

Report

Reforming multilateral development banks: perspectives from client countries



ODI Global

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Executive Summary



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We have taken care to validate the information presented in this report, and any omissions, errors or misreporting are unintentional and the authors’ own. The views expressed in this report do not represent those of ODI Global or the funders of this project.

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Acronyms

AfDB	African Development Bank
AfDF	African Development Fund
AIIB	Asian Infrastructure Investment Bank
AsDB	Asian Development Bank
AsDF	Asian Development Fund
CAF	Corporación Andina de Fomento; Development Bank of Latin America and the Caribbean
CEB	Council of Europe Development Bank
CRA	Credit rating agency
CSO	Civil society organisation
DFI	Development finance institution
DPF	Development policy financing
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ESF	Environmental and social framework
EU	European Union
GDP	Gross domestic product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	InterAmerican Development Bank
IEG	Independent Expert Group
IMF	International Monetary Fund
IPF	Investment project financing
IsDB	Islamic Development Bank
M&E	Monitoring and evaluation
MDB	Multilateral development bank
MRA	Mutual Reliance Agreement
NDB	New Development Bank
OECD	Organisation for Economic Co-operation and Development
PIU	Project implementation unit
RBF	Results-based financing
SDG	Sustainable Development Goal
UN	United Nations

Executive summary

This report synthesises the perspectives of nearly 650 government and multilateral development bank (MDB) officials across 125 countries, complemented by some 250 interviews in 12 country case studies. The analysis aims to understand clients' views on the roles, strengths, weaknesses and future direction of MDBs. It provides the most comprehensive, comparative assessment currently available, capturing feedback on 11 global and regional MDBs. This work builds on the findings of an initial survey, conducted in 2021 and published the following year, but expands coverage, deepens analysis and assesses progress since the acceleration of the MDB reform agenda.

Tracking progress in reforming MDBs: why client perspectives matter

Among development finance institutions, MDBs have a unique combination of functions, supporting the socioeconomic development of their client countries and helping address regional and global challenges. Shareholders of global and regional MDBs have, however, increasingly scrutinised their roles and performance, as well as the level of demand for what these institutions offer.

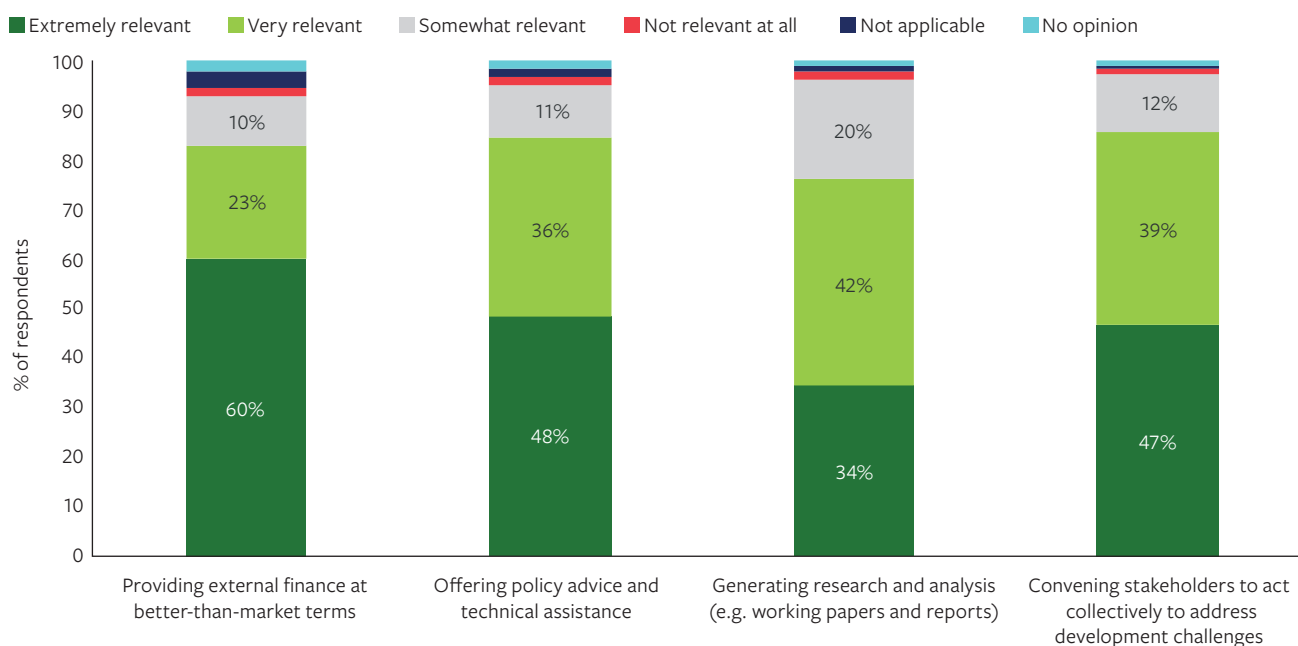
Since the first MDB client survey in 2021 (Prizzon et al., 2022), successive G20 presidencies, shareholders and MDBs have launched multiple reform initiatives designed to increase MDBs' financial capacity and strengthen their operational effectiveness, individually and as a system. With these reforms under way, this is an opportune moment to take stock of their effects, from the perspective of the clients of MDBs. The aim is to

help track progress on the recommendations of the G20 processes, and to examine more closely issues that have re-emerged in the MDB reform agenda in recent years, particularly on boosting the operational effectiveness of MDBs: how they collaborate on the ground, how they support building high-quality project pipelines and how to streamline the project cycle.

This report has been written in a context of significantly reduced aid budgets across many donors and challenges to the purposes of development cooperation, escalating financing needs and rising debt in many borrowing countries, geopolitical tensions and prolonged conflict, as well as a fragmented development finance landscape with a variety of potential financing options. Against this background, it provides evidence on the relevance of MDBs to their clients; how effective they are in the way they operate; and where reform is most urgently required. For MDBs to remain relevant development institutions for their clients, and to boost the efficiency and impact of their support, the views and demands of their client countries should inform and shape their strategies and financing instruments.

Relevance and effectiveness

MDBs continue to play an essential role in supporting long-term socioeconomic development in their client countries. Three-quarters of respondents rate MDBs' functions – financing at better-than-market terms, policy advice and technical assistance, knowledge generation and convening – as *very or extremely relevant* to their countries' development trajectories (Figure E1).

Figure E1 The relevance of the roles and functions of MDBs

Source: Authors' survey; based on all respondents (643). Question: *Looking at what multilateral development banks generally offer, how would you rate each of these items in terms of their relevance for the long-term social and economic development of #country#.*

Financing at better-than-market terms remains the most valued function, especially in countries that can either benefit from grants or primarily borrow on concessional terms

(members of the International Development Association or 'IDA countries') where 89% consider it highly relevant. In countries that can receive loans only on non-concessional terms (members of the International Bank for Reconstruction and Development or 'IBRD countries'), policy advice and technical assistance rank highest, valued by 85% of respondents. Even so, financing at better-than-market terms is either *very* or *extremely relevant* for three-quarters (76%) of respondents in IBRD countries.

Compared with 2021, the importance of what MDBs offer has increased across nearly all functions, specifically their financing, policy advice and technical assistance, and convening power. Interviewees emphasised that MDBs'

value lies in these functions in combination: financing is necessary but not sufficient; technical expertise and convening influence are often equally important to achieving development outcomes. This finding applies to client countries across the board: respondents see MDBs not only as financial institutions, but as partners providing technical assistance and knowledge.

In terms of effectiveness, the analysis of government respondents reveals three distinct groups. The MDBs with large sovereign lending arms, such as AfDB, AsDB, IDB and the World Bank, are perceived as *very* or *extremely effective* by at least 60% of government respondents and across all functions. This falls to 30–40% for AIIB, CAF, EBRD, European Investment Bank (EIB) and IsDB. For MDBs with smaller sample sizes (CEB and NDB), 15–25% of respondents say their activities are *very* or *extremely effective* (Table E1). These results reflect the fact that many newer or smaller

Table E1 Perceived effectiveness of individual MDBs by government respondents

% of respondents	Providing external finance at better-than-market terms		Offering policy advice and technical assistance		Generating research and analysis		Convening stakeholders to act collectively	
	Effective %	Not effective %	Effective %	Not effective %	Effective %	Not effective %	Effective %	Not effective %
AfDB	73.9	19.5	62.6	34.2	58.8	36.9	63.2	34.1
AIIB	40.8	18.1	37.3	20.0	34.9	22.3	38.4	23.2
AsDB	69.3	13.0	73.2	15.5	63.4	23.2	66.2	22.5
CAF	53.7	24.3	56.7	19.5	47.2	25.8	44.2	27.6
CEB	17.9	25.0	22.8	31.0	25.9	23.4	24.2	29.6
EBRD	35.7	37.9	42.7	32.9	33.0	38.6	39.8	28.7
EIB	38.3	25.9	32.0	31.6	32.5	31.6	34.9	31.9
IDB	62.8	19.9	72.4	17.2	81.5	9.4	69.7	22.9
IsDB	60.1	27.1	40.6	37.3	27.1	50.4	45.5	44.1
NDB*	14.4	51.4	0.0	59.4	0.0	59.4	14.4	20.5
World Bank	72.7	18.5	72.9	22.1	74.9	19.4	74.1	21.0

Source: Authors' survey; based on 147 government respondents for AfDB, 109 for AIIB, 99 for AsDB, 83 for CAF, 28 for CEB, 37 for EBRD, 286 for EIB, 89 for IDB, 85 for IsDB, 7 for NDB and 389 for the World Bank. Question: *In your opinion, how effective or not effective is the [MDB] at delivering each function?* Government respondents were asked to rate up to three MDBs, assigned randomly. *Government respondents were invited to analyse only the MDBs from which their country can borrow (eligible for borrowing).* *Please treat these figures as purely indicative due to the very small number of respondents answering the question in relation to NDB. *Effective* refers to 'very effective' or 'extremely effective' in the questionnaire. *Not effective* combines the responses 'not effective at all' and 'somewhat effective'. No opinion and not applicable answers are not included here.

MDBs are simply less visible than their older, larger counterparts: many officials report limited interaction with these MDBs, particularly where they lack country offices, have smaller portfolios or specific mandates, operate primarily through the private sector or work mainly through co-financing. Countries borrowing at concessional terms see MDBs as more effective than those with market access. Government officials perceive IDA as more effective than the other two main concessional funds, the African Development Fund (AfDF) and the Asian Development Fund (AsDF), but the difference is marginal.

While most interviewees in the country studies acknowledged that reforms to the financing and operations of MDBs have started to yield benefits for their countries, our online survey shows that perceived effectiveness has remained stable or decreased for most MDBs and for most functions.

We also wanted to understand the extent to which MDBs were seen as aligned with country priorities. Overall, most government officials believe that their priorities are either *well* or *very well* supported by MDBs, particularly where there is a long-standing country/operational presence

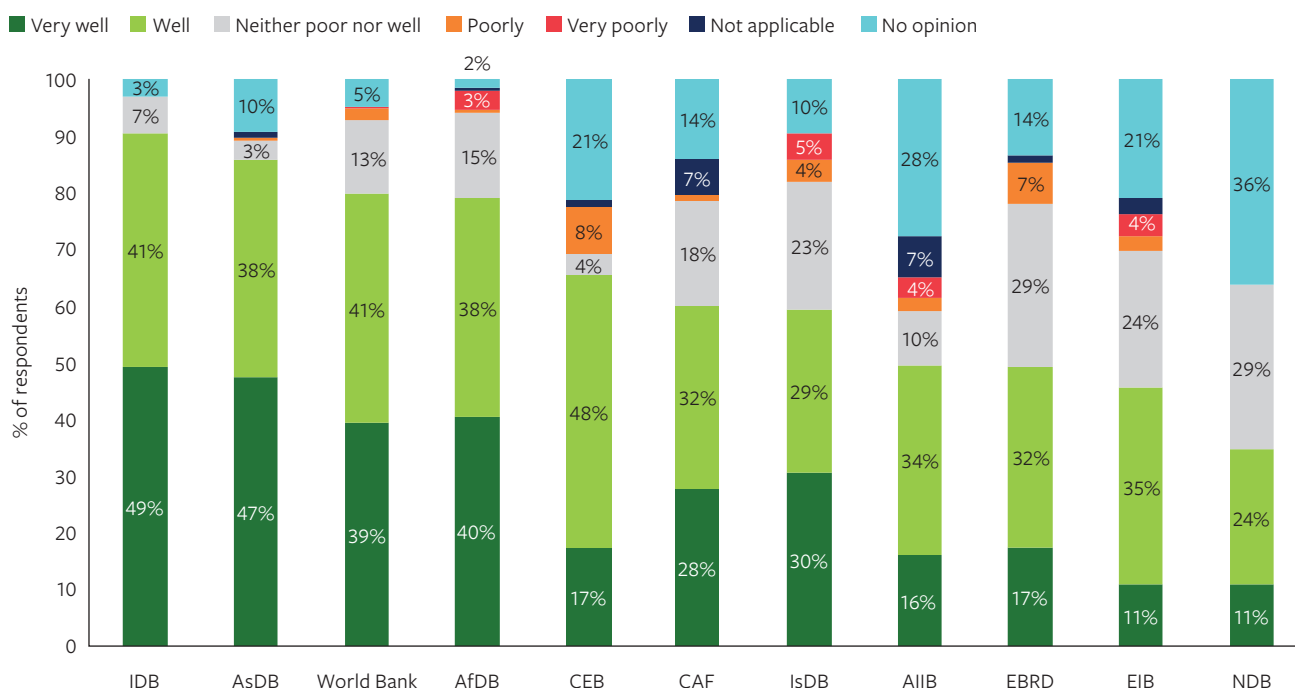
(Figure E2). The share is higher for some regional development banks, such as IDB and AsDB, where nearly half of government respondents believe their government’s priorities are *very well captured*. While about 60% of government respondents think that CEB, CAF and IsDB support their priorities either *well* or *very well*, for a subset of MDBs – AIIB, EBRD, EIB and NDB – the share of government respondents finding country priorities *well* or *very well* supported is much lower, about 50% or less, probably because these MDBs are less visible than the others, are newer or largely operate with the private sector. For AIIB, for example, the lack of a country office was cited in nearly all the relevant case studies as a potential explanation.

Client perspectives on MDB financing, policy advice and technical assistance, and development effectiveness

Financing

Our survey asked respondents to rate the characteristics that grants and loans offered by MDBs should have to support the long-term development of their countries, and how effective they thought MDBs were in delivering them. The vast majority of respondents (at least four in five) think that predictable, long-term financing (i.e. more than 10-year maturity), accompanied by grants for specific components of projects is either *very* or *extremely important* for the socioeconomic development of their country.

Figure E2 MDB support for country priorities



Source: Authors’ survey; government respondents only; 145 for AfDB, 129 for AIIB, 97 for AsDB; 90 for CAF, 32 for CEB, 59 for EBRD, 317 for EIB, 100 for IDB, 101 for IsDB, 10 for the NDB and 398 for the World Bank. Question: *Thinking about individual MDBs operating in your country, how poorly or how well do the following MDBs support the priorities of #country#?*

Other characteristics that scored highly include financing that is flexible (75%), highly concessional (73%), offered in high volumes (67%) and that catalyses private finance (64%).

Looking closer, important distinctions between groups emerge. For instance, 82% of government officials find the flexibility of funding to be either *very* or *extremely important* for the country's socioeconomic development (and nearly half think it is *extremely important*). There is a mismatch here, as government officials appear to favour flexible funding much more than MDB officials believe they do: 57% of MDB officials said they thought flexible funding was *very* or *extremely important* to their government counterparts. While three-quarters of respondents from IDA countries find that financing offered in high volumes is *very* or *extremely important*, this falls to 57% among respondents across IBRD countries, reflecting their lower reliance on concessional financing and their access to other financing sources.

We also wanted to know how well MDBs were doing in delivering the kind of development finance clients say they want. Thus, whereas more than four out of five government officials consider the flexibility and predictability of financing to be either *very* or *extremely important*, only around two-thirds think MDBs are delivering on this *well* or *very well*. Over half of government officials rate local currency lending as *very* or *extremely important*, while a third rate the performance of MDBs in this respect to be *good* or *very good*; 65% of government officials regard mobilisation of the private sector as *very* or *extremely important*, against 46% who rate the performance of MDBs on this as either *good* or *very good*.

The terms and conditions of MDB grants and loans do not rank among respondents' top concerns: only a third of respondents think that loans from MDBs put pressure on future debt sustainability, and fewer than one in three think that the grant element is insufficient, or that loans are not concessional enough. However, we find notable distinctions between IDA and IBRD countries, for example regarding the volume of grants and loans (44% of respondents in IDA countries say volumes are too low, against 18% in IBRD countries); flexibility (36% against 13% saying that grants and loans are not flexible enough); and cost (27% in IBRD countries and 17% in IDA countries say that loans are too expensive).

Policy advice and technical assistance

We asked respondents to identify the features of policy advice and technical assistance that were most important for long-term development. Four out of five think it *extremely* or *very important* that policy advice and technical assistance is demand-driven, timely and flexible, reflective of the local context and culture, has long-term impact, and is highly specialised, unbiased and impartial. On these criteria MDBs appear to be falling short: only about one in five respondents think that policy advice and technical assistance offered by MDBs reflect knowledge of the local context and culture, and one in four that it is timely and flexible. About 60% think that MDBs are either *good* or *very good* at providing policy advice and technical assistance that has a long-term impact. The top three advantages of policy advice and technical assistance provided by MDBs are filling gaps in technical knowledge and expertise (64%), the combination of technical assistance and policy advice with grants and loans (48%) and high specialisation (42%).

Overall findings from the online survey were confirmed in the interviews we conducted across countries, regardless of lending terms or region.

Development effectiveness

We also wanted to assess views on the development effectiveness and delivery of MDB operations. About four out of five respondents believe that it is either *very* or *extremely important* that MDBs' operations are aligned with national priorities and owned by the country. Three-quarters cite as their top priorities quick delivery of projects and programmes, the use of country systems and targeting the poorest and most vulnerable. About two-thirds of respondents consider low management burden and reporting requirements as *very* or *extremely important*. These results are similar to those of the 2021 survey, but we find a 13% fall in respondents who rate focusing on the poorest and most vulnerable as either *very* or *extremely important*.

Responses between government and MDB officials tend to align, with two notable differences: government officials place much greater emphasis on projects and programmes targeting the poorest and most vulnerable populations, and on the use of country systems in MDB operations, than MDB officials think they do. Respondents from IDA countries place greater emphasis on these dimensions of operational effectiveness than respondents in IBRD countries.

Government officials say that MDBs are falling short in delivering aspects of operations they regard as particularly important. Thus, short processing times are *very* or *extremely important* for 79% of government respondents, but only 47% rated MDBs' performance in this respect as either *good* or *very good*; the use of country systems is *very* or *extremely important* for 81% of

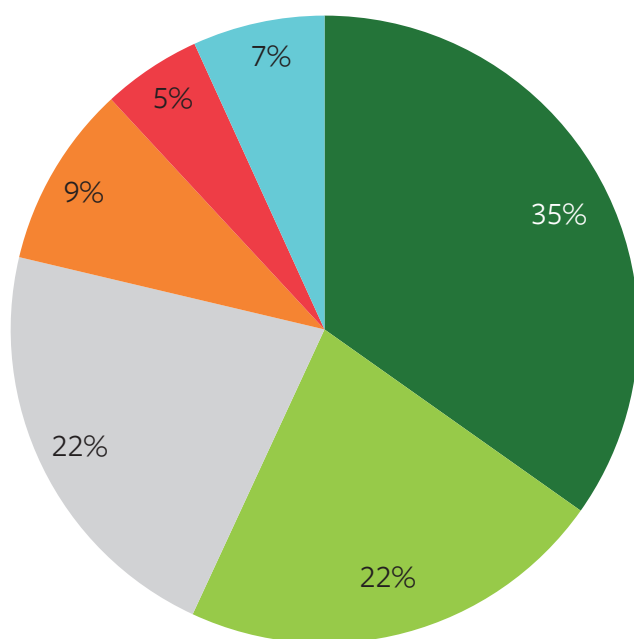
government respondents, but assessed as either *good* or *very good* by 57%; low management burden is *very* or *extremely important* for 64% of government respondents, but MDBs were seen as *good* or *very good* at that by 48%; and ownership of development programmes is rated *very* or *extremely important* by 83% of government respondents, but only 68% see the performance of MDBs as either *good* or *very good*. Nearly half of respondents think that processing times from project idea to board approval are too slow, and around a third are concerned about the management burden and reporting requirements of grants and loans, policy conditionalities and onerous environmental and procurement safeguards (though government officials are less worried about this than MDB officials think they are (29% against 46%)). Respondents from IDA countries are more likely than those from IBRD countries to report long processing times (59%/32%), onerous environmental and social safeguards (40%/27%) and misalignment between government priorities and MDB programmes (17%/7%).

How will demand for financial and technical assistance evolve?

Most respondents (57%) believe that demand for MDB grants and loans from their own country will increase over the next 5 to 10 years; only 15% expect it to decrease (Figure E3). These overall proportions have not changed since the first survey in 2021, although closer examination shows that the share of government officials who expect demand to increase has declined from 59% in 2021 to 51% in 2025, while the proportion of MDB officials who anticipate an increase has risen markedly, from 51% to 71%. Reflecting limited or lack of access to capital markets, respondents from IDA countries are more inclined than those from IBRD countries to believe that demand for MDB grants and loans

Figure E3 Trends in demand for grants and loans from MDBs

■ Increase substantially ■ Increase a little ■ Stay more or less the same
■ Decrease a little ■ Decrease substantially ■ No opinion



Source: Authors' survey: total of 543 respondents. Question for government officials: *In the next 5–10 years, do you think the demand for grants and loans offered by multilateral development banks from #country# will increase or decrease?* Question for MDB officials: *In the next 5–10 years, do you think the demand from the government of #country# for grants and loans offered by MDBs will increase or decrease?*

will increase in the medium term (64% versus 48%), and a higher proportion of respondents from two regions – Africa, and East and South Asia and the Pacific: 61% and 66% – expect demand for grants and loans from MDBs to rise. Just under half of respondents from Eastern Europe, the Middle East and Central Asia, and from Latin America and the Caribbean share this assessment.

Respondents who see stable or rising demand for MDB grants cited ongoing, significant financing needs (64%) and MDBs' ability to

provide grant financing and concessional loans (45%). Other factors include MDBs' capacity to finance large-scale projects (40%), the combination of their offer of financing and technical cooperation (35%) and that their financing options are typically cheaper than alternatives (34%). MDB staff are almost twice as likely as government respondents to cite the combination of their offer as a key motivation for sustained demand for MDB grants and loans.

When asked which areas will have significant financing needs, more than half of respondents (54%, across all regions) noted economic and productive infrastructure, 19% investments in human capital, 15% climate change resilience and 8% climate mitigation.

Respondents who think that demand will decline cited the financial terms of MDB assistance, including the impact on debt sustainability (48%), high borrowing costs (40%) and the availability of faster financing options (35%). Other reasons include the perception that grants and loans from MDBs come with too many strings and policy conditions, the complexity and higher transaction costs compared with other sources, and misalignment with government priorities.

The country studies largely corroborate the findings from the online questionnaire but also provide additional context and constraints that shape decisions on whether to expand operations with MDBs. In most cases, government respondents would like to scale up operations with MDBs, usually to contribute to national plans, leveraging the more affordable financing and technical expertise that MDBs can provide, across both IDA- and IBRD-eligible countries. In several countries, MDBs are also expected to boost their private sector operations.

We also asked respondents which sectors they think each MDB should operate in in the medium term. Two sectors almost always came out at the top: agriculture, and water and sanitation, followed by education, energy generation and distribution, health and transportation. Meanwhile, sectors that featured least prominently include: financial sector development, governance/public administration (except for IDB), industry and trade and social protection. When asked specifically about the type of energy projects respondents would prefer to invest in, most cited renewables: 79% for solar photovoltaics, 54% for hydropower plants and 47% for wind energy. Only 3% indicated investment in coal-fired electric power plants, 3% in oil-fired electric power plants and 13% in fossil-gas electric power plants.

The division of labour between MDBs focusing on social sectors and those concentrating on economic and productive sectors was less prominent and less clear than in the survey's first edition. Government respondents often did not articulate whether a division of labour exists, whether one should be in place, or whether MDBs should focus on specific sectors.

In the online survey, just over half of respondents (51%) anticipate that demand for policy advice and technical assistance from MDBs will increase over the next 5 to 10 years. Officials from MDBs are more likely to believe this of government officials than government officials themselves (63% against 45%). Conversely, 19% of government officials expect a decrease in demand for policy advice and technical assistance, against 9% of MDB officials. No significant differences were observed across regions or lending terms. The findings from the country studies provide a much more positive picture of the medium-

term trajectory of demand for policy advice and technical assistance from MDBs, suggesting strong demand going forward.

When asked about the criteria used to assess financial viability in a new MDB project/programme, the top three factors for respondents are the availability of grants to support specific components of the project (46%), the length of the grace period (30%) and the loan tenor (30%). Replies from government and MDB officials are broadly similar, though government officials place greater value on flexible repayment terms and access to fixed interest rates than MDB officials assume: 30% of government officials highlighted flexible repayment terms as important, compared with only 7% of MDB officials, and government officials value fixed interest rates more than their MDB counterparts (22% and 11%). Respondents from IDA countries prioritise concessionality while respondents in IBRD countries focus more on the cost of capital.

In the online survey, despite these being priorities in the reform agenda of MDBs, **the flexibility of currency denominations and the affordability of hedging options were not prominently mentioned.** Only 16% and 6% of government respondents, respectively, ranked these factors among their top three considerations when evaluating a new loan from an MDB. Views were mixed in the country studies as well, with limited knowledge of the opportunities and costs.

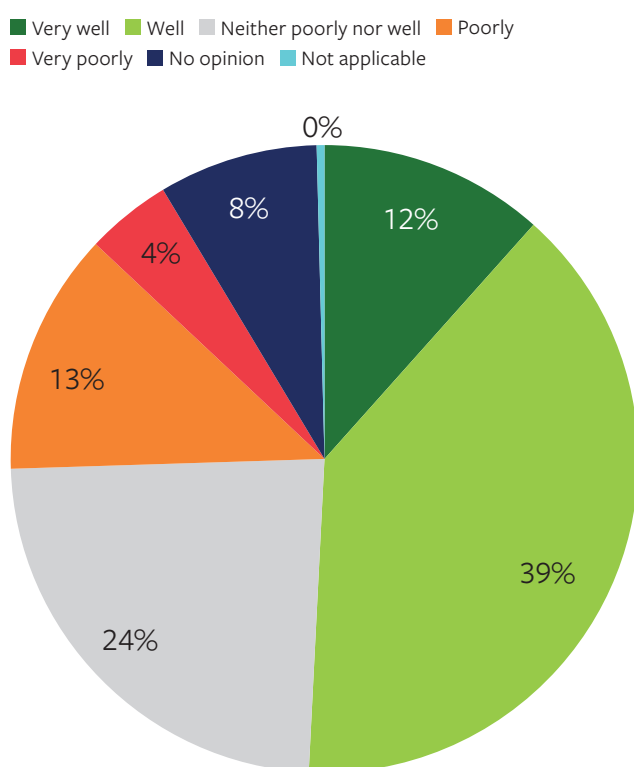
How can MDBs be 'better' institutions?

We looked at three areas of operational effectiveness: coordination among MDBs, building high-quality project pipelines and streamlining the project cycle.

Coordination among MDBs

Fewer than half of government respondents (48%) believe that MDBs are coordinating well in their countries (Figure E4). Despite ongoing efforts to improve coordination among MDBs, the perception of how well they work together at the country level has not improved on average: this share is unchanged from the 2021 survey, as is the figure of 15% who rate coordination as either *poor* or *very poor*. MDB staff are more likely to believe that coordination is effective, with 57% reporting that it works *well* or *very well*. Government officials from Africa are more likely than those in other regions to think that coordination among MDBs in their countries

Figure E4 Perceptions of MDB coordination at the country level



Source: Authors' survey. 527 total respondents.
 Question: *In your opinion, are MDBs coordinating between themselves poorly or well at the country level?*

is either *poor* or *very poor*, with 21% expressing this view, compared to 5% in Eastern Europe, the Middle East and Central Asia; 12% in East and South Asia and the Pacific; and 11% in Latin America and the Caribbean. Government officials from East and South Asia and the Pacific (58%) are the most likely to report that coordination works *well* or *very well*, compared with 51% in Latin America and the Caribbean, 44% in Africa and 37% in Eastern Europe, the Middle East and Central Asia. Note that, in Latin America and the Caribbean, the perception of MDBs coordinating either *well* or *very well* at the country level improved, from 38% in 2021 to 51% in 2025.

Both government officials and MDB representatives emphasised that co-financing of projects (74%) is the top priority for coordination among MDBs, followed by coordination on project preparation (57%) and on policy advice and technical assistance (56%). Just over one-third of respondents (37%) believe that MDBs should coordinate efforts on diagnostic tools, but there is wide regional variation on this between Africa (46%) and Eastern Europe, the Middle East and Central Asia, where only 15% of respondents indicated support for coordinating on diagnostic tools. Respondents among government and MDB officials are broadly aligned in their answers. The areas where MDBs are perceived to coordinate well include policy advice and technical assistance (rated either *well* or *very well* by 47% of respondents), co-financing of projects (44%) and social and environmental safeguards (41%).

Across all country studies, government respondents consistently value coordination among MDBs. Perceptions of the quality of that coordination, and the areas governments would prioritise, vary across countries, reflecting differences in government capacity and levels of

engagement with MDBs. While some countries highlighted improvements in coordination on co-financing, policy advice or technical assistance, others emphasised the need for greater harmonisation of procedures, clearer division of labour and greater alignment with national priorities.

Building high-quality project pipelines

We asked respondents about the key challenges they face in building strong project and programme pipelines in their countries.

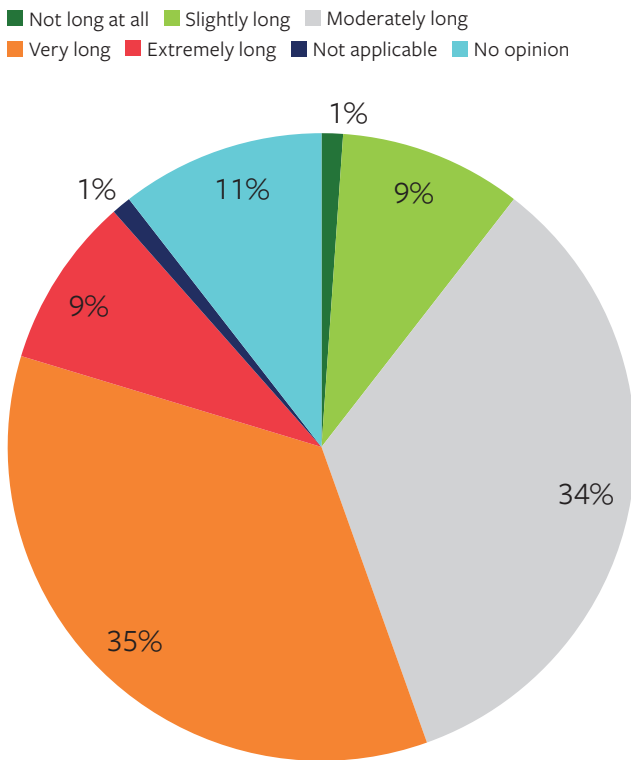
Just over half (51%) mentioned weak institutional capacity at the national government level, followed by weak capacity at the subnational government level (40%), limited government financing for project preparation and the lack of grants for project preparation (36% and 31% respectively). Other enablers for long-term pipeline development – sector-specific legislation, multi-year financing frameworks and well-developed local financial institutions – are at the bottom of respondents’ choices, with about 10% or fewer selecting each. MDB officials place greater emphasis on grant financing as a challenge for project preparation (43% chose it as one of the main challenges, ranking it second, against 26% of government officials, for whom it ranked fifth). By region, a higher percentage of respondents from East and South Asia and the Pacific (55%) identify weak institutional capacity at the subnational level as a significant challenge, while respondents from Africa are more likely to indicate underdeveloped local financial institutions (20%) and the limited availability of grants for project preparation (40%) than other regions.

Asked how MDBs could help expand project pipelines, respondents suggested help with strengthening institutional capacity for project preparation at the national (55%) and subnational level (30%), and coordinating project preparation with other MDBs active in the country (29%). One in four respondents think that MDBs should boost resources for project preparation. Both MDB staff and government officials believe that MDBs should prioritise strengthening institutional capacity at the national and subnational levels, though the former put greater weight on financing pre-project financing facilities (44%) than government officials (16%). Respondents from IDA countries are keener on support for sector-specific legislation, with 15% expressing this preference compared with just 6% of respondents from IBRD countries, and are also more likely to want MDBs to improve coordination with other MDBs active in the country during project preparation (34% against 22% in IBRD countries).

Streamlining the project cycle

Despite the steps some MDBs have taken to streamline internal processes, 44% of government respondents think that the time it takes from project concept to first disbursement is either very or extremely long, against 11% who think it is *not long at all* or *slightly long* (Figure E5). This concern was reinforced during our interviews, but the responsibility was reported to equally lie with MDBs and government. Time challenges were primarily to do with the nature of the project, i.e. particularly complex infrastructure projects.

Figure E5 Perceived length of the project cycle



Source: Authors' survey based on 395 government respondents. Question: *Thinking about a typical MDB project, how long would you say it takes from conception to first disbursement in #country#?*

The two top issues reported as lengthening the project cycle between concept note and board approval are project preparation (feasibility studies, engineering and technical design) (69%) and compliance with MDB requirements and environmental safeguards (57%). From board approval to disbursement, the top issues extending the process are internal administrative and legal procedures (46%), project preparation (45%), compliance with MDB requirements on procurement (42%) and establishing implementation arrangements (40%). Not being able to use country systems is not seen as a key impediment at either stage. Government officials are more likely than MDB counterparts to see compliance with financial management requirements as a key challenge (28% compared

with 15%). MDB respondents are more inclined to identify project preparation as a significant challenge, with 56% citing it against 40% of government officials.

The four key recommendations for MDBs to help reduce the time from concept to first disbursement that emerged from the online survey are: 1) support for countries in project preparation (53%); 2) increased use of country systems to comply with MDB social and environmental safeguards and procurement policies (43%) (despite not identifying them as an impediment as above); 3) harmonised standards among MDBs (42%); and 4) support for countries' procurement and financial management systems (39%). Comparing the responses of government officials and MDBs, three key points stand out: first, a larger proportion of government respondents (47%) than MDB staff (31%) think that harmonising standards across MDBs would help reduce the time from project conception to the first disbursement; second, 27% of MDB respondents suggest adopting a risk-based approach, against 16% of government officials; and third, 43% of MDB officials consider strengthening the country's social and environmental safeguards a priority, while only 25% of government officials share this view. Perhaps reflecting stronger demand for capacity-building, government respondents in IDA countries are more likely to prioritise MDB support for strengthening procurement and financial management systems (47%), compared with 30% of respondents in IBRD countries. Priorities identified for governments are establishing implementation arrangements early in the process (50%), investing in capacity-building on project management and the fiduciary requirements of MDBs (49%) and strengthening project preparation capacity (47%). Only 13% of respondents think that the government should strengthen social and environmental safeguards.

Conclusion: how can MDBs increase their operational effectiveness in client countries?

Our analysis demonstrates that MDBs remain relevant institutions for client countries, and that their offer is in demand. In the discussions with government officials, recent reforms to enhance the effectiveness and efficiency of MDBs, both individually and as a system, are beginning to have an impact on the ground. However, the same evidence also highlights several areas where progress must accelerate. Addressing these areas and deepening the understanding of clients' perspectives could enhance MDBs' ability to help these countries meet their priorities and needs, ultimately boosting the overall effectiveness of these institutions.

We summarise priority areas in 10 broad points which MDB shareholders and management could consider:

1. Leverage the distinctive and mutually reinforcing combination of functions across MDBs.
2. Make use of MDB headroom. Demand for grants and loans from MDBs remains sustained, even across countries with market access.
3. Ensure country presence, including technical staff, for greater ownership and alignment to national programmes.
4. Provide tailor-made technical assistance that reflects the local context and culture, ensuring long-term sustainability and impact.
5. Continue supporting countries in transitioning to low-carbon energy solutions.
6. Clarify the availability of local currency lending and hedging options, if applicable.
7. Follow through with implementation of reforms to boost the operational effectiveness of MDBs, particularly in IDA countries.
8. Boost and invest more in coordination among MDBs at the country level, especially in IDA countries, and particularly on co-financing, project preparation, policy advice and technical assistance.
9. Invest more in project preparation and coordination among MDBs, including on building institutional capacity at the national and subnational level.
10. Continue efforts to streamline the project cycle, including strengthening government capacity.



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