Multilateral Development Banks

Working together for more effective development cooperation

African Development Bank
Asian Development Bank
European Bank for Reconstruction and Development
Inter-American Development Bank Group
International Fund for Agricultural Development
Islamic Development Bank Group
World Bank Group
MDBs: Partnering for effective development

MDBs are at the core of development cooperation and effectiveness. Working in partnership with client countries, MDBs bring international finance and expertise together in support of country owned and led development plans. Operating at the country, regional and global levels, they work in collaboration with all development partners, including partner governments, the private sector, citizens, civil society, parliamentarians and foundations. MDBs also have a long history of working together, helping shape the principles of development effectiveness agreed in Paris (2005), Accra (2008) and Busan (2011). They are now working together to contribute to the Mexico High Level Meeting (2014), and the post-2015 development agenda.
Progress on the Busan principles

Ownership of development priorities by developing countries, focus on results, broader development partnerships, and transparency and accountability – all Busan core principles – are fully consistent with MDBs’ medium and long-term strategies. MDBs have taken concrete measures to further mainstream these principles in their institutional frameworks and operations.

Country ownership

Country ownership is essential to achieving development effectiveness, and MDBs remain committed to this principle. Their business models are country- and client-driven, and priorities are identified in coordination with the countries themselves and other development partners. Country strategies take shape through a collaborative dialogue that ensures country involvement and ownership throughout the process. Furthermore, the private sector, civil society and other stakeholders are involved in the consultations on the country strategy, as well as in its implementation. This approach enables the development of joint objectives by all partners, and can contribute to establishing joint longer-term goals such as national targets for the implementation of the post-2015 agenda.

Transparency

MDBs have increased transparency and instituted new policies on access to information, making more data and information publicly available, therefore furthering accountability. Four MDBs have been ranked in the top 11 among the 67 institutions in the latest assessment of Publish What You Fund, a global campaign for transparency.

Many MDBs are signatories of the International Aid Transparency initiative (IATI). They are committed to the IATI Accra Statement on improving the availability and accessibility of information on aid flow and to implementing the IATI common standard fully by December 2015. MDBs are making good progress towards this aim (see Box 1), and recognize the need to address

Box 1: MDB progress on IATI implementation

MDBs are making progress on implementing the IATI initiative in line with their respective implementation schedules. AsDB released an initial set of aid data in November 2011 through the IATI central registry. The latest update of AsDB’s common standard implementation schedule was made in October 2013. AsDB also provided an update of machine-readable aid data on a quarterly basis in 2013, with the latest update in December 2013. AfDB published its first IATI data in July 2013, and issued an update in December 2013. IADB began publishing data through IATI in March 2013, and is moving forward to meet the commitment to the common standard by the end of 2015. IFAD published its implementation schedule in May 2013. The Fund is actively supporting the IATI process and, in particular, the outreach programme. The WB was a founding signatory of IATI and has published IATI data since 2011, and recently made its publication frequency quarterly. The EBRD, which has a majority of private sector operations, has been an active player in the private-sector International Finance Institution/Development Finance Institution working group, which is developing – with the IATI secretariat – a reporting schedule that is appropriate for operations with private sector clients.
existing challenges to the full implementation of IATI standards. Those MDBs that have predominantly private-sector operations are involved in an MDB working group to develop with the IATI secretariat a tailored implementation schedule which would be appropriate for private-sector operations.

**Focus on results**

Most MDBs have adopted multi-tiered results frameworks that track the performance of organizations as a whole, as well as the results of the operations they finance. These frameworks are key to enhancing accountability and evidence-based decision-making. MDBs are engaged in an ongoing dialogue on results through the MDB Working Group on Managing for Development Results. Since 2005, the Group has developed the Common Standard Assessment System to track MDBs capacity to manage for development results (see: www.mfdr.org). MDBs are also supporting countries in developing country results frameworks as the basis for mutual accountability going forward.

**Engaging business as a partner in development**

Working with the private sector to deliver development, has long been a core task for MDBs. Most MDBs provide financing in favour of private enterprises, investing directly or indirectly (in partnership with local financial institutions) in local firms and/or leveraging private finance to complement MDB financing, and MDBs have long worked closely with partner governments to improve the investment climate in all of their partner countries, including Fragile and Conflict Affected States (FCS) and Middle Income Countries (MICs).

This engagement continues to be stepped up, and spans a wide spectrum of areas, from developing new platforms for public–private dialogue (PPD), to developing catalytic partnerships with private enterprises which deliver ‘shared

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**Box 2: Working with the private sector for development impact**

In some countries, Public-Private Dialogue platforms have been crucial to creating an enabling business environment. During Nepal’s post-conflict period, the World Bank’s Nepal Investment Climate Reform Program (NICRP) worked closely with the Nepal Business Forum (NBF) - Nepal’s very first public-private business forum including 75 members from across government, business, and civil society – to generate important support for reforms in areas such as tax administration, trade logistics, export promotion, investment facilitation, access to finance, and energy. In this way, the NBF helped to deliver reforms which generate an expected US$10 million in private sector savings.

By aligning business and development objectives, many companies are maximizing their impact. IADB’s Shared Value Products give clients tailor-made business advisory services focused on developing competitive business strategies that generate social value and sustainable impact.

EBRD’s Sustainable Energy Financing Facilities channel support through local financial institutions that allows businesses and households to make investments in energy efficiency and renewable energy, helping them generate medium-term savings while delivering on climate objectives.

Examples of innovative financial instruments include the Global Agriculture and Food Security programme, of which IFC manages the private sector component. This can provide first-loss cover for loans taken out by smallholders, to make them more attractive creditors. In Mexico, the IADB supported the first issuance of education bonds, helping create a new asset class and increasing capital market investments for poor students. AsDB’s Off-Grid Pay-As-You-Go Solar Power project in India uses text messages to facilitate access to affordable and accessible solar energy to consumers.

Finally, the World Bank participated in the AgResults Initiative, which uses public financing to reward agricultural innovation in developing countries and build sustainable markets for agricultural inputs, products and services that benefit the poor.
value’ i.e. products or business models which deliver development outcomes at the same time as making commercial sense, to developing innovative instruments for further leveraging private finance for development. (See Box 2)

**Knowledge-sharing and South-South cooperation**

In line with the commitments arising from both the Busan Partnership and the G20 Development Working Group, over the past years MDBs have been supporting country-led efforts to scale up South-South Cooperation (SSC) and Knowledge Sharing (KS). MDBs have advanced significantly in supporting institutional and operational development in partner countries, acting as knowledge brokers, developing knowledge-exchange tools, and supporting knowledge-exchange communities (see Box 3).

**Box 3: Knowledge-sharing and South-South cooperation examples**

**Institutional and operational development:** MDBs have started to support knowledge hubs, which are organizations able to document and share development experience with domestic and international partners. Pilots are underway in Brazil, Colombia, Indonesia and Nigeria. In 2012, a High-Level Meeting on knowledge hubs was held in Bali, and a second will take place in Seoul in June 2014 in collaboration with AsDB, IsDB, WB and others.

**Brokering and networking:** The AsDB-IADB Technical Cooperation platform, launched in 2012, gathers about 1,000 representatives engaged with issues such as climate change, inclusive business or social welfare systems. IsDB uses the Reverse Linkages Program (started in 2011) to promote knowledge-sharing among member countries, e.g. through twinning arrangements, which in the Indonesia-Senegal case is coordinated with the WB.

**The how-to of knowledge exchange:** "The Art of Knowledge Exchange" is an easy-to-understand yet comprehensive guide on how to plan and implement result-oriented KS. Initiated by the WB, this approach has been discussed with AsDB and IsDB, and remains open to any partners desiring to ensure the impact of SSC and KS.

**Networking and communities:** Using social media technology, communities of practice have emerged in specific SSC areas. Launched in 2013, knowledgehubs.org currently has 438 members from 53 countries who address institutional and operational challenges of SSC and KS. WB is a founding member, and AsDB coordinates the Asia-Pacific chapter. MDBs have also led webinars and are contributing contents. In addition, MDBs are also engaged in the South-South Opportunity at southsouth.info (since 2009), where 2,108 members from 123 countries share solutions around the policy and practice of SSC, KS and triangular cooperation.
Engagement in the Global Partnership for Effective Development Cooperation (GPEDC) process

• **Global level:** Since Busan, under the GPEDC, MDBs have continued the tradition of coordinating and collaborating closely, with the World Bank currently representing the MDB group in the Global Partnership Steering Committee (SC).

• **Country level:** MDBs have been actively disseminating information about the Global Partnership and facilitating dialogue on aid effectiveness priority issues. They support multi-stakeholder partnerships and ensure the availability of timely and comprehensive data on cooperation flows. MDBs are helping to strengthen the country results frameworks of their partner countries, and most have signed Memoranda of Understanding on Cooperation on Statistical Capacity to support further improvements in countries’ statistical capacity.

• **GPEDC monitoring framework (GPMF) implementation:** MDBs have given guidance on the monitoring indicators to their country offices that prepared data at the request of partner country governments as a part of the monitoring survey. Some MDBs have included Paris Declaration/GPMF indicators in their corporate results frameworks (all available online). **AfDB** has included three GPMF indicators: annual predictability, aid on budget, and use of public finance management systems and national procurement procedures. Information on these indicators is collected annually through an internal aid effectiveness survey, with the support of AfDB country offices. The results will be published in the 2014 Annual Development Effectiveness Review. **AsDB** has included two GPMF indicators: use of country results frameworks, and use of country public finance management systems and national procurement procedures. It is committed to track its performance on these indicators annually as a part of its Development Effectiveness Review report.

MDBs will continue to support the piloting of indicators at the global level (for example on civil society organisations engagement, private sector participation), the methodologies for which are being refined. MDBs country offices have also worked closely with partner country governments to support them in preparing data for the Global Partnership monitoring survey.

• **High Level Meeting (HLM) in Mexico:** MDBs have been both supporting partner countries in their preparation for the HLM, and worked in partnership with the organisers to prepare some of the discussions taking place in Mexico, for example on:
  ✓ Middle income countries and MDBs: effective development partners
  ✓ Partnering with private investors for development impact
  ✓ Fostering knowledge sharing capacity in country institutions
  ✓ Using country systems and measuring their strength: what’s next?
  ✓ Multi-stakeholder approaches for enhancing multilateral organisations’ contribution to development results
The future of the MDB partnership towards and post-2015

MDBs are committed to continue working as a group and in partnership with client countries, including FCS and MICs, towards the implementation of the Busan principles and supporting the post-2015 agenda. MDBs will do this while continuing to facilitate inclusive and effective development partnerships at the country level. Key areas of focus ahead for the MDB partnership include continued knowledge generation and dissemination, efficacy and effectiveness of business policies and procedures, use of country systems (including capacity for country diagnostics and reporting), transparency, and more innovative financing modalities and services. The MDBs support a more robust financing framework for post-2015, based on pillars of improved domestic resource mobilization, better and smarter aid, private finance for development, and inclusive and innovative sources of finance. MDBs will continue to work together on these topics, report on their progress at the next High-Level Meeting and remain committed to the leadership role of partner countries in setting the development agenda.