



IDA—The World Bank's fund for the poorest

October 9, 2013





Overview

- Who we are and what we do
- Who finances IDA?
- How does IDA decide who gets what?
- Our focus in IDA16 (FY12-14)
- What are IDA's results?
- Looking forward to IDA17

Members of the World Bank Group



International Bank for Reconstruction and Development – IBRD

Established 1944 | 188 Members

Fiscal 2012 lending: \$20.6 billion for 93 new operations

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 | 172 Members

Fiscal 2012 commitments: \$14.8 billion for 160 operations

Supports the world's poorest countries through soft-loans, grants and guarantees

Is replenished through periodic donor contributions, World Bank Group net income transfers and credit reflows



International Finance Corporation – IFC

Established 1956 | 184 Members

Fiscal 2012 commitments: \$15.4 billion committed for 576 projects

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



Multilateral Investment Guarantee Agency – MIGA

Established 1988 | 176 Members

Supports investors in developing countries through political risk insurance



International Centre for Settlement of Investment Disputes – ICSID

Established 1966 | 147 Members

Provides mediation and arbitration services for investors in developing countries



Who we are and what we do

- Created in 1960, IDA is the World Bank's fund for the poorest countries.
- IDA provides support for the 82 least developed countries—40 of them in Africa. These countries are home to 2.5 billion people, 1.8 billion of whom survive on \$2 a day or less.
- IDA provides interest-free or low interest loans and grants for programs that foster economic growth and help reduce poverty and inequalities.
- IDA credits have no or a low interest charge, and credit repayments are stretched over 25-40 years, including a 5- or 10-year grace period, depending on the recipient's level of economic development.



Who we are and what we do

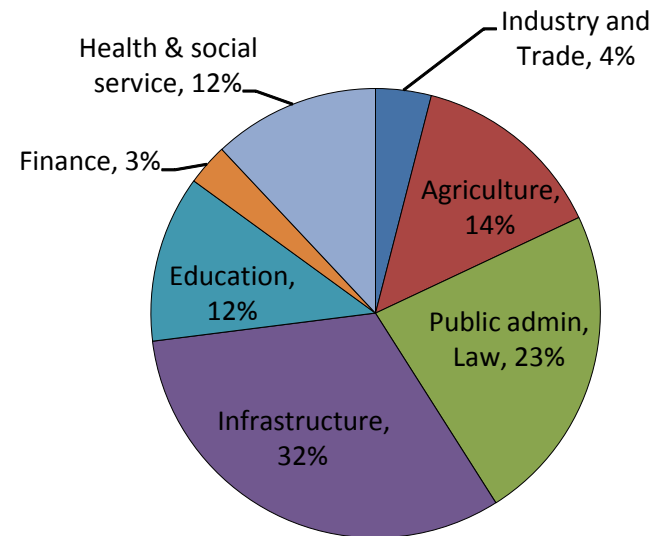
- IDA provides about 18% of its financing through outright grants to poor countries at risk of debt distress.
- As one of the world's largest external funders of health, education, infrastructure, gender equality, and disaster reconstruction and recovery, IDA is critical to achievement of 2015 MDGs and beyond.
- IDA also provides technical assistance and policy advice and global knowledge services, including through economic sector work and country studies.

Who we are and what we do

IDA assistance is country-led:

- Assistance is aligned with countries' own development strategies
- Assistance is not pre-determined or earmarked (unlike vertical funds)
- Assistance is harmonized with other donors
- Increased decentralization of Bank staff and delegation to country offices puts IDA closer to the client

**IDA commitments
by major sector, FY12**





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Who finances IDA?

- 52 countries currently contribute to IDA, including:
 - Former IDA recipients (Chile, China, Egypt, Korea, Philippines, Turkey), plus middle-income countries and emerging new donors (such as Argentina, Brazil, Kazakhstan, Mexico, Russia, South Africa, and countries in Eastern Europe).
- Emerging donors have increased their contributions to IDA, but traditional donors (OECD-DAC members) still provide the majority of funds, with more than 90% of donor contributions coming from the 15 largest donors.

Top-15 Donors to IDA16 (US\$ million per year)

United States	\$ 1,359
United Kingdom	\$ 1,350
Japan	\$ 1,223
Germany	\$ 725
France	\$ 565
Canada	\$ 455
Spain	\$ 341
The Netherlands	\$ 336
Sweden	\$ 332
Italy	\$ 265
Switzerland	\$ 236
Australia	\$ 230
Belgium	\$ 176
Austria	\$ 171
Norway	\$ 150



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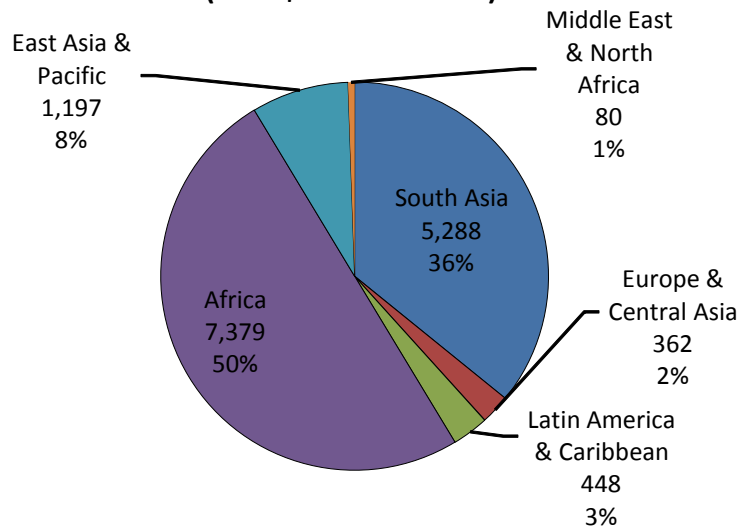
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IDA funds are based on performance and need

IDA's resource allocation system, adopted by other IFIs and donors:

- Annual allocations balance country performance (CPIA ratings) and country needs (population size and per capita income).
- Terms of assistance (grants vs. soft loans) determined by debt sustainability and per capita income levels.

IDA Commitments in FY12 by Region
(in US\$ million and %)



Top-10 Recipients of IDA in FY12
(US\$ million)

India	\$2,733
Nigeria	\$1,345
Pakistan	\$1,290
Vietnam	\$1,049
Ethiopia	\$920
Kenya	\$878
Bangladesh	\$866
Tanzania	\$420
Ghana	\$410
Mozambique	\$377

Performance and exceptions

- Key determinant of allocations is **country performance**, with a heavy emphasis on **governance**:
 - Based on research that shows that better policies lead to better development outcomes
 - IDA country 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

Eligibility and terms

- **IDA eligibility:** per capita income of \$1,195 or less, and lack of creditworthiness for IBRD
- **IDA terms:**
 - **Regular IDA credits** have 40-year maturity, 10-year grace period, no interest, but 0.75% standard service charge
 - **Blend credits** have 25-year maturity, 5-year grant period, 0.75% service charge and 1.25% interest
 - Countries with a high risk of debt distress receive 100% of their IDA allocation on **grant terms**; countries with medium risk of debt distress receive 50% of IDA allocation on grant terms and 50% on regular IDA terms



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IDA16 Overarching Theme: Development Results

- IDA Results Measurement System—a benchmark for international 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 results briefs)



IDA16 special themes

- Crisis Response
- Fragile and Conflict-Affected States (FCSs)
- Gender Equality
- Climate Change



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IDA results

Key IDA achievements from 2000-2010:

- More than **3 million teachers** recruited and/or trained.
- Over **2 million classrooms** built or rehabilitated, benefiting over 105 million children per year.
- Around **300 million textbooks** purchased and/or distributed.
- More than **47 million people** received access to **basic health**, nutrition, or population services.
- **310 million** children immunized.
- About **33 million mosquito nets** purchased and/or distributed to prevent malaria.
- Over **118,000 km of roads** – enough to circle the globe nearly three times - constructed or rehabilitated.
- Over **113 million** people received access to an improved **water** source.
- **5.8 million** people received access to almost improved **sanitation** facilities.



IDA results

Over the last five years, IDA has supported public sector governance by:

- Strengthening public sector management in 50 countries
- Improving procurement policies and practices in 41 countries
- Strengthening financial management in 24 countries
- Improving access to information in 34 countries
- Introducing asset declaration in 9 countries



IDA results

Another form of results is graduation from IDA:

Country	Fiscal year of last IDA credit	Country	Fiscal year of last IDA credit
Albania	2008	Korea	1973
Azerbaijan	2011	Mauritius	1975
Botswana	1971	Macedonia, FYR	2002
Chile	1961	Montenegro	2008
China	1999	Morocco	1975
Colombia	1962	Paraguay	1977
Costa Rica	1962	Philippines	1993
Dominican Republic	1973	Serbia	2007
Ecuador	1974	St. Kitts	1994
Eq. Guinea	1993	Swaziland	1975
Egypt	1999	Syria	1974
El Salvador	1977	Thailand	1979
Indonesia	2008	Tunisia	1977
Jordan	1978	Turkey	1973

See more IDA results at www.worldbank.org/ida/results



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IDA17 special themes

The overarching theme for IDA17 is **Maximizing Development Impact**. This is underpinned by:

1. Achieving **inclusive development**
 - Financial Inclusion
 - Job creation
 - Ensuring broad benefits from natural resource wealth
2. Accelerating progress towards **gender equality**
 - Scaling up gender efforts in lagging sectors/regions, notably those related to the economic empowerment of women; knowledge; results measurement; more support to staff and country authorities
3. Fostering turn-around in **fragile and conflict-affected states**
 - Operational approaches/strategies and enhanced financing
4. Building **climate resilience**
 - Supporting institutions to address climate change, building climate-resilient investments, knowledge services

Next steps and process

The IDA17 process is expected to follow a similar course as IDA16, with 4 meetings, and similar timeline for policy and financing discussions:

- 1st meeting (held March 20-21): Discussed IDA17 agenda and proposed special themes; reviewed of IDA's long-term financing capacity and instruments
- 2nd meeting (July 1-4): Overarching and special themes; “ask” scenarios; financing framework
- 3rd meeting (October 14-15): Conclusion on key policy issues; discussion of draft IDA Deputies Report; revised financing framework and key financing variables
- 4th meeting (mid-December): Pledging session and finalization of Deputies Report

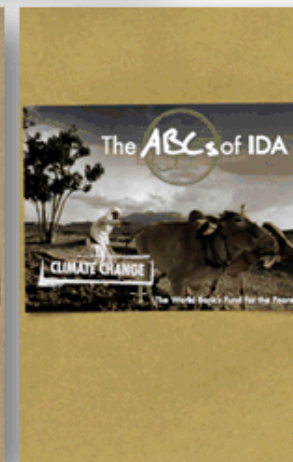
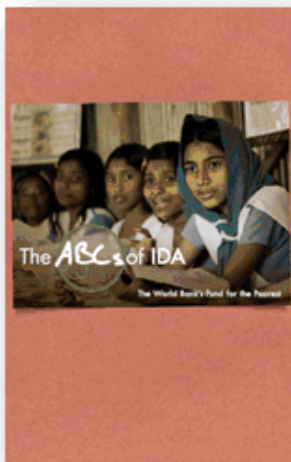


Key IDA Messages

- **A robust IDA17 is central** to operationalizing the Bank's new strategy and achieving the goals of ending extreme poverty and boosting shared prosperity.
- IDA's ability to **convene others around pressing issues** makes development interventions more efficient and effective.
- **IDA leverages additional public and private resources.**
- Drawing on the expertise and experience of the WBG, IDA helps **build the infrastructure and institutions that support growth.**
- **IDA is on the ground in the toughest places**, working with others to bring hope and opportunity in fragile and conflict-affected states.
- **IDA works**—IDA delivers big results with lasting impact.

Resources

- **Materials** (online and offline)
 - IDA Talking Points
 - Results ABCs and other materials (available in many languages)





International Development Association

IDA works | www.worldbank.org/ida

Learn more about IDA

www.worldbank.org/ida

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www.youtube.com/worldbank

