Funding the Future

Bottom Lines, Better Lives?

Published: January 17, 2026, 8:13 am

Donors such as the World Bank are spending billions of dollars on projects whose effects on poverty and the environment are uncertain at best, warns a new report.

Bottom Lines, Better Lives? has been produced by Christian Aid in collaboration with the Bretton Woods Project, ActionAid, Eurodad, Campagna per la riforma della Banca Mondiale and Third World Network. It raises serious questions over the ways that multilateral aid donors, including the World Bank Group, try to boost private companies in developing countries.

â€šÃ„Ã²Multilateral development banks’ funding of private companies has risen ten-fold, from around $4 billion a year in 1990 to more than $40 billion today,’ said Jesse Griffiths, coordinator of the Bretton Woods Project. â€šÃ„Ã²But their seeming inability to assess or prioritise the social, environmental and poverty reduction benefits of their investments means that it is difficult to see how these huge sums can be justified.’

Alex Cobham, Chief Policy Adviser at Christian Aid, said: â€šÃ„Ã²Our experience of development on the ground shows just how important it is for local companies in poor countries to have access to finance. It is this which will create the jobs that are needed to beat poverty once and for all.

â€šÃ„Ã²So it is shocking to see that this tidal wave of lending, which could have done so much good, has not been carefully designed in order to maximise its development benefits. And it is hard to see how these multilateral development banks, as they currently operate, can be an effective way for a country like the UK, which *does* have a clear desire to eradicate poverty, to distribute its aid money.’

The new report criticises three main aspects of multilateral development banks’ (MDBs) operations:

¬? Their approach is based on existing private finance approaches, emphasizing the importance of attracting foreign investment rather than developing the domestic

economy.

¬? Project selection, monitoring and evaluation techniques have tended to prioritise commercial rather than social or environmental returns. Internal evaluations have regularly found that MDBs have failed to demonstrate sufficient â€šÃ„Ã²additionality' for their financing — meaning that they run the risk of merely replicating the activities of private lenders, rather than driving investment towards businesses or sectors that have the greatest sustainable development benefits. Multilateral lenders' monitoring and evaluation methods have also been insufficiently focussed on poverty reduction, while their transparency and disclosure of information has been weak.

¬? The rapid growth of ***â€šÃ„Ã²***arms-length' investments in the financial sector, through financial intermediaries such as private banks and private equity firms, is a particular cause for concern. The MDBs' failure to clearly define the development objectives of their investments is particularly worrying in this case, where operational decisions are delegated to financial intermediaries.

The report's recommendations include:

¬? Clarification of MDB mandates, to ensure they focus on development and poverty reduction;

¬? Greater transparency around the rationale for investment decisions, which should reduce the use of financial intermediaries — especially those based in opaque tax havens; and

¬? A focus on â€šÃ„Ã²additionality' and development returns, so that MDBs target areas and countries where existing private financing is weak. This would make their contribution more valuable, and put the emphasis clearly on development benefits rather than financial returns.

The findings are in many ways similar to the problems I have highlighted in ***my recent report*** ***on Development Finance Institutions, such as the UK's CDC. The capturing of the aid budget for private gain is at cost to the poorest people in the world and of benefit to a very few in private equity. This has to change.***