

2nd International Financial Architecture Working Group Meeting

**Side-Event on the expectations of CRAs of CAF Review
recommendations and the potential impact on MDBs'
ratings**

March 31, 2023 – 9:00 AM – 12:00PM

CONCEPT NOTE AND AGENDA

CONCEPT NOTE

In October 2022, the G20 FMCBG welcomed the report from the Independent Review on MDBs' Capital Adequacy Frameworks (CAF) and "tasked the IFA WG to work in coordination with the MDBs on the recommendations that would need a coordinated approach among MDBs". Such work could inform the development of a roadmap for the implementation of the report's recommendations.

Accordingly, in its 2023 Work Plan, the International Financial Working Group (IFA WG) committed to develop a G20 roadmap on CAF Review based on (i) this specific work by the IFA WG, (ii) updates by MDBs on their deliberations, assessments and actions for implementing the recommendations and (iii) reflections by other stakeholders including Credit Rating Agencies.

In that regard, the IFA WG co-chairs and G20 Indian Presidency propose to hold a conference on the side-lines of the 2nd IFA WG meeting with MDBs' Chief Risk Officers, Chief Financial Officers and/or Heads of Strategy and Credit Rating Agencies.

(i) Panel 1 – CRAs' evaluation methodologies

Issues for discussion : (i) are there any areas that need improvement with respect to communication between MDBs and CRAs and how can G20 contribute to these efforts? (ii) [for CRAs] how is the Preferred Creditor Status (PCS) of MDBs taken into account in their rating methodologies? (iii) [for MDBs] instead of building a composite methodology of the most restrictive metrics of the 3 CRAs, could MDBs align with only one methodology?

- **Panel moderator** – Frannie LEAUTIER (Southbridge, CEO)
- **Panellists** :
 - 2 CRA representative [it is recognised that their participation at this panel will respect the independence of CRA rating methodologies]
 - Arnaud LOUIS (Fitch Ratings, Head of Supranational)
 - Moody's Representative - online
 - 3 MDB CFO/CRO
 - Soha EL-TURKY (EBRD, CFO)
 - Rachel ROBBOY (IDB, CRO)
 - Roberta CASALI (ADB, VP for Finance and Risk Management)
 - Federica DIAMANTI (Italy MoF)

(ii) Panel 2 – CAF's recommendations with a leverage effect on MDBs' activities

Issues for discussions: (i) [For MDBs, experts and shareholders] which of the recommendations are considered the most impactful to increase MDBs lending capacities (credit swaps and risk transfers / GEM database reform & accessibility to CRAs / hybrid capital / sovereign credit guarantees)? (ii) [For CRAs] How these recommendation are viewed under CRAs rating methodologies?

- **Panel moderator** – Bertrand BADRE (former CFO of the World Bank)
- **Panellists**:
 - 1 CRA representative [it is recognised that their participation at this panel will respect the prohibition on providing recommendations or advice in connection with ratings and other relevant regulatory requirements]
 - Alexander EKBOM (S&P Global Ratings, Senior Director)
 - 4 MDB CFO/CRO
 - Lakshmi SHYAM-SUNDER (World Bank, CRO) – online
 - Hassatou N'SELE (AfDB, VP for Finance and CFO)
 - Antoine CASTEL (AIIB, CRO)
 - Roman ESCOLANO (EIB, CRO)
 - 1 member of the CAF Review Expert Panel
 - René KARSENTI (ICMA, Senior Advisor)

TENTATIVE AGENDA

Time	Program
09:00 – 09:05	Opening remarks – G20 Indian Presidency
09:05 – 09:30	Guest speaker(s) – Rathin ROY (ODI Managing Director)
09:30 – 10:30	Panel 1 – CRAs’ evaluation methodologies
10:30 – 11:30	Panel 2 – CAF’s recommendations with a leverage effect on MDBs’ activities
11:30 – 11:45	Concluding remarks – IFA WG co-chairs and G20 Indian Presidency

For each panel, panellists will give a 3 minute introductory remark, followed by a 15-20 minute Q&A session with the moderator and then, a 15-20 minute Q&A session with the assistance.

LOCATION AND LOGISTIC INFORMATION

The meeting will be held in the main auditorium of Agence Française de Développement.

Address : 3 place Louis Armand 75012 Paris

Access : 10 minutes by foot from the main conference centre and the Ministry of Economy and Finance

