

Senior Advisory Group on Private Finance for Development

Concept Note

The purpose of the Group is threefold: (1) soliciting guidance on framing research questions and directions; (2) seeking input on, and reactions to, research and recommendations in progress; and (3) encouraging off-the-record conversations and exchange of views among diverse public and private stakeholders. We are looking for advice, ideas, and good counsel. It is not our intention to ask participants to develop or endorse particular findings or policy proposals.

We believe it is time to take a fresh look at these institutions and ask some basic questions about their role and effectiveness in mobilizing private finance for development. Our intent is to grapple with fundamental issues, including whether changes in approaches, priorities, and decision-making are needed. In consultations so far, including a private roundtable discussion at the spring IMF/World Bank meetings, we find that the following questions are surfacing as stakeholders inside and outside the institutions debate their future.

- How should we judge the overall performance of PSWs and DFIs? What does success or failure look like?
- Should PSWs take on more risk? Would that require changes in their business models? What does the evidence say about the relationship between risk, development impact, and financial returns?
- What should govern allocation of PSW/DFI resources, especially blended finance? How can metrics be strengthened to improve decision-making?
- What guidelines can be developed to match PSW instruments more effectively with financial and development objectives?
- Should we care about cross-MDB/DFI collaboration? If so, what kind of collaboration is most important and what kind of governance is necessary to drive it?
- Should PSWs/DFIs be partially privatized? Is there a case for public-private development banks?
- What does success in fragile and poor countries require—more subsidies or different approaches?