



IMF and World Bank Group's Spring Meetings 2023

For Prelims: [International Monetary Fund \(IMF\)](#), [World Bank Group \(WBG\)](#), [Group of Twenty \(G20\)](#), [Debt Restructuring](#), [Vulnerable Twenty Group of Ministers of Finance \(V20\)](#), [Poverty Reduction and Growth Trust \(PRGT\)](#)

For Mains: Major Takeaways of IMF and WBG Spring Meetings 2023, Accra Marrakech Agenda, climate change and debt crisis and vulnerability of lesser developed countries.

Why in News?

Recently, The [International Monetary Fund \(IMF\)](#) and [World Bank Group \(WBG\)](#) held their **Spring Meetings** in Washington DC, United States.

- The discussions focused on issues of international concern, such as the international [debt crisis](#), [rising inflation](#), [climate](#) and [development](#), [poverty eradication](#), and slowing economic growth.

What are the Major Takeaways of IMF and WBG Spring Meetings 2023?

- **Debt Crisis:**
 - **Global Sovereign Debt Roundtable (GSDR):**
 - The **Global Sovereign Debt Roundtable (GSDR)**, co-chaired by the IMF, WBG, and India as the [Group of Twenty \(G20\) 2023 presidency](#).
 - GSDR met with [bilateral creditors](#) (**France — chair of the [Paris Club](#), US, the United Kingdom, China, Saudi Arabia and Japan**) and **debtor countries (Ecuador, Suriname, Zambia, Sri Lanka, Ethiopia and Ghana) and Brazil as the forthcoming presidency of the G20 in 2024.**
 - **Issue Highlighted:**
 - Many developing countries are facing high debt burdens due to the pandemic, **rising inflation, and the [Russia-Ukraine war](#)**, which negatively impacts their ability to invest in **climate mitigation and adaptation projects.**
 - There was a particular spotlight on **African nations** that have been disproportionately impacted by Covid-19 and the consequent economic downturn.
 - **Way Suggested:**
 - **GSDR** discussed [debt sustainability](#) and ways to address debt restructuring challenges.
 - **'Debt Restructuring'** refers to the process by which countries, private companies or individuals can **change the terms of their loans so that it is easier for the debtor to pay back the loan.**
- **Climate Crisis:**
 - **Issue Highlighted:**
 - The [Vulnerable Twenty Group of Ministers of Finance \(V20\)](#), representing 58 countries most systematically vulnerable to climate change impacts, highlighted the **urgent need to transition to a global financial system that can deliver**

development-positive climate action for the most vulnerable.

- It addressed growing concerns about the climate crisis, covering topics such as **climate finance**, [energy security](#), **sustainable supply chains**, and **workforce readiness for green jobs**.
- **Access to timely concessional finance** was identified as a major hurdle faced by **climate-vulnerable nations**, as their **fiscal space is under pressure to address climate risks** while facing debt distress and high cost of capital.

◦ **Way Suggested:**

- **Accra Marrakech Agenda:** The **V20 proposed the Accra Marrakech Agenda**, to build an **international coalition for a fit-for-climate**, addressing critical areas such as debt, transforming the international and development finance system, **carbon financing**, and **risk management in a climate-insecure world**.

- The upcoming IMF and WBG annual meeting in October 2023 will be held in Marrakech.

- The V20 also urged multilateral financial institutions and development agencies at the 2023 Spring Meetings to **collaborate towards developing a 'New Global Financial Pact' in June 2023**.

▪ **Financial Support to Low Income Countries:**

- The IMF reiterated its role in **providing financial support to low-income countries** and committed to continuing support towards the [Poverty Reduction and Growth Trust \(PRGT\)](#) so that it is able to continue its support to **low-income countries**.

- The IMF provides concessional finance to low-income countries through the PRGT.
- However, the [Covid-19 pandemic](#), the **Russia-Ukraine war and the consequent spike** in lending have **strained PRGT resources**.

▪ **Digital Solutions to Unlock Human Capital Potential:**

- The IMF also highlighted that it is currently analysing the **macroeconomic implications of digital development** to shape the policy approach to new public and private digital infrastructure.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q1. India's ranking in the 'Ease of Doing Business Index' is sometimes seen in the news. Which of the following has declared that ranking? (2016)

- (a) Organization for Economic Cooperation and Development (OECD)
- (b) World Economic Forum
- (c) World Bank
- (d) World Trade Organization (WTO)

Ans: C

Q2. With reference to 'IFC Masala Bonds', sometimes seen in the news, which of the statements given below is/ are correct? (2016)

1. The International Finance Corporation, which offers these bonds, is an arm of the World Bank.
2. They are the rupee-denominated bonds and are a source of debt financing for the public and private sector.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

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