

# U.S. DEPARTMENT OF THE TREASURY

## Remarks by Secretary of the Treasury Janet L. Yellen at Multilateral Development Bank (MDB) Evolution Roundtable

April 12, 2023

### *As Prepared for Delivery*

Good morning. And welcome to the MDB Evolution Roundtable. I am looking forward to a robust discussion with all of you today.

As everyone in this room knows, we are at an important moment for the World Bank. Six months ago, ahead of the Annual Meetings, I issued an urgent call for the evolution of the multilateral development bank system to better meet the challenges we face in an interconnected world.

The MDBs have undergone significant transformations throughout their history to reflect a changing global landscape. Now, almost 80 years after the founding of the World Bank, we call on these MDBs to evolve again to take decisive action on 21st century global challenges and redouble their vital development and poverty reduction work.

We need to seize this moment. We know that global challenges like climate change, pandemics, and fragility and conflict are increasing in scope and complexity. And we know that they are disproportionately impacting the poorest and most vulnerable.

Bold action is needed – both to protect against the erosion of past development gains, and to spur progress on new opportunities.

Let me speak about the progress we have collectively made so far – and what we have left to do.

First, we have sharpened the mission of the World Bank. The Bank's mission now highlights the importance of inclusion, sustainability, and resilience to global shocks in achieving its Twin Goals. In short, we have a Bank that strives to end extreme poverty, boost shared prosperity, and build resilience.

This does not mean we are moving away from the Bank's traditional work. Rather, our incorporation of global challenges enhances the Bank's work on poverty reduction and development. These goals are all interconnected.

The women small holder farmers I met in Zambia earlier this year understand firsthand how climate change is dampening agricultural yields. And we've all seen how threats to global health can disrupt entire societies and economies, and how fragility and conflict can lead to significant displacement and migrant flows.

Second, we have begun to strengthen the Bank's operational model.

We know that a country's development challenges emanate not only from country-specific factors; they can also emerge from regional and global challenges. The Bank will move toward systematically integrating these challenges in its diagnostic work and country engagement.

Other operational reforms include bolstering the Bank's crisis response toolkit and prioritizing mobilization of additional private capital and domestic resources.

And third, we are taking steps to increase the Bank's financing capacity.

The Bank has a long tradition of undertaking financial innovations to responsibly stretch its existing balance sheet. Shareholders have agreed to undertake reforms that could add up to \$50 billion in financing over the next 10 years – while protecting the Bank's credit rating and long-term financial sustainability.

These are very significant achievements. We should acknowledge and celebrate that – especially our Board members who worked so hard with Bank management and staff. And then we need to push for more progress. We should use the rest of the year to undertake additional reforms through a staged implementation approach that can be agreed upon by the Board and implemented on a rolling basis.

We can leverage upcoming events to keep the momentum strong – including the Summit for a New Global Financial Pact in June, the G20 Leaders' Summit in September, the Annual Meetings of the World Bank and IMF in October, and COP28 in November and December.

President Malpass – thank you for your leadership of the first stage of the evolution initiative. Thank you also to Bank management and staff for all the work that has gotten us to this point. We recognize that delivering these reforms is no easy task.

In the coming weeks, we will elect new leadership at the World Bank that can carry this work forward. I believe that Ajay Banga – U.S. nominee for President of the World Bank – is the right leader to take the baton from President Malpass and accelerate our work to evolve this institution.

Today, I look forward to hearing your initial remarks on how the evolution agenda at the World Bank can best be taken forward. And during the roundtable portion of the meeting, I'm eager to learn about how you see global challenges impacting development. I'd also like to hear about what reforms you believe the World Bank should implement to help address these challenges. This will be helpful as we move into the second stage of implementation.

Now, I'd like to turn to President Malpass for his comments, before opening the floor to Ministers for brief opening remarks.

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