IDA : The Case for Greater Ambition
IDA countries received just 4 percent (~20 billion) of the 456 billion 2021 SDR allocation.
29/75 IDA countries in or at high risk of debt distress are eligible for 100% grant financing

<table>
<thead>
<tr>
<th>Grant-only IDA countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
</tr>
<tr>
<td>Haiti</td>
</tr>
<tr>
<td>São Tomé and Príncipe</td>
</tr>
<tr>
<td>Burundi</td>
</tr>
<tr>
<td>Kenya</td>
</tr>
<tr>
<td>Sierra Leone</td>
</tr>
<tr>
<td>Central African Republic</td>
</tr>
<tr>
<td>Kiribati</td>
</tr>
<tr>
<td>Somalia</td>
</tr>
<tr>
<td>Chad</td>
</tr>
<tr>
<td>Lao P.D.R.</td>
</tr>
<tr>
<td>South Sudan</td>
</tr>
<tr>
<td>Comoros</td>
</tr>
<tr>
<td>Malawi</td>
</tr>
<tr>
<td>Sudan</td>
</tr>
<tr>
<td>Djibouti</td>
</tr>
<tr>
<td>Maldives</td>
</tr>
<tr>
<td>Tajikistan</td>
</tr>
<tr>
<td>Ethiopia</td>
</tr>
<tr>
<td>Marshall Islands</td>
</tr>
<tr>
<td>Tonga</td>
</tr>
<tr>
<td>Gambia, The</td>
</tr>
<tr>
<td>Micronesia</td>
</tr>
<tr>
<td>Tuvalu</td>
</tr>
<tr>
<td>Ghana</td>
</tr>
<tr>
<td>Mozambique</td>
</tr>
<tr>
<td>Zambia</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
</tr>
<tr>
<td>Samoa</td>
</tr>
</tbody>
</table>
1.78 billion people rely on IDA, but donor contributions have declined since 2012
All OECD IDA donors’ contributions declined in real terms save Poland, Japan, Greece, Ireland
Most donors’ contributions as of IDA20 (2023) have also fallen dramatically in absolute terms.
Most IDA donors’ contributions have fallen relative to GNI.

**IDA Donor Contributions / GNI (Decliners)**
Arrow indicates direction of change from 2012 to 2021

- Finland
- Spain
- Bahamas, The
- Ireland
- Sweden
- Austria
- United Kingdom
- Netherlands
- Denmark
- Luxembourg
- Australia
- Canada
- Germany
- Belgium
- Norway
- Switzerland
- Barbados
- Chile
- United States
- Argentina
- Slovenia
- New Zealand
- France
- Portugal
- Peru
- Mexico
- Russian Federation
- Italy
- Estonia
- Hungary
- South Africa
- Israel
- Brazil
- Iran, Islamic Rep.
- Philippines
- Czech Republic
- Cyprus
- Kazakhstan
- Latvia
- Slovak Republic
- Korea, Rep.
- Kuwait
- Turkey

**IDA Donor Contributions / GNI (Improvers)**
Arrow indicates direction of change from 2012 to 2021

- Algeria
- Syria
- Morocco
- Egypt, Arab Rep.
- Lithuania
- Ecuador
- Poland
- Thailand
- Singapore
- Malaysia
- Indonesia
- Uruguay
- Bulgaria
- Bahrain
- Japan
- Greece
- Nigeria
- China
- India
- Angola
- Pakistan
- Azerbaijan
- Botswana
- Ireland
- Saudi Arabia

2020 GNI denominators were used for South Arabia and Bahrain and 2019 for Kuwait due to absent 2021 GNI data.
IDA Repayment Contributions (US$) / Current GNI (US$)

- Chart: Center for Global Development
- Source: IDA Repayment Reports, World Bank Data
- Created with Datawrapper

Vera Songwe & Rakan Aboneaaj | April 11th, 2022 | CGDev.org
In real terms, OECD mostly declined or stayed flat
Increasingly, IDA has had to leverage its balance sheet to ‘stretch’ its replenishments

<table>
<thead>
<tr>
<th>Start of effective period (FY)</th>
<th>Donor Contributions</th>
<th>Additional Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>1972</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>14.0</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>12.4</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>17.7</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>21.6</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>22.0</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>20.4</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>23.0</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>33.0</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>41.6</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>49.3</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>52.0</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>75.0</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>82.0</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>93.0</td>
<td></td>
</tr>
</tbody>
</table>

USD billions
As a result, countries turned to the markets to help fill the gap.
The volume of Eurobond debt for African issuers is significant, and in some cases greater than IDA.
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The volume of Eurobond debt for African issuers is significant, and in some cases greater than IDA.
The IMF targets fiscal consolidation as credit conditions tighten
G7 macro data

Gross Government Debt (% of GDP), by country (G7 and Euro area)

Government expenditure (% of GDP), by country (G7 and Euro area)
G7 countries [don’t practice what they preach]

Overall Balance (%), by country (select African countries)

Overall Balance (%), by country (G7 and Euro area)
We need a commitment to triple IDA by 2030

<table>
<thead>
<tr>
<th>IDA envelope (USD billions)</th>
<th>IDA20 (2023-2025)</th>
<th>IDA20+ (2024)</th>
<th>IDA21 (2026-2028)</th>
<th>IDA22 (2029-2031)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base case</td>
<td>93</td>
<td>108</td>
<td>139.5</td>
<td>186</td>
</tr>
<tr>
<td>High case</td>
<td>93</td>
<td>108</td>
<td>186</td>
<td>279</td>
</tr>
</tbody>
</table>

Future IDA replenishment - base case

Future IDA replenishment - high case
Under the Capital Adequacy Framework, IBRD could stretch its capital while mitigating risks

- The G20 Expert Panel recommends strategic shifts in 5 areas:
  1. Adapt approach to defining risk tolerance
  2. Give more credit to callable capital
  3. Expand uses of financial innovations
  4. Improve credit rating agency assessment of MDB financial strength
  5. Increase access to MDB data and analysis
To deliver on ambition, IDA must do three things

1. Increase donor contributions to 1985-1994 levels as a share of GNI, or $60 billion in the next replenishment
2. Use IDA’s triple AAA credit rating to leverage more market capital
3. Pricing adjustments
Increased IDA will require efforts from the Bank and clients to ensure efficiency and effectiveness

• Change and develop new instruments
• Do more regional projects
• Augment technical skills
• Scaling on successful projects
Annex
The 2022 Bridgetown Agenda calls for IFI reform in the face of an unprecedented combination of crises

• The world is facing three interconnected cost-of-living, debt, and climate crises

• To drive capital towards climate and the SDGs, the agenda calls for:
  1. Providing emergency liquidity through SDRs rechanneling, the DSSI, and natural disaster clauses in debt instruments
  2. Expanding multilateral lending to governments by US$1 trillion
  3. Activating private capital for climate action through new multilateral mechanisms
The clean energy transition in Africa requires a near doubling of total capital from 2020 to 2030

Source: IEA

Notes: SAS = Sustainable Africa Scenario. Low-carbon power refers to renewables and fossil fuel power with carbon capture, utilisation and storage.

Investments in power and end-use efficiency surge to 2030, driven mainly by low-carbon power plants and grid expansion, as well as appliances and cooling equipment.

Energy investment almost doubles over the 2026-2030 period relative to 2016-2020, reaching the equivalent of 6% of GDP, with spending on clean energy increasing sixfold.

Source: IEA
Bridgetown Initiative: Countries exposed to climate vulnerability are getting average IDA allocations, but they need substantially more
Scaling up IDA will require that it increase disbursements to keep pace with commitments.

[Graph showing IDA Commitments & Disbursements from 1996 to 2022]
IMF fiscal tightening targets are inconsistently correlated with GDP growth
IMF fiscal tightening targets are inconsistently correlated with GDP growth
IDA borrowers have widely varying capacity to absorb financing

Disbursements / Commitments, by country

For IDA credits and grants approved in CY 2020-2022.

[Diagram showing disbursements/commitments by country]