analyses on concessionality. Board and Management appreciated the inputs from Forum participants and will take them into account as the Evolution Process continues. It was reiterated that the SDGs, poverty and climate change are key areas of focus, as well as a focus on inequality and fragility. It was noted that speed and agility were a critical feature of WBG support during the recent crises, but some complex projects like infrastructure would require time to adhere to important safeguards which are key for development. Management highlighted that Bank operations have been streamlined and some procedures have been harmonized across Multilateral Development Banks. Finally, there was acknowledgment that WBG reforms need to be accompanied by additional financing which does not supplant current concessional financing, and there is a key role for partners/partner organizations to step up to complement efforts to augment WBG efforts to increase financing. Both the Board representatives and management noted that there is a need for more events and constructive conversation, including in-country consultations.

## Annex: Comments from Participants by Topic

| <b>WBG Mission</b>                   | African Centre for Economic Transformation | The continued focus on SDGs and poverty reduction is welcome, as well as inclusion.   |
|--------------------------------------|--|---|
|                                      | WACI Health Nairobi                        | While welcoming the augmented mission statement, it is important to emphasize equitable development, especially for IDA countries.  |
| <b>Climate and Global Challenges</b> | WACI Health Nairobi                        | A major priority should be to prepare for the next pandemic by supporting prevention and strengthening primary health care systems.   |
|                                      | BREAD USA                                  | Global public goods like climate change are important and can impact key challenges such as ending hunger, but financing must continue to focus on the people who need it most.   |
|                                      | Save the Children                          | The strong focus on the climate crisis is welcome but this cannot be at the expense of continued work on extreme poverty and human capital development.   |
|                                      | AIIB                                       | The focus on global challenges and the need for greater scale is welcome, although the cost of inaction could have been emphasized more. New measures to tackle GPGs are welcome, including technical assistance for MICs on climate.   |
|                                      | ODI  | Welcomed the inclusion of global challenges into the Bank's existing mission and the options outlined in the paper.   |
|                                      | Civil Society Coalition for Climate Change | Global warming is the dominant theme in the 21 <sup>st</sup> century, and the emphasis on climate is welcome to guide the WBG vision and mission.   |
|                                      | RECOURSE                                   | The focus on SDGs and climate crisis in particular is welcome. But there should be a stronger sense of urgency in the response to climate crisis, including support countries to enhance their NDCs, elimination of all financing/support for fossil fuels (both direct and indirect financing), ring-fencing energy support for sustainable renewable energy projects only, and more centrally embedded Paris Alignment in all projects. |

|                    |                         |   |
|--------------------|-------------------------|---|
|                    | Climate Reality Project | The WBG needs to provide bold solutions which go beyond direction setting and overhauls, and include actions, strategies, and policies to drive adaptation and resilience, including with quantifiable goals. Investments should be shifted away from fossil fuels to low carbon and more needs to be done to provide pre-arranged financing for loss and damages.  |
| <b>Inequality</b>  | OXFAM                   | With a widening inequality gap, inequality should be highlighted as a goal to complement shared prosperity.   |
|                    | Save the Children       | Policy dialogue is critical to tackling key issues like income inequality, and the WBG needs to ensure the lasting impact of each operation to “shock proof” progress.  |
| <b>Inclusion</b>   | Catalyst 2030           | A greater involvement of social entrepreneurs in the development process and the WBG country-driven model is needed to drive more social innovation and values-based solutions which focus on people and the planet.  |
| <b>Gender</b>      | CARE USA                | The inclusion aspect of the WBG mission requires a strong gender lens. Decreasing gender gaps in employment alone have an extremely beneficial impact highlighting the need to address structural barriers to employment (e.g. childcare). Investments in female education, access to finance and women’s leadership need additional investments, as to improved data such as having sex, age, and disability disaggregated data. |
|                    | Christian Aid           | Climate justice also requires greater consideration to inequality and gender issues and the Roadmap should be better integrated with the Gender Strategy.   |
| <b>Civic Space</b> | OXFAM                   | Increasing authoritarianism is affecting poverty reduction, highlighting the need to better address civic space.  |
|                    | WACI Health Nairobi     | The need to have an inclusive civic space will be key to increase transparency and accountability.  |
|                    | Open Government         | The WBG plays a key role in civic space and transparency at the country and global levels; this should be acknowledged and leveraged through existing and new partnerships and measures. It is also key to recognize that improving civic space needs to focus on creating the enabling conditions for citizen engagement and greater participation in dialogues with governments and MDBs.                                       |

|                                   |  |  |
|-----------------------------------|--|--|
|                                   | Parliament of Tanzania                     | The WBG has good engagement with CSOs but should strive to have stronger engagement with Parliamentarians. This engagement should be featured in the WBG operating model to facilitate the oversight role of Parliamentarians. |
| <b>Partnerships</b>               | African Centre for Economic Transformation | The paper could better highlight partnerships (especially through technical assistance) and WBG co-financing with the existing institutions active in Africa.  |
|                                   | AIIB                                       | Partnerships are critical, and co-financing across MDBs can increase impact and simplify engagement with clients. If a platform is created it should include all partners such as MDBs, philanthropies and other partners      |
|                                   | Civil Society Coalition for Climate Change | It will be important to diversify partnership engagement by including civil society to better adapt to local needs, increase women and gender focused programs and rethink lending to disputed territories.                    |
| <b>Concessionality</b>            | African Centre for Economic Transformation | The paper should highlight that more urgency is needed on IDA and possibly even IDA reforms, and reforms should ensure that increased concessionality will not come at the expense of IDA.                                     |
|                                   | Asian Development Bank                     | Agree on the need for concessionality for IBRD countries would like more information on guiding principles for allocation across IBRD countries.   |
|                                   | BREAD USA                                  | The emphasis on IDA and concessionality is welcome and it should be underscored that concessionality must be additional and not at the expense of IDA.   |
|                                   | Civil Society Coalition for Climate Change | The WBG also needs to help unlock concessional and grant financing for climate, align investment with the Montreal Protocol and better support a just and green transition.  |
| <b>Leveraging Private Capital</b> | OXFAM                                      | There is need to be conscious of which sectors are appropriate for leveraging private finance and which should be publicly financed.   |
|                                   | Asian Development Bank                     | Would like more information on One WBG and the Cascade approach, particularly lessons learned and how this could be implemented differently or better.   |
|                                   | JP Morgan                                  | All MDBs could increase efforts to strengthen local capital markets and thus local currency financing. MDB collaboration could be increased to better serve  |

|   |  |   |
|---|--|---|
|   |  | as intermediaries between clients and markets, and KPIs should be introduced to measure what financial products are being promoted and used.  |
|   | AIIB   | A critical focus area is also developing more financial innovation for private capital mobilization.  |
| <b>Additional Financing Needed</b>        | OXFAM  | The WBG needs to augment the welcome capital adequacy measures with additional ways to leverage resources.  |
|   | BREAD USA  | The WBG alone cannot meet the financing gap for GPGs but should play a leadership role in convening and co-financing to fill the gap.   |
|   | Institute of New Structural Economics, Peking University | Reduce fragmentation caused by reliance on trust funds, accompanied by a capital increase.  |
|   | Save the Children  | The focus on climate will require a bigger WBG and a capital increase to ensure there are no trade-offs. With many partners now backtracking on commitments, the WBG should use its convening power to get others to step up to meet ongoing challenges.  |
| <b>Financial Model</b>                    | African Centre for Economic Transformation               | On the financial model, the needs are well articulated, but the potential response is only partially articulated. The proposals to change the financing model require more explanation and more detail on the pros and cons for borrowers and donors (stress-test implications of the various options).   |
| <b>Flexible Financing Terms</b>           | J.P. Morgan  | More should be done to provide flexible financing terms (eg flexible maturities across client profiles and differentiated pricing).   |
| <b>Economic/Structural Transformation</b> | Institute of New Structural Economics, Peking University | The WBG should place structural transformation as a part of its mandate and mission statement. Achieving this requires public entrepreneurship and building systemic capacity. Continue to focus on country ownership to achieve the twin goals through structural transformation.  |
|   | Carnegie Endowment                                       | The focus on SDGs and poverty reduction is welcome but needs to be centered on the well-tested approach to end poverty through structural economic transformation to increase growth and productivity. The focus on climate change should not come at the expense of economic transformation and industrialization, which in Africa will require investments in fossil fuels. |

|                    |  |   |
|--------------------|--|---|
| <b>Debt Issues</b> | WACI Health Nairobi                        | The WBG should provide leadership around debt relief and support mechanisms to strengthen domestic resource mobilization, especially in IDA countries.  |
|                    | Civil Society Coalition for Climate Change | More needs to be done to stem the debt crisis caused by borrowing for repeated disasters with a focus on financing terms.   |
| <b>Other</b>       | Parliament of Tanzania                     | A mapping of WBG financing would be useful to ensure a more even distribution of funding within a country.  |
|                    | Catalyst 2030                              | There is a need for more research and data to better measure impact, as well as specific measures for progressive taxation to help fill financing gaps.   |
|                    | Washington University                      | The potential for all children could be bolstered through child development accounts, which could be funded by multiple sources and championed and managed by the WBG to provide the opportunity for all children to build assets over the long term.   |
|                    | OXFAM                                      | The DC paper articulated well the challenge of the global crises, but this will require a transformative (not evolutionary) approach with greater political will and ambition.  |
|                    | ODI  | While MDBs are trusted sources of financing and have strong convening powers, there are challenges which limit demand: rigid procurement rules and lengthy lending and approval times; advice not always tailored to country circumstances and policy conditionality not aligned with country priorities. MDBs needs more agile lending processes, better coordination among MDBs, and the need to tackle the constraints that limit client demand to borrow.   |
|                    | The Sentry                                 | There is a critical need to look at financial flows and particularly illicit financial flows. Given the magnitude and breadth of the problem—covering diverse areas such as trade, drugs, human trafficking--it could warrant making this one of the global priority programs proposed in the Roadmap. In addition, the work proposed on improving data and accountability should also cover all financial intermediaries (FIFs) and subcontractors to improve transparency and oversight by civil society. |
|                    | Christian Aid                              | WBG evolution should also emphasize internal governance reforms, including selection of WBG leadership and voting structures.   |

|                        |                    |   |
|------------------------|--------------------|---|
|                        | Carnegie Endowment | The WBG also needs to move with speed and agility, especially in infrastructure and focus on stemming the flow of illicit finance (as was done with the former STAR program). |
| <b>Roadmap Process</b> | OXFAM              | There should also be systematic stakeholder consultations in the Global South.  |
|                        | Christian Aid      | There is a need for more consultations with the Global South and not only in capitals.  |
|                        |                    |   |