

THE BIG BANK THEORY?

Why MDBs need to rethink what it means to be “Bigger, Bolder and Better” development banks



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EXECUTIVE SUMMARY

The MDB (Multilateral Development Bank) reform process has evolved in the past years with the G20's review proposing the "Better, Bolder, Bigger" Banks framework – the so-called triple agenda. This was echoed by World Bank President Ajay Banga during the International Monetary Fund and World Bank Group (IMF-WBG) Annual Meetings in Marrakech in 2023 when he called for the WBG to become "better and bigger" in order to address global challenges such as climate change, poverty, and pandemics.

MDBs however have long pursued a private-sector first approach by increasing the private sector's involvement in development finance, despite clear evidence that blended finance initiatives and other attempts to mobilise private capital have had very limited success to date. The framework of "bigger" and "better" MDBs therefore operates on wrong presumptions. By framing the MDB reform process within the ambit of private sector-led development, MDBs risk limiting the reform agenda towards the same business-as-usual direction that prioritises private sector profit over people's rights and welfare and exacerbates existing inequalities in the Global South.

This briefing paper looks at some of the most important red flags in the current way MDBs operate and explains why doubling down on this private sector-first approach in the context of MDB reform is perilous for both people and planet. The paper argues that:



The current approach of MDBs to leverage private sector financing to boost its lending capacity as part of the "bigger bank" recommendations of the G20 risks derailing development outcomes in pursuit of private profits.



MDB conditionalities, policy and technical advice continue to disregard the high levels of indebtedness and low fiscal space for developing economies by pushing countries to implement austerity measures to repay debts instead of allowing them to pursue their own energy transition and poverty reduction objectives.



The continued push for a "bolder bank" steers the MDB reform process to undermine accountability standards by delegating financial decision-making authority from government shareholders to MDB management. Further, G20 recommendations to make greater use of country systems and streamline (i.e. bypass) safeguarding standards also risks incentivising a race to the bottom in terms of environmental and social protection measures.



The reform agenda's lack of attention to fossil fuel phaseout allows MDBs to continue financing coal and gas via direct and indirect investments because of persistent loopholes in MDB policies.



The incessant focus of tripling renewable energy finance by 2030, while a welcome development, leads to a systematic neglect of the impacts of large-scale clean energy infrastructure and the rise of extractive green industries and false solutions.



Current MDB reform discussions are gender-blind and risk exacerbating existing gender inequalities, and expose the lack of a structural gender lens on development and climate crises.

Rather than fostering interventions that genuinely address the development and climate crises, this private-sector-first approach perpetuates a cycle of dependency on market forces that prioritise short-term gains over long-term sustainability and resilience. In this regard, we urge MDBs to:



Move away from blended finance, as public money should prioritise those projects that would otherwise hardly receive any funding and serve community interests.



Focus on providing grants-based and highly concessional financing.



Guarantee higher standards of accountability and transparency, and ensure affected communities' right to remedy when projects cause harm.



Stop support for fossil fuels, including captive coal and fossil gas.



Invest in transformative, modern and renewable energy systems and ensure clean energy and energy access investments comply with scientific and social and rights-based criteria in Recourse's renewable energy methodology.



Ensure a comprehensive and structural gender lens approach to the MDB reform process.

The goal of the MDB reform process should not be to strengthen the MDBs' ability to raise capital or leverage private sector finance, but rather to strengthen measures to ensure MDBs are delivering on the urgent development and climate needs of the global south while guaranteeing protections and safeguards for affected communities. The MDBs must rethink their approach to what a "Better, Bolder and Bigger" bank means: this entails deep and systemic reforms to the way MDBs operate including democratising decision-making so that the global south have more voice and participation, ensuring a focus on development, stronger accountability, stopping all forms of support for fossil fuels, shift to transformative and genuine renewable energy solutions and addressing gender-based and demands in the energy transition.

INTRODUCTION



Today's [financial] architecture is outdated, dysfunctional, and unfair. It favors the rich countries that designed it nearly 80 years ago. It fails to offer countries the affordable finance required to meet our shared goals and it does not fulfill the foundational function of providing a financial safety net for all developing countries.

- Antonio Guterres, United Nations Secretary General

For the first time, a UN Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) political decision published at COP27 called on [multilateral development banks \(MDBs\) and international financial institutions \(IFIs\) to be reformed and align their spending with global development and climate goals](#). Specifically, the Sharm-El Sheikh implementation plan called on MDB shareholders to “reform multilateral development bank practices and priorities, align and scale up funding, ensure simplified access and mobilize climate finance from various sources and encourages multilateral development banks to define a new vision and commensurate operational model, channels and instruments that are fit for the purpose of adequately addressing the global climate emergency.”

This conversation around the MDB reform agenda has evolved in the past years with the G20's MDB review proposing the [“Better, Bolder and Bigger” Banks](#) framework – the so-called triple agenda. This was echoed by WB President [Ajay Banga](#) during the IMF-WBG Annual Meetings in Marrakech in 2023 when he called for the WBG to become “better” and “bigger” in order to address global challenges such as climate change, poverty, and pandemics.

MDBs have long pursued a private-sector-first approach by increasing the private sector's involvement in development finance, despite clear evidence that blended finance initiatives and other attempts to mobilise private capital have [had very limited success to date](#). The framework of “bigger” and “better” MDBs therefore operates on wrong presumptions. By framing the MDB reform process within the ambit of private sector-led development, MDBs risk derailing the reform agenda towards the same business-as-usual direction that prioritises private sector profit over people's rights and welfare and exacerbates existing inequalities in the Global South.

Proposals for a “bigger” and “bolder” bank from G20 discussions have called on MDBs to undertake concerted efforts to boost their lending by leveraging private capital at the expense of public development outcomes. For example, the WB's [International Development Association's \(IDA\) hybrid finance model](#) adopted in 2018 implies a lesser volume of grants as IDA looks to market capital to boost its lending capacity. It is worth noting that the Bank's focus on leveraging private finance is not new and has been a staple policy direction since the introduction of [institutional changes](#) to the Bank's strategy in 2013 and further institutionalised when the Bank adopted its [Maximising for Development \(MFD\) Cascade](#)

approach in 2017. In late 2022, the WBG embarked on its own reform process through its [evolution roadmap](#), supposedly intended to set out how the WBG can play a greater role in addressing shared global challenges alongside its mission to eradicate poverty and promote shared prosperity. This roadmap however only pointed to a narrow direction of addressing 'capital adequacy' by once again looking at private capital as a means to increase its lending capacity. The roadmap essentially puts greater focus on callable capital, harnessing private sector funds and guarantees to free up finances and scale up the volume of its disposable investments. This represents part of the larger political project which [Prof Daniela Gabor has referred to as the 'Wall Street \(Climate\) Consensus'](#), which reshapes the role of the developing states as de-risking agents for private capital, with international financial institutions helping to facilitate this process.

Conversations around a "better" bank have been steered towards the matter of being [nimble and faster](#) in disbursing loans that risk. But this approach will exacerbate existing accountability deficits of MDBs and create a race to the bottom in terms of transparency standards. The G20's triple agenda report presents the "better" bank recommendations as a way of "speeding up and simplifying business processes" of MDBs and a pivot towards joint MDB country platforms. The country platform approach entails the formation of government-led coordination bodies that establish a ['center of gravity'](#) for governments and financial institutions including MDBs to agree on shared priorities and harmonise investment interventions. The shift towards a country platform approach can potentially imply an increased reliance on existing country-based environmental and social governance (ESG) systems that remain insufficient to address environmental and social risks. Full compliance with ESG standards can be more difficult in developing economies due to the lack of adequate institutional legal systems that can enforce both local laws and MDB performance standards at the country and project level. On the other hand, this direction also risks eroding accountability measures in the name of "simplifying" loan disbursement processes. This is exemplified by the case of the Asian Infrastructure Investment Bank's (AIIB) [2018 Accountability Framework](#) which formalised the delegation of decision-making power on financing from the Board to the AIIB's president based on a few criteria, including a financial threshold but no risk-based assessments.

Rather than a clearer focus on transformative investments that address both development and climate challenges in borrowing countries, this "Better, Bolder and Bigger" bank framework is shaping conversations of how MDBs should address the demand for deep and systemic reforms to how they operate. This brief interrogates the MDB reform paradigm by drawing on examples of why such a framework is grossly misaligned with the urgency to respond to global development and climate crises. It aims to contribute to broader discussions around MDB reform by pointing out current problematic MDB policies and practices that indicate a dangerous path for both people and planet.

The goal of the MDB reform process should not be to strengthen the MDBs' ability to raise capital or leveraging private sector finance, but to strengthen measures to ensure MDBs are delivering on the urgent development and climate needs of the global south while guaranteeing protections and safeguards for affected communities. The MDBs must rethink their approach to what a "Better, Bolder and Bigger" bank means: this entails deep and systemic reforms to the way MDBs operate, ensuring a focus on development, stronger accountability, stopping all forms of support for fossil fuels, a shift to transformative and genuine renewable energy solutions and addressing gender-based and demands in the energy transition.

WHAT'S WRONG WITH A "BETTER, BOLDER, AND BIGGER" BANK?

During the G20 summit in New Delhi in 2023, India's prime minister Narendra Modi called to expand the mandate of multilateral lenders including the WBG alongside demands to boost the MDB's lending capacity. In line with this call, the G20's Independent Expert Group (IEG) released a series of reports commissioned by the Indian Presidency. Building on the G20's push to increase investments in response "to global challenges and to meet agreed international objectives," the first report called on MDBs to:

- Triple annual sustainable lending levels to \$390bn per year by 2030;
- Adopt a triple mandate of eliminating extreme poverty, boosting shared prosperity and contributing to global public goods (GPGs); and
- Expand and modernize funding models to broaden the investor base in flexible and innovative ways.

The second G20 IEG report on the other hand focused on a roadmap for "rapid implementation of MDB reforms" with a view to make the MDBs "fit for purpose" by 2030. It proposed an organising framework focused on the concept of a "Better, Bolder and Bigger" bank model (see Fig.1).

Within this framework, the "bigger" concept refers to a target to triple MDB financing to \$390bn annually by 2030, which involves introducing a set of reforms to maximise all funding avenues consistent with the implementation of recommendations of the Capital Adequacy Framework (CAF) for balance sheet optimisation, and developing models for the use of IMF Special Drawing Rights (SDRs). It also includes suggestions to "broaden funding support to non-government actors" such as through sovereign wealth funds, foundations, impact investors and businesses.

Meanwhile, the second set of recommendations under the "bolder" bank concept aims to "bring engagement with the private sector to the center of MDB operations" by way of promoting public-private operating models, and a focus on private sector de-risking measures. The recommendations also included pushing the Multilateral Investment Guarantee Agency (MIGA), the WBG's risk insurance arm, to triple its annual guarantee and distribution activities by 2030.

Finally, the last set of recommendations pertain to shifting the MDBs' operational model towards country sector platforms and a concerted effort across MDBs to coordinate better with each other. Among others, the G20's definition of a "better" bank includes a focus to "radically speed up project and programme approvals and simplify rules and procedures by using a risk-based tailored approach." Specifically, this nudge to speed up disbursement and approval processes entail "certain decisions delegated to management (low-risk and below a certain amount) and greater use of country systems where they are adequate and strong enough."

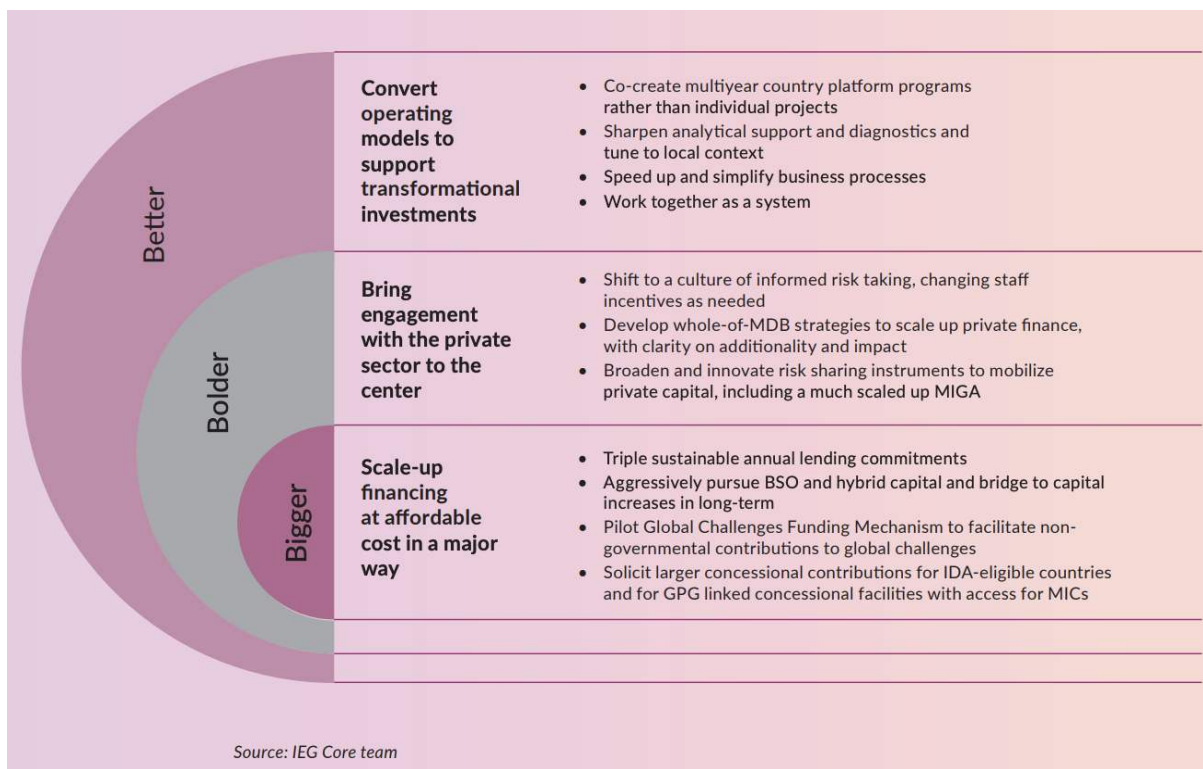


Figure 1. G20's Better, Bolder and Bigger Bank Organising Framework

This "Better, Bolder and Bigger" bank framework presents several fundamental issues, not because it proposes a new direction for the MDB reform process, but precisely because it doubles down on the same private-sector-first formula that has cast doubt on the relevance of MDBs in efforts to achieve global climate and development goals in the first place. To demonstrate these fundamental flaws in MDB policy and practice, this section presents evidence on persisting issues that MDBs must change in the context of the MDB reform process:

WHY IS THE PRIVATE-SECTOR FIRST APPROACH PROBLEMATIC?

Developed countries and IFIs argue that public finance cannot fill the climate financing gaps which reach the trillions of dollars. The rationale goes that it will be crucial to rely on the private sector to do its part and cover the gap that cannot be filled in by public sources. [Back in 2021](#), Blackrock CEO Larry Fink proposed changing the role IFIs play in the green transition by transforming themselves into insurers of the private sector rather than direct lenders. This involves having the IMF ensuring macroeconomic stability (at the expense of austerity programmes in many cases), and MDBs doing credit enhancement, protecting investments from various risks including devaluation and domestic policy changes. Long story short – having MDBs safeguard private profits.



The only difference this reform agenda offers is the massive scale up of financing targets and business de-risking measures which only threatens to further intensify the impacts of development and climate crises on the Global South.

The reality is that **private investments will only flow into those projects that can create profits**, with a high preference for those that can give back hard currency. This completely alters countries' agencies over their climate finance strategies. As explained by the IMF, "Even if private sector climate finance flows rose rapidly and reached desirable levels, political economy factors could translate into an increase in rent-seeking and "white elephant" projects, rather than climate-compatible investments".

MDB finance is some of the most concessional Global South countries can access in the international markets, so these resources should turn to those projects that will hardly get any investments. This includes the expansion of grid networks, setting up the foundations for green industrial policy, and energy projects for vulnerable communities that may not be able to afford high energy prices.

◎ **Disregard for indebtedness and low fiscal space for countries**

As has been explained by the IMF itself, "Macro-financial risks from using public resources to mobilize private finance for investments in EMDEs are of particular concern. Many EMDEs have large pre-existing debt vulnerabilities that could be magnified by additional borrowing, particularly if invested in highly risky equity-like structures. Other risks include the transfer of currency, liquidity, and market risks from private sector to public sector balance sheets, potentially leading to adverse impacts on climate financing on a sustainable basis."

Take the case of Argentina's renewable energy deployment **programme** in 2015–2018. The once successful programme, which counted with MIGA guarantees and IFC investments, abruptly ended when Argentina faced macroeconomic distress related to the hike in interest rates in the United States. Given the complete absence of an effective debt architecture and of a fast Global Financial Safety Net that could have ensured macroeconomic stability in the country, and given the absence of public participation in renewable energy generation projects, once projects stopped being profitable due to the increased costs of imports and lack of international finance for projects, the programme was interrupted.

If the programme had been accompanied by a green industrial strategy to reduce reliance on capital imports for renewable energy projects, if the country had had enough fiscal space to ensure continuity in the projects, and if the international financial architecture had vastly protected Argentina from losing access to international markets, then the programme would have been able to continue.

◎ **Exacerbating accountability deficits**

Across the board, when it comes to the current approach of most MDBs towards accountability and transparency issues, a lot is left to be desired. Rather than proposing to fix these issues, the MDB reform agenda is increasingly couched in terms of bypassing safeguards, cutting 'red tape', and enabling MDBs to get more money out of the door as fast as possible without consideration of the potential risks to human rights this might bring.

One way in which this is happening is with regards to project approval processes. As part of the G20's "better bank" [recommendations](#), it urged the MDBs to "consistently and more widely apply a risk-based approach to project and programme approvals, with certain decisions delegated to management (low-risk and below a certain amount) and greater use of country systems where these are adequate and strong enough." This so-called 'risk-based approach' is problematic because of two main reasons. First, it implies delegating financial decision-making for the use of public funds away from government shareholders or Board members to MDB management. Even with certain criteria in place (i.e., low-risk and only for projects below a certain monetary threshold), the devolution of the approval process undermines the chain of accountability of Board members to their citizens. As shareholders, they are responsible for ensuring MDBs uphold their environmental and social standards in the lending operations. A diligent process with Board accountability provides an opportunity for civil society and potentially affected communities to raise their concerns with their representatives, to ensure decisions are well-informed and take account of potential harms. Transferring the right of approval from the Board to management undermines this crucial chain of accountability.

The AIIB has already implemented a process along these lines, which has come under [heavy criticism from civil society](#). The AIIB approved the so-called '[Accountability Framework](#)' in 2018, which delegates authority away from the Board and allows the president to approve projects, subject to a set of conditions. These include for example, whether a project is the first in a sector or a country, and whether the project is above a certain monetary threshold (currently \$300m for a sovereign project, \$150m for a non-sovereign project, and \$35m for an equity investment). However, such thresholds are not meaningful in terms of potential harms to local communities and the environment. For example, the AIIB approved a controversial gas power plant in Bangladesh, Unique Meghnaghat, with significant [negative impacts](#) on local communities, including [undermining gender equality](#), as well as the environment. In addition, public disclosure standards at AIIB are extremely weak, with there being no indication of which projects are to be delegated to presidential approval. This contributes to further undermining the ability of concerned stakeholders, including civil society, to flag potential problems to the Board or management.

Second, the shift towards a "[greater use](#) of country systems" can be perilous for people and the planet. The [Triple Agenda Report](#) adds even further that MDBs need to "streamline safeguards following a risk-based approach and collectively support and rely on country systems", which could lead to a 'race to the bottom' in terms of environmental and social standards across MDBs favouring a move towards safeguarding policies that investors prefer. The standards and regulations of many developing countries may not align with international best practices, potentially leading to weaker environmental and social safeguards implementation. This approach could result in projects being approved in countries with lax regulations, leading to adverse environmental impacts, such as deforestation, habitat destruction, and pollution, as well as social issues like displacement of Indigenous communities, violation of labour rights and undermining of gender equality. Relying solely on country systems may compromise the accountability and transparency of MDB-funded projects. International standards often incorporate mechanisms for public participation, grievance redressal, and independent monitoring, which may not be present in national regulatory frameworks. As a result, affected communities may have limited recourse to address grievances or hold project developers accountable for environmental and social harm.

Before it seeks to become a bigger bank, the WBG must deal with the growing accountability deficit faced by communities affected by WBG projects. In 2023, the IFC published its draft framework for providing remedial action, but this fell well short of guaranteeing full and fair remedy for affected communities, with the IFC committing only to providing remedy in a limited number of circumstances, while shying away from suggestions of setting up a

standalone fund for those affected. Without strong remedial frameworks at MDBs, affected communities (like those impacted by 10 IFC-funded coal power plants in the Philippines who are still **waiting for remedy** over a decade after submitting a formal complaint) will continue to suffer harms and face injustice at the hands of MDBs.

Independent Accountability Mechanisms (IAMs) such as the IFC's CAO or WB's Inspection Panel play a crucial role in making remedy possible for affected communities by investigating the harms caused by MDB projects. Yet in recent years, IAMs at numerous MDBs **have faced** interference from management, restrictions to their mandate and a loss of independence. Strong, genuinely independent IAMs must be at the heart of MDB reform – without them, these institutions will never learn from past mistakes or investments gone wrong.

🕒 **Lack of transparency**

Transparency is another major problem on how the Bank operates and an area where the Bank must do significantly better. There remains a significant deficit in the amount of information published about financial intermediary investments and the end subprojects that these investments support. This arms-length approach to lending by MDBs increase the risk of human rights violations and undermining national or global climate commitments because of the lack of transparency, the potential dilution of safeguards as the investment chain gets longer, as well as the profit-driven bottom lines of the private sector, which can run against development objectives.

Overall, while integrating country systems into MDB operations may aim to enhance country ownership and streamline project implementation, it risks lowering standards in favour of greater private sector interest at the expense of sustainability and social equity. Without robust international standards and oversight mechanisms, the country systems approach may perpetuate further environmental degradation and social injustices, further undermining the supposed mission of development banks to reduce poverty and promote sustainable development.

🕒 **Continued support for fossil fuels**

Despite MDB commitments to align their investments and operations with the goals of the Paris Agreement, fossil fuels are largely funded. **The World Bank alone has provided nearly \$15bn of finance directly to fossil fuel projects since the Paris agreement was signed in 2015. In the past three years alone, the World Bank has provided about \$1.2bn a year to fossil fuels**, of which about two-thirds went to gas projects. Current conversations on MDB reform regarding fossil fuel phaseout are limited, if not grossly insufficient. For instance, while the **Triple Agenda Report** cites the Paris climate targets as the reason behind pushing for MDB reforms, it only goes as far as channeling concessional finance to low-income countries to support early coal phaseout and coal decommissioning. It also does not address the fact that coal and gas projects still receive support through direct and indirect investments from MDBs.

While MDBs have committed to stop funding coal power for electricity generation under the Paris alignment process, and have significantly reduced coal investments in recent years, **loopholes remain** that still allow some funding for coal (particularly via financial intermediaries). For example, the IFC does not count 'captive coal', coal units designed to support industry rather than feed electricity into the grid, within its definition of coal-related projects that its financial intermediary clients must phase out by 2030. Captive coal projects are still carbon intensive with substantial **detrimental impacts** to communities, biodiversity and the climate. Most MDB coal exclusion policies also fail to account for the complexity of ways in which coal projects are funded and do not cover general corporate loans, bond issuances or underwriting. Some MDBs, particularly IFC, also have a portfolio of **legacy clients**

who are still funding new coal but with whom the IFC appears either unable or unwilling to enforce its coal exclusion policies. While the door is closing on coal, these remaining policy and implementation gaps show that work is still to be done by the MDBs to get their house in order on coal before being able to justify a huge new recapitalisation. If the MDBs are to be better banks they must phase out finance to fossil fuels

Support for fossil gas projects has not been ruled out in MDBs energy policies and strategies. They promote fossil gas as a 'transition' or 'bridge' fuel to more renewable energy to justify further investments in fossil gas. [The Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment](#) (Joint MDB Methodology) does not include fossil gas in the list of universally not aligned activities that are ineligible for investments. The same goes for individual MDB's own methodologies. For example, the AIIB's Paris alignment methodology sets out to further widening the [loopholes for fossil fuels](#), in particular for fossil gas. While financing upstream fossil gas projects and exploration have indeed been excluded in most MDB's energy policies, midstream and downstream projects such as gas power plants, LNG shipments and natural gas pipelines can still be financed, leading to higher GHG emissions, fossil energy lock-in, stranded assets as well as negative impacts on communities and marginalised groups.

☉ **Renewable energy for whom? Quantity over quality in clean and energy access investments**

Despite the Triple Agenda Report's focus on renewable energy financing, the current trajectory of MDB funding for clean energy still poses considerable environmental and social risks. It also does not help that the current focus of MDB reform discussions is how development banks can keep up with calls to triple renewable energy capacity by 2030 without a clear plan to ensure these investments comply with environmental and social safeguards. It is not based on the needs of communities, or addressing the energy poverty of over 600 million people who lack access to electricity in Africa alone.

According to the International Renewable Energy Agency's (IRENA) [estimates](#), annual renewable power additions must reach 1,000GW on average until 2030 "to immediately course-correct the 1.5°C climate pathway." Similarly, the [G20 called on its members](#) to "triple the sustainable lending levels of the MDB system by 2030, reaching \$300bn per year in own-account-non-concessional finance and \$90bn per year in concessional finance" in support of the COP28 energy package of tripling renewable energy capacity and doubling energy efficiency rates by 2030.

Concerns remain about how these investments (despite being focused on renewable energy solutions) still risk repeating the mistakes of the fossil fuel past: from land rights conflict associated with large scale renewable energy projects, extractivist and profit-driven energy models, to labour rights issues in energy transition investments. When the main motivation is for investment, leverage or derisking for private profit then the investment goes predominantly to large scale, often damaging, hydro, geothermal, wind or solar farms; it continues an outdated power model where fossil fuels are viewed as a requirement to meet 'base load' demand; and it prioritises export driven projects such as green hydrogen exports. It does not deliver diverse, community based renewable schemes, energy efficiency or energy access. There are no incentives to deliver the upgrade of the grid, energy storage or demand management that is needed for a 100% fossil fuel-free power system. Project benefits often go overseas to foreign developers or export markets, and not to developing the local economy or decent jobs. Many of the 'green' investment routes – through financial intermediaries, export credits, green bonds and other routes – lack accountability for their environmental or social damage and can override land or Indigenous peoples' rights, in the name of climate action.

In [recent research](#), Recourse found that out of the WB's clean energy financing from 2017 to 2021, 21% of the projects are categorised as substantial to high-risk investments for social and environmental impacts. Findings demonstrate that 45.6% (52) of the Bank's clean energy investments had potential impacts on land rights, mostly pertaining to involuntary resettlement and especially in projects related to grid construction and in large-scale solar and wind projects. In addition, 28% (32) of projects had potential impacts on labour rights and working conditions, especially in the construction phase. Meanwhile, 27% (31) of clean energy projects triggered potential risks to community health and safety, mainly referring to chemicals generated in upstream activities. In addition, 12.2% (14) of projects had potential impacts on Indigenous communities, mostly requiring construction or exploration activities on Indigenous lands, while 32% (37) of projects can potentially affect cultural resources and heritage, including ancestral lands and forest and marine resources.

In 2017, the IFC invested \$100m to help finance the [Rewa Ultra Mega Solar Power Project](#) in India. Located in Gurh tehsil of the Rewa district in Madhya Pradesh, the power plant has been constructed on close to 1590 acres of forest and private land acquired from villages of Badwaar, Barsaita, Barsaita Desh, Itaar and Ramnagar of Gurh tehsil. The solar power plant has the capacity to produce 750MW of power. For the Rewa project, [local sources](#) suggest that close to 100 acres of farming land of around 200 families had been acquired for the solar power project. Among them, 12 families are said to be from the tribal community. After the land acquisition, these tribal families became landless.

The WB's [Green Hydrogen Development Facility](#) in Chile poses a similar threat. The WB categorised this operation as a project of considerable or substantial risk due to the potential impact on water resources and risks associated with energy infrastructure disrupting wildlife corridors, leading to population decline and reduced biodiversity. The implementation of one of the green hydrogen projects in Magallanes is said to require the installation of at least 2,900 wind turbines occupying an area of 150,000 hectares in areas of high environmental and landscape value. In a letter published in the journal *Science*, a group of scientists and researchers warned of the serious impacts on biodiversity in the Magallanes region that the development of green hydrogen mega projects could cause. This project will do nothing to transition Chile's own energy system away from fossil fuels, and will not enhance energy accessibility or affordability for local communities.

In addition, [local communities have](#) flagged the lack of meaningful and substantial community engagement. The one consultation arranged by the development company invited 42 external guests, most of whom were representatives of companies related to the green hydrogen industry and its value chain.

Meaningful community consultation and participation are essential in renewable energy projects. In some cases, local communities do not have a voice in the decision-making process, leading to the exclusion of their interests and concerns, especially in the cases of women, Indigenous peoples and other marginalised sectors of society. The lack of community participation can undermine democratic ownership of renewable energy projects and can lead to conflicts between project developers and affected communities.

MDB reform with "better, bigger and bolder" banking on renewable energy must move away from these failed models and cannot primarily focus on expanding private profit. It should first and foremost be accountable for their contribution to national energy transition and energy access, responding to the needs of communities, local and national development and zero carbon targets.

☉ **Gender blind MDB reform risks worsening gender inequalities**

MDB engagement with gender equality issues has always been controversial in policy and highly uneven in practice, and the current MDB reform discussions are no exception. For example, gender was only mentioned once in the WBG's evolution roadmap draft, and the Bank's Paris Alignment methodology is equally lacking a structural gender lens on the energy transition. The G20's [Triple Agenda Report](#) alarmingly does not even include a single mention of gender or women's issues in MDB investments. Recent [research from Recourse](#) also found that the MDB principles for mitigation and for adaptation are completely gender blind – again failing to mention gender even once in the entire document.

Continued MDB finance for fossil fuel projects, notably fossil gas, only worsens the climate crisis which disproportionately impacts women, fails to provide women access to sustainable energy, and further exacerbates their economic and social marginalisation. For example, the [Myingyan gas project in Myanmar](#) that was supported by the ADB in 2015, as well as the IFC, MIGA and the AIIB in 2016, failed to implement gender sensitive consultations and consent with project affected communities. The Myingyan gas project [intruded into local farm areas](#) which affected livelihoods, and especially the livelihoods of women; project information was not disclosed in the local language, and the community was not informed about their right to access the IFC accountability mechanism. According to the [IFC](#), their disclosure documents which describe how to access the Office of the Compliance Advisor/Ombudsman – IFC's independent accountability mechanism – are found on the website of the company and IFC. Another fossil gas energy project that violated women's and their communities' rights is the Bhola Integrated Power Plant (Bhola-2), funded by the AIIB in 2018 and issued guarantees by MIGA in 2022. The construction of Bhola-2 was enabled by land-grabbing, which negatively affected women farmers' access to land and their livelihoods. The power plant also [polluted the communities'](#) source of drinking water, which resulted in the consumption of dirty water. Women were expected to make a two- to three-kilometre journey to collect clean water as a direct result.

☉ **End to conditionalities and austerity measures**

Equally glaring is the disconnect between MDBs' supposed commitment to address gender equality and their macroeconomic policies that promote austerity and private sector take-over of services, including electricity. In fact, 85 percent of the world's population were under austerity measures in 2023. Austerity measures are a consequence of debt crises, often imposed by the IMF in exchange for a bailout. Austerity measures [have negatively impacted gender equality](#) by lowering public investments in social protection, including support for new mothers and children, and privatising health and energy services on which [women are heavily dependent](#).

Fiscal consolidation and other related adjustment measures have a cumulative impact that is particularly devastating for women. Any MDB reform must drop these austerity conditionalities as a condition to become “better” banks.

CONCLUSION

With its heavy reliance on leveraging private capital, the “bigger, bolder, better” bank framework of the MDB reform process easily falls short of addressing the pressing needs of the global south and communities affected by the impacts of climate change. By emphasising the expansion of lending capacity through tapping market capital, MDBs run the risk of neglecting their core mission of promoting sustainable development and eradicating poverty. Rather than fostering interventions that genuinely address the development and climate crises, this private-sector-first approach perpetuates a cycle of dependency on market forces that

prioritise business profit goals over genuine development objectives.

The MDB reform process offers a narrow window of opportunity to enact transformative shifts to how MDBs operate. Taking on a business-as-usual approach only risks worsening existing inequalities and distracting from the urgent demand for a globally just energy transition. In this regard, we urge MDBs to:



Move away from blended finance, as public money should prioritise those projects that would otherwise hardly receive any funding and serve community interests. MDBs should stop using scarce resources to safeguard private sector profits. Governments should have a central role however in coordinating public and private investments to ensure 1.5 °C trajectories.



Focus on massively scaling up grants-based and highly concessional financing. Preserve the capacity of IDA to provide debt-free financing for debt-distressed and low-income countries and ensure they have sufficient fiscal space to prioritise their own just transition plans. Provide new and additional non-debt creating forms of financing at scale, including through the reform of IMF Special Drawing Rights and the Resilience and Sustainability Trust, to modify how they are allocated and rechannelled..



Guarantee higher standards of accountability and transparency. High-risk projects and all forms of fossil fuel financing must be reviewed by government shareholders, not delegated to MDB management. All financial intermediary investments, given their higher risk exposures, should only be considered by the Board. Ensure the MDBs' risk-based tailored approach does not devolve environmental and social safeguards implementation to country systems that may have weak legal institutions to comply with international best practices.



Phase out fossil fuel finance and immediately stop all forms of support for fossil fuels including captive coal and fossil gas. Include fossil gas investments and captive coal in the list of universally non-aligned investments in the MDBs' Paris alignment methodologies. Close the loopholes in the MDBs' Paris assessment methodologies that allow continued financing of fossil gas projects.



Invest in transformative, modern and renewable energy systems. Include diverse renewable energy solutions that harness community-based power, upgrade power grids that are ready for 100% renewable energy, and prioritise national and local green development. Ensure clean energy and energy access investments comply with scientific and social and rights-based criteria in [Recourse's renewable energy methodology](#).



Ensure a comprehensive and structural gender lens approach to the MDB reform process. Fully consider the impacts of macroeconomic policies on women and other vulnerable groups who rely heavily on public services that are usually the target of IMF austerity measures. Review the WB evolution roadmap, the Joint MDB Paris Alignment methodologies, and the Joint MDB climate finance principles to integrate gender concerns in strategy and plans.



Democratize economic decision making. End the gentlemen's agreement and reform the quota system in order to ensure greater voice and participation of the global south in decisions that affect them.



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