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Public development banks: cornerstones of future international cooperation?

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The Spring Meetings of the World Bank and the International Monetary Fund next week (13–18 April) in Washington mark the beginning of a series of key events for the future of international cooperation and development finance. Over the next six months, summits and conferences are scheduled at the OECD in France, and in the UK, Kenya, the Republic of the Congo, Germany and Thailand. While announcements in 2025 of cuts to development aid, notably by the [United States](#) and [European countries \(IDDRI, 2025\)](#), have disrupted the [reform of the international financial architecture for development](#) launched a few years ago, public development banks (multilateral, regional and national) are nevertheless re-emerging as central actors. They are shaping a key reconfiguration of cooperation integrating multiple dimensions (development, finance, trade, climate, security) and bringing together public and private actors to meet national needs. While this call to do more and do better is not new, what features of the current context now make a more practical discussion necessary?

Influential institutions with a strategic need to function as a coherent system

Public development banks (PDBs), including multilateral development banks (MDBs) such as the World Bank and the European Investment Bank (EIB), as well as regional banks such as the African Development Bank (AfDB), play a key role in the international architecture of development finance.

In terms of financial volumes, multilateral institutions, including MDBs, have seen their budgets increase, now accounting for [56% of net development finance flows, compared with 28% ten years ago](#). This reflects both progress in implementing reforms that could free up to \$433 billion over the coming decade,^{[1](#)} and a broader capacity to leverage additional resources,^{[2](#)} alongside a [decline in bilateral funding](#). These volumes remain insufficient to meet needs and are also vulnerable, as MDBs are not immune to budget cuts or [political pressure](#) to redirect resources towards geopolitical interests.

The current context and the growing scale of needs are however a reminder that acting alone is becoming increasingly costly and limiting. MDBs are also part of, and can draw on, a wider network of PDBs. Since 2020, national development banks (NDBs), under the leadership of Rémy Rioux within the framework of the [FICS](#), have played a pioneering role and gradually formed a network that now brings together more than 500 institutions across 155 countries, representing a total of approximately \$23 trillion in assets, or around 10% of global investment.^{[3](#)} As agents of multilateral cooperation and providers of long-term financing, in partnership with institutions at different levels, MDBs retain the capacity to provide economic predictability and to pool scarce resources (particularly concessional ones), which are all the more necessary in the context of a new inflationary crisis in the Middle East.

These banks have [called for greater cooperation](#) on various occasions. The divisions visible on the international stage today are naturally reflected in these forums, but paradoxically also highlight the need for structures capable of overcoming them. The objective of more effective and integrated cooperation now reflects not only economic and financial realism, but also a political imperative, provided these institutions retain the means to fulfil their ambitions.

Frontline actors with a unique bridging role yet to be formalized

Calls for greater networking among PDBs are growing again, as these institutions sit at the intersection of several key dimensions of development finance: sectors, scales, stakeholders and available instruments. Recent work by the [T7 task force on PDBs](#) highlights the main areas where coordination is needed to function more effectively as a system. Beyond this assessment, which is generally already widely recognized, responsibility for practical implementation of this interface role now lies more specifically with the actors within and around these institutions.

> Within development **banking sector**, PDBs have the strategic capacity to integrate development, investment and geopolitical interests, although striking the right balance in the common interest is by no means straightforward. They also provide forums for overcoming [certain divides](#) and enable an integrated, cross-sectoral approach, potentially allowing them to [present a united front](#) on integrating climate issues where demand from the countries in which they operate persists. This is reflected operationally in the range of financial tools offered by PDBs beyond loans, including guarantees to facilitate risk-taking, as well as expertise in project preparation and analytical capacity.

> Within **countries of operation**: to better tailor funding to identified needs and enable them to take the lead in part of this coordination, through country platforms or other existing mechanisms (such as budget consolidation processes) that facilitate sectoral and financial planning beyond the competitive dynamics that persist between

stakeholders. It should also provide the opportunity to embed the on-the-ground knowledge of regional and national banks within this ecosystem (for example through co-financing or risk-sharing). More broadly, it can strengthen the capacities of countries to pursue more open forms of cooperation, rather than [asymmetrical bilateral arrangements](#).

> With the **private sector**: developing partnerships should also help clarify the division of roles, as private actors are more likely to focus on so-called profitable sectors. PDBs can engage these stakeholders not only to secure additional funding, but also to share expertise and support the development of local supply chains alongside domestic actors.

These points highlight a key feature of PDBs: most are actors present on the ground, and this dimension should also inform efforts at the international level to achieve greater effectiveness. These institutions therefore act, in practice, as essential channels for implementation, capable of coordinating and interacting with a wide range of development finance actors.

Alongside and beyond: an international network that extends beyond Washington

While Washington and the United States continue to wield significant influence over parts of the international financial architecture and certain development banks, including the World Bank, efforts to structure the banking network and its stakeholders also allow other important voices to be heard.

Expectations naturally fall on Europeans, who can draw on a threefold role: as shareholders, as participants in structural political processes such as the G7 and the G20, and through an operational presence on the ground. Alliances of convenience should be explored and forged with peers – both European and non-European, borrowing countries and others alike – around specific issues that can help keep the reform agenda moving forward, maintain ambition, and address urgent transition needs. As highlighted in this [T7 Solution Paper](#), the current G7 process should provide an opportunity for the countries concerned to exert diplomatic influence in favour of the PDBs, many of which are based in G7 countries, as well as within MDBs, where G7 countries hold an average of 40% of voting rights. This momentum could then facilitate a handover to a revival of G20 dynamics expected in 2027.

Europeans more specifically collectively hold between 20% and 25% of the shareholding in regional multilateral banks (in addition to the two European banks, the European Bank for Reconstruction and Development and the EIB). Their political mobilization should also consider strategic steering of those regional banks while helping better positioning the EIB's global ambition with partner countries and in support of European PDBs. Few actors combine a privileged position in decision-making forums, with a strong presence in the countries of operation and a diverse set of actors (and therefore tools) for development financing, including NDBs, embassies and other implementing institutions, as well as [private development finance](#) entities and [expert mobilization](#).

Beyond their own sphere, certain G7 countries and European nations are expected to demonstrate their ability to broaden their perspective and diversify their partnerships by building on and supporting initiatives launched by others, particularly when these emerge from the grassroots. This dense, complex and fragmented network formed by the international financial architecture, with PDBs at its heart, is undergoing changes that may also give rise to a form of [“productive incoherence”](#), broadening the range of possibilities and encouraging experimentation in a space that is, paradoxically, more inclusive because it is open to other perspectives.

At the latest African Union (AU) summit, African leaders laid the groundwork for a [New African Financial Architecture \(NAFA\)](#), going beyond governance issues that many countries in the Global South have been championing for

several years. Led by the new head of the African Development Bank (AfDB), Sidi Ould Tah, the NAFA project aims to overcome international obstacles to reform, positioning the African continent as a driving force for change and mobilizing African stakeholders in a more coordinated manner to rebuild eroded financial sovereignty. In contrast to a wait-and-see approach, next month's AfDB meetings also represent a key opportunity to build on this momentum by diversifying the Bank's partnerships.

The BRICS framework, although currently on hold due to the conflict in the Middle East, remains relevant for rethinking these linkages. Beyond [jointly formulating proposals](#) on IMF reform, India, Brazil and South Africa have played a major role in advancing banking coordination during their G20 presidencies. This ecosystem also includes BRICS banks, some of which, such as the Asian Infrastructure Investment Bank (AIIB), are promoting innovative practices that help challenge and reshape forms of cooperation and the balance between countries.

Finally, the FICS network also highlights the role of numerous local institutions and, consequently, the responsibility of countries, at the national level, to provide political support and to position and mobilize these actors in a manner commensurate with the challenges at stake. It is also through them that this network can be built 'from the bottom up', linking national, regional and multilateral levels to help shape cooperation more closely aligned with the needs of countries, thereby addressing sovereignty issues.

Conclusion

The current upheavals in international cooperation and development finance are thus bringing PDBs back to the forefront as the cornerstones of a system that seeks to turn their collective capacity to align around an agenda extending beyond development into a genuine asset.

The Spring Meetings will serve as a reminder of the importance of countering the challenges facing cooperation and rethinking this system in a more integrated and effective manner, highlighting the long-term dynamics already at play. States and heads of institutions therefore face a political choice: whether to support this restructuring to shape institutions suited to the world of tomorrow, rather than entrenching inertia or a conservative, outdated order. This momentum should then be reflected more clearly in the many events planned over the next six months, with an initial assessment at the Annual Meetings in Bangkok (12–18 October).

1

The G20 finance ministers' interim report of October 2025 details the estimates for each bank, taking into account several adjustments, including risk tolerance, the mobilization of hybrid capital and guarantees.

2

The [2025 comparative report on multilateral development banks \(MDBs\)](#) states: "MDBs provide excellent leverage for shareholder contributions. Shareholders have collectively contributed US\$150 billion in paid-in capital to MDBs participating in this exercise; this has been leveraged by these MBDBs to over US\$1.4 trillion of development assets outstanding through mobilization of capital market financing towards development."

3

The [Finance in Common network](#) specifically aims to organize this group of banking institutions worldwide.

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