



IDA – A Fund for the Poorest Countries

Nordic Baltic Parliamentary Meeting on the World Bank

Folketinget – Copenhagen

January 25, 2010



Roadmap



- **IDA's work in low-income countries**
- The IDA16 replenishment
- Voice and Participation in the World Bank Group

Members of the World Bank Group



International Bank for Reconstruction and Development - IBRD

Established 1944 | 186 Members

Fiscal 2009 lending: \$32.9 billion for 126 new operations in 42 countries

- Supports Middle-income Countries through loans, guarantees and advisory work
- Funds itself through issuance of AAA bonds in the international capital markets



International Development Association - IDA

Established 1960 | 169 Members

Fiscal 2009 commitments: \$14.0 billion for 177 new operations in 63 countries

- Supports the world's poorest countries through soft-loans, grants and guarantees
- Is replenished through periodic donor contributions, World Bank Group net income and credit reflows



International Finance Corporation - IFC

Established 1956 | 182 Members

Fiscal 2009: \$10.5 billion committed for 447 projects in 103 countries

- Supports the private sector through loans, equity and guarantees; funds itself through AAA bonds



Multilateral Investment Guarantee Agency - MIGA

Established 1988 | 174 Members

Supports investors in developing countries through political risk insurance



International Centre for Settlement of Investment Disputes - ICSID

Established 1966 | 143 Members

- Provides mediation and arbitration services for investors in developing countries





IDA – A fund for the poorest countries



- Created in 1960, IDA is a **revolving solidarity fund**.
- IDA **provides interest-free loans and grants** for programs that foster economic growth and help reduce poverty and inequalities in poor countries.
 - More than half of IDA's assistance goes to **Sub-Saharan Africa**.
 - IDA **concessional credits** have no interest charge, and credit repayments are stretched over 40 years, including a 10-year grace period.
 - IDA provides about 20% of its financing through **outright grants** to poor countries at risk of debt distress.
- IDA also provides interest rate and currency risk management; technical assistance and policy advice; and global knowledge services including through economic sector work and country studies.



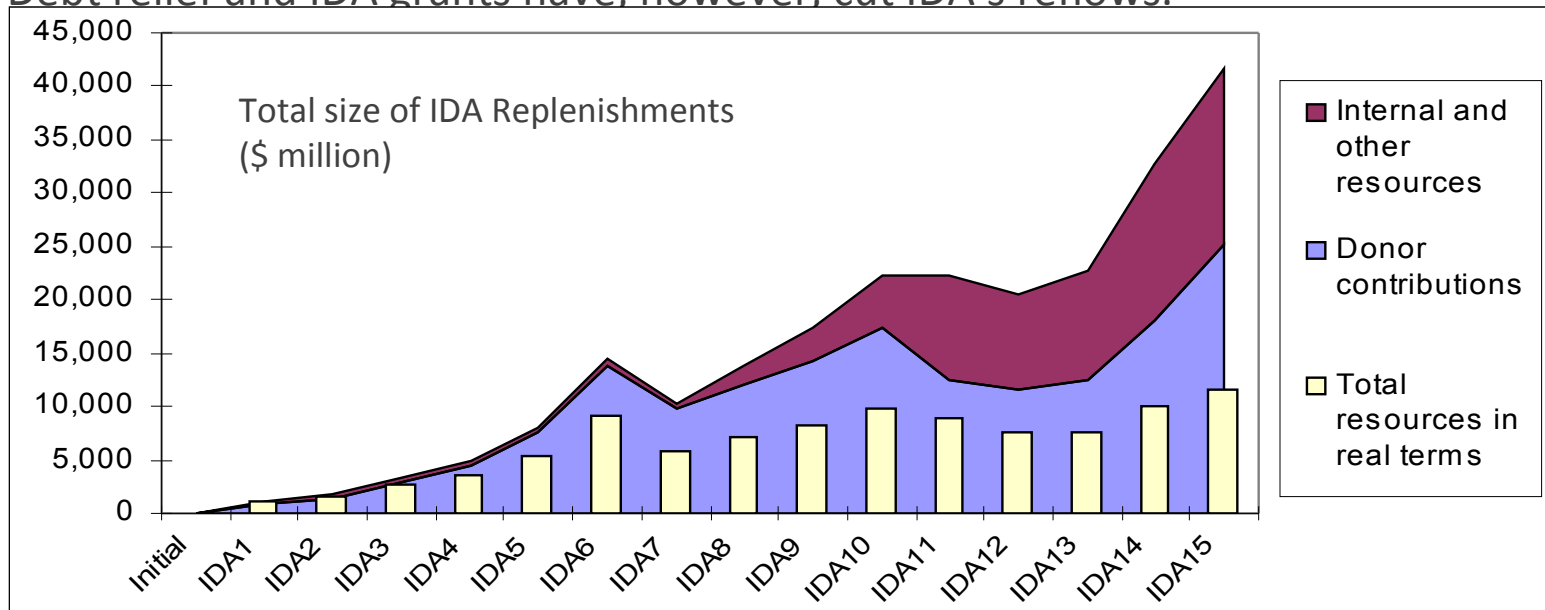
IDA has grown substantially over time



- Since 1960, IDA credits and grants exceeded \$200 billion.
- IDA grew by 10% per year. After inflation, however, IDA has been nearly flat over the past three decades.
- IDA14 (2006-2008) provided \$32 billion over 3 years, some \$11 billion per year.

IDA15 (2009-2011) will provide \$42 billion, or some \$14 billion per year.

- Credit reflows are an increasingly important part of IDA's financial backing. Debt relief and IDA grants have, however, cut IDA's reflows.





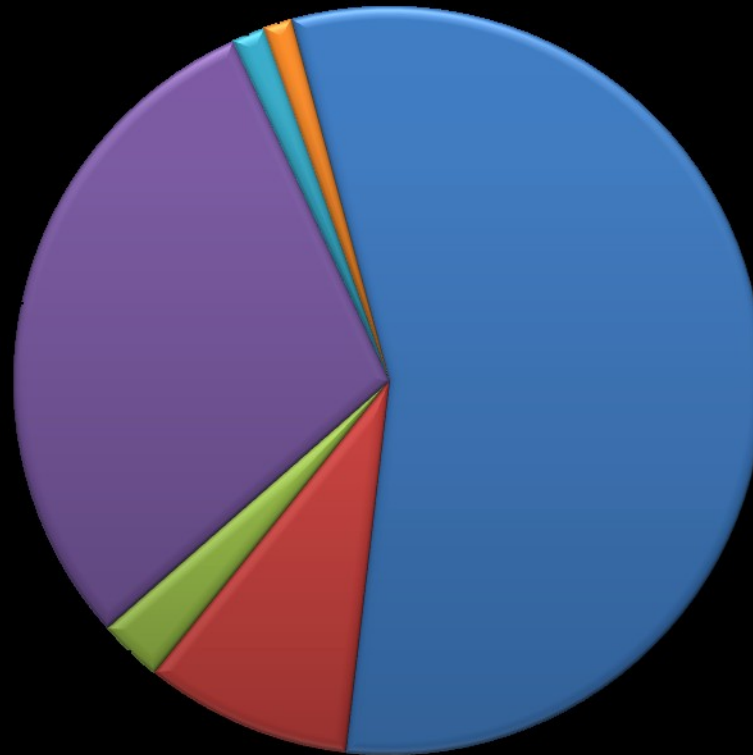
IDA Members



- **IDA has 169 member countries** today, including:
 - **79 recipient countries** - the world's poorest countries (GNI per capita of less than \$3 per day).
 - These countries are home to 2.5 billion people, or half the total population of the developing world.
 - An estimated 1.5 billion people there survive on less than \$2 per day.
 - **35 countries that have graduated from IDA** (of which 8 countries have 'reverse-graduated')
 - **45 donor countries**, including former IDA recipients (China, Egypt, Korea, Turkey) plus Middle-income Countries and emerging new donors (such as Brazil, Mexico, Russia, South Africa, countries in Eastern Europe).

In 2009, IDA allocated 56% to Africa

Share of IDA Financing in Fiscal Year 2009 of \$14 billion



Top-10 IDA Borrowers in FY 2009 (\$ billion)

Nigeria	\$1,760
Pakistan	\$1,610
Ethiopia	\$1,175
Vietnam	\$1,149
Bangladesh	\$1,097
India	\$956
Tanzania	\$783
Ghana	\$550
Congo, DR	\$535
Kenya	\$525



IDA allocates resources to countries based on performance and needs



- **IDA's resource allocation system** - adopted by other IFIs and donors:
 - **Annual allocations, balancing country performance** (ratings) and **country needs** (population size and per capita income)
 - **Terms of assistance** (grants vs. soft loans) **determined by debt sustainability**
- Research shows that **better policies lead to better development outcomes**
 - Performance is assessed annually through a rigorous Country Policy and Institutional Assessment (CPIA), with heavy emphasis on good governance
 - **Performance ratings are publicly disclosed**
- **Allocation system provides exceptions:**
 - **Higher assistance to post-conflict countries** for a period of 10 years (including 6 years of gradual phase down to normal levels)
 - **Regional integration emphasized** with a special allocation for regional projects to supplement national country allocations

In Africa: Focus on Rural and Human Development and the Financial & Private Sectors



World Bank Assistance to Africa, by Theme, Fiscal Year 2009





IDA is country-based and results-driven



- **Country-based development approach:**
 - Assistance aligned with countries' own development strategies
 - Assistance not pre-determined or earmarked (unlike Vertical Funds)
 - Assistance is harmonized with other donors
 - Closer to the client: Increased decentralization of Bank staff and delegation to country offices
- **Strong results focus:**
 - IDA Results Measurement System (a benchmark for intl. financial institutions)
 - Supporting governments to improve their national monitoring , evaluation and statistical capacity
 - Strong oversight by the World Bank's Independent Evaluation Group (IEG)
 - **Challenges:** Attribution of results and difficulties in measuring outcomes - Quantitative measures complemented by case studies (IDA@Work)



Examples of IDA's Results (FY 2006-09)



Education and Health

- 1 million additional teachers became qualified to teach at primary level
- 600,000 additional classrooms were constructed or rehabilitated
- More than 7 million people gained access to basic health, nutrition or population services
- 275,000 health personnel trained, and 2,000 health facilities constructed, renovated or equipped
- 7.2 million children received a dose of Vitamin A, and over 800,000 children have been immunized
- 7.8 million pregnant women received ante-natal care
- 18.5 million insecticide-treated malaria nets were purchased and/or distributed

Road Transport and Water Supply

- 2,480 km of rural roads constructed or rehabilitated
- 1,790 km of non-rural roads constructed or rehabilitated
- About 8,500 community water points were constructed or rehabilitated
- About 60,500 new piped household water connections were established
- Another 146,500 water connections were rehabilitated
- 1,360 water utilities and water service providers are being supported



More IDA results at www.worldbank.org/ida



http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:21307239~pagePK:51236175~piPK:437394~theSitePK:73154,00.html

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IDA AT WORK

Education: An Impressive Expansion



Support for education - primary education in particular - has been one of the highest priorities for IDA. IDA is the largest source of education assistance for low-income countries, with over US\$8 billion in support channeled to 71 countries over the past decade alone. Increased enrollments have been accompanied by significant progress on gender balance. Yet many challenges remain.

65 million additional children have gained the chance to attend and complete primary school in IDA countries, one of the largest schooling expansions in history.

[Learn More](#)

Learn more about IDA's work in this area over the last 10 years:
[Download: Education](#) [PDF, July 2009]



[Stipends Help Triple Girls' Access to Secondary School in Bangladesh.](#) **Listen:** "I love to study..."



Ghana on [Fast Track to Meet Education Goals:](#) 11 million new textbooks help improve scores.

PROJECT PROFILES

- Expanding Access to Education in [Afghanistan](#)



Another form of results: IDA Graduates



Country	Year of Last IDA Credit	Year of Reverse-Graduation to IDA	Country	Year of Last IDA Credit	Year of Reverse-Graduation to IDA
Chile	1961		Thailand	1979	
Colombia	1962		Honduras	1980	1991
Costa Rica	1962		Cameroon	1981	1994
Nigeria	1965	1989	Nicaragua	1981	1991
Cote d'Ivoire	1973	1992	Congo	1982	1994
Dominican Rep.	1973		Papua New Guinea	1983	2003
Korea	1973		Zimbabwe	1983	1992
Turkey	1973		Eq. Guinea	1993	
Botswana	1974		Philippines	1993	
Ecuador	1974		St. Kitts	1994	
Syria	1974		China	1999	
Mauritius	1975		Egypt	1999	
Morocco	1975		FYR Macedonia	2002	
Swaziland	1975		Serbia	2007	
El Salvador	1977		Albania	2008	
Paraguay	1977		Indonesia	2008	
Tunisia	1977		Montenegro	2008	
Jordan	1978				



Roadmap



- IDA's work in low-income countries
- **The IDA16 replenishment**
- Voice and Participation in the World Bank Group



Outcome of the IDA15 Replenishment



<i>in USD equiv. billion</i> Sources	IDA13	IDA14	IDA15 As Agreed	<i>IDA15 vs. IDA14</i>	
				<i>USD bn</i>	<i>in %</i>
New Donor Pledges	12.5	17.7	25.2	7.5	42%
Reflows	9.2	12.7	12.6	-0.1	-1%
<i>of which: Debt relief under MDRI</i>	0.0	3.8	6.3	2.5	66%
Agreed IBRD/IFC Transfers	0.9	1.6	3.9	2.3	140%
Total Funding	22.6	32.1	41.7	9.7	30%
Additional IBRD/IFC Transfers		0.4			
Total actual funding		32.5			
FX rate used: USD/SDR	1.272	1.464	1.524		

Note: Numbers may not add up due to rounding

- **IDA15 provides some \$42 billion, or \$14 billion per year.** This compares with some \$11 billion per year in IDA14, and some \$8 billion in IDA13.
- **45 donors support IDA15**, including 6 new donors to IDA (China, Cyprus, Egypt, Estonia, Latvia, and Lithuania)
- **European donors provide some 62%** of total donor funding in IDA15
- **Strong contribution from World Bank Group net income** (IBRD and IFC)



Roadmap for the IDA16 discussions



- **November 18-20, 2009:** IDA15 Mid-term Review
 - Review of IDA15 implementation progress
 - Consideration of a Crisis Response Window
- **Spring 2010:** First IDA16 meeting
 - Agreement on area of thematic focus for IDA16 discussions
- **Summer 2010:** Second IDA16 meeting
 - Main forum for development policy discussions
 - Focus on the financing needs of Low-income countries
- **Fall 2010:** Third IDA16 meeting
 - Concluding the policy discussions, reviewing financing parameters
- **End of 2010:** Final IDA16 meeting
 - Final donor pledging and burden-sharing



Roadmap



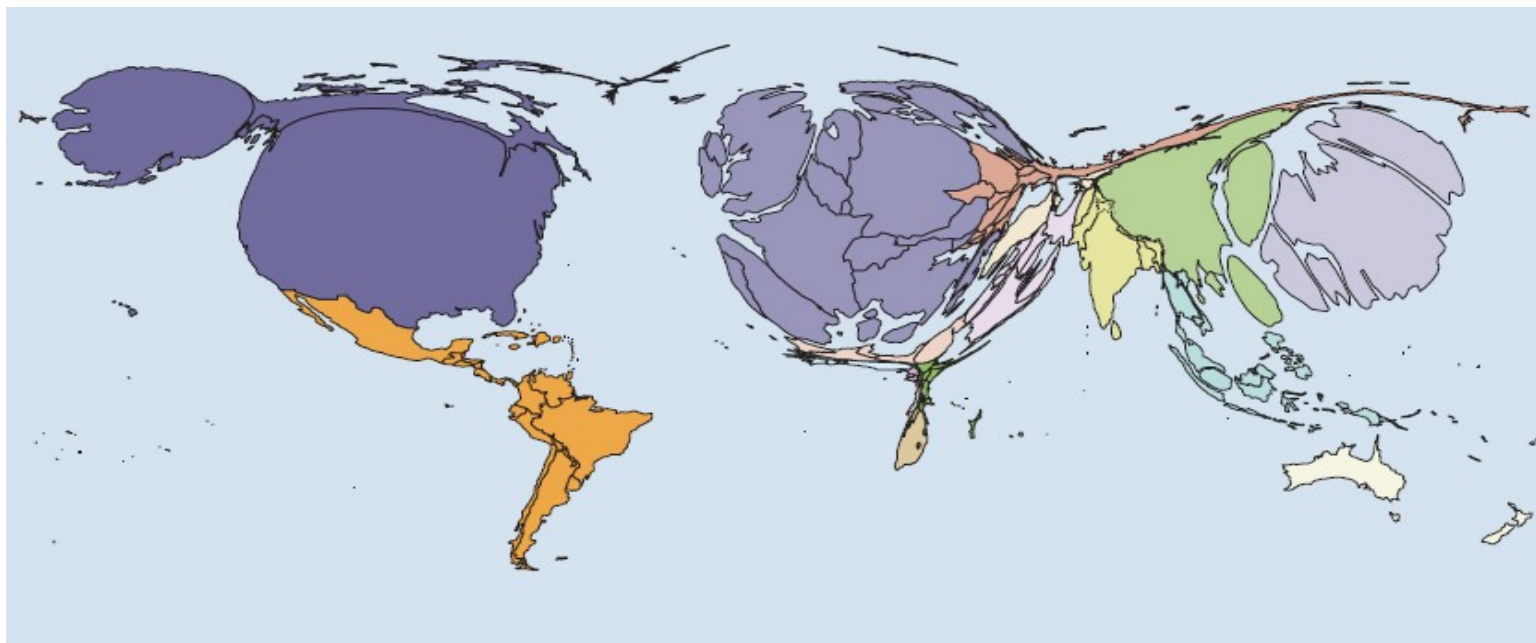
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- **Voice and Participation in the World Bank Group**



The weight of economies will continue to shift



The World according to
end-of-20th century economics



Graphic from *World Development Report, 2009*



Voice Reforms - Phase 1 (October 2008)



- **IBRD Voting Power and Shareholding**
 - Doubled IBRD Basic Votes
 - Initial realignment of IBRD shareholding , through unallocated shares
 - Raises Developing and Transition Countries (DTCs) voting power in IBRD by 1.5%, from 42.6% to 44.1%
- **IDA Voting Power**
 - Established Voice Trust Fund for subscriptions by poorest IDA members; Norway, France, Spain and Switzerland have contributed to the Trust Fund
 - Encouraged other IDA members to take up their available IDA subscriptions
 - Goal: Raise DTC (Part II) voting power from 43.6% at present to 48.3% (max. potential)
- **Effective Representation at the Board**
 - Added 3rd Board Chair for Sub-Saharan Africa (SSA has a total of 47 member countries)
 - Measures to strengthen Board efficiency and cost effectiveness
- **Responsiveness to DTC Views on Development**
 - Stronger DTC representation among Bank management and staff; further decentralization of World Bank operations
 - Process for selection of World Bank President that is merit-based, transparent and open



Voice Reforms - Phase 2 (Spring 2010)



Istanbul 2009—Development Committee Communiqué

“ We committed to pursue governance and operational effectiveness reform in conjunction with voting reform to ensure that the World Bank is relevant, effective, and legitimate. We stressed the importance of **moving towards equitable voting power** in the World Bank over time through the adoption of a dynamic formula which primarily **reflects countries’ evolving economic weight and the World Bank’s development mission**, and that generates in the next shareholding review a significant **increase of at least 3% of voting power for developing and transition countries**, in addition to the 1.46% increase under the first phase of this important adjustment, to the benefit of under-represented countries. While recognizing that over-represented countries will make a contribution, it will be important to **protect the voting power of the smallest poor countries**. We recommitted to reaching agreement by the 2010 Spring Meetings.”



Voice Reforms - Phase 2 (Spring 2010)



- **IBRD Shareholding Review**
 - Further shift for DTCs by at least 3%, to a total of 47%
 - To be achieved through a Selective Capital Increase
 - Primary criteria is economic weight in the world economy
 - Contributions to Bank's development mandate (IDA) also under consideration
 - Future IBRD shareholding reviews at regular intervals
- **IFC Voice Reform**
 - Current DTC shareholding at IFC: 33.4%
 - Spring 2010 is also target for IFC Voice reform
 - Discussions of contours of IFC Voice reform are ongoing
- **Institutional Reforms**
 - Management is further increasing staff diversity and decentralization of Bank operations
 - Ongoing internal governance improvements
 - Report of High Level Commission on Modernization of WBG Governance (Zedillo)
 - Spring 2010 Development Committee will review progress

IDA

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www.worldbank.org/ida