

U.S. Reform Priorities for MDB

<u>World Bank</u>	<u>AFDB</u>	<u>IDB</u>	<u>EBRD</u>
Division of Labor/ Focus on Priorities			
<ul style="list-style-type: none"> Develop and adopt strategy that sets as priorities major global challenges -- climate change, fragile states, agriculture, and private sector development-- consistent with G20 statement. 	<ul style="list-style-type: none"> Strengthen coordination with other IFIs on fast-disbursing crisis lending; develop incentives and products to encourage regional projects for Ordinary Capital window borrowers. 	<ul style="list-style-type: none"> Establish lending share targets; Review current products for targeted sectors and propose new products in key areas of comparative advantage but where quality has lagged: cross border regional infrastructure, “missing middle” finance, PPP in infrastructure, and education 	<ul style="list-style-type: none"> Develop clear guidelines for co-financing with IFC and EIB Specify post-crisis graduation criteria and timeline, particularly for EU accession countries.
Transparency, Accountability, and Good Governance			
<ul style="list-style-type: none"> Link pricing decisions to budget to ensure that revenues cover larger share of administrative budget. Create Chief Operating Officer to rationalize and make more centralized budget decisions. Adopt a new disclosure policy including releasing Board documents publicly before Board discussions and allowing Executive Directors to publicly release Board statements. 	<ul style="list-style-type: none"> Make faster, more regular disclosure of documents on website. Increase resources for risk management, internal controls and anti-corruption efforts Implement performance-based evaluation system. Review loan pricing to better cover administrative costs and sustain higher net income. Adopt capital adequacy policies consistent with practices of other MDBs, including removing undisbursed commitments from lending limits and altering calculations of liquid asset holdings. 	<ul style="list-style-type: none"> Adopt income allocation model, approved by Governors, that ensures loan revenues cover administrative expenses, reserves, technical assistance, and transfers to poorest countries. Revise investment policies and adopt new capital adequacy framework. Reform inspection mechanism to assure independence, mandate and accessibility. Give Operations Committee authority to ensure that loans meet prudential and development effectiveness standards. Re-establish distinction between budget support and investment loans by requiring capital investment in all investment loans. 	<ul style="list-style-type: none"> Reduce single country limit (recent Russian investment volume has been 35-40%) Release transition impact ratings as part of public project summary documents.
Managing for Results and Capacity to Innovate			
<ul style="list-style-type: none"> Adopt energy policy that would lower greenhouse gas emission trajectories of client countries, including through a more restrictive approach to coal financing, while increasing access to affordable energy. Link staff compensation to development outcomes. Develop a "best practice" protocol for greenhouse gas accounting. 	<ul style="list-style-type: none"> Adopt energy policy that would lower greenhouse gas emission trajectories of client countries, including through a more restrictive approach to coal financing, while increasing access to affordable energy. Link management performance and incentives to results. Target higher rates of project monitoring, supervision and evaluation. Revise decentralization strategy to reflect recommendation of independent evaluation 	<ul style="list-style-type: none"> Adopt energy policy that would lower greenhouse gas emission trajectories of client countries, including through a more restrictive approach to coal financing, while increasing access to affordable energy. Develop institution-wide results management framework and results based budgeting Evaluate quality of projects at entry and adopt regular, ex-ante independent evaluation of project results frameworks before going to Operations Committee or Board. 	<ul style="list-style-type: none"> Adopt energy policy that would lower greenhouse gas emission trajectories of client countries, including through a more restrictive approach to coal financing, while increasing access to affordable energy. Develop local currency lending and local capital markets.
Greater Attention to Needs of Poorest Countries			
<ul style="list-style-type: none"> Create a more predictable, rules-based process for making transfers to IDA from IBRD through a net income framework and possibly through the UK contingent capital proposal. 	<ul style="list-style-type: none"> Increase transfers to low-income countries via concessional window (AfDF) and Fragile States Facility to 75% of net income after transfers to reserves. Increase private sector operations in poorest countries. 	<ul style="list-style-type: none"> Increase resources to poorest countries, reduce charges, and provide net income transfers to fully support concessional window (FSO). 	

