IDA18

IDA18 Deputies' Report

Additions to IDA Resources: Eighteenth Replenishment

Towards 2030: Investing in Growth, Resilience and Opportunity

December 19, 2016
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ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

AAAA	Addis Ababa Action Agenda
ADF	African Development Fund
ASA	Advisory Services and Analytics
BFF	Blended Finance Facility
CAT-DDO	Catastrophe Deferred Draw-Down Option
CCSA	Cross-cutting Solutions Area
CPF	Country Partnership Framework
CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
CPL	Concessional Partner Loan
CPR	Country Performance Rating
CRI	Corporate Results Indicator
CRW	Crisis Response Window
CSC	Corporate Scorecard
CSO	Civil Society Organization
DaLA	Damage and Loss Assessment
DFi	Development Finance Vice-Presidency
DPO	Development Policy Operation
DRM	Domestic Resource Mobilization
EFI	Equitable Growth, Finance and Institutions
EITI	Extractive Industries Transparency Initiative
ESF	Environmental and Social Framework
FCS	Fragile and Conflict-affected Situations
FCV	Fragility, Conflict and Violence
FY	Fiscal Year
GBV	Gender-based Violence
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GNI	Gross National Income
GP	Global Practice
GRM	Grievance Redress Mechanism
GW	Gigawatt
HD	Human Development
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDA	International Development Association
IDPs	Internally Displaced Persons
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFFs	Illicit Financial Flows
ILO	International Labor Organization
IMF	International Monetary Fund
LICs	Low-income Countries
M&E	Monitoring and Evaluation
MAPS2	Methodology for Assessing Procurement Systems 2
MDB	Multilateral Development Bank
MDRI	Multilateral Debt Relief Initiative
MIGA	Multilateral Investment Guarantee Agency
MTR	Mid-Term Review
NCBP	Non-Concessional Borrowing Policy
(I)NDCs	(Intended) Nationally Determined Contributions
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OGP	Open Government Partnership
OP	Operational Policy
PBA	Performance-Based Allocation
PCPI	Post-Conflict Performance Indicators
PEFA	Public Expenditure and Financial Accountability
PPF	Project Preparation Facility
PPP	Public-Private Partnerships
PPR	Portfolio Performance Rating
PSW	Private Sector Window
RMS	Results Measurement System
RPBA	Recovery and Peacebuilding Assessments
RRA	Risk and Resilience Assessment
SAP	Systems, Applications and Products in Data Processing
SCD	Systematic Country Diagnostic
SD	Sustainable Development
SDGs	Sustainable Development Goals
SDR	Special Drawing Right
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SUF	Scale-up Facility
TA	Technical Assistance
TAR	Turn-around Regime
UN	United Nations
WBG	World Bank Group
WHO	World Health Organization
WDR	World Development Report

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EXECUTIVE SUMMARY

i. **Responding to heightened global ambitions and escalating risks, IDA18 presents a bold paradigm shift in how it mobilizes finance to support a significant policy package to help IDA clients achieve their development goals.** The Eighteenth Replenishment of IDA (IDA18) is the largest replenishment in IDA's 56-year history and heralds a significant step change in its policy and financing framework. Building on its global leadership and proven partnership with the poorest countries, IDA will enable countries to implement the ambitious development agenda agreed in 2015[1] that calls for a world free of poverty and hunger; a world that is peaceful and equitable; a world that promotes gender equality; and a world that cares for its natural resources and environment. Backed by a groundbreaking and transformational financing model, a new and improved IDA will build on its track record of results to deliver tailored solutions that spur *growth*, promote *resilience* and create *opportunities* in the world's poorest countries.

ii. **IDA clients face a myriad of complex and interrelated challenges in the new global economy, calling for innovative approaches to development.** There is significant heterogeneity among developing countries, with uneven development gains across countries. While poverty rates have declined, extreme poverty remains concentrated in challenging environments. Climate change and fragility, conflict and violence (FCV) threaten progress towards the Sustainable Development Goals (SDGs) and, if unchecked, could push more people into extreme poverty:

a. Climate change related shocks could result in more than 100 million additional people living in poverty by 2030.

b. The number of extreme poor living in Fragile and Conflict-affected Situations (FCS) – currently accounting for around 20 percent of the world's extreme poor and 50 percent of the population in IDA FCSs – is projected to double by 2030.

c. In the absence of job opportunities, demographic pressures – particularly in countries facing significant youth bulges – over the next decade will amplify the number of unemployed in IDA countries.

d. In addition to the geopolitical pressures leading to the current refugee crisis and wave of forced displacement, persistent income gaps, demographic imbalances, environmental changes, social persecution, corruption and lack of services are forcing people to migrate in search of better opportunities.

e. Gender disparities remain stubborn, including high adult lifetime risks of maternal mortality in sub-Saharan Africa, high prevalence of gender-based violence (GBV) in all IDA countries, large inequalities in IDA countries in paid and unpaid work, women's disproportionate lack of access to assets and limited voice and agency.

f. Compounding the longer-term challenges are the global economic headwinds that threaten to reverse years of progress on poverty reduction. Particularly at risk are the extreme poor and near poor living in the IDA countries that have experienced a recent growth slowdown.

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[1] In 2015, the international community achieved consensus on the SDGs, the Addis Ababa Action Agenda, and the Paris COP21 and Sendai Frameworks.

iii. **These challenges – particularly in light of the 2030 ambitions – call for a new IDA, underpinned by a transformational, ambitious policy and financial package.** The IDA18 package responds to the calls from the G20 and international community for the World Bank Group (WBG) to innovate and do everything it can to be a critical implementation agent for achieving the 2030 Agenda. It also responds to the unprecedented demand expressed for resources from the six IDA regions who have sound strategies to use these IDA18 resources effectively. This package will support countries in making progress towards the SDGs, which closely align with the WBG twin goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner. IDA's comparative advantage is rooted in a strong, effective and efficient business model that delivers value for money and emphasizes long-term growth to ensure that results are sustained. In the context of the WBG "Forward Look" exercise to better align the institution with the 2030 Agenda, IDA, together with International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), will use the full range of WBG instruments and expertise, to deliver solutions that are tested and tailored to the needs of its clients.

iv. **While progress in job creation and poverty reduction cannot be attributed to it alone, IDA has been – and with sufficient support will continue to be – at the forefront of supporting progress through financing, policy dialogue, and transfer of knowledge.** Job creation depends on Gross Domestic Product (GDP) growth and transformation toward more diversified and competitive economies. IDA countries are expected to grow at 4.5-5 percent on average over the IDA18 period.[2] This level of growth is estimated to result in 31 million new jobs, based on the historical relationship between output and jobs.[3] Labor income growth is strongly related with reduction in poverty. Assuming no population growth, poverty would decline by 134 million (from 454 million in 2013 to 320 million in 2020).[4] However, if population continues to grow as projected, poverty is expected to decline by only 18 million (from 454 million in 2013 to 436 million in 2020). The difference in these two scenarios underscores how population growth in IDA countries largely offsets the expected gains in poverty reduction.

v. **The WBG's emphasis on value for money is reflected in the development impact it delivers, increasing the effectiveness of every aid dollar.** More specifically, IDA offers evidence-based design and implementation of its operations, high quality standards and policies, its financial scale and efficiency, and the synergies of the different WBG institutions. IDA's value proposition is inherent in its approach to addressing complex challenges that hinder sustainable development. IDA delivers customized solutions backed by financial resources and unparalleled global knowledge and experience, global leadership, and significant partnerships. IDA plays a

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[2] Based on the World Bank Global Economic Prospects, June 2016, which forecasts real GDP growth in emerging and developing markets at 4.4 percent in 2016 and 4.7 percent in 2018.

[3] Around two thirds of the jobs are estimated to be created in the informal sector (including in small-scale agriculture), with another third coming from jobs in the formal sector. However, the scale of both overall job creation and formal wage employment can rise further with a declining dependency on natural resources and successful economic transformation of IDA economies. The strong rise in jobs should be seen against the backdrop of 36 million people (based on historical relationship rather than demographic projections) estimated to enter the labor force during the IDA18 period. See also footnote 44.

[4] These simulated poverty figures are rough estimates only, as they are based on several simplifying assumptions that allow past consumption and income to be updated to future levels. Where data are missing, values are imputed. It is also assumed that the gains of growth are proportionately distributed across population groups in each country, for example, among poor and non-poor households.

critical role as an integrator across the international system, bringing global partnerships with other organizations and countries at all levels of development to its work in the poorest countries. Leveraging IDA's financial capacity through capital markets marks a historical step that further strengthens IDA's value proposition. This groundbreaking proposal represents a paradigm shift in development finance to deliver on the international community's *Billions to Trillions* ambitions and calls for the Multilateral Development Banks (MDBs) to optimize their balance sheets.

vi. **IDA Deputies and Borrower Representatives (Participants) chose *"Toward 2030: Investing in Growth, Resilience and Opportunity"* as the overarching theme for IDA18.** The overarching theme captures both the urgency and the need for a comprehensive large-scale approach to mitigate the adverse impacts of climate change and fragility on development and encourages actions to foster growth, equality and better governance so that poverty can be reduced and prosperity shared by all. In addition, Participants selected five "Special Themes," which serve to deepen focus and results in critical areas across the IDA clientele. They retained three of the themes from IDA17 – gender and development, climate change, and FCV – and introduced two new themes to provide additional focus to tackle critical current challenges – Jobs and Economic Transformation, and Governance and Institutions.

vii. **Among the many SDGs, the IDA18 Special Themes are strongly inter-linked and will supplement the country engagement framework by spotlighting several of the most relevant challenges facing IDA countries.** The targeted focus on these themes will help support development in FCV situations, address climate change, promote gender equality and development, and strengthen governance and institutions by implementing important commitments that enhance resilience of IDA countries and spur growth. The themes will promote competitiveness and jobs – particularly for women and youth – strengthen governance and institutions, strengthen domestic resource mobilization (DRM), build more inclusive societies, close remaining human development gaps, and develop sustainable infrastructure. IDA18 provides an opportunity to strengthen links among the Special Themes. For example, WBG efforts to promote job creation in fragile environments are targeted to both men and women. These fragile environments are further undermined by climate change, and while governance is critical in all countries, it is particularly so in fragile countries.

viii. **Participants strongly welcomed the most innovative and ambitious IDA financing package ever proposed.** They particularly welcomed the first ever public credit rating of IDA, a triple-A rating announced by two rating agencies in September 2016. In addition to supporting the escalating demand for IDA resources, the groundbreaking IDA18 financing package – introducing market leverage and new financing instruments – represents a paradigm shift and a new level in IDA's efficient use of partner resources. Participants agreed that optimizing the use of IDA's balance sheet – by introducing the hybrid financing model that blends Partners' grant contributions with capital market debt – provides great value for money to IDA partners and clients and increases IDA's leverage. Participants endorsed Management's intention to prepare IDA for issuing bonds in capital markets.

ix. **As one of the most concrete and significant responses to date on the Addis Ababa Action Agenda (AAAA) to scale up the financing needed to achieve the SDGs, market leverage will enable IDA to provide the poorest countries with billions of dollars in additional**

resources, and offers donors an exceptional value proposition. With the innovations put forward, IDA18 dramatically increases the impact of partner contributions, generating about three dollars of financing commitments for every one dollar from Partners, an increase from the 2:1 ratio in IDA17. Participants view the new hybrid financing model as a major and decisive step towards IDA balance sheet optimization.

x. **Implementation of this new integrated financing model will be carefully introduced and monitored as the policies supporting the transformational IDA18 proposal evolve and as lessons emerge.** Participants acknowledged that the framework is prudent and sustainable into the future, and appreciated that it allows maintaining IDA's mandate to provide concessional financing on terms that respond to clients' needs. They also underlined that strong partner contributions remain the key element of the hybrid framework to ensure for the long-term financial sustainability of IDA. Participants noted that IDA18 choices do not prejudge decision-making for future replenishments. They also discussed the possibility of leveraging IDA's assets on IBRD's balance sheet and agreed that such approach would not be implemented in IDA18, but could be discussed in the future.

xi. **Underpinned by this transformative financing package and continued partner support, Participants agreed to an array of measures to help clients achieve their amplified ambitions:**

- *Double financial support in aggregate for countries facing current or rising risks of fragility*, by: (i) increasing the poverty orientation of the regular Performance-Based Allocation (PBA) system by reducing the Country Performance Rating (CPR) exponent from 4 to 3; (ii) increasing the annual minimum base allocation from SDR4 million to SDR15 million; (iii) eliminating the Multilateral Debt Relief Initiative (MDRI) netting out; (iv) eliminating the grant discount; (v) continuing the implementation of the exceptional Turn-around Regime (TAR); and (vi) providing exceptional Risk Mitigation support to Guinea, Nepal, Niger, and Tajikistan for the IDA18 period;
- *Increase support to strong performing countries and non-FCS*, who would continue to receive the bulk of IDA financing (nearly 65 percent of core IDA);
- *Significantly increase financing for the Regional Program*, where demand for resources to expand regional integration and infrastructure has consistently outstripped supply;
- *Establish a regional sub-window for refugees* within the Regional Program to provide a dedicated source of funding for host governments struggling to meet the needs of both refugees and their host communities;
- *Expand financing to promote resilience through crisis preparedness and response*, through an enhanced Crisis Response Window (CRW), including aligning governance arrangements for responding to economic shocks with the two-step process in place for natural disasters and health emergencies. For countries exposed to severe natural disasters leading to significant damage and losses of over one-third of GDP, Participants supported the adjustment of IDA financing terms in the current fiscal year, if warranted, based on an updated Debt Sustainability Analysis (DSA) in the aftermath of the natural disaster;

- *Expand instruments available for crisis preparedness and response,* by introducing the Catastrophe Deferred Draw-Down Option (CAT-DDO) for IDA countries in response to the demand for contingent financing mechanisms;
- *Introduce an IFC-MIGA Private Sector Window (PSW)* to mobilize increased private sector investment in IDA countries, especially FCS, through unprecedented collaboration among IDA, IFC and MIGA to scale up their work in the most challenging markets;
- *Increase non-concessional financing available for transformational projects*, through the IDA18 Scale-up Facility (SUF), to meet the very strong client demand; and
- *Provide transitional support for IDA18 graduates,* which still have significant poverty and lingering vulnerabilities, while facing a drop in World Bank financing.

xii. **Recognizing the unique challenges faced by small states, Participants endorsed a package of adjustments in IDA18 that will greatly enhance IDA's engagement.** First, as noted above, the annual base allocation will be nearly quadrupled from SDR4 million to SDR15 million. Second, the favorable lending terms for small *island* economies will be extended to all *small states* – i.e., countries with a population of 1.5 million or less. And third, eligibility for the 20 percent cap under the Regional IDA program will now be linked to country size rather than the size of a country's annual allocation.

xiii. **Participants welcomed the extension of the range of IDA's terms, as well as the suite of financing products, offered to IDA clients.** Terms would take into account the increasing variation in countries' development, and smooth the transition to IBRD lending terms. They supported extending the most concessional IDA lending terms for small-island states to all IDA-eligible small states. They also noted that grant financing and regular terms remain unchanged. Blend terms will be revised (extending the maturity from 25 to 30 years) in order to meet the Bank/Fund minimum concessionality requirement of 35 percent. Participants appreciated that the grant/credit distribution of Regional Program financing will be harmonized with that of concessional Core Financing for all beneficiary countries. Resources for transitional support to IDA18 graduating countries and also for the IDA18 SUF would be provided on IBRD lending terms. And as noted above, Participants welcomed the CAT-DDO for IDA countries.

xiv. **Participants supported the proposals to provide additional non-concessional financing to IDA clients – in a position to take on such terms based on debt sustainability considerations.** In this context, they agreed that financing at IBRD lending terms will be offered to eligible countries through the IDA18 SUF.[5]

xv. **Participants congratulated Bolivia, Sri Lanka and Vietnam on their recent development gains and on the achievement of graduating from IDA at the end of IDA17 and called for steps to strengthen the transition out of IDA.** Non-concessional financing will be offered to the IDA18 graduates – Bolivia, Sri Lanka and Vietnam – to ensure that their transition from IDA to IBRD is smooth and successful. Participants asked Management to put in place

[5] As part of the outreach on the new IDA lending term options, IDA borrowers would be provided with information on the risks of floating rates compared to fixed rates, and compared with IDA concessional rates. In the context of the dialog on a country's DSA and the IDA Non-Concessional Borrowing Policy (NCBP)/IMF Debt Limits Policy, the advantages of fixing rates would also be discussed with the IDA borrowers, as needed.

measures to ensure that this transition assistance is not front-loaded unless there is a compelling reason to do so, so that a review of the level of transition support at the IDA18 Mid-Term Review (MTR) is most meaningful. This review at the MTR will consider a holistic and longer term approach to transition. The options presented will be informed by further analysis to support a smooth transition for graduating countries and will take into account the outcome of the IBRD capital discussion. It will also consider how to better utilize the blend period to ensure graduation readiness for future IDA graduates.

xvi. **Participants also supported a temporary suspension of the acceleration clause.** Participants also noted that the implementation of the acceleration clause could place too much burden on the proposed IDA18 graduates and supported the temporary suspension of the decision to exercise the acceleration clause for Bolivia, Sri Lanka and Vietnam until the MTR discussions. In the context of the transition analysis described above, Management will also make a proposal regarding acceleration.

xvii. **IDA's results focus makes it uniquely well placed to maximize development impact and help clients reach the SDGs by 2030.** Participants noted that the IDA Results Measurement System (RMS) has evolved into a robust accountability and management framework that has contributed significantly to results monitoring and learning at country, program and project levels. Participants appreciated the higher level of ambition built into the IDA18 RMS targets and endorsed revisions to the RMS to align it with the SDGs, reflect the IDA18 Special Themes, and ensure data quality, efficiency, selectivity and harmonization with the WBG Corporate Scorecard (CSC). Participants welcomed Management's commitment to strengthen data collection and statistical capacity at the country level. Participants endorsed a strong package of policy measures and performance targets to support IDA countries towards the 2030 agenda (Annex 1). The package encompasses policy commitments and a set of indicators under IDA's RMS.

xviii. **Participants highlighted the importance of partnerships for results, which is central to promoting aid effectiveness.** IDA's partnerships and coordination with a multitude of the UN agencies, the IMF and other MDBs, a myriad of dedicated vertical funds, and hundreds of Civil Society Organizations (CSOs) – including advocacy and operational CSOs, private foundations, faith-based organizations, and think tanks – are absolutely critical to maximize impact for IDA's clients and mobilize domestic, private and development partner resources.

xix. **Recognizing the significant scale up in ambition of IDA18, Participants emphasized the need for robust implementation planning to ensure effective impact and results.** They called for substantial Management attention to budgetary and staffing requirements on preparation, pipeline development, supervision, and monitoring, learning and evaluation to ensure IDA is doing all it can to deliver for its clients and help build their absorptive capacity. They also underscored the importance of strong and substantial project preparation and implementation support to its clients, particularly in FCV situations and the resources to do this work effectively. In this regard, Participants welcomed the draft proposal to enhance the effectiveness of the Project Preparation Facility (PPF). Given the significant implementation issues, Participants called for opportunities to remaining informed prior to the MTR. In this regard, they welcomed Management's plans to provide updates on implementation progress/issues and pipeline development at the time of the Spring and Annual Meetings of the WBG.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Participants agreed on a set of policy and financial recommendations towards achieving the WBG goals to end extreme poverty and promote shared prosperity in a sustainable manner in IDA countries. They noted that the policy and financial package will support IDA countries in making progress towards the 2030 targets and increase the effectiveness and impact of IDA support in IDA18. Annex 1 presents the full set of policy commitments and indicators for IDA18. The key conclusions and recommendations are summarized below.

A. Jobs and Economic Transformation: Commitments aim to: support job creation through sustainable economic transformation; raise job quality and ensure inclusion of youth and women; target support for the private sector and workers in high-risk contexts, including fragility and migration; and improve the knowledge base to inform operations supporting jobs and sustainable economic transformation.

- Participants requested deployment of tools and resources from IDA and IFC to undertake 10 inclusive global value chain analyses in IDA countries to understand how they can contribute to economic transformation and job creation, including through growth in agri-businesses, manufacturing, and services, and will use this analysis to inform activities within the IDA portfolio.
- Participants recommended use of Global Infrastructure Connectivity Alliance to make available to IDA countries knowledge on lessons and approaches related to cross-border investments and economic corridor development, and will use this analysis to inform activities within the IDA portfolio.
- Participants urged WBG to systematically carry out impact analyses of Small and Medium Enterprise (SME) and entrepreneurship programs across IDA countries to assess their overall impacts and differentiated outcomes for women and youth, and will develop operational guidelines to inform future operations.
- Participants recommended preparation of operational guidelines for integrated youth employment programs with a focus on connecting to demand-side interventions and supporting labor market integration, and will inform the design of the new generation of youth employment programs in IDA countries.
- Participants recommended enhancing existing, and introducing new operational instruments to improve risk sharing in projects and to crowd-in private capital in high risk investment environments, including through the introduction of the IFC-MIGA PSW.
- Participants recommended adopting a 'migration lens' in IDA countries where migration has a significant economic and social impact (including home, host, and transit countries): this will include analytics that close critical knowledge gaps and, where there is explicit country demand, support for operations that focus on job creation, managing legal economic migration, and integrating young people and economic migrants.
- Participants recommended WBG to develop and make available for use in IDA countries a set of *ex ante* measurement tools and systems to assess the impacts of large-scale public

and Public-Private Partnerships (PPP) investments targeting infrastructure and economic transformation on jobs, including pilot assessments on gender outcomes.

- Participants urged cataloguing of learnings from the Jobs Diagnostics, assessing how Jobs Diagnostics are informing the design and implementation of operations in IDA countries targeting job creation and economic transformation, and recommending any changes necessary to improve the impact of the tool.
- Participants requested WBG to develop and integrate spatial perspectives into analysis of migration and urbanization trends, and the impacts of infrastructure on jobs and economic transformation, this will include piloting of: spatial inventory of infrastructure in five IDA countries; urban jobs accessibility assessments of 10 cities in IDA countries; and spatial assessment of trends in job creation and destruction in five countries.

B. Gender and Development: Commitments aim to sharpen the focus on closing gaps between women and men, girls and boys in country strategies and operations, and strengthen the data and evidence base to enhance impact towards gender equality.

- Participants requested that all applicable IDA18 financing operations in primary and secondary education address gender-based disparities, for instance, by incentivizing enrollment, attendance and retention for girls.
- Participants requested that all IDA18 financing operations for maternal and reproductive health target the improvement of the availability and affordability of reproductive health services, including for survivors of gender-based violence.
- Participants requested that at least 75 percent of IDA18 financing operations for skills development consider how to support women's participation in and improvement in the productivity of their economic activity, and/or consider how to reduce occupational segregation.
- Participants requested that at least two-thirds of all IDA18 financing operations in urban passenger transport address the different mobility and personal security needs of women and men.
- Participants requested that at least 10 IDA18 financing operations and Advisory Services and Analytics (ASA) for financial inclusion address gaps in men's and women's access to and use of financial services and at least 10 Financial Inclusion strategies in IDA countries provide sex-disaggregate reporting and put in place actions to target specifically women's financial inclusion.
- Participants requested that at least half of all IDA18 financing operations in the Information and Communications Technology (ICT) portfolio support better access to the Internet and better access to ICT services for women.
- Participants recommended that pilot data collections be launched in at least six IDA countries to gather direct respondent, intra-household level information on employment and assets.
- Participants urged an increase in the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood support activities for women (baseline: IDA16; see FCV).

- Participants requested that the recommendations of the WBG Global Task Force on Gender-Based Violence be implemented, as applicable, within operations in IDA-eligible countries.

C. Climate Change: Commitments aim to: deepen the mainstreaming of climate change and disaster risk management into Systematic Country Diagnostics (SCDs), Country Partnership Frameworks (CPFs), and lending, and support development of planning and investment capacity; support efforts to achieve the Sustainable Energy for All objectives; and monitor and report on IDA resources used for climate change.

- Participants requested that all IDA SCDs and CPFs incorporate climate and disaster risk considerations and opportunities and reflect (Intended) Nationally Determined Contributions ((I)NDCs), based on a review of experience before the start of IDA18, and to be reported at MTR.
- Participants requested that all IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures, based on review of experience before the start of IDA18, and to be reported at MTR.
- Participants requested WBG to support at least 10 countries (on demand) to translate their (I)NDCs into specific policies and investment plans with a view to starting their integration into national budget and planning processes.
- Participants urged WBG to develop at least 10 climate-smart agriculture investment plans and 10 programmatic forest policy notes.
- Participants recommended increased use of Development Policy Operations (DPOs) that support climate co-benefits.
- Participants recommended applying greenhouse gas (GHG) accounting and shadow carbon price for all operations in significant sectors, and preparing a revised guidance note on discount rates.
- Participants urged WBG to support the addition of five gigawatts (GW) in renewable energy generation.
- Participants requested WBG to develop Investment Prospectuses in seven additional countries with low electricity access.
- Participants requested annual reporting on private finance mobilized for climate and continue to report on overall climate finance together with other MDBs.[6]

D. Fragility, Conflict and Violence: Commitments aim to: deepen IDA's knowledge on FCV and learning from operational experience; design integrated WBG strategies addressing FCV drivers and building institutional resilience; improve staffing, operational effectiveness and flexibility; promote partnerships for a more effective response; and enhance financing to support FCS/FCV.

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6 Climate finance reporting will continue to follow the methodology and procedures agreed upon with other MDBs and will report on the WBG numbers.

- Participants requested WBG to adopt a risk-based approach for identifying fragility beyond those countries on the FCS harmonized list.
- Participants recommended deepening WBG's knowledge on the mitigation/prevention of FCV risks through a flagship report drawing on lessons from operational experience and impact evaluations.
- Participants recommended that Risk and Resilience Assessments (RRA) inform all CPFs in FCS and countries with significant risks of FCV.[7]
- Participants requested an increase in the number of operations targeting refugees and their host communities (baseline: IDA17).
- Participants urged an increase in the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood supported activities for women (baseline: IDA16).
- Participants recommended increasing staff "facetime" in IDA FCS with a focus on staff based in-country and monitoring progress through the "Facetime index". [8]
- Participants recommended undertaking joint Recovery and Peacebuilding Assessments (RPBA) as openings arise for engagement in the aftermath of conflict in IDA countries.
- Participants recommended that Management implement the revised IDA resource allocation framework for FCS/FCV (Section F below: Adjustments to Volumes and Terms of IDA Assistance).

E. Governance and Institutions: Commitments aim to: strengthen DRM; improve public expenditure, financial management and procurement; strengthen active ownership of State-Owned Enterprises (SOEs); support public administration performance for service delivery; support institutional capacity to respond to pandemics; integrate citizen engagement and beneficiary feedback into service delivery operations; strengthen open, transparent and inclusive governance through Open Government Partnership (OGP) commitments; mitigate illicit financial flows (IFFs); enhance understanding of governance and institutions in situations of FCV; and operationalize the World Development Report (WDR) 2017.

- Participants recommend supporting at least a third of IDA countries targeted at increasing their Tax/Gross Domestic Product ratio through lending operations, ASA and technical assistance (TA) including tax diagnostic assessments.
- Participants requested IDA to support at least 10 IDA countries in performing 2nd or subsequent Public Expenditure and Financial Accountability (PEFA) assessments to inform preparation of their SCDs.
- Participants recommended WBG to deliver Methodology for Assessing Procurement Systems 2 (MAPS2) in five IDA countries to accelerate the development of modern,

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7 Countries eligible for exceptional IDA allocations to mitigate FCV risks are identified on the basis of a cross-country risk scan combining quantitative and qualitative assessments. Also see Annex 4 of "Update IDA18 Operational and Financing Framework" (September 2016).

8 The proposed "Facetime" indicator will reflect World Bank staff time in-country, missions as well as international and local staff and consultants based in the country.

efficient, sustainable and more inclusive public procurement systems that take into account national development objectives.

- Participants requested that at least 10 IDA countries be supported on enhancing SOEs performance through: (i) Performance Agreements and/or (ii) increased transparency through published reports on their SOE portfolio.
- Participants recommended IDA to perform joint operations, TA, and/or ASA on sector-focused governance in 10 IDA countries to identify and address institutional bottlenecks to service delivery with the health, water, and/or education sectors.
- Participants urged IDA to support at least 25 IDA countries in developing pandemic preparedness plans.
- Participants requested IDA to support 25 countries in developing frameworks for governance and institutional arrangements for multi-sectoral health emergency preparedness, response and recovery.
- Participants requested IDA to support projects in at least 10 IDA countries in the development and implementation of user feedback and/or enhanced Grievance Redress Mechanisms (GRMs)[9] for service delivery that ensure participation by women in these processes.
- Participants urged IDA to support at least one-third of IDA countries to operationalize reform commitments towards the Open Government Partnership agenda to strengthen transparent, accountable, participatory, and inclusive governments.[10]
- Participants requested WBG to perform Illicit Financial Flows (IFFs) assessments in at least 10 IDA countries to support the identification and monitoring of IFFs.
- Participants recommended strengthening and systematizing of Governance & Institutional analysis in half of RRAs and at least three-quarters of RPBAs in IDA countries.
- Participants requested IDA to plan for the operationalization of WDR 2017 focused on reducing implementation gaps and enabling adaptive approaches.

F. Adjustments to Volumes and Terms of IDA Assistance

- Participants agreed to the following changes to IDA's PBA system: (i) increasing the poverty orientation of the regular PBA system by reducing the CPR exponent from 4 to 3; (ii) increasing the annual minimum base allocation from SDR4 million to SDR15 million; (iii) eliminating the MDRI netting out; (iv) eliminating the grant discount, (v) continuing the implementation of the exceptional TAR; and (vi) providing exceptional Risk Mitigation support to Guinea, Nepal, Niger, and Tajikistan for the IDA18 period.
- Participants agreed to: (i) increase the Regional Program to SDR5 billion;[11] (ii) fully harmonize the terms of Regional Program financing with that of concessional Core

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[9] Enhanced GRMs include minimum standards on uptake, responsiveness, disclosure, and/or gender inclusion.

[10] Open government activities include access to information, asset disclosure, citizen engagement, fiscal transparency, open contracting, open data, participatory budgeting, service delivery, and social accountability.

[11] This includes an SDR 1.4 billion sub-window for refugees.

Financing; and (iii) adjust the eligibility criteria for the 20 percent cap on national contributions under the Regional Program.[12]

- Participants agreed to establish a SDR1.4 billion sub-window within the Regional Program to provide financing for projects targeting refugees and their host communities. It was also agreed that financing from the refugee sub-window would be provided as follows: (i) for high risk of debt distress countries, additional funding will be on grant terms only; and (ii) for moderate and low risk of debt distress countries, additional funding will be 50 percent in grants and 50 percent in applicable credit terms of the beneficiary country. [13] In addition, irrespective of the risk of debt distress, national contributions would be half those required under the IDA Regional Program.
- Participants agreed to the continuation of a dedicated Crisis Response Window (CRW) in IDA18 and agreed to scale it up to SDR2.1 billion, to assist IDA countries to respond to severe natural disasters, economic crises, and public health emergencies and epidemics, in a timely manner. In exceptional circumstances this amount could be exceeded, subject to approval by IDA's Executive Directors. They also agreed to align the governance arrangements for accessing the CRW for economic shocks with those for natural disasters and health emergencies. For countries exposed to a severe natural disaster that results in damages and losses in excess of one-third of GDP, Participants agreed to allow for the adjustment of IDA financing terms, if warranted based on an updated debt sustainability analysis shortly after the crisis. To strengthen preparedness and promote resilience against disasters, Participants also endorsed the introduction of CAT-DDOs for IDA countries.
- Participants agreed to establish an IDA18 Scale-up Facility in the amount of SDR4.4 billion to provide financing to blend and IDA-only countries on IBRD lending terms to support high-quality, transformational single country and regional projects or programs with strong development impact and focus on interventions that would help clients remove critical constraints to development and mobilize private financing. They agreed that due consideration will be paid to individual countries' debt situation and implementation will be consistent with the Non-Concessional Borrowing Policy (NCBP) and the IMF Debt Limit Policy. Management will report on implementation experience under the IDA18 SUF at the MTR.
- Participants agreed that Bolivia, Sri Lanka and Vietnam would graduate from IDA at the end of IDA17 and would receive exceptional transitional support during IDA18 on IBRD lending terms in the amount of 2/3 of the resources that these countries received in IDA17. They agreed this would be an IDA18 solution only, that front-loading of transition assistance would be avoided unless there is a compelling reason to do so, and that the level of transition would be reviewed at the MTR to take into account IBRD capital discussion. In an effort to avoid a large drop-off in financing and ease changes in financing terms, Management will undertake further analysis and will present options for better managing the transition out of IDA at the MTR, including consideration of the role of the blend period

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12 Beginning in IDA18, rather than being linked to the size of a country's annual allocation, eligibility for the 20 percent cap is extended to all small states – i.e., countries with populations of 1.5 million or less.

13 Where projects will only benefit refugees and not host communities (e.g., economic integration of refugees in local labor market), on a case by case basis, funding from the refugee sub-window for moderate and low risk of debt distress countries could be considered in 100 percent grant terms.

in ensuring graduation readiness, with a focus on future IDA graduates. At the MTR, the cap on blends will also be discussed.

- Participants agreed to temporarily suspend the decision to exercise the acceleration clause for the IDA18 graduates Bolivia, Sri Lanka and Vietnam until the MTR discussions. At the MTR, in the context of the transition review noted above, Management will make a proposal regarding acceleration. If a decision is taken at the MTR to reintroduce the acceleration clause, Participants agreed that FY20 would be the earliest point at which acceleration could take effect given the need for affected countries to incorporate the impact in their budget planning.
- Participants agreed to allow IDA graduates to recommit amounts freed up from restructuring their ongoing IDA-financed operations. Recommitments of cancelled amounts for IDA graduates would be on IBRD lending terms.
- Participants agreed to the establishment of a PSW in the amount of SDR1.8 billion to further unlock synergies between IDA, IFC and MIGA and promote sustainable and innovative private investments in non-gap IDA countries, with a focus on FCS, that are clearly additional to existing activities and solutions.
- Participants agreed that the IDA regular lending terms applicable to non-small IDA countries would remain unchanged. They agreed that the lending terms applicable to small island states would be extended to all IDA-eligible small states. Participants noted that IDA's blend terms do not meet the Bank/Fund minimum concessionality requirement of 35 percent. In order to meet the minimum requirement, blend terms (maturity of 25 years with a grace period of five years) will be revised to a maturity of 30 years with a grace period of five years resulting in a grant element of 35 percent, with all the other components of blend financing terms to remain the same.

G. Replenishment of IDA Resources

- Deputies supported the introduction of the new integrated IDA18 financing framework – a hybrid model where traditional sources of financing are blended with debt in the form of capital market borrowing and Concessional Partner Loans (CPLs).
- Deputies supported implementation of the proposed framework in IDA18 where IDA will blend partner contributions with market debt to leverage its balance sheet and significantly scale up available replenishment resources, and welcomed exploration of further options to optimize the use of IDA's balance sheet in future replenishments. They also discussed the possibility of leveraging IDA's assets on IBRD's balance sheet and agreed that such approach would not be implemented in IDA18, but could be discussed in the future. Deputies acknowledged that the proposed model – while supporting the ambitions of IDA18 and the 2030 agenda – is robust and sustainable into the future and that the specific level of debt financing will be guided by the prudent financial and risk management policy framework.
- Deputies recommended that contributions of SDR16.5 billion (equivalent to US$23.1 billion) be provided so as to achieve a total replenishment of SDR53.5 billion (equivalent to US$75.0 billion) during the IDA18 period.

- Deputies emphasized that grant contributions will continue to remain a key element of IDA's financial framework and leveraging success. With concessionality remaining at the center of IDA finance, they noted the significant increase in IDA grant financing in IDA18. They also agreed that changes in the IDA18 financing framework should ensure that grant financing is compensated through the overall basic grant contribution from Partners, rather than having a separate compensation for grant principal foregone. Deputies also recognized that while the changes introduced in the IDA18 Financing Framework offer a historic opportunity, they also require a joint commitment to address substitution risks in order for the integrated business model to be successful and sustainable over the long run.
- Deputies noted the importance of providing their Instruments of Commitment, as early as possible, to enable IDA to extend grants during the early part of the IDA18 period.
- Deputies recommended that IDA's cost of debt relief under the Heavily Indebted Poor Country (HIPC) Initiative and arrears clearance operations during the IDA18 period be covered under the IDA18 Replenishment, with the former funded by partner contributions and the latter by carrying over the unused arrears clearance resources from IDA17.
- Deputies agreed to treat resources carried over from IDA17 for financing of arrears clearance operations as a set-aside and requested Management to provide an update on utilization and plans for reallocation of such resources at the time of the MTR.
- Deputies recognized the importance for Partners to continue firming up their financing commitments to the separate MDRI replenishment in order to support the total volume of IDA18 commitment authority.
- Deputies endorsed the continuation of CPLs in IDA18. They also endorsed the principles of ensuring transparency, equal treatment, additionality (i.e., avoiding substitution), and protecting IDA's long-term financial sustainability. They recognized that concessional loan contributors would receive burden sharing recognition and allocation of voting rights based on the 'grant element' of the loan, as per the agreed CPL Framework (Annex 9).
- Deputies emphasized the importance of transfers from IBRD and IFC to IDA to signify solidarity among the WBG institutions. In this context, Deputies welcomed the formula-based approach for IBRD transfers, which is dynamic in nature and gives due consideration to IBRD financial sustainability and capital adequacy. Such transfers would be subject to annual approvals by their respective Boards after considering reserve retention needs.

INTRODUCTION

1. **As the World's Premier Fund for the poorest, IDA is uniquely positioned to help countries realize the international community's far-reaching and ambitious development agenda set for 2030.** This agenda, agreed in 2015 – including agreement on the 17 comprehensive and inter-connected Sustainable Development Goals (SDGs), the large-scale and universal COP21 agreement on climate mitigation, adaptation and finance, the Addis Ababa Action Agenda (AAAA), and the Sendai Framework for disaster risk management – represents a trajectory shift in the development dialogue. It signifies the desire of the global community to usher in a world free of poverty and hunger; a world that is peaceful and equitable; a world that promotes gender equality; and a world that cares for its natural resources and environment. The financing needs to promote global public goods and tackle the new commitments under the SDGs, COP21 and the Sendai framework are immense and will require private financing, domestic resources, as well as official development assistance (ODA).

2. **To respond to the challenging global context and the international community's call for a step change in Financing for Development, the World Bank Group (WBG) will innovate and do everything in its power to be a critical implementation agent.** The WBG's Forward Look exercise responds to this call by taking a long-term perspective to ensure that the WBG is "fit for purpose" to advance both its own twin goals of reducing poverty and boosting shared prosperity in a sustainable manner as well as this ambitious 2030 Agenda. In the context of the Forward Look, IDA is critical for the WBG's capacity to support the world's poorest and most fragile countries in pursuing this Agenda. Implementing COP21, like the SDGs, requires strong support for country-driven strategies and priorities as well as the additional financing needed to implement the (Intended) Nationally Determined Contributions ((I)NDCs).

3. **Against this background of heightened ambitions, IDA's Partners have worked toward a transformational IDA18 package, anchored in a paradigm shift in its financing framework and major innovations in its policy package.** This package will allow IDA to be at the forefront in financing to advance the 2030 Agenda, while further strengthening its results orientation for maximum development impact. Moreover, it reflects crucial innovations to ensure IDA can respond to the evolving needs and ambitions of its different clients facing complex and interrelated challenges of fragility and conflict, climate change, increasingly frequent natural disasters, the refugee crisis, pandemics, rising inequality, uncertain private capital flows, and slowing global economic growth. Given projections that, by 2030, an estimated 50 percent of the global poor will live in IDA fragile and conflict-affected situations (FCS), the massive human and economic costs of fragility, and the strong negative spillovers for neighboring countries and the rest of the world, IDA is responding by doubling its support for countries facing significant threats of fragility. Importantly, this enhanced support does not come at the expense of well-performing IDA countries still in need of assistance on their path toward resilience.

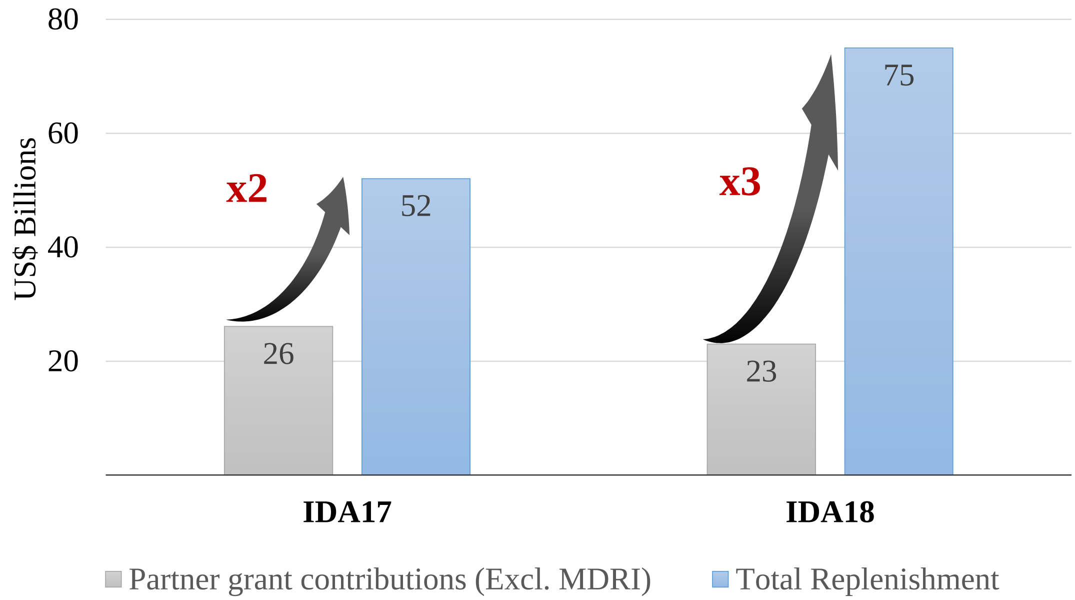
4. **Reflecting the trajectory shift in vision, scale and purpose in IDA18, Participants selected "*Toward 2030: Investing in Growth, Resilience and Opportunity*" as the overarching theme.** This theme underscores both the urgency and the need for a comprehensive approach to mitigate the adverse impacts of climate change and fragility on development and encourages actions to foster sustainable growth, equality and better governance so that poverty can be reduced

and prosperity shared by all. It calls for a credible implementation plan to undertake large investments that can shift the development trajectory to deliver results by 2030. And it reinforces IDA's long-standing value for money to strike the best balance among economy, efficiency, and effectiveness to achieve the desired sustainable outcomes.

5. **The IDA18 Special Themes are designed to spotlight and help address persistent challenges inhibiting development.** The Special Themes aim to enhance IDA's work on frontier issues confronting IDA countries and will be implemented in line with country contexts. The policy package accompanying the IDA18 Special Themes is a major scale-up over IDA17. Participants agreed on five Special Themes for IDA18: Climate Change; Gender and Development; Fragility, Conflict and Violence (FCV); Jobs and Economic Transformation; and Governance and Institutions. The Special Themes on Climate Change, Gender and Development and FCV are carried forward from IDA17 in view of the persistent challenges that these issues pose. The new special theme on Jobs and Economic Transformation in IDA18 replaces IDA17's special theme on Inclusive Growth. It emphasizes infrastructure, private sector development, job creation, and regional economic integration. A fifth special theme on Governance and Institutions was added to focus on domestic resource mobilization (DRM), public financial management, public administration reform, citizen engagement and Illicit Financial Flows (IFFs). The IDA18 Special Themes are interlinked and aim to tackle challenges that could undermine progress or reverse development gains.

6. **To finance this paradigm shift of ambitions, the IDA18 financing framework presents a historic step – introducing an integrated, flexible and transformative new approach to how IDA will mobilize and manage its finances going forward.** Deepening its access to debt introduced in IDA17 in the form of Concessional Partner Loans (CPLs), IDA is introducing arguably the most noteworthy innovation in its financial model since its creation: to dramatically increase replenishment resources and the value of partner contributions by leveraging its equity through access to capital markets. This will allow significant expansion of IDA's financial capacity to match and support the ambition of the 2030 Agenda, building on the strength of development partners' support. This paradigm shift will allow every dollar of IDA18 partner contributions to mobilize three dollars in IDA commitment authority, up from a ratio of 1:2 in IDA17 (Figure 1). It will ensure the most efficient use of IDA equity and partner contributions, targeting concessionality where most needed. The paradigm shift is also designed in a way that is sustainable, enabling further adaptation in future replenishments. The transformational policy package and financial proposals for IDA18 will permit IDA to move forward with a comprehensive approach that will evolve and adapt as lessons emerge and as IDA fully understands the opportunities presented by the new model. In September 2016, two rating agencies announced a Triple-A credit rating for IDA – the first ever public ratings in the history of IDA, emphasizing the strength of IDA's unique business model, Partners' support, and its balance sheet as key elements of their assessment, and a strong foundation to leverage IDA finances through access to capital markets.

Figure 1. Increased Efficiency in Use of Partner Contributions



7. **The IDA replenishment negotiations have been central to IDA's relevance and institutional learning over time.** They provide a context for substantive dialogue on development priorities, emerging themes and results, and the introduction of a range of thematic, policy and financial innovations. Representatives of IDA's contributing partners, known as "the IDA Deputies," and representatives of borrower countries ("Borrower Representatives"), collectively referred to in this report as the "Participants," negotiated IDA18 over a series of four meetings held in 2016. The IDA18 process was enhanced from prior replenishments by increasing the Borrower Representatives from 9 to 14 and introducing an independent co-chair. As per the governance arrangements agreed for IDA18, the first two meetings were co-chaired by Ms. Sri Mulyani Indrawati, Chief Operating Officer and Managing Director of the World Bank and Ms. Dédé Ekoué, International Expert in Development and former Minister of Planning and Development of Togo and the latter two meetings were co-chaired by Kyle Peters, Interim Chief Operating Officer and Managing Director and Senior Vice President Operations of the World Bank and Ms. Ekoué. The meetings benefited from the presence of observers from other Multilateral Development Institutions.

8. **To ensure transparency and open exchange of ideas related to the replenishment process, policy papers discussed at the IDA18 Replenishment meetings and meeting summaries were made available to the public (Annex 10).**[14] In addition, Participants sought public comments on the draft IDA Deputies' Report, resulting in submissions from nine

[14] This excludes documents on the IDA18 Financing Framework as IDA's Access to Information Policy excludes disclosure of papers that contain confidential financial projections.

organizations/individuals. The IDA Forum[15] provides a venue for exchanging views on IDA's role and complements regular engagement with civil society organizations (CSOs) by the Bank staff on IDA. Progress on the implementation of the IDA18 Replenishment arrangements will be reviewed by the IDA Deputies and Borrower Representatives at the Mid-Term Review (MTR), which would take place in the second quarter of FY19. Deliverables for the MTR are specified in Tables 1 and 2 of Annex 1.

9. **Organization of the Report.** This report contains the Participants' guidance on the policy and financial framework that underpins IDA's enhanced value proposition towards transformative development in IDA18. The report comprises six sections. Section I discusses IDA's role in a changing global environment and IDA's comparative advantage in supporting countries to work towards growth, resilience and opportunities, including in the context of the WBG's "Forward Look" exercise. Section II focuses on the overarching theme of "Towards 2030: Investing in Growth, Resilience and Opportunity" and how this aligns with the SDGs. Section III discusses the five Special Themes of IDA18. Section IV provides the components of the IDA18 Operational and Financial Framework, with subsections on enhancing the volumes and terms of IDA assistance, transforming the management of IDA's financial resources, and financing debt relief and arrears clearance. Section V discusses how IDA will ensure implementation of the significant scale up for IDA18. Finally, Section VI sets forth the Participants' request to the Executive Directors to recommend to the Board of Governors the adoption of the draft IDA18 Resolution (Annex 11).

SECTION I: IDA'S ROLE IN A CHANGING GLOBAL ENVIRONMENT

A. KEY TRENDS IN THE GLOBAL ECONOMY AND AID LANDSCAPE

10. **Developing countries have made significant progress in the past decade, but gains across and within countries have been uneven.** Strong growth in developing countries in the past decade has increased the economic might of the developing world – it now contributes close to half the world's Gross Domestic Product (GDP). This has also translated into major gains in poverty alleviation in the last decade – the global rate of extreme poverty in IDA countries has nearly halved since 1990 even as positive developments have taken place in promoting shared prosperity. Yet, these achievements have not been uniform. Extreme poverty is increasingly concentrated in challenging environments and a large number of those who escaped extreme poverty still live on the margin and are vulnerable to relapse. Financing flows have become more diverse but there are significant changes in their composition. Moreover, concerns emerged relating to sustainability, selectivity and coordination among the sources of financing while the debt outlook in a number of IDA countries remains somber.[16]

11. **Economic headwinds last year have made the growth outlook uncertain.** Global growth decelerated in 2015, with a slowdown across IDA countries from 5.9 percent in 2014 to

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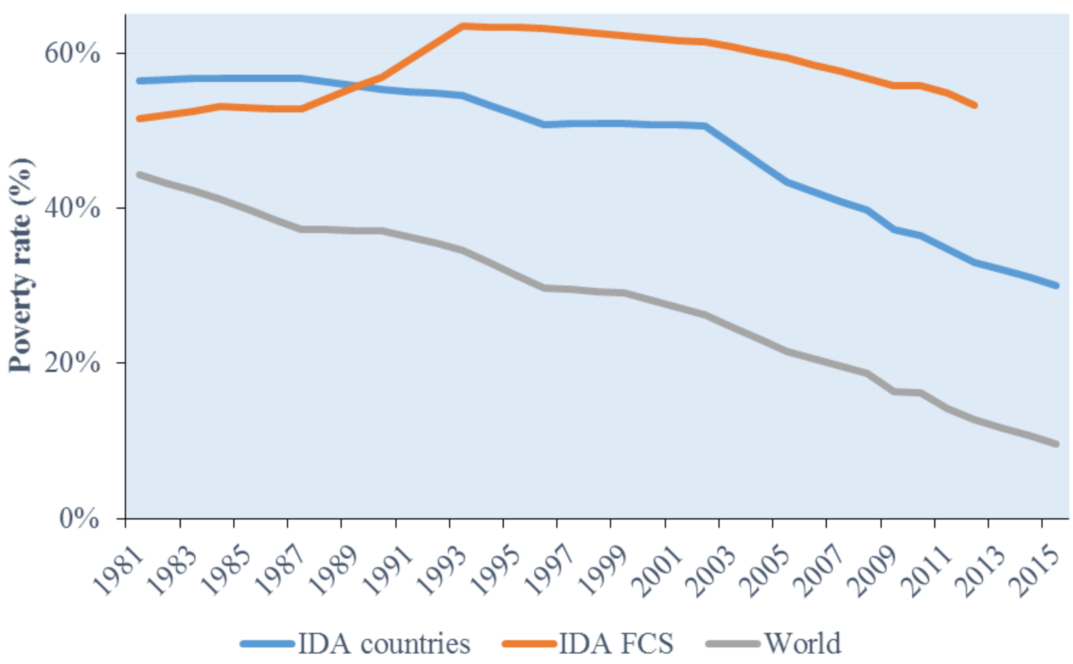
15 The IDA Forum brings together Bank staff, IDA Deputies, and leaders from civil society, foundations, think tanks, faith-based organizations and borrower countries to exchange views on IDA's role in implementing the SDGs, scaling up resources in fragile situations, and the role of partnerships. It is held during the WBG Spring and Annual meetings.

16 See Public Debt Vulnerabilities in Low-Income Countries: The Evolving Landscape. World Bank/International Monetary Fund, December 2015.

5.0 percent in 2015. This mainly reflects sharp declines in commodity prices, weaker capital flows and subdued global trade. In an unprecedented development since the 1980s, many of the largest emerging economies in each region have been slowing simultaneously for three consecutive years. While near-term forecasts indicate a modest pickup in aggregate growth, it is subject to significant downside risks.[17] In an environment where the room for policy makers in IDA countries to respond has narrowed, the risk of reversal of hard-won achievements in poverty reduction is significant. In IDA countries, the approximately 50 percent of extreme poor and near poor live in countries where growth slowed in 2015. This is compounded by more frequent and severe adverse events – climate-related disasters, pandemics, conflict and violence – to which IDA countries, especially the poorest and small islands, are most exposed.

12. **The number of extreme poor remains significant despite the major reduction over the last two decades.** Globally, the number of extreme poor decreased from 37 percent of the world population in 1990 to 10 percent in 2015.[18] Over the same period, the extreme poverty rate in IDA countries fell from 55 percent to about 30 percent. This significant achievement in poverty reduction at the global level was led by progress in a small number of countries (mainly China and India). However, about 766 million people are still living in extreme poverty, of which about 454 million live in IDA countries (close to the entire population of North America).[19] Regionally, the extreme poor are located mainly in sub-Saharan-Africa and South Asia. Figure 2 shows poverty headcount trends for the world and how IDA countries, particularly IDA FCS, lag significantly.

Figure 2. Poverty Trends 1981-2015



[17] See Global Economic Prospects, World Bank (2016) and World Economic Outlook Update, IMF (2016).

[18] See Ending Extreme Poverty and Sharing Prosperity: Progress and Policies. Policy Research Note, World Bank (2015).

[19] Defined as the number of people with a daily consumption/income below US$1.90 in 2011 Purchasing Power Parity terms.

13. **The poverty scenario in FCS is particularly challenging.** IDA countries are home to 70 percent of the world's extreme poor. Of these, the majority lives in FCS and/or resource-rich countries where demographic dynamics and weak links between the natural resource sector and the rest of the economy have resulted in a slower pace of poverty reduction compared to other IDA countries.[20] Notably, the number of extreme poor in IDA FCS has increased over time, representing more than half the population of this group of countries. Furthermore, more than 50 percent of the population in IDA countries lives on less than US$6 a day and are considered at high or moderate risk of relapsing into poverty. Meanwhile, the FCS account for around 20 percent of the world's extreme poor – a figure that is expected to double by 2030.[21] Finally, inequality in about half of IDA countries has increased over time.

14. **The agenda to end extreme poverty is complicated by additional factors such as climate change, FCV and demographic pressures.** Climate change and FCV, if unchecked, could push more people into extreme poverty. Climate change related shocks on poverty reduction alone could result in more than 100 million additional people living in poverty by 2030.[22] Additionally, a major episode of violence could wipe out an entire generation of economic progress and poverty reduction, and lead to mass displacements.[23,24] Furthermore, the situation is aggravated by demographic pressures with an estimated 600 million new entrants into the labor market over the next decade in IDA countries. Gender disparities remain stubborn, including high adult lifetime risks of maternal mortality in sub-Saharan Africa, large inequalities in IDA countries in paid and unpaid work, disproportionate lack of access to assets such as housing and deprivations of voice and agency. In addition, there is an especially high incidence of gender-based violence (GBV) in FCS. Compounding these longer-term challenges are the global economic headwinds that threaten to reverse years of progress on poverty reduction. For instance, in pursuing climate resilience, concessional finance can precipitate partnerships and collaborations for low-carbon development by leveraging the private sector and resources from the Green Climate Fund.

15. **Even as the financial needs of IDA countries remain substantial, they have received only a small portion of the total financial flows to developing countries in the past decade.**[25] A more differentiated and complex financing architecture has emerged among developing countries, with significant opportunities and major challenges, including the ability of countries to manage and combine different flows. The poorest IDA countries (i.e., IDA-only non-gap countries) rely mainly on external official financing – mostly provided in the form of grants and concessional loans. For IDA gap[26] and IDA/IBRD blend countries, remittances constitute a key source of external financing. While private financing to these countries represents a larger share of their external flows than for IDA-only non-gap countries, external official financing still

[20] In FY16, FCS represent 38 percent of IDA countries. Resource-rich countries represent about 1/3 of IDA countries. Together, these two categories represent close to 60 percent of IDA countries.

[21] See World Bank (2011) World Development Report 2011: Conflict, Security, and Development.

[22] See Shock Waves: Managing the Impacts of Climate Change on Poverty. Washington, D.C.: World Bank Group (2016).

[23] See World Bank (2011) World Development Report 2011: Conflict, Security and Development.

[24] See Office of the United Nations High Commissioner for Refugees, http://www.unhcr.org.

[25] See Setting the Agenda for IDA18: Strategic Directions (March 2016).

[26] Gap countries are IDA-eligible countries with per capita incomes above IDA's operational cutoff for more than two consecutive years and, at the same time, these countries have not yet been assessed as creditworthy for IBRD lending.

represents about 15 percent of external flows to gap and blend countries. On the other hand, while non-IDA countries benefit from a sizeable share of official financing, they have become primarily reliant on private flows. Non-IDA countries have also received a growing share of concessional flows,[27, 28] even as private financing has mostly bypassed the vast majority of IDA countries.[29] After peaking at about 80 percent in 2006, the share of official concessional financing to IDA countries has declined to less than 70 percent in 2014. This decrease is broadly explained by the recent shift in official grant financing towards non-IDA countries.[30]

16. **Several IDA countries have accessed international capital markets to meet their financing needs which exposes them to debt vulnerabilities should global conditions shift.** The use of international capital markets by some countries – particularly the so-called "frontier" markets – has increased in recent years.[31] Evidence suggests that this increased access was driven by global factors (heightened appetite for yields in an environment of easy liquidity conditions) as well as country-level factors (development progress and improved perception of political and economic stability). With the notable exception of small states, the debt buildup in IDA countries has remained manageable for most countries. Yet, a greater reliance on market financing will increase and change the nature of risks faced by these countries – in particular a greater rollover risk. In 2016, only a few lower income countries have issued bonds in the international market – largely owing due to weak investor demand. And with a subdued growth outlook and heightened political uncertainty in many parts of both the developed and developing world, bond financing may not be available to low-income countries (LICs) on favorable terms for some time. In this context, prudent fiscal and financing decisions will be critical for preserving public debt sustainability.

17. **Development finance will need to be used strategically to unlock, leverage, and catalyze private flows and domestic resources.** Concessional financing will remain a key source of external public financing in most IDA countries. Scarce concessional financing should be increased, and then be used as efficiently and effectively as possible – focusing on the poorest countries and those with limited access to alternative sources of financing. Compounding the issue of weak financial flows to LICs is that global financial market uncertainty has significantly reduced investment into developing economies. These developments reinforce the need for targeting concessional financing to crowd in other financing sources, public and private, external and domestic.

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27 Concessional financing as per the current Organisation for Economic Co-operation and Development (OECD) definition (i.e., loans with an original grant element of 25 percent or more based on a 10 percent discount rate).

28 The survey of aid donor countries' spending plans indicates that, after several years of declines, country-level aid to the poorest countries should recover over the next few years. See OECD, "2015 Global Aid Prospects and Projections".

29 Out of the 48 IDA-only non-gap countries, the top 5 countries account for 54 percent of the net foreign direct investment inflows and close to one-third of other private flows.

30 Between 2011 and 2014, official grant flows to developing countries remained largely stable, but the share to non-IDA countries increased from 26 to 36 percent.

31 For a definition of "frontier" countries see World Bank and IMF (2015). Fourteen IDA countries are in this group: Bangladesh, Bolivia, Côte d'Ivoire, Ghana, Kenya, Mongolia, Mozambique, Nigeria, Papua New Guinea, Senegal, Tanzania, Uganda, Vietnam, and Zambia. External borrowing by these countries in the form of sovereign bonds and commercial loans has amounted to US$34 billion during the period 2010-14, with a shift in recent years from commercial loans to bond issuances.

18. **With just 14 years to achieve the SDGs, every year counts.** The ambitious development agenda requires a strong policy and financial package to undertake catalytic investments that can steadily elevate the development trajectory to deliver results by 2030. The implementation plan must be able to deal with challenges associated with: (i) demographic and growth transitions, such as the shrinking of working-age population and slower productivity gains; (ii) a renewed globalization, with increasingly globalized and coordinated economic, political and social actions; (iii) rapid urbanization, with increased demand for and stress on services; and (iv) pressures on the world's resources, including through climate change. Shocks and disruptions, such as financial and humanitarian crises, pandemics, natural disasters, and social instability, have increased in frequency as well as in range and speed of propagation. In some cases (e.g., fragility), problems have gone from being acute to chronic. IDA's effectiveness will depend on its capacity to adapt to these challenges. Efforts in that direction will be both informed by and aligned with the WBG's "Forward Look" exercise.

B. ALIGNING THE WORLD BANK GROUP'S ROLE WITHIN THE 2030 AGENDA: THE "FORWARD LOOK"

19. **At the WBG's 2016 Annual Meetings, the Board of Governors welcomed "The Report to Governors on the Forward Look: A Vision for the World Bank Group in 2030."**[32] IDA will work closely with IBRD, IFC and MIGA to implement investments needed to reach the twin goals of eradicating extreme poverty and promoting shared prosperity. Moreover, it will deploy resources strategically to meet global and client needs, targeted to areas needing most funding, with a tailored value proposition to the full range of clients.[33]

20. **Over the next 15 years, the world will face increasingly complex global challenges requiring innovative solutions.** In addition to long term trends in demography, urbanization, and globalization, the world faces heightened volatility, crises and shocks. As noted above, global challenges like climate change, pandemics, forced displacements, and economic downturns increasingly impact all countries, developing and developed alike, in a way never seen before. Accordingly there is urgency in addressing global public goods and the challenges of global threats that cross boundaries and regions in an interconnected world. Achieving the SDGs and meeting global commitments like COP21 will require expanded global cooperation; and meeting the WBG Goals will require more intensive effort by the WBG including collaboration with partners, both public and private. As laid out in this report, an ambitious IDA18 Replenishment can help IDA clients better meet these challenges and goals.

21. **To respond effectively to the growing global challenges, the WBG plans to further improve its business model to reach an appropriate balance between individual country assistance, which remains at the core of the WBG approach, and addressing the global public goods agenda.** Since 2012, the WBG has introduced a well-articulated corporate strategy characterized by its twin goals to eradicate extreme poverty and promote shared prosperity with a focus on economic, environmental and social sustainability. It carried out internal reforms in 2014 designed to assure a balanced approach to global and national development priorities through the

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32 See "Forward Look: a Vision for the World Bank Group in 2030 Main Messages", DC2016-0009 and "Forward Look: A Vision for the World Bank Group in 2030," DC2016-0008, both dated September 20, 2016.

33 See 2016 Development Committee Communique, October 8, 2016.

creation of its Global Practices (GPs) and a new country engagement framework, intended to improve the WBG's ability to deliver integrated solutions to public and private clients by leveraging the combined capabilities of the WBG. The "Forward Look" exercise intends to carry this process forward by strengthening the focus on WBG transformational solutions for each client, stepped up financial innovation, reinforcing WBG's financial foundations and deepening internal reforms to make the WBG faster, more agile and effective.

22. **Participants welcomed the proposal to better position the WBG in the context of the 2030 Agenda.** They felt that the need to deliver on the key aspects of global agenda by 2030 is greatest in the IDA countries where special attention is called for. Within the new framework, they encouraged the Bank to take a more comprehensive approach in advancing development which would involve greater emphasis on IDA and areas of the world that most need funding and have least access to capital. Participants also encouraged the World Bank to ensure that its sister institutions work in tandem while providing support to IDA countries that are moving to IBRD, including a greater emphasis on graduation readiness.

C. WBG's Comparative Advantage to Support IDA Countries

23. **The WBG has a unique ability to help the world address complex problems at the global, regional and country level, and to do so at a meaningful scale.** This capacity is rooted in a number of important and inter-connected attributes:

- *Country presence:* With offices in over 100 countries, and long-term relationships in many more, the WBG's global presence helps to customize global knowledge to local conditions and facilitate knowledge sharing among countries and across regions.
- *Multi-sectoral expertise:* The WBG's new structure has strengthened its ability to bring its global knowledge more effectively and efficiently to its country engagements, including South-South learning. Its ability to integrate its multi-sector expertise provides an important platform for setting the global agenda and working with partners to tackle both country and global challenges. Also, the synergies of the WBG bring together tools and partnerships of both the public and private sectors to find development solutions in a way that few other organizations can match.
- *Efficiency:* As part of the WBG's ongoing efforts to do more with less, the Expenditure Review and Strategic Planning and Budgetary Process is on track to achieve savings of US$400 million by the end of FY18, having identified the specific measures needed to achieve this target. In addition, the WBG's new country engagement model strengthens the line of sight from WBG interventions to the WBG twin goals of reducing poverty and boosting shared prosperity in a sustainable manner. It also helps the WBG work with other development partners to maximize the effectiveness of ODA resources and enhance coherence across institutions.

24. **IDA is an essential part of the strategic value of the WBG.** IDA will intensify, build on and adapt the WBG's comparative advantage, maximizing the synergies between different parts of the Bank Group for the benefit of its clients. This will require helping IDA countries achieve development goals despite high poverty, fragility, capacity constraints, and vulnerability. The WBG's new country engagement model is comprised of the Systematic Country Diagnostic

(SCD), Country Partnership Framework (CPF) and Performance and Learning Reviews, and the Completion and Learning Reviews. At the sector level, IDA will deliver customized solutions to clients, by using knowledge more effectively to achieve results and more informed risk-taking. At the institution level, IDA will focus on optimizing synergies and developing joint approaches with IFC, MIGA and IBRD to leverage the strengths of each agency for transformative impact, including special focus on FCS, private sector through the setting up of a Private Sector Window (PSW), Public-Private Partnerships (PPP) and guarantees. IDA will also enhance and scale-up partnerships, notably with the United Nations (UN) and Multilateral Development Banks (MDBs), while crowding in public and private resources, expertise and ideas.

IDA's Value for Money

25. **IDA's value proposition fully aligns with that of the WBG and is focused on addressing complex development challenges** by delivering solutions tailored to each of its clients; providing financial resources in the most effective operational instruments; and capitalizing on unparalleled knowledge assets of country experience, global leadership, and convening activities. The WBG strives to strike the best balance among economy, efficiency, and effectiveness to achieve the desired sustainable outcomes, and is committed to maximize development effectiveness of its operations, without compromising their quality.

26. **At a time of limited resources, IDA is a sound investment, with a track record of achieving results, and increasingly leveraging others to help deliver them.** Results are at the core of IDA's business model and are an area of continued management attention to ensure that the results culture is mainstreamed throughout IDA's work. Results are also at the core of communicating IDA's value, demonstrating how IDA works with countries to make a difference on the ground. And increasingly, IDA is leveraging other players and resources to help deliver development results (see also Section II D below on IDA Results Measurement).

27. **IDA's clients benefit from high environmental and social standards, strong accountability and oversight, and the high fiduciary standards of the WBG.** These standards include the New Procurement Framework which became effective on July 1, 2016, under which the WBG committed to support borrowers to achieve value for money with integrity in sustainable procurement. In particular, the New Procurement Framework requires procurement processes to be tailored to the specific operating environments, project needs and existing risks, thus allowing the World Bank to provide customized, hands-on implementation support; promote further partnerships with UN agencies and other MDBs; and put in place risk-based supervision arrangements. The new Environmental and Social Framework (ESF), which reflects the most extensive consultations ever conducted by the WBG, is another critical component of the WBG's value proposition. The ESF will go into effect in early 2018 and will contribute to achieving lasting development impact in IDA countries. It includes an adaptive risk management approach that will allow the World Bank to focus resources more effectively in order to maximize development impact, in line with the Environmental and Social Standards contained in the ESF that are designed to identify, avoid, and mitigate environmental and social risks in IDA-financed projects.

28. **The organizational and operational reforms during IDA17 aimed at improving WBG's effectiveness and efficiency.** These reforms include: (i) organizing teams according to GPs and Cross-cutting Solutions Areas (CCSAs) (as noted above, many of these teams overlap

with the IDA18 Special Themes); (ii) introducing the new WBG country engagement model; (iii) strengthening links among IDA, IBRD, IFC, and MIGA as One WBG, with a unified vision, strategy and joint actions; (iv) strengthening knowledge management across the institution; (v) strengthening safeguards; and (vi) reinforcing operational efficiency (via simplified portfolio monitoring and reporting through new Standard Reports and Dashboard, improved operations portal for simpler and faster project preparation and reporting, procurement reforms to reduce processing times, simplified risk rating tools and streamlined documentation of investment projects); (vii) strengthening the management of Advisory Services and Analytics (ASA); (viii) Core Sector Indicator reform; improvements to implementation completion reporting; and (ix) integration of trust funds in the operations management portal. During IDA17, IDA initiated pilots in three GPs to explore methodologies for measuring unit costs. From those efforts, the GPs gained many insights into those methodologies, including the challenges of making them comparable across country contexts. To share those insights, HNP and OPCS will coordinate a workshop during the next Spring Meetings on lessons learned in the health sector unit cost pilot and challenges moving forward. These reforms and initiatives have been accompanied by an expenditure review aimed at reducing expenditures by US$400 million (about 8 percent in nominal terms of the baseline) for the WBG by the end of FY17.

29. **As the WBG's fund for the poorest, IDA is widely recognized as an effective source of development finance and expertise.** External assessments see IDA as one of the international community's top performing donors, citing high confidence that funding will deliver results, policy influence, more predictable flows, low administrative costs and value for money. For example, the 2016 Aid Transparency Index placed IDA in the highest category for the second consecutive year and rated it as the highest performing MDB. A 2014 assessment by the Center for Global Development and the Brookings Institution named IDA as one of the international community's top performing donors. And finally, in a 2015 AidData survey of policy makers from 126 countries, the World Bank was ranked first out of 56 donors on agenda-setting influence in developing countries.[34]

30. **IDA18's transformational financing model further enhances IDA's value for money to both IDA partners and clients.** IDA market leverage will enable IDA to provide the poorest countries with billions of additional resources to achieve the SDGs. At the same time, the impact of partner contributions will dramatically increase, generating three dollars in additional commitments for clients from every on dollar from partners, up from 2:1 in IDA17. IDA18 will provide further catalytic impact through the IFC-MIGA PSW, which will seek to mobilize private investments that generate positive externalities and create markets in the most challenging markets, particularly those in fragile situations.

31. **The WBG is fully committed to reaching the most vulnerable people.** However, it recognizes that reaching the extremely poor and the populations in FCS states will require greater attention to the connection between risk and Value for Money to minimize the temptation to focus on the outcomes that are easiest to achieve. The WBG remains actively engaged in refining the indicators used in its results measurement framework and is coordinating with other MDBs to reflect key value for money principles.

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[34] For further information on these independent reviews, see *"Setting the Agenda for IDA18: Strategic Directions*," March 1, 2016.

32. **The WBG's operational framework strives for sustainable outcomes, and is committed to maximizing the development effectiveness of its assistance.** Its approach to achieve value for money incorporates a multipronged decision-making and accountability framework that centers around (i) allocating resources to priorities informed by demand and evidence; (ii) maximizing program effectiveness through a focus on results; (iii) applying new risk management techniques at the organizational, country, and project levels; and (iv) simplifying the Bank's institutional processes and introducing new tools and approaches to project design and implementation. The Agile Pilots Initiative targeting selected projects in Africa, Europe and Central Asia, and South Asia demonstrates these principles of flexibility and responsiveness (adaptive programming). This effort, building upon the simplification agenda goes further to address some of the core behavior and incentive issues, as part of the WBG's ongoing effort to signal greater institutional responsiveness, flexibility and efficiency. Innovations introduced under this initiative allow, among other things: (i) creating one simple track for the processing of operations; (ii) setting umbrella assessments for safeguards, fiduciary and legal arrangement; and (iii) offering flexibility in committing project funding in tranches.

33. **Concurrently there are several other Bank-wide reform initiatives underway which will further enhance IDA's Value for Money by amplifying operational learning feedback loops:** (i) restructuring the project Implementation Completion and Results Report (ICR) to make this critical operational evaluation process simpler, with a stronger focus on results and learning; (ii) improving the quality of project Results Framework and Monitoring and Evaluation (M&E) design; (iii) professionalization of M&E specialists, strengthening M&E skills, M&E tools and guidance for operational staff; and (iv) more systematic use learning generated from of Impact Evaluations to guide operational design and implementation. Work is already underway to review the efficacy of SCD and CPF processes. The SCD guidance is being revised based on experiences to date and will soon be issued. Participants encouraged Management to use the insights from the ongoing SCD/CPF process evaluation by Independent Evaluation Group (IEG) as well as its own internal stocktaking of the new country engagement model to inform future improvements and guidelines. Further, IDA is currently implementing a comprehensive Action Plan focused on the institutional approach to learning, informed by the findings of the IEG report on Learning and Results.

IDA Country-level Engagement

34. **IDA's country-based unearmarked model, results culture, and multi-sector approach position it ideally to deliver on the SDGs.** IDA's country-owned model supports IDA countries' efforts to build resilient, inclusive economies, which in turn become new markets for the global economy. IDA's multi-sectoral reach and long-term engagement helps IDA countries build institutions and foster capacity to grow domestic and external resources, and ensure that resources are well spent. In addition, IDA's policy advice, standards, and tools help IDA countries make sound investments that are financially, socially and environmentally sustainable. Moreover, IDA helps improve country statistical systems which are critical for producing quality data for domestic policy formulation, as well as monitoring and measuring results. These systems also support the broader global need for data to measure progress towards the 2030 goals. As the WBG positions itself for 2030, IDA will continue to:

- Improve its ability to meet the needs of its clients, including FCS, and innovate to deliver better country solutions, drawing on its ability to integrate across sectors;
- Reinforce its leadership on global and regional issues and fulfill its potential for reducing the impact and cost of such crises as pandemics, natural disasters, and forced displacement, and bring new instruments to bear to mitigate or shorten protracted crises;
- Expand customized knowledge services;
- Renew efforts to become more efficient and flexible to address client interest as a faster and more agile development partner;
- Make the 'billions-to-trillions' [35] agenda a reality through significantly increasing mobilization for clients, including from the private sector, while also maintaining global leadership in mobilizing concessional finance and ensuring that it goes to those who need it most;
- While working across the continuum of country and subnational clients, IDA will increasingly engage with both public and private sector clients, including through public-private partnerships; and
- Make best use of donor resources to serve clients.

IDA Sectoral and Thematic Engagement

35. **IDA's sectoral and thematic engagements are driven by the WBG's GPs model.** While the choice of sectors/thematic areas continues to be determined at the country level, the GPs/ CCSAs help shape the sectoral and thematic focus at the country, regional and global levels. Supported by over 6,800 full-time WBG staff assigned to country offices,[36] Country Directors engage directly with clients to examine country-driven priorities and to help identify constraints to poverty reduction and shared prosperity. The three GP Groups: Equitable Growth, Finance and Institutions (EFI), Sustainable Development (SD) and Human Development (HD) help IDA countries implement these reforms by drawing upon their extensive global experience to support timely analytic work, technical assistance (TA), south-south exchanges, and portfolio management. The GPs are reinforced by the intellectual leadership provided by the CCSAs, which are very closely linked to IDA18 Special Themes.

36. **Equitable Growth, Finance and Institutions.** EFI will support IDA countries as they make the adjustments needed to sustain sound macroeconomic foundations and protect recent gains in poverty reduction and equity. Strengthening productivity and public sector efficiency is also critical. Demand for EFI's services is strong, on both near-term issues and long-term transitions. EFI will deliver solutions through a cross-practice approach to provide tangible, positive results. EFI's five strategic priorities are: (i) equity and inclusion; (ii) public sector efficiency; (iii) sustainable macroeconomic foundations; (iv) productivity; and (v) financial stability and deepening.

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[35] See "From Billions to Trillions: Transforming Development Finance", World Bank, March 2015.

[36] Data as of April 30, 2016.

37. **Human Development is central to the achievement of WBG's twin goals and in the achievement of the SDGs.** Relying on strong analytics and focus on results, the HD Practice Group will assist IDA countries to create equal opportunities for people to live healthy, prosperous, and longer lives; secure productive and inclusive jobs; and be resilient in the face of crises. HD will support IDA countries in eradicating poverty by helping them make growth more inclusive, invest in strengthened service delivery systems, and build resilience.

38. **Sustainable Development.** The lack of quality infrastructure in IDA countries affects growth, equity and sustainability. Globally, 1.1 billion people live without access to electricity, 2.6 billion lack basic access to sanitation and 900 million people do not have safe, clean drinking water. The SD Practice Group will help IDA countries account for and manage their natural, physical and social capital to deliver green, inclusive and resilient growth. The GPs of the SD Group will also provide support to IDA countries to implement their (I)NDCs under COP21.

IDA's Engagements at the Regional Level

39. **The strategies of the each of the Bank's six Operational Regions, supported by the expertise of the GPs and the CCSAs, set out IDA's comparative advantage and define areas of focus.** IDA's Operational Regions have identified priority activities for the IDA18 period. The combination of heightened development ambitions and the significant challenges facing IDA countries has led each region to express their largest ever demand for IDA resources – nearly double their allocations of IDA17 core resources. Regions have developed sound strategies to put IDA resources to effective use, building on strong foundations already in place. In addition, IDA's cross-cutting Special Themes are increasingly integrated into each region's analytic work and dialogue with its clients. Each region is also drawing upon the synergies of all arms of the WBG to achieve their development objectives, as well as other partners such as the International Monetary Fund (IMF), the UN, and many others.

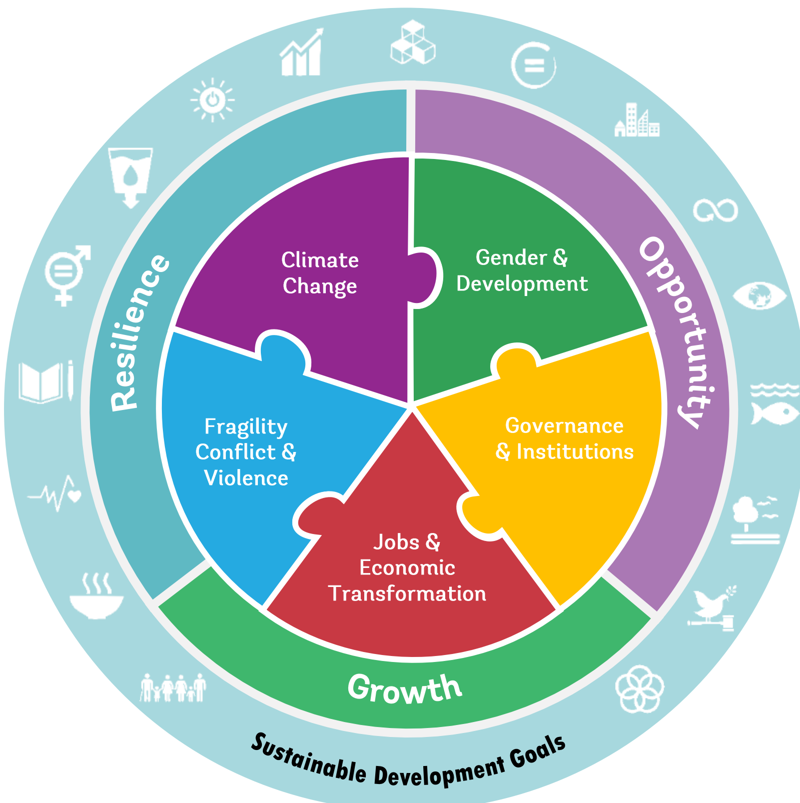
SECTION II: TOWARDS 2030: INVESTING IN GROWTH, RESILIENCE AND OPPORTUNITY IN IDA18

40. **Recognizing the significantly higher ambitions agreed in 2015, Participants called for similarly high ambitions for IDA18.** The AAAA on Financing for Development recognized that achieving the SDGs would require "an equally ambitious, comprehensive, holistic and transformative approach with respect to the means of implementation." Participants agreed on the importance of contributing to the implementation of the ambitious 2015 goals and that IDA was uniquely placed to serve as an implementation agent.

41. **Responding to evolving global ambition and challenges, Participants selected "Towards 2030: Investing in Growth, Resilience and Opportunity" as the overarching theme for the IDA18 Replenishment.** This theme underscores both the urgency and the need for a comprehensive approach to mitigate the adverse impacts of climate change and fragility on development and encourages actions to foster growth, equality and better governance so that poverty can be reduced and prosperity shared by all. Participants called for a strong policy and financial package to undertake catalytic investments that can shift the development trajectory to deliver results by 2030. IDA will deploy the WBG's new country engagement model, its

convening power, global partnerships, and a new approach to mobilize resources to help IDA countries make a strong start towards the SDGs in IDA18. It will use the full range of instruments, expertise and results focus, to deliver solutions that are tested and tailored to the needs of its client countries.

Figure 3. Towards 2030: Investing in Growth, Resilience and Opportunity



A. LINKAGES TO SDGS

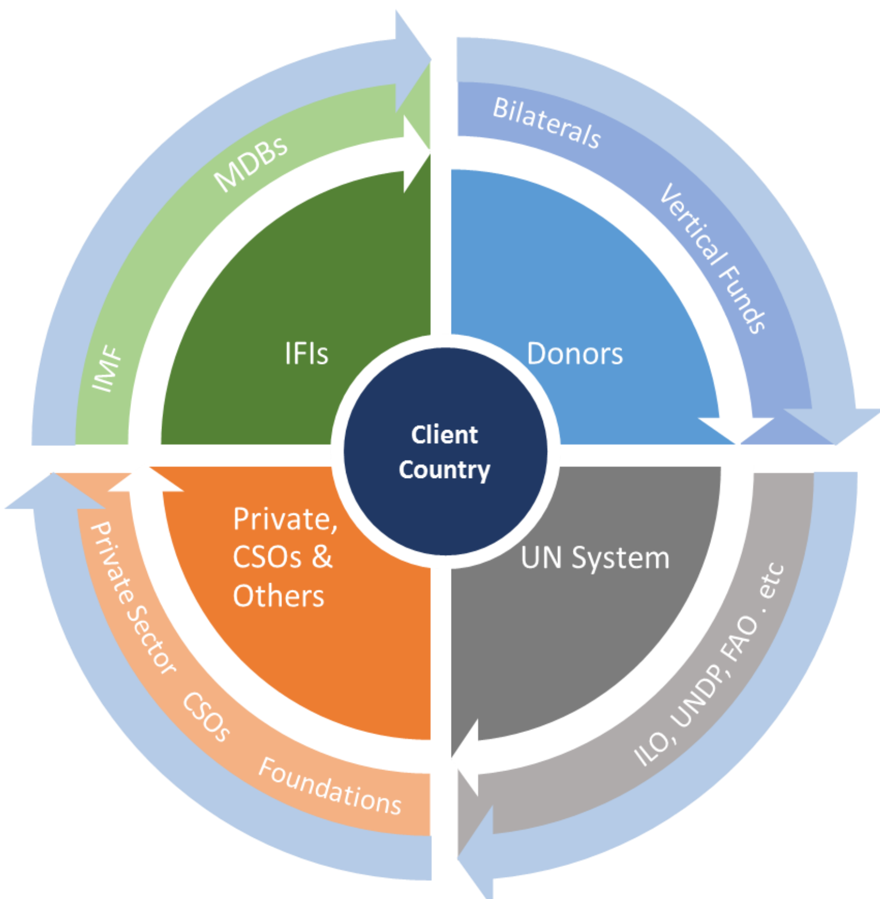
42. **Participants underscored the importance of ensuring that IDA is well positioned to support the poorest countries achieve the SDGs.** Participants noted the direct linkages between SDGs and IDA18's overarching and special themes (Figure 3). The selection of five Special Themes in IDA18 involves continuity and innovation. The Special Themes support growth, resilience and opportunity and are fully aligned with the SDGs. The 2030 Agenda emphasizes that the agreed development goals are not a menu of independent objectives. Instead, the framing of the SDGs emphasizes the interconnections between development goals and the need to pursue their implementation in an integrated manner. Through its global breadth, country depth, analytical capacity, financial strength and collaboration with IBRD, IFC and MIGA, IDA is uniquely placed to respond to this call. IDA's holistic approach to development and synergies among IDA18

Special Themes will ensure that efforts under one special theme are leveraged for advances in others and support the SDGs.

B. IDA's Global and Regional Partnerships

43. **IDA is considered the definitive expression of partnership for achieving development results.** At the client level, IDA fosters deep and ongoing partnerships in country – with various line ministries, local think tanks, private sector and civil society – to foster capacity development and alignment of priorities. With other donors, IDA maintains similar ongoing collaboration through multiple access points and at various levels – embassies and aid agencies in the field, bilateral discussions in a myriad of venues, consultations at the multilateral level, etc. – to ensure that coordination supports effective and efficient delivery of results. IDA's partnerships with a multitude of the UN agencies, the IMF and other MDBs, a myriad of dedicated vertical funds, and hundreds of CSOs – including advocacy and operational CSOs, private foundations, faith-based organizations, and think tanks – are absolutely critical to maximize impact for IDA's clients and mobilize domestic, private and development partner resources (Figure 4).

Figure 4. IDA Partnerships



44. **IDA plays a critical role as an integrator across the international system, bringing global partnerships with other organizations and countries at all levels of development to its**

work in the poorest countries. As evidence of its central convening role, the WBG serves as Secretariat for many key global financial and knowledge partnerships, including the Global Environment Facility, the Global Infrastructure Connectivity Alliance, the Global Infrastructure Facility, the Global Partnership for Education, the CGIAR, and the Consultative Group to Assist the Poor. Participants noted IDA's collaboration with development partners and encouraged it to further strengthen and deepen partnerships, including with the regional MDBs, the UN, other regional institutions, private sector and with national and local partners.

45. **IDA has cooperated with the African Development Fund (ADF) and Asian Development Bank over the years on many matters of common concern by collaborating on loans, technical assistance (TA), policy advice, as well as knowledge generation and various international initiatives.** Participants asked that the ADF and IDA deepen this cooperation in ways that serve the interest of their common clients and shareholders since the two institutions account for such a significant portion of Africa's development assistance.[37] In particular, they noted the commitment made by the Presidents of both institutions to scale up collaboration in the energy and agricultural sectors, as well as undertakings related to policy dialogue and global.

46. **IDA will strengthen its collaboration with other development partners so that progress is made towards global objectives relating to the SDGs, the AAAA, COP21 and the Sendai framework.** In IDA17, IDA worked closely with partners in supporting countries to integrate and mainstream global and regional public goods into national development strategies in many areas, including fragility, climate change, addressing communicable diseases, gender equality, labor standards, trade systems and disaster risks. Furthermore, extensive collaboration is undertaken with the UN, for example, with World Health Organization (WHO), the UN Children's Fund (UNICEF), the UN Population Fund (UNFPA) on health-related issues. The World Bank also collaborates with the International Labor Organization (ILO) on the creation of inclusive jobs and ensuring improved quality of jobs. Going forward, IDA's collaboration with partners will be informed by a wide range of activities across regions and sectors, such as: (i) IDA's enhanced collaboration with UN agencies and MDBs to strengthen humanitarian-development coherence, tackle forced displacement, and mitigate FCV risks (Box 1); (ii) jointly reporting climate finance with other MDBs and international development finance agencies, which promotes greater harmonization and exchange of information; (iii) the PPP Knowledge Lab, where MDBs and others come together to pool the knowledge and experience of industry leaders in PPP; (iv) the Global Infrastructure Facility, a global platform that facilitates the preparation and structuring of complex infrastructure PPPs, to help mobilize private capital; and (v) the Global Infrastructure Forum, a collaborative effort with MDBs and development partners to enhance multilateral collaborative mechanisms to improve infrastructure delivery globally.

[37] Background Note on ADF and IDA Collaboration, March 2016.

Box 1. Examples of WBG Partnerships in the IDA18 Special Themes

Jobs and Economic Transformation: The WBG has engaged in a close partnership with the ILO to support a range of country-specific and global initiatives to support the creation of inclusive and higher quality jobs, including the highly successful Better Work program, run jointly by the ILO and IFC. In addition, working with the Clinton Health Access Initiative and private investors in Rwanda, the IFC is supporting private sector-led strengthening of the maize value chain and the production of nutrient rich fortified food for young children, delivering both improved food security and higher, more stable earnings for smallholder farmers.

Gender: In 2014, the WBG and UN Women signed a memorandum of understanding (MOU) for collaboration to support women's empowerment in the SDGs, raise awareness of the costs of underinvesting in women, mobilize actors to close financing gaps, help make ministries more effective in supporting gender equality results, and to expand knowledge about good practices and lessons learned on women's economic empowerment and poverty reduction interventions. At the request of finance ministers, mostly in IDA countries, the WBG and UN Women also launched a new Gender Equality Community of Practice for Finance Ministers in April 2014 to share innovative approaches that promote women's and girls' opportunities, and to provide rigorous technical evidence to ministries. The group is co-chaired by the WBG President and the Executive Director of UN Women.

Climate: The WBG will work closely with the NDC partnership launched at COP22 in Marrakesh which will help IDA countries translate their (I)NDCs into specific policies and investment plans. This will be a critical avenue for assistance for IDA countries to achieve long-term climate-resilient, low-emission development as NDCs become mandatory by 2020. Participants also acknowledged the importance of certain sectors where we already have strategic partnerships including forests, agriculture, and energy.

FCV: IDA will deepen its partnerships both at the global and country levels, with emphasis on increasing cooperation with the MDBs and the UN. Taking into account the respective mandates of each institution, the MDBs will form a joint secretariat to operationalize their new strategy for tackling forced displacement. IDA will deepen its partnerships with the UN, notably in situations of protracted crisis, by rolling out a new country-level initiative dedicated to strengthening collective outcomes across the Humanitarian-Development-Peace Nexus. A second priority will be to further progress in improving the 'inter-operability' of Bank and UN policies and fiduciary systems, to facilitate partnership with UN agencies in IDA-funded projects. Finally, the WBG will continue to play a key role in the International Dialogue on Peace-building and State-building and work bilaterally with g7+ and other relevant associations of clients.

Governance: The Platform for Collaboration on Tax (PCT) provides a strong example of how new global partnerships will transform the way IDA18 is delivered. During the 2016 Spring Meetings, the World Bank, IMF, OECD, and UN launched the Platform as a central vehicle for their enhanced cooperation, enabling the International Organizations (IOs) to develop a common approach, deliver joint outputs, and respond to IDA countries requests for a global dialogue on tax matters. This global partnership enables the WBG to work with IOs to respond to IDA18's increased emphasis on taxation, recognizing the deepened collaboration and cooperation as an essential component of strengthening tax systems.

47. **Participants highlighted the importance of partnerships for results, which is central to promoting aid effectiveness.** They highlighted the need to continue efforts to deepen and broaden IDA's collaboration and coordination with other development partners to improve their internal effectiveness to managing for development results in IDA countries. In this regard, they welcomed IDA's roles in coordinating and representing the MDBs at the Steering Committee for the Global Partnership for Effective Development Cooperation, as well as coordinating with the MDB network on Managing for Development Results, which works with country-level practitioners to improve the results focus of each country's development agenda. Participants also welcomed IDA's intention to strengthen coordination with other bilateral and multilateral donors on graduation. Finally, they noted that IDA also plays an important role in aid coordination at the

country and regional level and in helping shape the international effectiveness agenda to address regional and global development challenges.

C. BUILDING RESILIENCE AND RESPONDING TO CRISES

48. **IDA is one of the principle vehicles for responding to and preparing for crises in LICs.** The Global Crisis Response Platform will provide scaled-up, systematic and better coordinated support to address crises, including those arising from forced displacement, natural disasters and pandemics.[38] Participants agreed that IDA's Crisis Response Window **(**CRW) will be an important component of the Platform. Noting the critical role the CRW played in response to the Ebola outbreak and many other crises in IDA17, they agreed that it has proven to be an effective, flexible instrument to respond to crises and emergencies in a timely, transparent and predictable manner.

49. **Given the threats emanating from a wide range of factors, Participants endorsed a significant scale up for the CRW in IDA18.** They underscored the importance of scaling-up support for CRW to support IDA countries' response and preparedness against increasingly frequent and severe natural disasters, economic crises, and health emergencies. They also supported the alignment of the governance arrangements for responding to economic shocks with the two-step process in place for natural disasters and health emergencies. They recognized that small states can be disproportionately affected by national disasters, including riding sea levels and extreme weather events. For countries exposed to severe natural disasters leading to significant damage and losses of over a third of GDP, Participants supported the adjustment of IDA financing terms, if warranted, based on an updated debt sustainability analysis in the aftermath of the crisis.

50. **Participants also emphasized the importance for IDA to engage directly with IDA countries at risk to develop crisis preparedness plans and advise on appropriate instruments to mitigate these risks.** They noted that the use of Contingent Emergency Response Components such as the Immediate Response Mechanism (IRM) continue to be an important part of the overall risk financing strategy in IDA countries, providing immediate response to an eligible crisis or emergency as needed in highly exposed countries. In addition, they welcomed the technical support provided by IDA to assist countries with developing adequate crisis response management capabilities. This can entail several complementary aspects such as designing an integrated risk financing strategy for clients, strengthening capacity building, and providing finance. Participants urged IDA to scale up engagements on financial protection (including adaptable safety nets and insurance) and disaster risk management. They noted that the new instrument – the Catastrophe Deferred Draw-Down Option (CAT-DDO) – and increased focus in recent years on climate adaptation, would help in this regard. The criteria IDA uses to determine the countries with which it prioritizes its engagements are: (i) countries with high exposure and vulnerability to disaster and climate hazards at the national, sub-national and local level; (ii) potential to enable large-scale, country-led investment programs for resilience; and (iii) opportunities to coordinate activities that enable investments and programs supported by other development partners on the ground (Annex 7).

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[38] See *"World Bank Group Global Crisis Response Platform,"* August 24, 2016.

51. **Furthermore, to promote countries' resilience to disasters and expand the range of IDA's crisis instruments, Participants endorsed the introduction of the CAT-DDO.** The CAT-DDO is a contingent credit line that provides immediate liquidity to countries in the aftermath of a catastrophe[39] and serves as early financing while funds from other sources such as bilateral aid or reconstruction loans are being mobilized. CAT-DDOs will enhance IDA countries' capacity to plan for and manage crises. The CAT-DDO is envisaged to close the gap in IDA's crisis architecture – in particular through its focus on ex-ante disaster preparedness – and complement existing crisis mechanisms such as the CRW. Participants also agreed on the eligibility criteria similar to IBRD CAT-DDOs, which will include: (i) an appropriate macroeconomic policy framework; and (ii) preparation for or existence of a satisfactory disaster risk management program. IDA clients will have the option to access the CAT-DDO via their core IDA allocations (i.e., their Performance Based Allocations (PBA)), Undisbursed Balances, and the Scale-up Facility (SUF) (for IDA countries eligible for SUF access) (Annex 6). Regarding pricing,[40] a 0.50 percent front-end fee and 0.25 percent renewal fee would be charged for the SUF option, as is the case in IBRD. Both fees would be set at zero percent for the PBA and Undisbursed Balances options (see Annex 8 for IDA's CAT-DDO policy framework). Upon drawdown, IDA concessional rates would apply if the client elects the PBA or Undisbursed Balances options, and non-concessional (IBRD) rates would apply if it elects the SUF option.

D. IDA's Results Measurement

52. **IDA has been in the forefront among development partners in holding itself accountable for the aid effectiveness of its operations.** With the strong support of IDA's shareholders, the IDA Results Measurement System (RMS) has evolved into a robust accountability and management framework and has strengthened results measurement at country, program and project levels. It has contributed to promoting a results culture across the Bank, including inspiring the WBG's Corporate Scorecard (CSC). The IDA RMS and the CSC are helping to strengthen incentives and accountability in the WBG.

53. **Participants welcomed organizational and operational reforms during IDA17 aimed at improving WBG's effectiveness and efficiency.** As noted above in paragraph 28, these reforms include: (i) organizing teams according to GPs and CCSAs; (ii) introducing the new WBG country engagement model; (iii) strengthening links among IDA, IBRD, IFC, and MIGA; (iv) strengthening knowledge management across the institution; (v) strengthening safeguards; and (vi) reinforcing operational efficiency; (vii) strengthening the management of ASA; (viii) Core Sector Indicator reform; improvements to implementation completion reporting; and (ix) integration of trust funds in the operations management portal. As noted earlier, these reforms have been accompanied by an expenditure review aimed at reducing expenditures by US$400 million (about 8 percent in nominal terms of the baseline) for the WBG by the end of FY17.

54. **Participants endorsed further refinements in the IDA RMS based on the following five guiding principles:**

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39 IDA clients would be able to use the CAT-DDO to address shocks related to natural disasters and/or health-related emergencies.

40 The front-end fee and renewal fee are subject to periodic review. Similar to the IBRD counterpart, there would not be a commitment charge levied on the IDA CAT-DDO.

- Focus on SDG indicators and targets in line with key IDA engagement areas and comparative advantage, WBG Twin Goals**,** recent external and internal commitments including COP21, the AAAA and the new WBG Gender Strategy;
- Maintaining continuity while addressing key emerging issues, including those under the IDA18 Special Themes;
- To ensure data quality, reduce the number of indicators that are difficult to measure and to use common (improved and refined) definitions and methodologies for corporate reporting based on the recent assessment of indicators (quantifiability, measurability and marginal effort to report on an indicator) and the Corporate Results Indicators (CRIs);[41]
- In the interest of maintaining strategic focus of the RMS, reduce the number of indicators to balance monitoring needs with efficiency and selectivity and avoid increasing the reporting load and time; and
- Harmonize the IDA RMS with the WBG's CSC to the extent possible, to allow for consistent Management oversight all across the WBG.[42]

55. **Participants urged Management to continue strengthening data collection and statistical capacity of IDA client countries.** They supported the Strategic Action Program for Addressing Development Data Gaps including its priority areas, i.e., (i) household surveys; (ii) price statistics; and (iii) Civil Registration and Vital Statistics including infant and maternal mortality data.

56. **Participants agreed to adjust the period of reference for reporting aggregated results achieved by IDA-financed operations in Tier II.** Cumulative totals of outputs and results achieved during a specific fixed period, will be added from period to period.[43] This will replace the current method, which is based on a three-year rolling approach.

57. **Participants endorsed the proposed IDA18 RMS indicators that reflect the priorities in the Special Themes, taking into account the guiding principles described above.** These not only highlight IDA's strong focus on results for the Special Themes, but also clarify the synergies between the Themes towards advancing the WBG strategic goals. Participants also emphasized the importance of disaggregation by sex and FCS wherever feasible when reporting on these indicators. They noted that the changes resulted in 84 indicators (excluding disaggregation by sex or for FCS). Changes in indicators are summarized and presented in Annex 1.

58. **Participants welcomed the inclusion of performance standards and targets for Tier II and III indicators.** The figures for Tier II indicators tracking IDA-supported projects reflect projections based on the latest performance shown in IDA17 RMS as well as ongoing/pipeline IDA portfolio. An ambitious replenishment and the scaling up of the IDA development agenda for the IDA18 period are expected to significant increase IDA results. However, Participants noted

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41 Previously, the Core Sector Indicators aimed at designating a limited number of indicators for aggregated monitoring and reporting achievements across WBG activities and countries.

42 This included adopting the same number of tiers (three tiers instead of four) and adjusting indicator details such as names, definitions, and units of measure.

43 The proposed approach would also be applied and implemented for Tier II indicators of the WBG Scorecard.

that concrete results stemming from the ambitious IDA18 package will take time to be realized in client countries and thus will not fully materialize during the IDA18 cycle, considering the time lag between the approval of IDA18 projects and their actual implementation and subsequent delivery and measurement of results. Participants noted that Management will report on the status of the RMS indicators on an annual basis at the time of Annual Meetings.

SECTION III: SPECIAL THEMES

59. **The Special Themes for an IDA replenishment serve to deepen and catalyze focus and results in critical areas across the IDA clientele.** They help highlight areas that need extra attention – these have included: a strong focus in the 1980s on social sectors; a focus on debt sustainability in the 1990s to the present, which resulted in the approval of the Heavily Indebted Poor Countries (HIPC) initiative, the development of the Debt Sustainability Framework and IDA's grant allocation framework; and the focus on results in the 2000s with IDA's pioneering work on results measurement, the focus on managing crisis and building resilience at the time of the financial crisis, and the strong emphasis on gender, climate change and FCV in several recent replenishments. While Special Themes can push the envelope in key areas, the IDA client remains in the driver's seat in setting country priorities in the use of its IDA resources.

60. **Participants asked that the IDA18 Special Themes be kept selective, simple and compelling.** They encouraged a sense of continuity across the themes from previous replenishments to IDA18, while emphasizing continued adaptation to evolving circumstances and the 2030 Agenda. They agreed to continue three Special Themes: Gender and Development; Climate Change; and FCV. They added Jobs and Economic Transformation and Governance and Institutions as two new themes.

61. **IDA18 provides an opportunity to explore and strengthen links among the Special Themes.** For example, WBG efforts to promote job creation in fragile environments are targeted to both men and women. These fragile environments are further undermined by climate change. Governance and Institutions are critical for all Special Themes, but especially in fragile environments. Meanwhile, female labor force participation and prevention of GBV is important not only in fragile environments, but also in all IDA countries to allow them to reach their full potential. Moreover, displacement of people can be exacerbated both by fragility and conflict as well as by climate change. Additionally, more and better jobs, made possible by a vibrant private sector and sizeable infrastructure investments, are important for stabilizing fragile states but also for ensuring that women participate in economic activity. Developing climate resilient growth strategies requires special attention to gender issues as women, children and the elderly are most affected. Given the integrated nature of the Special Themes, IDA is well positioned to respond to this call because its holistic approach to development will ensure that efforts under one Special Theme are leveraged for advances in others.

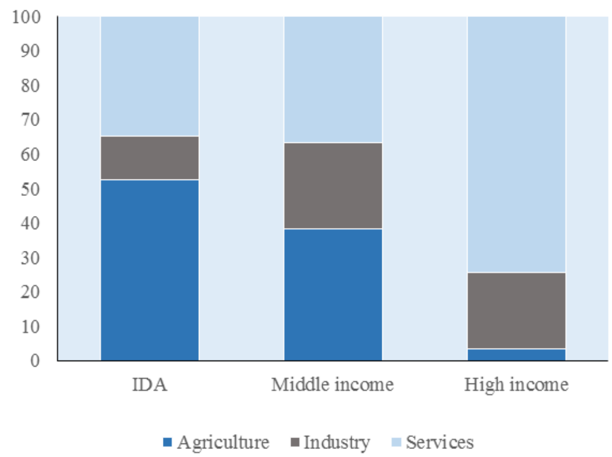
A. SPECIAL THEME 1: JOBS AND ECONOMIC TRANSFORMATION

62. **Participants strongly supported the selection of Jobs and Economic Transformation as a new Special Theme for IDA18, highlighting the substantial developmental payoff that is possible from comprehensive and effective efforts targeted at these issues.** Indeed, based on

trends over the past decade, it is estimated that 31 million jobs will be created in IDA countries over the IDA18 period.[44] Given the strong link between labor incomes and poverty reduction, a focus on this theme would, therefore, have a particularly strong development impact. With a large majority of jobs in informal self-employment in IDA countries, it is unlikely that formal wage employment will account for a majority of jobs in the near future (Figure 5). Therefore, Participants noted that beyond expanding the *quantity* of jobs, IDA countries need *better* and more *inclusive* jobs to deliver poverty reduction, female empowerment, and social cohesion, as well as to moderate displacement and migration from fragility- and conflict-affected states and countries facing youth bulges (Figure 6). Integrating women more effectively into labor markets, decreasing occupational sex-segregation, and closing gender wage gaps, as well as improving working conditions will support these transitions and contribute to rising productivity at both the micro and aggregate levels.

Figure 5. Formality and Informality in Jobs – Wage Versus Self-Employment Share of Jobs (in percent)

Figure 6. Economic Transformation and Jobs – Distribution of Employment by Sector (in percent)



Source: Figure 5 – World Bank Jobs Data (based on ILO KILM database); Figure 6 – World Bank WDI.
Note: Figures for IDA exclude small island states; latest data available by country (2010-15).

63. **Participants noted that delivering sustainable, higher earning jobs in IDA countries requires the process of economic transformation – moving workers from lower to higher productivity activities.** While this process of transformation must be led by the private sector to be sustainable, governments and development partners also play an important role by creating an enabling environment. Economic transformation often starts with increased productivity in agriculture, which requires, among other things, equitable access to secure land tenure for men and women, credit and insurance, extension services, and electricity and irrigation. Rising productivity in agriculture allows workers to move into higher value adding sectors, and is typically accompanied by a spatial transformation and urbanization (Figure 7). Crucially, economic

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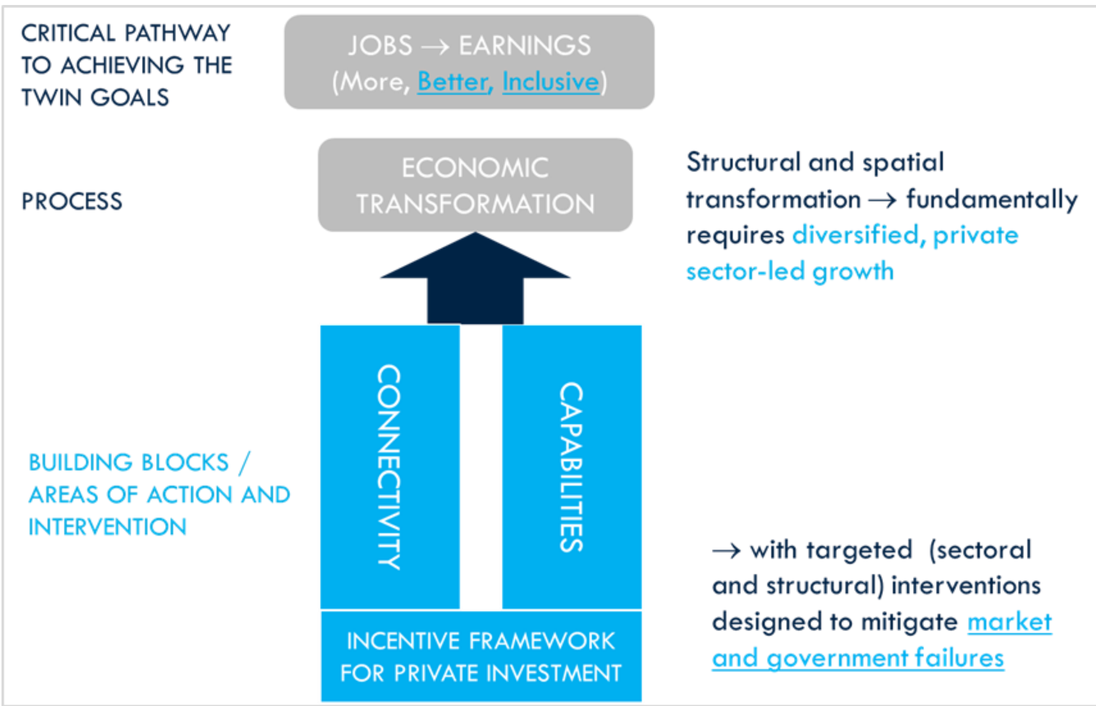
44 Based on estimated job creation over the decade from 2006 to 2015 using data from WDI on demographics and the ILO estimated employment to population ratio; assumes GDP growth and jobs elasticity to growth continues at the same trend as over last decade in IDA countries. Note that data excludes India and IDA graduates over the past decade as well as countries with missing data (Djibouti, Dominica, Grenada, Kiribati, Kosovo, Marshall Islands, Micronesia, Myanmar, Samoa, Sao Tome and Principe, Somalia, South Sudan, St Lucia, St. Vincent, Tonga, Tuvalu, and Vanuatu).

transformation also requires growth in manufacturing and other non-agricultural sectors to absorb labor being under-utilised in agriculture. Participants agreed that developing a private sector requires facilitating *connectivity* to market opportunities and building the *capabilities* of firms and people to take advantage of these opportunities. Encouraging private investment is reinforced by an economy-wide *incentive framework*. Underpinning this all is investment in *quality infrastructure*, which not only provides short-term jobs stimulus, but supports job creation over the long term. Sustainable, private sector-led job creation is also buoyed by robust social protection programs, which can offer a bridge toward productive employment and investment, and are particularly critical in FCS environments.

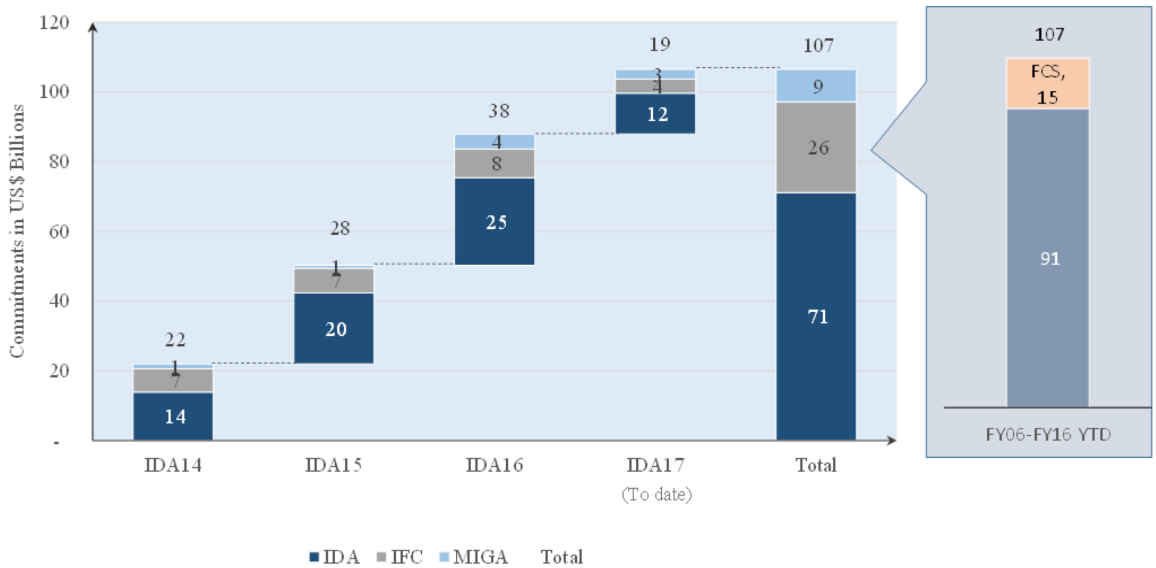
Figure 7. Jobs and Economic Transformation – Approach



64. **Participants noted that support for job creation through private sector-led economic transformation has long been at the forefront of the WBG's activities.** The WBG has delivered over US$100 billion over the last decade to support private sector investment (Figure 8). Since IDA14, IDA has invested US$71 billion in lending in infrastructure, skills development, agribusiness, Small and Medium Enterprise (SME), financial inclusion, competitive industries, and financial systems. Of this, US$9 billion was in FCS countries. In the same period, IFC financed US$25 billion from its own account in IDA countries – of which US$3 billion was in FCS while MIGA has issued guarantees for US$9 billion of investments in IDA countries, of which close to US$3 billion was in FCS. These have all recognized the importance of strengthening the business enabling environment in IDA countries. The WBG has leveraged the synergies of IDA, IFC, and MIGA in IDA countries, with strong results in delivering critical infrastructure, particularly in FCSs. This has been achieved through joint CPFs, joint advisory services, and an increasing number of joint investment projects. IDA itself has a successful track record and a comparative advantage in addressing the jobs and economic transformation challenge, with evaluations pointing to a long and relatively effective track-record in supporting some vital aspects of this

agenda. Moreover, the cross-cutting nature of the jobs challenge underscores IDA's comparative advantage in coordinating broad and deep sectoral expertise and convening across the public and private sector.

Figure 8. IDA-IFC-MIGA Support for Private Sector Development in IDA-eligible Countries



65. **Participants recognized that the WBG is uniquely positioned to support this agenda in IDA countries, leveraging its partnerships with a broad range of development partners to provide integrated solutions.** IDA works with a range of partners, most importantly, with the client governments to strengthen the enabling environment. IDA also works with a number of local and international partners. For example, at a global level, the WBG has engaged in a close partnership with the ILO to support a range of country-specific and global initiatives to support the creation of inclusive and higher quality jobs. This includes the highly successful Better Work program, run jointly by the ILO and IFC. The WBG also works closely with bilateral partners – for example with the governments of China, Japan, and the United Kingdom, as well as the European Union and the Organisation for Economic Co-operation Development (OECD), to advance knowledge and tools to help harness the potential global value chains for economic transformation, trade integration, and job creation in LICs.

66. **Participants stressed the importance of ensuring that strategies for job creation are matched with efforts to raise the quality of jobs for workers, and to ensure that all parts of society have equal opportunities to access employment.** In particular, Participants urged the WBG to address the challenges of youth employment and women's participation in the labor force, and called for continued close interaction with global partners, including the ILO, to deliver on this agenda, and strengthen social dialogue. In addition, Participants encouraged particular attention and action to address the challenge of economic migration (Box 2), building on the recent

Board Paper[45] which highlights the WBG's significant ongoing activities and proposed approaches to address the challenges and opportunities posed by migration. Participants also highlighted the importance of supporting economic transformation in IDA countries that are heavily dependent on the agricultural sector. Raising productivity in agriculture and strengthening agricultural value chains remains critical for these economies in the near-term, even as governments need also to stimulate sectoral transformation and the accompanying rural-urban shift, which are preconditions for the creation of large numbers of high quality jobs. These concerns apply equally to countries that have relied on exploitation of natural resource endowments. In supporting the focus on private sector-led job creation that is the heart of this Special Theme, Participants highlighted the disincentives faced by the private sector to invest in job-creating activities given the high risk environment in many IDA countries, particularly the FCS, and expressed support for ambitious efforts to leverage IDA resources to catalyze job-creating private investment (see discussion below on the IFC-MIGA PSW).

Box 2. Migration and Development in IDA Countries

In the coming years, demographic imbalances, climate change, persistent income disparities, along with declining communication and transportation costs, will contribute to rising international migration. But migration is already an integral aspect of IDA countries. In 2015, IDA countries (including IBRD-IDA blend countries)* were home to over 25 million migrants, out of a global international migrant stock of 250 million (see Table below). Outward migration from IDA countries numbered just over 64 million, of which 26 percent went to other IDA countries, 30 percent to IBRD countries, and 44 percent to high-income countries. Globally, South-South migration is larger than South-North migration.

IDA countries are large sources as well as destinations for migrants – Number of international migrants (millions)

	Destination region				
Source region	IDA	IBRD	High-income countries	Others	Total
IDA	16.4	19.5	28.1	0.1	64.1
IBRD	6.1	34.1	93.6	0.1	133.9
High-income countries	1.1	6.8	33.1	0.2	41.2
Others	1.5	5.4	3.9	0.0	10.8
Total	**25.1**	**65.8**	**158.7**	**0.4**	**250.0**

Source: World Bank

* Data predates Syria's reclassification to IDA-only status.

67. **IDA18 policy commitments build on IDA's existing support for private sector development.** Recognizing the complex and cross-cutting nature of the jobs and economic

[45] Migration and Development Report: A Role for the World Bank Group. September 2016.

transformation agenda, Participants welcomed IDA's substantial strategy to support jobs and economic transformation through a comprehensive and ambitious package of policy commitments, including new approaches to operations, new financial instruments, enhanced analytics, and new tools for the evaluation and measurement of jobs impact. They noted that the policy commitments under Jobs and Economic Transformation are integrated with the other IDA18 Special Themes and, therefore, are reinforced by complementary commitments, including on women's labor force participation, regional trade and integration, climate-smart urbanization and infrastructure, and enhanced governance, as well as primacy of job creation in addressing the challenge of fragility. Participants also appreciated that the IDA18 commitments build on relevant IDA17 commitments and optimize existing tools and operational approaches to deliver more, better, and inclusive jobs. This includes efforts to ensure the learnings from Jobs Diagnostics translate into operational impact and that ongoing programs to support SMEs and entrepreneurship are designed to address the different needs of women and youth (Box 3).

Box 3. Key Findings from Jobs Diagnostics in IDA17

Creating *better* jobs is central to achieving transformations, although the need for more jobs rises with youth bulges and downturns in growth:

- Employment and labor force participation are high in most low-income countries, because most people cannot afford not to work. Underemployment is the main challenge, underscoring the need to raise productivity and encourage labor mobility across products and potential locations.
- With the recent easing in commodity prices and tighter capital markets, many IDA countries are facing slower growth prospects, which will necessitate diversified, export-led job creation as Governments cut back on ambitious spending programs that have buoyed consumption.

Limited economic transformation: Jobless growth, or jobs limited to certain sectors/locations:

- A group of IDA countries dependent upon extractive industries have seen relatively *jobless* growth, with growth driven by capital-intensive extractives, and limited backward linkages to the economy. While these countries have seen rapid productivity growth in enclave industries and some have seen short-term job-creating public investment-financed construction and urban retail booms, most failed to capitalize on past commodity price windfalls to diversity their economies and achieve sustained, broad-based job creation. In FCS, this is a potential missed opportunity to advance stability.
- In most IDA countries, most new jobs have come in services in urban centers and in small, informal firms; few manufacturing jobs have been created.

Limited formalization and low productivity: More but not better jobs:

- Informality is high in IDA countries outside of ECA and LCR, and in most African IDA countries with large youth populations, rural and informal economies are absorbing much of the youth population in low productivity work in agriculture or in micro firms in rural services. These informal firms are seldom connected in the value chain of larger formal firms.
- The shift of labor into retail services from agriculture creates one-off "static gains" in productivity from the inter-sectoral shift; however, these jobs are lower in productivity compared to those in the existing services sector, thus dragging down overall services sector productivity.
- Expanding access to value chains, including linking smaller and informal enterprises to larger, formal ones, has shown potential to raise productivity and encourage formalization.
- Low-income FCSs share these characteristics of service-driven informal growth, often supported by high levels of aid inflows.

Inclusive urbanization, including secondary towns, can expand better jobs:

- Added to the limited formalization, several IDA countries are lagging in urbanization compared to LMICs and MICs. Contrary to common wisdom, in several of the urbanizing African countries, the share of the urban population in the primary city is not increasing, with secondary towns expanding rapidly, and representing the largest source of non-agricultural jobs.

Migration and jobless growth:

- Finally, a number of IDA countries, in the face of jobless growth and youth bulges, have started to export labor, with remittances driving the path of consumption-led, service-driven growth. Several need to expand job creation as more migrants return because of declining opportunities abroad.

68. In this context, Participants welcomed the following policy commitments for IDA18:

- **Supporting job creation through economic transformation:**
    - o WBG will deploy tools and resources from IDA and IFC to undertake 10 inclusive global value chain analyses[46] in IDA countries to understand how they can contribute to economic transformation and job creation, including through growth in agri-businesses, manufacturing, and services, and will use this analysis to inform activities within the IDA portfolio;
    - o WBG will use the Global Infrastructure Connectivity Alliance to make available to IDA countries knowledge on lessons and approaches related to cross-border investments and economic corridor development, and will use this analysis to inform activities within the IDA portfolio.

- **Raising job quality and ensuring the inclusion of youth and women:**
    - o WBG will systematically carry out impact analyses of SME and entrepreneurship programs across IDA countries to assess their overall impacts and differentiated outcomes for women and youth, and will develop operational guidelines to inform future operations;
    - o WBG will prepare operational guidelines for integrated youth employment programs with a focus on connecting to demand-side interventions and supporting labor market integration, and will inform the design of the new generation of youth employment programs in IDA countries.

- **Targeting support for the private sector and workers in high-risk contexts, including fragility and migration:**
    - o WBG will enhance existing and introduce new operational instruments to improve risk sharing in projects and crowd-in private capital in high risk investment environments, including through the introduction of the IFC-MIGA PSW;
    - o WBG will adopt a 'migration lens' in IDA countries where migration has a significant economic and social impact (including home, host, and transit countries): this will include analytics that close critical knowledge gaps and, where there is explicit country demand, support for operations that focus on job creation, managing legal economic migration, and integrating young people and economic migrants.

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46 The comprehensive GVC analytical tool is newly developed and has not yet been deployed across IDA countries. Pilots will begin at the end of IDA17.

- **Improving the knowledge base to inform operations supporting jobs and economic transformation:**
  - WBG will develop and make available for use in IDA countries a set of *ex ante* measurement tools and systems to assess the impacts of large-scale public and PPP investments targeting infrastructure and economic transformation on jobs, including pilot assessments on gender outcomes;
  - WBG will catalogue learnings from the Jobs Diagnostics, assess how Jobs Diagnostics are informing the design and implementation of operations in IDA countries targeting job creation and economic transformation, and recommend any changes necessary to improve the impact of the tool;
  - WBG will develop and integrate spatial perspectives into analysis of migration and urbanization trends, and the impacts of infrastructure on jobs and economic transformation, this will include piloting of: spatial inventory of infrastructure in five IDA countries; urban jobs accessibility assessments of 10 cities in IDA countries; and spatial assessment of trends in job creation and destruction in five countries.

Creating Opportunities for the Private Sector – IDA18 Private Sector Window

69. **The private sector plays an important role in supporting sustainable development and accounts for 90 percent of jobs in IDA countries.** In line with the recommendation of the AAAA, Participants reiterated the need to mobilize private finance as one of the key elements to achieve the global development agenda and scale-up resources. To achieve the SDGs in the poorest developing countries, it will be necessary both to continue strengthening the public sector and to expand support to the private sector so it can play its part in meeting development challenges directly. In this regard, IDA support for private sector development in IDA-eligible countries has amounted to US$70 billion just in the past four replenishments. Of this, US$9.2 billion was for supporting private sector development in FCS. This support remains critical to partner with countries to help them improve the business environment for the private sector. However, IDA countries, especially FCS, continue to face challenges in attracting successful pioneering and "responsible" investments that, in turn, help reduce investor risk perceptions and open up the countries to domestic and foreign capital in a wide range of sectors.

70. **Participants endorsed the creation of a SDR1.8 billion IFC-MIGA PSW pilot in IDA18 to support direct private investment in IDA-only, non-gap countries, with a focus on FCS.**[47] In line with one of the strategic objectives of the "Forward Look," the Financing for Development agenda, and in support of all the IDA18 Special Themes, funding from the PSW will be additional to existing WBG programs and will focus on the mobilization of private investments that generate positive externalities and create markets in the most challenging environments. Therefore, projects supported by the PSW will seek to have broad demonstration effects. Participants also emphasized the importance of minimizing market distortions, by providing PSW support only when necessary, with minimum concessionality and transparency. They stressed that consideration of long-term fiscal implications of public-private investments and alignment of these investments with a

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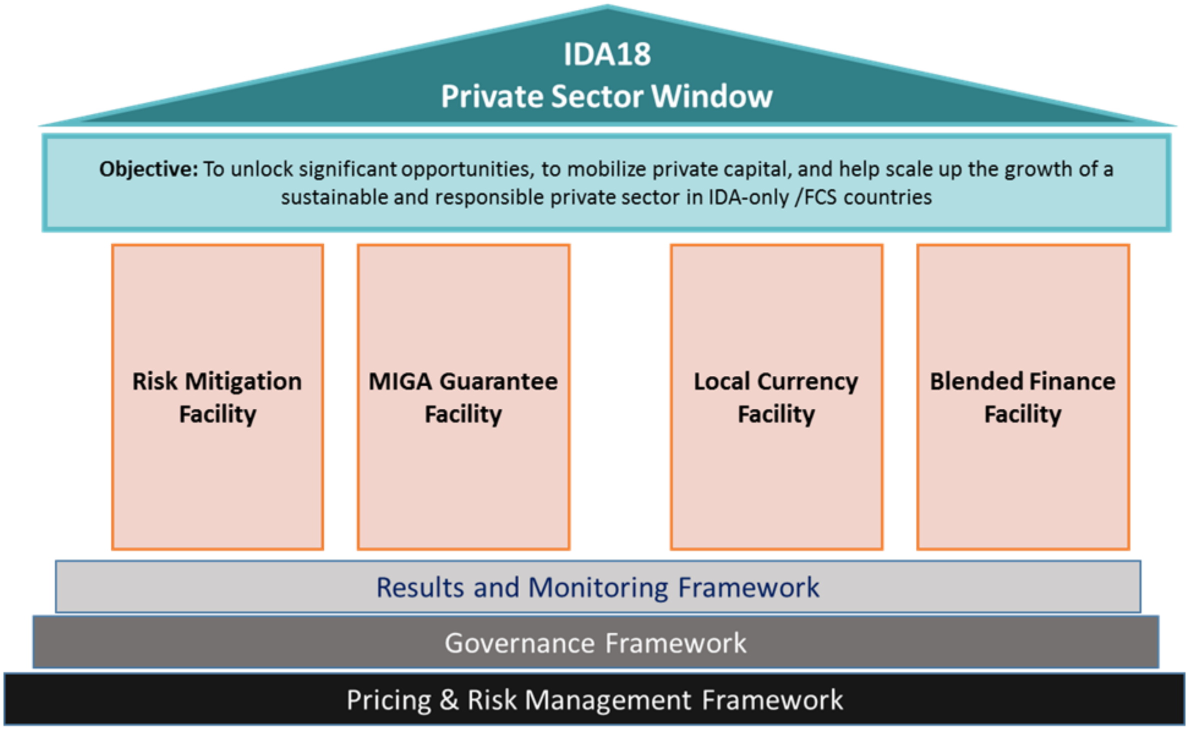
[47] Implementation arrangements will be developed and presented to IDA/IFC/MIGA Boards of Executive Directors for approval. Also See "Further Details on Proposed IFC-MIGA Private Sector Window in IDA18" (September 2016).

country's sector strategy are crucial. Furthermore, Participants called for a results framework that demonstrates the clear additionality of the PSW to IFC's and MIGA's activities, in terms of scale, scope (new sectors, new countries, and new approaches) and development impact of the PSW, including linkages to the IDA18 Special Themes (Figure 9).

Figure 9. IFC-MIGA Private Sector Window Overview



71. **Participants endorsed the creation of four facilities within the PSW:** (i) *a Risk Mitigation Facility* to provide project-based guarantees without sovereign indemnity to crowd-in private investment in large infrastructure projects; (ii) *a MIGA Guarantee Facility* to expand coverage through shared first-loss and risk participation via MIGA reinsurance; (iii) *a Local Currency Facility* to provide long-term local currency IFC investments in IDA countries where capital markets are not developed and market solutions are not sufficiently available; and (iv) *a Blended Finance Facility* (BFF) to blend PSW funds with IFC investments to support SMEs – which are critical to job creation and women's empowerment through female ownership of small businesses, agribusiness and other pioneering investments, including energy access. This BFF will build on IFC's experience with its blended financing programs, including the Global Agriculture and Food Security Program (GAFSP)'s private sector window.[48] Envisioned to be deployed in coordination with other WBG regional and sector programs, these facilities will be complementary to existing WBG instruments and provide additionality, with the option to use, in some cases, PSW resources to provide financing through equity investments in eligible recipients.

48 All PSW-supported activities need to be aligned with WBG country diagnostics and strategies. In FCS, the PSW-supported activities will be informed by the Risks and Resilience Assessments and by other relevant fragility analyses as part of the CPFs.

72. **Participants called for five organizing principles to guide the governance structure for the PSW to ensure robust and efficient processes:** (i) *Accountability* through independent decision-making by each institution; (ii) *Oversight* through clear reporting and review; (iii) *Conflict of interest management* through each institution vetting cross-institutional transactions independently and arms-length arrangements; (iv) *Transparent risk-return sharing* to ensure that IDA can establish appropriate pricing principles in light of the risks assumed under the PSW; and (v) *Operational efficiency* through leveraging existing processes to the maximum extent possible without compromising other governance principles.

73. **Participants welcome IDA, IFC and MIGA Management's strong commitment to the PSW and encouraged Management to pursue a flexible, "learning by doing" approach,** recognizing that the PSW will require engaging in difficult markets with a high degree of uncertainty. They particularly welcomed the opportunity for the PSW to bring collaboration across the three institutions to a new level. Participants acknowledged and accepted the proposed financially prudent approach and asked that Management adjusts it based on how the risk of the actual portfolio evolves. They further welcomed Management's commitment to further enhance indicators capturing the sectoral focus and IDA priorities. Participants called on Management to ensure that the PSW contributes to transformative development through economically and socially responsible investments. They supported an approach that balances financial risks with the potential development impact of PSW and stressed the importance of a framework that assesses the risk of loss and the minimum concessionality needed to enable a transaction.

74. **The PSW proposal will be presented to the Executive Directors of IDA for approval, including a results measurement framework, together with IFC and MIGA Boards' approval of each institution's participation.** Management will report on progress on PSW at the Spring and Annual Meetings as well as at the IDA18 MTR, and commission an independent evaluation when appropriate**.**

B. Special Theme 2: Gender and Development

75. **Recognizing that closing gender gaps can help set countries on a sustainable path toward more diversified economies, higher levels of productivity and better prospects for the next generation, Participants called for continuation of gender as a Special Theme in IDA18.** There is growing recognition by the private sector that closing gender gaps in employment and leadership can mean better talent, more productivity, innovation, a wider customer pool and ultimately a stronger bottom line. Not only is gender equality a desirable objective, it is also achievable. Evidence shows that public policies and business practices can close gender gaps and create a better environment for tackling adverse norms and expectations about female and male roles and ending discrimination against women and girls, especially the poorest.

76. **IDA countries have made progress in closing gaps between men and women, girls and boys – particularly in health and education – but progress has been elusive in essential areas that are core to the WBG goals to reduce poverty and boost shared prosperity in a sustainable manner:**

- *First*, serious first generation issues remain in closing gender gaps in human endowments, including in access to available services. Maternal mortality rates remain unacceptably high in many IDA countries.[49] And in education, remaining gaps in enrollment and completion – both in primary and secondary school – tend to be concentrated in LICs or in conflict-affected areas. To close these remaining gaps, efforts must be ramped up through proven interventions, such as conditional cash transfers and stipends, and through taking steps to guarantee girls' and boys' safety and security in schools.

- *Second*, women also lag men in most measures of economic opportunity, such as in rates of paid employment, productivity and entrepreneurship. Women in IDA countries are more likely than men to engage in low-productivity activities, be unpaid family workers, work in informal employment, and transition more frequently between informal employment and being out of the labor force. An important step to close these gaps is to recognize that existing skills development efforts – for both employment and entrepreneurship – need to be made more effective. Doing so will require more skills development projects to diagnose gaps between men and women in productivity and occupational segregation, to design and implement appropriate interventions to improve women's productivity, and to track the results of those interventions.
- *Third*, women's ownership of and secure access to physical/financial assets lag that of men's in IDA countries. Women-owned firms tend to be smaller than men's, employ fewer people, and are more likely to be home-based. Studies often find that female-owned businesses are less productive than male-owned ones because of differences in sector, enterprise size, and capital intensity. Women's relative lack of access to credit is an important driver of this gap, but non-financial barriers, such as inadequate physical infrastructure and restrictive legal and regulatory frameworks, also pose challenges.
- *Fourth*, gender gaps persist in limited access to and use of technology and this could limit economic opportunity across several dimensions.
- *Finally*, women and girls in IDA countries are often deprived of voice and agency, with the risk of gender-based violence especially high in FCV contexts.

77. **Participants agreed that the greater ambitions enshrined in the SDGs cannot be realized unless IDA countries and their partners make significant and sustained efforts in these areas.** They emphasized that IDA is particularly well suited to provide strategic support for work to close gaps between men and women, which is a complex task spanning multiple sectors and requiring sustained effort over long periods. Because changing attitudes and behaviors related to gender takes time, IDA's long-standing dialogue with clients is invaluable. Also, by its nature, closing gaps between men and women requires organized assistance across many sectors, for which IDA is well positioned. IDA is able to draw on gender analysis and projects in all regions as well as the analytical resources available in the WBG, helping push the knowledge frontier in areas such as identifying what works to close economic gaps between men and women.

78. **Participants welcomed Management's strong commitment to full implementation of the 2015 WBG Gender Strategy.** They agreed that the Strategy, with appropriate budget and

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[49] The adult lifetime risk of maternal mortality in Sub-Saharan Africa remains 1 in 38 (1 in 15 in Chad and 1 in 18 in Somalia), and in five countries (Burundi, Chad, Liberia, Niger, and Somalia) more than one-quarter of all deaths among women of reproductive age are due to maternal causes. Fifteen countries, all in Africa, still experience more than 500 maternal deaths per 100,000 births.

staffing, will help make IDA more effective in closing gaps between women and men, boys and girls, realizing poverty reduction and shared prosperity, and promoting women's voice and agency.[50] Furthermore, they agreed it will help make IDA a more effective partner in tackling gender gaps. The Strategy reflects changes in the global landscape and in the accumulation of evidence of what works to close gender gaps. It is intended to be operational, achieve measurable results, and align relevant operations to the most binding constraints in IDA countries. This requires better country and sector-level diagnostics, policy dialogue, and sex-disaggregated data; developing a better understanding of what works through impact evaluations and other analyses, and bringing the evidence to task teams and clients; rolling out and using a more robust monitoring system; and leveraging partnerships for effective outcomes, particularly with the private sector and key UN agencies.

79. **To improve the effectiveness of operations under the new Gender Strategy, the WBG will increase investment to understand what works and what does not to close economic gender gaps.** In particular, further efforts will be made to build the knowledge base on frontier issues, including on jobs and assets, but also, for instance on multi-sectoral responses to GBV in FCS contexts. The WBG Regional Gender Innovation Labs have already invested in launching a large number of impact evaluations. These rigorous, multiyear evaluations test initiatives to close specific gaps between men and women. Over 75 impact evaluations are now underway or completed, with the large majority carried out in IDA countries. Efforts will be made to enable operations financed under IDA18 to be designed with this stronger knowledge of what works, and what does not, in closing gaps between men and women.

80. **Participants urged IDA to continue its partnerships with multilateral and bilateral entities, nongovernmental organizations, and the private sector, to address gender gaps, particularly in health and education, economic opportunity, access to justice, and GBV, or on specific cross-cutting issues.** At the country level, IDA forges partnerships with key stakeholders to inform the policy dialogue. For example, for the Adolescent Girls Initiative to promote the economic empowerment of young women in seven IDA countries, IDA teamed up with country-level partners to offer innovations in skills training and complementary services around village-level girls' clubs to facilitate women's transition to productive work. Participants also took note of the WBG's Advisory Council on Gender and Development which engages key global figures, such as Ministers of Trade, Planning, and other sectors, internationally recognized private sector leaders, and civil society leaders from both IDA and non-IDA countries. This diverse group of leaders convenes twice annually under the stewardships of the WBG's Managing Director, to consider ways to accelerate progress in closing gaps between men and women. IDA's global partners also include organizations such as Breakthrough, CARE International, Cornell University, Ogilvy, Promundo, Show of Force, and UN Women.

81. **Participants emphasized the potential to speed up development by sharpening the focus on women's economic empowerment, particularly through access to jobs and assets under IDA18.** They called for enhanced efforts to remove constraints for more, better and inclusive jobs, through a number of actions: involving/consulting employers in the design of skills development programs, to providing incentives to training providers to enroll women in training

50 World Bank Group (2015), "Gender Equality, Poverty Reduction and Inclusive Growth."

programs in which women do not traditionally enroll, to offering care services and other measures that shape their participation.[51] Given the importance of private sector development, Participants emphasized the importance of removing legal and regulatory barriers to enable women to engage in paid employment and start and grow businesses. Participants welcomed IFC's emphasis on promoting women's economic empowerment and encouraged further progress. They also emphasized the importance of financial inclusion for women's economic empowerment. Participants noted that both IDA and the IFC can play important roles in extending a range of infrastructure services to enable women's economic participation and higher productivity. Given the fundamental role played by access to quality, affordable, reliable, and safe transportation in both freeing women's time for productive activities and to enable better access to services, markets, and jobs in many IDA countries, Participants welcomed the specific commitment under IDA18 to address these issues, while acknowledging the importance of investments in other infrastructure areas.

82. **Participants acknowledged the many inter-linkages between gender and other IDA18 Special Themes, and called for further strengthening of these interlinkages – particularly with respect to women in the labor force and women in FCV.** In addition to the actions identified in the Gender Strategy, Participants encouraged exploiting the links between gender and other Special Themes (Box 4). In this broader context, Participants noted the need for IDA to support women's opportunities to exercise agency, leadership and voice, and emphasized the role IDA can play in removing constraints for women to be agents of change. Participants also expressed significant concern about GBV and other vulnerabilities facing women in the current migration crisis, particularly those who are forcibly displaced and in post-conflict situations, where they lack services, job opportunities and/or other support. In this regard, they looked forward to the recommendations of the WBG's Global Task Force on GBV and to IDA's support in implementing these recommendations.

83. **IDA18 Policy Commitments.** Participants and Management agreed to intensify investments to improve women's access to jobs and assets and to shift the focus to measurable results in IDA18. As such, IDA's more ambitious efforts to promote change will be grounded in the WBG Gender Strategy, with all related commitments made on the basis of our experience during IDA17 implementation and in full alignment with the results outlined in the Strategy. The Strategy commits the WBG to more specificity about which gender gaps in each country IDA can help close, to expand take-up of interventions that work, to sharpen focus on measurable results, and to fill key gender data gaps. They welcomed specific actions to scale up efforts in five areas over IDA18 at both the operational and country level, including a specific focus on gender-related commitments in FCV, as well as piloting an ambitious effort to approach the very complex task of collecting key economic information from individuals within households:

- **Closing first generation gaps in human endowments:**
    - All applicable IDA18 financing operations in primary and secondary education will address gender-based disparities, for instance, by incentivizing enrollment, attendance and retention for girls;

[51] See "Special Theme: Gender and Development," May 27, 2016.

- All IDA18 financing operations for maternal and reproductive health will target the improvement of the availability and affordability of reproductive health services, including for survivors of gender-based violence.

- **Removing constraints for more and better jobs:**
  - At least 75 percent of IDA18 financing operations for skills development will consider how to support women's participation in and improvement in the productivity of their economic activity, and/or consider how to reduce occupational segregation;
  - At least two-thirds of all IDA18 financing operations in urban passenger transport will address the different mobility and personal security needs of women and men.

- **Increasing financial inclusion and entrepreneurship:**
  - At least 10 IDA18 financing operations and ASA for financial inclusion will address gaps in men's and women's access to and use of financial services and at least 10 Financial Inclusion strategies in IDA countries will provide sex-disaggregated reporting and put in place actions to target specifically women's financial inclusion;
  - At least half of all IDA18 financing operations in the ICT portfolio will support better access to the Internet and better access to ICT services for women.

- **Enabling country-level action:**
  - Pilot data collections will be launched in at least six IDA countries to gather direct respondent, intra-household level information on employment and assets.

- **Enhancing women's voice and agency and engaging men:**
  - Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood support activities for women (baseline: IDA16; see FCV);
  - Implement the recommendations of the WBG Global Task Force on Gender-Based Violence, as applicable, within operations in IDA-eligible countries.

Box 4. Exploiting Gender Interlinkages with the Other Special Themes

Jobs and Economic Transformation: Jobs is a cornerstone in the new gender strategy and a Special Theme of IDA18. As countries diversify and jobs move out of agriculture into other sub-sectors and value-chains, IDA-funded initiatives can help them break occupational segregation in the labor market, and help women access paid employment and move from low to higher quality jobs (productivity, earnings, working conditions, access to social insurance). There is also an important agenda to improve the quality of the mainly informal jobs they currently have. The types of interventions that are needed can be informed by ongoing Jobs Diagnostics – all 15 produced to date, including five in FCV-affected countries, draw on sex-disaggregated data as a step towards identifying actions that can bring about more, better and inclusive jobs and collect information on gender norms/occupational segregation. A next step should be to deepen the analysis in the new cohort of Jobs Diagnostics and to strengthen the linkages to policy dialogue in countries, with CPFs increasingly reflecting jobs challenges.

Climate Change: For the climate change Special Theme, women's responsibilities in households and communities, and as stewards of natural and household resources, position them well to contribute to livelihood and risk reduction strategies adapted to changing environmental realities. Adaptation efforts should include work to empower women, especially in the area of energy, forests and climate-smart agriculture, help communities actively prepare for potential climate shocks, and ensure that productivity gaps with men continue to close. Finally, some work suggests that males and females have different resilience strategies to cope with the effects of climate change. The effects on their lives, livelihoods and assets can be mitigated by having social safety nets, expanded participation in adaptation planning processes, and secure asset rights as part of resilience and disaster response. Commitments under the new WBG Climate Change Action Plan include planned efforts in integrating gender into climate screening tools, and undertaking analytical work around gender inequality, climate and poverty, including linkages with migration and fragility.

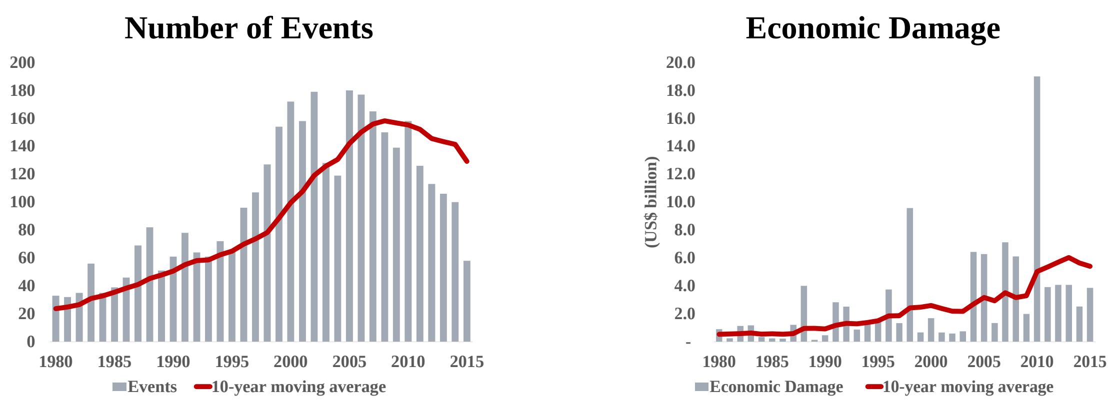
Fragility, Conflict and Violence: In situations marred by FCV, IDA's ongoing work, including in the Great Lakes region in Africa, seeks to prevent and mitigate the effects of sexual and GBV. Under IDA18, an urgent agenda will be to build a larger knowledge base to understand the norms of masculinity and violence against women, with a particular focus on what can work for normative change. IDA can also do more to make the linkages between responses to GBV and women's economic activities in project design. To strengthen the effectiveness of IDA, it will be important to include women fully in post-conflict transition operations, whether in the demilitarization and demobilization agenda or in fast-disbursing community-driven development projects. IFC is developing a gender framework for all projects in its conflict affected Africa states program in IDA countries that will allow operations to more fully take into account and reduce gender gaps. Finally, several ongoing crises highlight the challenge of large scale displacement, whether forced or voluntary, internal or cross-border. Displacement leads to distinctive risks and opportunities for males and females – such as increased risk of rape, violence, and forced conscription, or better opportunities for employment, education and voice. Data is scarce about most displaced populations, with the exception of refugees. That data indicate that the proportion of female refugees has gradually increased from 48 percent in 2011 to 50 percent in 2014 (UNHCR, 2014). In refugee camps today in central Africa, women represent over half of refugees. In these places, men tend to find jobs outside the camps, with women remaining to take care of children and other family members (UNHCR, 2011). IDA will need to be mindful of the important differences in how males and females are exposed to both risks and new opportunities when projects are designed to benefit refugees, internally displaced persons (IDPs), and migrants, as well as host communities in FCS.

Governance and Institutions: The WBG's *Women, Business, and the Law* database collects unique data on laws and regulations on barriers to women's entrepreneurship and employment in 189 countries, helping identify the necessary entry points for legal reform. There are a total of 376 legal gender differences in the 63 IDA countries covered by the *Women, Business and the Law* database (excluding India). In 45 IDA countries, women are restricted from doing the same jobs as men. Meanwhile, gains in voice and agency remain uneven, especially in practice. IDA is removing barriers to women's ownership and control of economic assets by addressing legal inequities and increasing access to justice service delivery. IDA is also embedding important dimensions for women and girls in support to improve service delivery performance through SOEs and in strengthening health institutions' capacity to address pandemics, which can often have disproportionate effects for women, the primary caregivers in many IDA countries.

C. Special Theme 3: Climate Change

84. **Participants expressed concern that climate-related disasters are eroding development gains.** During the last decade, IDA countries were affected by almost eight times as many natural disasters relative to the 1980s, and their economic damage (US$ terms) has increased three fold (Figure 10). The Intergovernmental Panel on Climate Change's IPCC Fifth Assessment Report finds that unabated climate change will lead to intense and more frequent heat waves, extreme precipitation, coastal flooding, and other extreme events. While repercussions from these events will be felt all across the globe, the poorest regions of the world (i.e., Sub-Saharan Africa and South Asia) will bear the brunt. The WBG's *Shock Waves* Report[52] notes that the impact of climate change related shocks on poverty reduction alone could result in more than 100 million additional people living in poverty by 2030. This rise in poverty could exacerbate social instability and fragility with negative spillover effects.

Figure 10. Impact of Climate and Natural Disasters on IDA Countries



Source: The International Disaster Database (EM-DAT).

85. **Participants noted that IDA countries are particularly vulnerable, and enhancing resilience is a key priority.** IDA countries tend to have high exposure and sensitivity to climate shocks, while also exhibiting low adaptive capacity to buffer their economies and communities from climate and disaster risks. IDA has been one of the largest sources of climate related finance for LICs. IDA commitments with climate change co-benefits over FY13-15 averaged US$3.86 billion, with the majority of the associated investments occurring in the following sectors: energy and mining; water, sanitation and flood protection; and agriculture, fishing, and forestry. In FY15 alone, IDA delivered US$2.08 billion in adaptation co-benefits. Through IDA18 these numbers are expected to increase substantially.

86. **Participants acknowledged that it is essential that climate and development is tackled in an integrated manner.** In IDA countries alone, about 300 million people are undernourished. In addition, IDA countries are seeking to provide electricity to nearly 800 million people without access, while keeping emissions to a minimum and managing the transition away from fossil fuels.[53] Water stress will increase in many parts of the world. In many circumstances, women are

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52 Shock Waves: Managing the Impacts of Climate Change on Poverty. Washington, D.C.: World Bank Group (2016).

53 Preceding two sentences refer to data from World Bank Databank, excluding India.

particularly vulnerable during conditions of scarcity brought by climate shifts. That said, enhancing women's roles as agents of change and as stewards of natural and household resources can position them well to contribute to livelihood and risk reduction strategies adapted to changing environmental realities. In any case, developmental needs will have to be addressed in a climate smart way to ensure sustainability over the long run. While IDA has to prioritize enhancing the resilience of vulnerable communities and the resources they depend on, it also needs to ensure that IDA countries are able to adapt to climate change and have the resources to pursue low-carbon infrastructure while satisfying all WBG safeguards (Paragraph 27).

87. **Participants noted that actions under COP21 on climate change and the Sendai agreements require a significant increase in resources to deepen resilience.** Taking the expected increase in climate and disaster risks into account, IDA requires a substantial increase in resources to address the upfront costs of actions to reduce these risks and maintain development gains. [54] Furthermore, an analysis of the (I)NDCs of 71 IDA countries shows that a vast majority are intending to improve renewable energy as well as energy efficiency and access. Increased emissions because of deforestation and degradation was also highlighted as a problem in 90 percent of the (I)NDCs, and efforts need to be increased to protect forests as a source of people's livelihoods, as a critical sink to remove carbon dioxide from the atmosphere, and as an ecological buffer from climate shifts. The World Bank estimates the costs for implementing IDA (I)NDCs' actions are at least US$800-900 billion by 2030, or up to US$60 billion per year through 2030.[55]

88. **Participants noted that addressing climate change requires tackling interlinked policy, technology and finance challenges.** It also requires policies and programs that provide incentives for engagement of, and synergies between, the public and private sector to address climate change. They agreed with Management that intensified ambition is needed to tackle climate change, which involves a significant scale-up in innovative and transformative activities towards climate resilient development in line with the WBG's Climate Change Action Plan. They appreciated the range of interventions to address climate change – including the focus on climate-smart agriculture, forests, deforestation, and land restoration – and recognized the inter-dependence of these critical issues with integrated urban and transportation development, protected areas, secure land tenure, and protection of indigenous people's rights. Participants also stressed the critical need to promote energy access in IDA countries, and urged continued attention to investments in renewable energy, as well as energy transmission, distribution, and efficiency. Empowerment of women can increase the effectiveness of interventions to address climate change and increase resilience, such as by accelerating the replacement of inefficient indoor cook stoves with cleaner alternatives that reduce chronic health impacts and have co-benefits for regional and global climate. [56] Participants emphasized the WBG focus on assisting IDA countries, including small island states, in maximizing climate co-benefits through greater support in relevant areas and in supporting countries, when requested, in implementing their (I)NDCs.

89. **Participants welcomed the enhanced ambition in IDA18's commitments to foster climate and disaster resilient development.** They recognized that the collective IDA18 climate commitments build on IDA17, and drive the WBG's ambition to deepen and mainstream climate

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54 See " Building Resilience Integrating Climate Disaster Risk Development." World Bank Group (2013).

55 Estimates based on an analysis of countries' self-reported cost estimates from the World Bank's (I)NDC Platform, July 2016.

56 See "Gender, Climate Change and Health". World Health Organization (2014).

considerations. Together, the commitments aim to create the enabling policy and planning frameworks to ensure that IDA resources are deployed to incentivize and crowd in additional public and private resources to address climate. IDA18 will strengthen the integration of climate change and disaster risk management considerations into SCD and CPF processes, which will help shape development programs going forward with a climate and resilience lens. A review of the WBG experience to-date and the countries' NDCs will be integral to identifying climate change risks and opportunities. IDA18 will also strengthen the screening of projects for climate change and disaster risks to inform and ensure all of IDA's lending operations maximize climate change considerations in these projects.

90. **Participants acknowledged the importance of supporting IDA countries to integrate (I)NDCs into national budget and planning processes to achieve their climate objectives.** They urged Management to consider ways to support a diverse group of countries and share the experiences broadly. Participants recognized that policy reform is one of the key ways to increase impact on the ground, to crowd in climate smart funding and to increase the value for money for all climate related funding. As an important instrument for achieving this and helping IDA countries get their policy and regulatory frameworks right, IDA18 will increase the use of Development Policy Operations (DPOs) that support climate co-benefits. These could encompass energy policy and subsidy reform, public investment planning, natural resource protection and financial sector reform, amongst other policy reforms. Participants acknowledged the need to increase private sector financing for climate activities and welcomed IDA18's annual reporting on private finance mobilized for climate, in addition to continuing to report on overall climate finance together with other MDBs.[57]

91. **Participants also noted the sectoral nature of climate actions in IDA18, with specific commitments in the highest priority areas like energy.** IDA18 will support efforts in IDA countries to provide access to energy for the 1.1 billion people who are currently without access, in ways that have the lowest carbon footprint, are climate resilient, and avoid lock-in of carbon intensive infrastructure. Participants supported the aim of adding five gigawatts (GW) of renewable energy generation, which is a doubling over the most recent three-year period of FY14-16, and represents at least 20 percent of the total renewable energy expected to be added in IDA countries by 2020. As larger countries such as India and Vietnam would have graduated IDA, this capacity will be added through a number of smaller projects in very complex environments and will be selected with a view to catalyzing broader low-carbon development. Participants welcomed IDA18's emphasis on developing renewable energy investment prospectuses in seven additional IDA countries with low electricity access, providing the strategic investment framework for IDA and other donors, and the private sector to support access and renewable energy investment.

92. **Participants agreed that focus on climate-smart agriculture and forestry in IDA18 is critical to deliver increased production, increased resilience, and lower emissions.** To shape agriculture in a climate-smart way, and to provide a framework for investments for both IDA and other financiers, IDA18 will support the development of 10 country level climate smart agriculture strategies and investment plans. Participants also recognized that forests need to become an integral part of national development agendas and recognized for the many opportunities they

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[57] Climate finance reporting will continue to follow the methodology and procedures agreed upon with the other MDBs and will report on the WBG numbers.

offer. Forests are uniquely placed in the climate change agenda as they can deliver both emissions reductions and adaptation co-benefits: they have the capacity to store and sequester carbon as well as to provide ecosystem services that enhance the resilience of natural systems. Participants further appreciated that in many IDA countries, land use changes and deforestation are large sources of emissions, but that forest pressures are frequently connected directly and indirectly to other development activities. At the same time forests are a key source of livelihoods for poor people. Through a combination with IFC and the climate change trust funds – the Forest Carbon Partnership Facility, the Forest Investment Program, and the BioCarbon Fund – IDA18 will continue working on innovative solutions for forest-based low-carbon development. Participants further appreciated that the WBG Forest Action Plan and IDA18 will be aligned through the development of 10 country forest policy notes, which are expected to lead to large-scale, multisector programs promoting "forest-smart" development.

93. **Participants welcomed the scale of climate-related commitments over IDA18 as follows:**

- **Deepening the mainstreaming of climate change and DRM into SCDs, CPFs, and lending, and support development of planning and investment capacity:**
    - All IDA SCDs and CPFs to incorporate climate and disaster risk considerations and opportunities and reflect (I)NDCs, based on a review of experience before the start of IDA18, and to be reported at MTR;
    - All IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures, based on review of experience before the start of IDA18, and to be reported at MTR;
    - Support at least 10 countries (on demand) to translate their (I)NDCs into specific policies and investment plans with a view to start their integration into national budget and planning processes;
    - Develop at least 10 climate-smart agriculture investment plans and 10 programmatic forest policy notes;
    - Increase the use of DPOs that support climate co-benefits;
    - Apply GHG accounting and shadow carbon price for all operations in significant sectors, and prepare a revised guidance note on discount rates.
- **Supporting efforts to achieve the Sustainable Energy for All objectives:**
    - Support the addition of five GW in renewable energy generation;
    - Develop Investment Prospectuses in seven additional countries with low electricity access.
- **Monitoring and reporting of IDA resources used for climate change:**
    - Report annually on private finance mobilized for climate and continue to report on overall climate finance together with other MDBs.[58]

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58 Climate finance reporting will continue to follow the methodology and procedures agreed upon with the other MDBs and will report on the WBG numbers.

D. SPECIAL THEME 4: FRAGILITY, CONFLICT AND VIOLENCE

94. **Participants noted that FCV constitutes one of the most pressing challenges for achieving the SDGs.** Compared to a quarter century ago, the number of people living in extreme poverty[59] in the world has dropped by almost one billion. However, in FCS, extreme poverty is rising – with an estimated 50 percent of the global poor expected to live in IDA FCS by 2030. FCV also makes growth and human development more difficult and can lead to reversal of development gains. In this context, Participants noted that violence is becoming more complex with a growing number of local conflicts supported by external actors with political violence and acts of terrorism causing increased instability. Not all fragile situations are violent, but the threat of violence and conflict is present in many fragile situations.

95. **Participants noted that FCV risks affect countries beyond the list of FCS[60] and can have regional and/or global dimensions.** Fragility can also be found in higher-capacity countries, and at sub-national levels. The causes and consequences of fragility are often not confined within borders and this always carries the potential of negative spill-overs into other countries through violent extremism and/or forced displacement. Violence and conflict are estimated to have displaced about 65 million people, including 24 million refugees.[61] Fragility can also emanate from other factors such as demographic pressures, illicit flows of drugs and arms, and climatic and environmental stresses. GBV is a prevalent feature of many environments before the onset of conflict, but fragility and conflict often exacerbate it.[62]

96. **Participants noted that the WBG is very well placed to support development in difficult environments and to help address global challenges associated with FCV.** The WDR 2011 on Conflict, Security and Development has highlighted the significant time it takes to address underlying causes of fragility and conflict and to put in place the institutional arrangements required for governments to effectively mitigate and manage associated risks. The WBG's strong client focus, its long-term perspective and commitment, its technical expertise and deep cross-country experiences represent important benefits for governments at risk of conflict, violence and instability. Participants also recognized that WBG can play an important convening role and provide a platform for evidence-based policy dialogue between international partners and government.

97. **Participants strongly welcomed IDA18's ambitious and comprehensive proposal for enhanced engagement on FCV.** They appreciated the new strategic, more differentiated approach to tackle the full spectrum of fragility and the cross-border dimension of FCV. In particular, the increased focus on addressing root causes of fragility and displacement and mitigating FCV risks was welcomed. Participants highlighted the unprecedented financing package for FCS/FCV and the establishment of new innovative financing mechanisms for tackling fragility problems and helping refugees and host communities. They underscored the importance of a heavy emphasis on operational effectiveness and strengthening implementation to ensure a successful scale up of IDA

59 Living on less than US$1.90 per day.

60 Harmonized list of countries with CPIA ratings 3.2 or below.

61 Global Trends: Forced Displacement in 2015 (UNHCR, June 20, 2016).

62 Recent prevalence estimates suggest that 21.4 percent of refugee and displaced women have experienced sexual violence and up to 57 percent of women screened in refugee camps in Kenya (IRD, 2015) reported GBV.

resources for FCS/FCV (see paragraph 103 and Section V). Finally, they underscored the strong synergies and linkages on FCV across all of IDA's Special Themes, to ensure IDA18 promotes employment and private sector development, builds legitimate institutions and stronger state-society relations, and addresses the severe challenges specific to women in FCV situations, including, but not limited to, the serious threat of GBV.

98. **Participants expressed support for the differentiated approach to FCV.** Sustained engagement in FCS and adapting responses to different situations of fragility – like active crisis or conflict, fragility traps or emerging stability – remains critical. They noted that 30 FCS are IDA-eligible[63] and suggested that IDA should broaden its engagement by identifying and supporting opportunities to mitigate fragility risks. This will require programs that directly address underlying causes of FCV and deal with the consequences of violent conflict. They also encouraged IDA to support country-level engagements within a regional framework to tackle fragility arising from regional factors and to deal with the impact of refugees on host countries.

99. **Participants endorsed the proposal for significantly scaled-up IDA18 financing to FCS and also exceptional IDA support to a limited number of non-FCS countries which face FCV risks.** They noted that the proposal preserves incentives for performance; does not create an additional set-aside; builds on IDA's implementation experience, including the need for striking a balance between rules and flexibility; and reflects the purpose of responding to FCS/FCV across the entire spectrum of fragility. Participants endorsed the following changes to the PBA system: (i) increasing the poverty orientation of the regular PBA system by reducing the Country Performance Rating (CPR) exponent from 4 to 3; (ii) increasing the annual minimum base allocation from SDR4 million to SDR15 million; (iii) eliminating the Multilateral Debt Relief Initiative (MDRI) netting out; (iv) eliminating the grant discount; (v) continuing the implementation of the exceptional Turn-around Regime (TAR) (Annex 3), including for Syria when conditions are appropriate;[64] and (vi) providing exceptional Risk Mitigation support to Guinea, Nepal, Niger, and Tajikistan for the IDA18 period (Annex 4).

100. **Exceptional regimes.** Participants acknowledged that within Core IDA Financing, TAR will continue to support IDA countries taking advantage of a significant opportunity to build stability and resilience following the cessation of a conflict or the commitment to a major change in the policy environment. In addition, Participants endorsed the introduction of a new exceptional regime to mitigate FCV risks. Under the FCV Risk Mitigation Regime, additional Core IDA resources will be allocated to selected IDA countries that present increased risks of fragility and where governments are committed to addressing them. Additional resources will target drivers of FCV and mitigate fragility risks and build institutional resilience. Participants also endorsed the implementation arrangements and systematic approach to determine country eligibility and make mid-course corrections at the MTR as per the eligibility criteria presented in Annex 4. For IDA18,

[63] Based on the latest available harmonized list.

[64] Syria was recently reclassified as an IDA-only country (IDA/SecM2016-0149), November 17, 2016. Reclassification of Syria as IDA eligible does not mean that the World Bank intends to resume engagement in the country at this stage. Commitment of IDA funds in Syria will require the following: (i) arrangements for the clearance of IDA arrears; and (ii) the Bank's ability to engage with an appropriate government counterpart and to effectively appraise and supervise projects in the country (whether through staff presence or the use of third-party monitoring agents). If Syria were to qualify for TAR assistance, then it could receive up to US$1 billion subject to performance.

four countries (Guinea, Nepal, Niger, and Tajikistan) meet the eligibility criteria and will be eligible for an additional allocation of up to one-third of the country's indicative IDA18 allocation.

101. **Regional Sub-window for refugees.** In order to focus particular efforts and resources on the challenge of refugees, Participants welcomed and endorsed the creation of a SDR1.4 billion sub-window within the Regional Program to finance projects benefiting refugees and their host communities. Supported projects in host IDA countries will focus on the medium to longer term development needs of refugees and host communities. Participants supported the stated objective of the refugee sub-window. They noted that it could provide support for projects benefitting a single host country. The proposed sub-window will put in place necessary incentives for addressing the refugee challenge and accessing funds. Country eligibility will include quantitative criteria and existence of a government action plan, strategy or similar document that describes the country's response to address the refugee situation in the country. Robust governance procedures with strong Board oversight will be used for the refugee sub-window, similar to what is already in place for projects under the Regional Program (Annex 5).

102. **Participants highlighted the importance of continued support to address internal displacement.** Internally displaced persons (IDPs) are amongst the most vulnerable of the poor. Participants welcomed IDA's increased engagement on the challenge of forced displacement which has primarily been focused on IDPs and refugee host communities through both analytical and operational work. An analysis of forced displacement dynamics, including internal displacement, is part of Risk and Resilience Assessments (RRAs) which underpin CPFs in all relevant IDA countries. Examples of IDA operations targeting IDPs and host communities include regional initiatives in the Great Lakes and Horn of Africa, the local governance and service delivery project in South Sudan, as well as emergency projects in Pakistan and in the Central African Republic. Participants welcomed the greater scope for IDA countries facing these IDP challenges to tap into greater core country allocations, as well as the larger Regional Program, as described below in Section IV.

103. **Ensuring effective implementation in FCV.** Participants recognized that the substantial increase in resources for FCV provides great opportunities for the WBG but also comes with significant reputational, fiduciary and programmatic risks. They acknowledged that successful implementation of a more ambitious program on FCV requires adequate staffing, operational flexibility and sufficient budgetary resources for strategic engagement and portfolio support. The success of IDA's increased engagement will also depend on security, organizational effectiveness, the WBG's ability to promote the design of projects that address FCV drivers, as well as greater FCV-sensitivity across the portfolio. Further details on strengthening implementation in FCV situations are provided in Section V.

104. **IDA18 Policy Commitments.** Building on the progress achieved, Participants welcomed the substantial set of new policy commitments for IDA18 and the strong ambition to further strengthen delivery of assistance to FCV. They highlighted the need for attention to gender issues throughout all of the policy commitments and to ensure a gender perspective is integrated into assessment and planning processes such as RRAs and Recovery and Peacebuilding Assessments (RPBAs). This recognized that women and men experience fragility and conflict differently and therefore have different needs, capacity and opportunities. They noted the comprehensive and

mutually reinforcing nature of policy commitments spanning the areas of: (i) knowledge and analytics; (ii) country strategies and programs; (iii) operational effectiveness; and (iv) partnerships. Participants agreed to the following policy commitments:

- **Deepening IDA's knowledge on FCV and learning from operational experience:**
  - Adopt a risk-based approach for identifying fragility beyond those countries on the FCS harmonized list;
  - Deepen the Bank's knowledge on the mitigation/prevention of FCV risks through a flagship report drawing on lessons from operational experience and impact evaluations.

- **Designing integrated WBG strategies addressing FCV drivers and building institutional resilience:**
  - Risks and Resilience Assessments inform all CPFs in FCS and countries with significant risks of FCV; [65]
  - Increase the number of operations targeting refugees and their host communities (baseline: IDA17);
  - Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood supported activities for women (baseline: IDA16).

- **Improving staffing, operational effectiveness and flexibility:**
  - Increase staff "facetime" in IDA FCS with a focus on staff based in-country and monitor progress through the "Facetime index." [66]

- **Promoting partnerships for a more effective response:**
  - Undertake joint RPBA as openings arise for engagement in the aftermath of conflict in IDA countries.

- **Enhancing Financing for FCS/FCV:**
  - Implement the revised IDA resource allocation framework for FCS/FCV to enhance targeting of IDA's exceptional support and financial engagement in these countries (Section IV.A below).

E. SPECIAL THEME 5: GOVERNANCE AND INSTITUTIONS

105. **Participants noted that good governance and strong and accountable institutions are crucial for poverty reduction, fighting corruption, and development effectiveness in IDA countries.** Weak, non-transparent institutions are at the heart of the challenges many IDA clients

[65] Countries eligible for exceptional IDA allocations to mitigate FCV risks identified on the basis of a cross-country risk scan combining quantitative and qualitative assessments.

[66] The proposed "Facetime" indicator will reflect World Bank staff time in-country, missions as well as international and local staff and consultants based in the country.

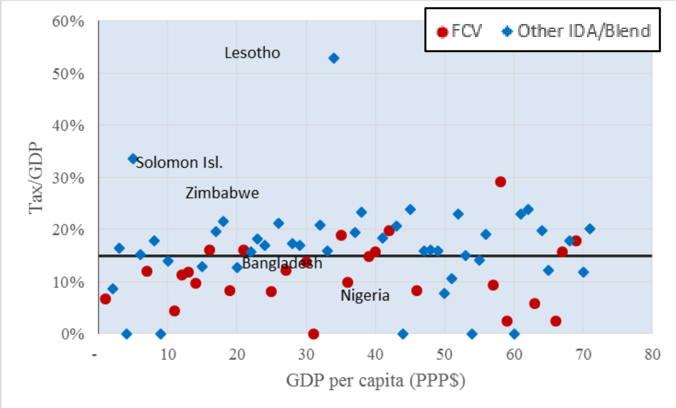
face in achieving the twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner. The inextricable link between poor governance and persistent poverty is difficult to break as building and operating successful public institutions is a long-term challenge for governments, even in ideal circumstances. Corruption undermines growth and prosperity by not only siphoning away resources from their intended purposes, but also by preventing delivery of critical services such as vaccines, school supplies and roads. The complexity of this challenge is compounded by volatile conditions found in many IDA countries (particularly FCS), where human security, social cohesion, political stability, and economic activity can be uncertain and volatile.

106. **While Governance and Institutions has been a long-standing core component of IDA, Participants welcomed the ambition and intensified focus brought by introducing it as a new Special Theme in IDA18.** Since 1996, the World Bank has launched over 400 lending projects focused on public sector governance issues in IDA countries with commitment amounts of over US$14 billion. The complexity and depth of institutional reform affects components of each of the Special Themes. A coordinated reform dialogue on Governance and Institutions under IDA18, therefore, will highlight the priority and innovative areas with the potential for maximum impact in IDA countries, while also ensuring institutional advances are leveraged in the other four Special Themes and all other areas in which IDA works.

107. **Participants highlighted that governance and institutional capacity touch the World Bank's work in all sectors – serving as a foundation for IDA's effective investment in growth, resilience, and opportunities.** IDA supports client countries to build open, effective, and accountable institutions for inclusive development. This involves a focus on both: (i) strengthening of core systems at the center of government necessary for channeling resources to the bottom 40 percent; and (ii) development of a public sector grounded in transparency, which combines fiscal transparency, technological innovation and citizen participation to increase trust between governments and citizens. As a Special Theme, Governance and Institutions will facilitate an integrated, multi-sectoral approach to public sector reform that builds on lessons learned and promotes a results-driven delivery of IDA. Participants also noted that progress in governance and institutional capacity often requires longer-term investments spanning more than a three-year IDA cycle.

108. **Participants welcomed IDA18's focus on DRM, noting its importance for providing governments with essential financing for development.** A sound revenue base is a fundamental underpinning for countries to deliver the services required to sustain the social contract between citizens and the state. It can also help countries avoid dependence on development assistance and foreign borrowing, while also serving as a catalyst for broader improvements in government accountability, responsiveness, and institutional capacity. DRM must also focus on the quality, fairness, and equity of domestic tax collection with an emphasis that revenues raised will not end up taxing the poor more heavily. IDA18 will focus on increasing operations and TA to help IDA countries achieve a share of revenue of least 15 percent of GDP – considered a threshold for a state to function effectively – while minimizing market distortions and ensuring income growth for the bottom 40 percent (Box 5).

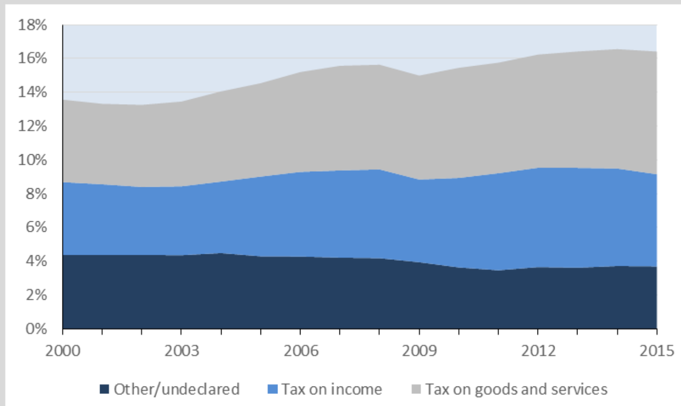
Box 5. State of Tax in IDA Countries



Tax revenues of the general government average about 16½ percent of GDP in IDA countries (including blend), against 18½ percent in IBRD countries. Taxes in over one-third of IDA countries (36 percent) are below 15 percent of GDP, and fall short of what is needed to fund basic state functions. A much larger share (70 percent) of FCVs do not meet this threshold for tax revenues.

IDA countries have raised tax receipts over the last 15 years from an average of just under 14 percent of GDP at the start of the millennium to 16 percent in recent years. Taxes on goods and services account for much of this increase, but often affect the poor more than income taxes.

Source: IMF World Economic Outlook, April 2016



109. **Participants highlighted that IFFs continue to be a core issue for IDA countries.** IFFs and recovery of stolen assets have significant developmental consequences in the context of the Twin Goals, and are a focus of SDG 16, making it a critical area for IDA policy action. IFFs impede efforts to strengthen revenue collection, constrain the ability to provide basic social services and, more importantly, undermine the social contract between governments and citizens. Participants urged IDA to employ IFFs assessments which will help them assess their exposure to IFF outflows and inflows, and enable them to identify levels of risk, the nature and the challenges. The Rapid Assessment Tool will inform SCDs and thus allow IDA countries to obtain a more detail and action oriented profile of IFF risks, and their developmental impact.

110. **Participants welcomed the inclusion of policy commitments fostering demand-side governance including those on citizen engagement and open government.** They noted that for interventions supported by IDA to be successful and sustained, governments must develop institutions that are capable, efficient, inclusive, and accountable to citizen needs. They emphasized that IDA18's focus on governance also equips client countries to create avenues and opportunities for citizen engagement, and help build and maintain trust between the state and citizens. Participants also emphasized the links between governance and gender equality, highlighting the legal and regulatory inequities cited in the *Women, Business, and the Law* report that hinder gains in women's voice and agency. Reducing poverty and promoting shared prosperity

in a sustainable manner is predicated on institutions that are effective in not only solving the problems of the past but responding to the changing needs of the citizens they serve.

111. **The Governance and Institutions Special Theme is a core element for enhancing the Value for Money proposition of IDA18.** Participants emphasized that the policy commitments of the Special Theme strengthen the core systems at the center of government necessary for maximizing results for the bottom 40 percent while enhancing the efficient use of resources without compromising quality. Commitments dedicated to public financial and expenditure management contribute to the wider state-building goals needed for poverty reduction and development effectiveness including ensuring transparent management of public finances, enabling fund flows to finance public services, and a better allocation of resources in support of investment priorities and implementation. The new World Bank procurement framework, meanwhile, will help IDA countries to achieve better value for money as it gives the WBG the space and capacity to significantly increase its support to IDA countries to develop their own procurement systems.

112. **Participants also noted that Special Theme's focus on reforms promoting transparency has the potential to be transformative.** Open government reforms such as deliberative transparency, citizen engagement, and freedom of information laws facilitate inclusive decision making processes, strengthen accountability, and build citizen stakeholders' capacity to engage in development dialogue. Participants also welcomed the focus on IFFs and "radical" transparency[67] in the World Bank's anti-corruption agenda. They also noted Governance and Institutions' ability to leverage key partnerships such as the Open Government Partnership (OGP), and Global Partnership for Social Accountability to meet policy commitments dedicated to transparency. It was recognized these policy commitments are just one part of an ambitious transparency agenda which includes work around beneficial ownership, the Stolen Asset Recovery Initiative, and Extractive Industries Transparency Initiative (EITI).

113. **Governance and Institutions was strongly endorsed as a Special Theme in IDA18.** Participants supported the increased emphasis on DRM. They supported policy commitments focused on strengthening the core of government operations around Public Financial Management, procurement, public administration, and State-Owned Enterprise (SOE) performance with a focus on improving downstream service delivery. They also strongly supported the commitment to inclusive government around open government reforms and citizen engagement. Participants also encouraged commitments around transparency and IFFs, a focus on governance in situations of FCV, and the operationalization of the 2017 World Development Report (WDR) on Governance and the Law. They also noted the importance of governance and institutions for the PSW. Finally, they also appreciated the focus on data and analysis, continued emphasis on impact and results, and the strengthened links between proposed commitments and WBG operations.

114. **IDA18 Policy Commitments.** Participants welcomed the IDA18 commitment to significantly strengthen Governance and Institutions and agreed to the following policy commitments:

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[67] Remarks by Jim Kim. "Tackling Corruption to Create a More Just and Prosperous World". See http://www.worldbank.org/en/news/speech/2016/05/12/remarks-by-world-bank-group-president-jim-yong-kim-at-anti-corruption-summit-2016.

- **Strengthening DRM:**
    - Provide support to at least a third of IDA countries targeted at increasing their Tax/Gross Domestic Product ratio through lending operations, ASA and technical assistance including tax diagnostic assessments.

- **Improving public expenditure, financial management and procurement:**
    - Support at least 10 IDA countries in performing second or subsequent PEFA assessments to inform preparation of their SCDs;
    - Deliver MAPS2 in five IDA countries to accelerate the development of modern, efficient, sustainable and more inclusive public procurement systems that take into account national development objectives.

- **Strengthening active ownership of SOEs:**
    - Support at least 10 IDA countries on enhancing SOE performance through: (i) Performance Agreements and/or (ii) increased transparency through published reports on their SOE portfolio.

- **Supporting public administration performance for service delivery:**
    - Perform joint operations, TA, and/or ASA on sector-focused governance in 10 IDA countries to identify and address institutional bottlenecks to service delivery with the health, water, and/or education sectors.

- **Supporting institutional capacity to respond to pandemics:**
    - Support at least 25 IDA countries in developing pandemic preparedness plans;
    - Support 25 countries in developing frameworks for governance and institutional arrangements for multi-sectoral health emergency preparedness, response and recovery.

- **Integrating citizen engagement and beneficiary feedback into service delivery operations:**
    - Support projects in at least 10 IDA countries in the development and implementation of user feedback and/or enhanced GRMs[68] for service delivery that ensure participation by women in these processes.

- **Strengthening open, transparent and inclusive governance through Open Government commitments:**

[68] Enhanced GRMs include minimum standards on uptake, responsiveness, disclosure, and/or gender inclusion.

  - Support at least one-third of IDA countries to operationalize reform commitments towards the OGP agenda to strengthen transparent, accountable, participatory, and inclusive governments.[69]

- **Mitigating IFFs:**
  - Perform IFFs assessments in at least 10 IDA countries to support the identification and monitoring of IFFs.

- **Enhancing understanding of governance and institutions in situations of FCV:**
  - Strengthen and systematize Governance & Institutional analysis in half of RRAs and at least three-quarters of RPBAs in IDA countries.

- **Operationalizing 2017 WDR:**
  - Plan for operationalization of 2017 WDR focused on reducing implementation gaps and enabling adaptive approaches.

SECTION IV: IDA18 OPERATIONAL AND FINANCING FRAMEWORK

A. ENHANCING VOLUMES AND TERMS OF IDA ASSISTANCE

115. **Participants warmly welcomed the most innovative and ambitious IDA financing package ever proposed.** In addition to supporting the escalating demand for IDA resources, the groundbreaking IDA18 innovative financing package – pioneering IDA market leverage and new instruments by blending Partners' grant contributions with capital market debt – represents a paradigm shift and a significant improvement in IDA's use of partner resources.

116. **Participants called for a step change in IDA18 to help IDA countries' meet financing needs for achieving the 2030 goals – both in terms of Core and non-Core IDA financing, emphasizing continued focus on IDA's mandate to provide concessional financing to the poorest countries.** They acknowledged the unprecedented demand expressed for IDA18 resources and agreed to an ambitious scale up in support as compared to IDA17, summarized in Table 1 below.

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[69] Open government activities include access to information, asset disclosure, citizen engagement, fiscal transparency, open contracting, open data, participatory budgeting, service delivery, and social accountability.

Table 1. IDA18 Use of Resources (in SDR billion)

in SDR billion	IDA17[1]	IDA18
1. Concessional	**32.1**	**45.3**
I. Core IDA	**27.9**	**37.4**
FCS/FCV[2]	*5.1*	*10.3*
o/w risk mitigation	0.0	0.4
Syria[3]	0.0	0.7
Non-FCS	*22.8*	*27.1*
o/w IDA18 graduates[4]	3.0	0.0
II. Non-core IDA	**4.2**	**7.9**
CRW [5]	1.2	2.1
Regional program	2.2	5.0
o/w Refugees[6]	0.1	1.4
Arrears clearance	0.8	0.8
2. Non-concessional	**5.1**	**6.4**
Transitional support[7]	2.3	2.0
Scale-up Facility[8]	2.8	4.4
3. Private Sector Window	**0.0**	**1.8**
Total	**37.2**	**53.5**
Total (in US$ billion)	*52.1*	*75.0*
Total estimated resources to FCS[9]	***7.9***	***14.9***
Grant element: concessional core IDA	52%	58%
Grant element: overall Replenishment	48%	49%

[1] Reflects the commitment authority as of May 31, 2015, being the latest update available prior to the release of the FY16 allocations (SDR33.7 billion) plus US$5 billion resulting from changes to IDA's liquidity policy in FY16 . The change in the liquidity policy channeled resources in the following way: i. CRW replenishment US$0.9 billion, ii. Refugee support for Lebanon and Jordan US$0.2 billion, and iii. Scale-up Facility US$3.9 billion (see Board paper "Enhancing IDA’s Financial Support in IDA17", February 27, 2016, IDA/R2016-0019/1).

[2] FCS as per FY16 FCS list. In IDA18, the figure includes the IDA's overall support to countries eligible under the proposed Risk Mitigation regime (Guinea, Nepal, Niger and Tajikistan). This regime did not exist in IDA17 (see special theme paper "Fragility, Conflict and Violence").

[3]Assumed to be granted under appropriate conditions.

[4] Bolivia, Sri Lanka, Vietnam.

[5] Replenished amount in FY16 compared to SDR0.6 billion (US$0.8 equivalent) in IDA17 Deputies' Report.

[6] In IDA17 refers to support for refugees in Jordan and Lebanon.

[7] In IDA17 represents transitional support to India.

[8] As approved by the Board of Executive Directors in IDA17.

[9] Includes estimated allocations of non-core IDA to FCS. Final amounts would depend on actual allocations of non-core resources across countries dependent on needs determined during the replenishment period.

Concessional IDA Financing

Core Financing[70]

117. **At a time of increased ambitions, challenges and risks, Participants agreed that a significant scaling-up of Core funding is needed in IDA18 to match the global community's ambitions for achieving the SDGs.** IDA18 Core funding will provide unearmarked support to all IDA-eligible countries for priority interventions that have a strong and direct impact on promoting sustainable growth and poverty reduction. The opportunities and challenges in these areas are outlined below.

118. **To tackle urgent needs, Participants agreed to revise IDA's resource allocation framework which – when taken together with the higher level of overall financing – would enable a doubling of concessional Core support to FCS/FCV relative to IDA17.** Participants agreed that the PBA formula should remain the main vehicle for allocating core concessional resources at the country level and that set-asides should remain limited. They endorsed adjustments to the framework for allocating core concessional resources that would allow for a significant scale up in IDA's support to FCS/FCV (including potential TAR support to Syria under appropriate conditions) and to small states. At the same time, because of the increased core envelope, Participants noted that the enhancements for FCS/FCV will not come at the expense of better performing countries facing their own significant development challenges. In endorsing the adjustments, Participants noted that the resulting allocation system would: (i) preserve its performance orientation; (ii) build on IDA's implementation experience, including the need for striking a balance between rules and judgment; and (iii) help target resources to countries facing fragility and conflict, beyond the harmonized lists of FCS. The IDA18 allocation framework incorporates the following revisions relative to IDA17:

- *An increase in the annual minimum base allocation* (from SDR4 million to SDR15 million), which would enhance support to small states, many of which are vulnerable and fragile. A similar increase was also agreed for the exceptional TAR;[71]
- *An increase in the poverty orientation of the PBA formula:* Building on the changes already introduced in IDA17, the CPR exponent in the PBA formula will be reduced from 4 to 3 to enhance its poverty orientation. This adjustment will particularly benefit FCS as they are generally at the low end of the CPR spectrum;
- *Removal of the 20 percent grant discount and MDRI netting out*: These adjustments would primarily benefit FCS – most of which are MDRI beneficiaries and/or receive all or part of their IDA assistance on grant terms. In addition, given their low CPR, these countries currently do not significantly benefit from the redistribution of resources from the grant

[70] Core Financing is the basis for IDA's financial support for the implementation of the Bank's CPFs and Country Engagement Notes. IDA Core Financing supports national development priorities, as per IDA's country-based development model.

[71] During IDA18, TAR will follow the implementation arrangements detailed in Annex 3. As in IDA17, TAR will continue to support countries taking advantage of opportunities to build stability and resilience following the cessation of a conflict or the commitment to a major change in the policy environment.

discount and MDRI netting out.[72] These adjustments have the added benefit of simplifying the PBA framework, and enhancing its transparency; and

- *Establishment of the Risk Mitigation Regime:* Support under this regime would be exceptional and it would allow additional resources to target specific drivers of FCV, mitigate identified fragility risks, and support four pre-identified countries (Guinea, Nepal, Niger, and Tajikistan) that present increased risks of fragility.[73]

119. **These adjustments in the allocation framework build on the progress IDA has made in recent years to better respond to the challenges and opportunities** of its diverse client base, while preserving strong incentives for performance and avoiding the proliferation of new set-asides. In addition, as a result of the increased core envelope for IDA18, implementing the proposed adjustments will not come at the expense of better performing countries facing their own significant development challenges.

Non-Core Financing[74]

120. **Strengthening support for regional projects.** Participants supported scaling up of financing for IDA's Regional Program to SDR5 billion.[75] They also agreed that the financing terms – including grant/credit distribution – of Regional Program financing be fully harmonized with those of concessional Core financing.[76] In particular, eligibility for grant support under the Regional Program would be expanded to IDA-only non-gap countries at moderate risk of debt distress.[77] Furthermore, Participants agreed to adjust the eligibility criteria for the 20 percent cap under the Regional Program.[78] Beginning IDA18, rather than being linked to the size of a country's annual allocation, eligibility for the 20 percent cap will be extended to small states – i.e., countries with populations of 1.5 million or less.[79]

121. **Refugee Sub-Window under the Regional Program.** Participants agreed to establish a refugee sub-window in the amount of SDR1.4 billion within the Regional Program to help IDA countries that host refugees. Support from the sub-window will target both refugees and host communities in order to promote more effective, equitable and sustainable solutions to this development challenge. Financing from the sub-window will be provided on more favorable financing terms and volumes relative to concessional core and Regional Program financing to

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[72] While the grant discount provided a mechanism to address the moral hazard related to the link between IDA terms and debt sustainability, mechanisms in the recently updated NCBP help mitigate this concern.

[73] Details on the implementation and governance arrangements are in Annex 4 of this report.

[74] Non-core Financing includes resources that would allow IDA to respond to key specific needs of its clients in IDA18.

[75] This includes a SDR1.4 billion sub-window for refugees. The allocation for regional projects increases from SDR2.1 billion in IDA17 to SDR3.6 billion in IDA18.

[76] Grant-eligibility under the Regional Program in IDA17 was limited to IDA-only non-gap countries at high risk of debt distress. For these countries, resources leveraged under the program were provided in grant terms. Financing to other IDA countries, including IDA-only non-gap countries at moderate risk of debt distress, was provided on applicable IDA credit terms.

[77] Similar to concessional Core Financing, Regional Program financing for these countries would be provided as a mix of grants and credits.

[78] Through IDA17, national contributions to qualified regional projects in countries with annual IDA allocations of SDR13 million or below were capped at 20 percent of their annual allocation.

[79] This will apply to activities that qualify for regional IDA leveraging; other activities would be fully financed from national IDA, or from other resources.

motivate governments of host countries to address the development needs of refugees. Governance procedures, eligibility and allocation criteria and the proposed financing terms are in Annex 5.

122. **Enhancing IDA's capacity to respond to crises.** Participants agreed to a CRW allocation of SDR2.1 billion to support IDA countries' response and preparedness against severe natural disasters, economic crises, and health emergencies. They also agreed that if warranted by exceptional circumstances this amount could be exceeded, subject to approval by IDA's Executive Directors as in IDA17. They also agreed to align the governance arrangements for accessing the CRW for economic shocks with those for natural disasters and health emergencies. Management will continue to follow the two-stage process in all CRW cases, and will ensure Board involvement and oversight through consultation in the first stage, and approval of resources and specific operations simultaneously in the second stage, i.e., at the time of Board approval of CRW-financed operations. For countries exposed to a severe natural disaster that results in damages and losses in excess of one-third of GDP, they agreed to allow for the adjustment of IDA financing terms based on an updated debt sustainability analysis shortly after the crisis. In addition, to further enhance IDA's capacity to respond to crises, Participants endorsed the introduction of CAT-DDOs for IDA countries (Paragraph 51).

123. **Arrears clearance.** Participants supported IDA retaining its capacity to support countries that may re-engage with IDA during the IDA18 period, including through exceptional support under IDA's systematic approach to arrears clearance as warranted by the country context.[80] They agreed to allocate SDR0.8 billion for this purpose in IDA18.

Non-concessional IDA Financing

124. **IDA18 Scale-up Facility.** Participants supported SUF in IDA18 to provide financing to blend and IDA-only countries on IBRD lending terms to enhance support for high-quality, transformational single country and regional operations with strong development impact. The SUF will focus on interventions that would help clients remove critical constraints to development. Implementation arrangements under the facility should also reflect due consideration of a country's capacity to absorb the resources and a proposed operation's consistency with IDA18 policy priorities and the WBG goals. Participants agreed that the design of the facility would build upon early experience gained during implementation of the IDA17 SUF. They also agreed that SUF resources should be allocated to Regions in line with the PBA regional shares, excluding countries at a high risk of debt distress while avoiding concentration of SUF resources in a few countries only. During implementation, they further recommended that due consideration be paid to individual countries' debt situation, while ensuring consistency with IDA's Non-Concessional Borrowing Policy and the IMF Debt Limit Policy. Participants further advised that the allocation of SUF resources should be appropriately balanced between IDA-only and blend countries. In this regard, they asked that Management should attempt to achieve a distribution of SUF resources to groups of eligible IDA-only countries and blend countries that broadly conforms to those groups of countries' overall shares of the PBA. As a soft filter, particular attention will be given to the ability of an operation to crowd in resources – including from the private sector, support resilience building (e.g., investments related to climate change, disaster risk reduction or pandemic preparedness), deliver benefits beyond or across borders, and/or drive economic transformation,

80 See "Further Elaboration on a Systematic Approach to Arrears Clearance," (June 2007).

including through support of countries' NDCs agreed as part of COP21. Priority will be given to promoting integration within a regional grouping by supporting modern economic infrastructure in line with low carbon development (Annex 6). Implementation experience will be reviewed at the MTR and adjusted, if necessary.

125. **Graduation and Transitional Support.** Participants agreed to maintain IDA's current flexible and holistic graduation process, which has helped countries make a successful and lasting exit from IDA. They agreed that, at present, there is no pressing case to modify IDA's operational Gross National Income (GNI) per capita cutoff. They noted that while graduation from IDA is a positive milestone, transitional support may help in ensuring a smooth and successful graduation, particularly in cases where graduation could adversely impact a country's capacity to maintain development momentum if it leads to a significant drop in available financing, increasing the risk of reverse graduation. In this context, Participants underscored the importance of utilizing the period when clients are in IDA/IBRD Blend status to prepare for a smooth and successful IDA graduation. They looked forward to discussing a longer term approach to transition at the MTR, which would be informed by further holistic analysis and options from Management, taking into account the outcome of IBRD capital discussions. The analysis will include consideration of the role of the blend period to ensure graduation readiness, with a focus on future IDA graduates. At the MTR, the cap on blends will also be discussed.

126. **Participants congratulated Bolivia, Sri Lanka and Vietnam on their recent development gains and on the achievement of graduating from IDA at the end of IDA17 and endorsed the provision of exceptional IDA transitional support to them in IDA18 only, on IBRD lending terms.** In the absence of transitional support, WBG net transfers to these countries will fall. Participants acknowledged that these countries are facing increasingly complex challenges and global economic headwinds. Exceptional IDA transitional support to Bolivia, Sri Lanka and Vietnam will be provided in IDA18 in the amount of 2/3 of the resources that these countries received in IDA17 on IBRD lending terms.[81] Front-loading of transition assistance will be avoided unless there is a compelling reason to do so. The level of transitional support to these countries could be revised at the MTR, depending on the outcome of the IBRD capital discussions. In order to help ensure a smooth and permanent transition and support the countries in building sustainable market access, Management agreed that, within the constraints allowed by IBRD's current capital position, it will make best efforts to stretch IBRD lending to the three transition countries levels currently planned for IDA18, subject to creditworthiness considerations.

127. **Participants supported the temporary suspension of the decision to exercise the acceleration clause for Bolivia, Sri Lanka and Vietnam until the IDA18 MTR discussions.** They noted that the implementation of the acceleration clause could place too much burden on the IDA18 graduates and hinder the desired support for a smooth transition. In the context of the broader graduation analysis described above, Management will then make a proposal regarding acceleration. If a decision is taken at the MTR to resume the acceleration clause, Participants agreed that FY20 would be the earliest point at which acceleration could take effect given the need for affected countries to incorporate the impact in their budget planning.

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[81] SDR99 million, SDR303 million and SDR1.593 billion for Bolivia, Sri Lanka, and Vietnam, respectively.

128. **Private Sector Window.** To support private sector development in IDA countries, Participants endorsed the creation of a SDR1.8 billion IFC-MIGA PSW in IDA18. The PSW will draw on IFC's and MIGA's long-standing experience in emerging markets, and further step up their support to IDA-only countries while also providing greater attention to FCS (Section III.A. "Creating Opportunities for the Private Sector").

Lending Terms

129. **Concessional IDA financing.** Participants agreed to retain IDA17's lending terms into IDA18 for financing from the concessional windows, subject to exceptions listed in the next paragraph. For IDA-only non-gap countries, grant eligibility will continue to be based on risk of debt distress ratings: countries at high risk of debt distress will receive their IDA allocations fully on grant terms; countries at moderate risk of debt distress will receive IDA concessional financing in a mix of 50 percent credit and 50 percent grant terms; and countries at low risk of debt distress will receive their concessional IDA resources on credit terms.

130. **Participants also agreed to the following:** (i) the grant/credit composition and terms of credit financing for small island states in IDA17 will be continued and extended to all IDA-eligible small states in IDA18 (four countries will benefit from this extension during IDA18: Bhutan, Djibouti, Guyana, and Timor-Leste); (ii) the lending terms of the Refugee sub-window under the Regional Program are described in Annex 5; and (iii) in order to meet the Bank/Fund minimum concessionality requirement of 35 percent, blend terms will be revised from 5/25 years (grace/maturity period) to 5/30 years.

131. **Non-concessional IDA financing.** Participants agreed to the expansion of non-concessional financing, introduced in IDA17 through the SUF endorsed at the IDA17 MTR. They also agreed that such non-concessional financing be offered at IBRD lending terms. Participants also agreed to offer non-concessional financing on IBRD lending terms to Bolivia, Sri Lanka, and Vietnam during IDA18 as transitional support to help better address the need for a smooth transition from IDA to IBRD.

132. **Accelerated repayments.** The terms of IDA credits provide for accelerated repayments of credits for countries that have a per capita GNI level that exceeds a specific threshold and are IBRD creditworthy. IDA has included an accelerated repayment clause in legal agreements of regular and blend credits approved since 1987. This allows it to double the principal repayments of the credit or increase the interest rate, subject to the approval of IDA's Executive Directors, after considering the borrower's economic development. The GNI per capita threshold was originally set as exceeding the historic cut-off for five consecutive years. However, for agreements after 1996 it was lowered to exceed the operational cut-off for three consecutive years. As stated in paragraph 127, Participants noted that the implementation of the acceleration clause could place too much burden on the IDA18 graduates and hinder the desired support for a smooth transition and supported the temporary suspension of the decision to exercise the acceleration clause for Bolivia, Sri Lanka and Vietnam until the IDA18 MTR discussions.

133. **Recommitment of resources from canceled projects by IDA graduates.** Participants agreed that it was important to provide the flexibility and incentives to restructure ongoing IDA-financed operations, including those in IDA graduates. As such, Participants supported the

proposal to allow IDA graduates to recommit resources from canceled projects on IBRD lending terms. The cancelled funds will be used for recommitments within the same FY, and in all cases before June 30 of the last year of the IDA replenishment cycle within which the cancellation occurs.

B. Transforming the Management of IDA's Financial Resources

A New Integrated Finance Model to Leverage and Scale-Up IDA Resources

134. **Participants welcomed IDA's largest and most innovative financing package ever.** They agreed that in addition to supporting escalating demand for IDA resources, this financing package maximizes the efficient use of partner resources by IDA, utilizing the institution's leveraging capacity and significantly enhancing IDA's value for money. They endorsed a total replenishment of SDR53.5 billion (equivalent to US$75.0 billion)[82] for IDA18 which would constitute the IDA18 commitment authority envelope.

135. **Deputies supported the introduction of a new, integrated financing framework for IDA18 that includes issuance of market debt by IDA as a means to significantly scale up replenishment resources.** This new hybrid model combines partner contributions – in the form of IDA18 contributions and reflows from earlier contributions – with external debt funding, complementing the existing CPL program with access to capital markets (see Table 2 for an illustration of all resources under the new framework). The transformative package will greatly increase efficiency in the use of shareholder contributions and capital, significantly enhancing IDA's Value for Money proposition. Specifically, the new model enables IDA to:

- *Scale-up IDA's capacity to support the 2030 ambitions without an increase in aggregate partner contributions*, bringing the ratio of every dollar of partner contributions to replenishment commitment authority from 1-to-2 in IDA17 to about 1-to-3 in IDA18;
- *Retain the focus on concessional financing in the mix of IDA's terms, and maintain strong emphasis on IDA's core mandate* to support the poorest countries and to ensure debt sustainability for IDA's borrowers; and
- *Ensure long-term financial sustainability of the hybrid model* through a prudent risk management framework that balances leverage with robust capital adequacy and liquidity positions consistent with prudential standards.

136. **Participants warmly welcomed the triple-A rating announced by two rating agencies in September 2016 – IDA's first ever public rating.** Recognizing the exceptional value and leveraging power of the new hybrid financing framework, Participants applauded the credit rating as historic and an important step towards IDA accessing capital debt markets – noting IDA's unique policy mandate, the important role of partner contributions, the solid track record of repayment, sound financial management (IDA's as well as IBRD's), and the strength of IDA's balance sheet as being among the key factors underpinning this evaluation (Box 6).

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[82] At the IDA18 foreign exchange reference rate of US$/SDR1.40207.

137. **Participants welcomed the benefits of existing capital market capabilities in the World Bank and Management's focus on establishing a sound leveraging framework to ensure successful execution of the new financing model.** IDA will build on IBRD's expertise, experience and governance to set up the functions necessary for IDA bond issuance. Moreover, establishing the appropriate prudential standards necessary for this hybrid financing framework will secure IDA's long-term financial sustainability, based on key leveraging principles:

- IDA's ability to continue fulfilling its mission in the future, as well as predictability and stability of financing for clients;
- IDA's ability to service debt without restricting future lending capacity, without negatively affecting its leveraging potential at future replenishments, and without creating hidden liabilities for Partners; and
- IDA's ability to adjust its policies at future replenishments, ensuring that decisions for IDA18 do not pre-commit future funding levels, lending volumes, and allocation principles.

Box 6. IDA's Triple-A Credit Ratings

In preparation for IDA issuing bonds in the capital markets, agreed with Partners for the IDA18 financing framework, IDA obtained two triple-A credit ratings from S&P and Moody's in September 2016.

IDA's first ever public ratings are not only historic for IDA, they also help pioneer a new model to scale up financing for sustainable development in the poorest countries. As one of the most concrete and significant proposals to date on the AAAA, the transformation of IDA's financing framework through capital market access will help deliver on the *Billions to Trillions* agenda necessary to achieve the SDGs and match the ambitions, and challenges, of the 2030 agenda. In this context, IDA's triple-A ratings – the highest credit rating possible – represent a landmark in private sector capital mobilization for development finance, allowing IDA to leverage its significant capital base. Augmenting IDA finances through capital markets represents one of the most radical transformations in IDA's 55-year history. The innovation offers donors significant additional value for money, with every dollar contributed being matched about one-for-one with both debt and internal resources to generate about US$3 in finance to IDA clients in IDA18 compared to US$2 in IDA17.

The triple-A credit ratings – the foundation for the leveraging paradigm and market access to be implemented successfully and sustainably – are a testament to IDA's exceptionally strong equity and financial position, membership and shareholder support, management and governance structure, and its critical role in the global development agenda.

Key factors specifically underpinning IDA's triple-A credit rating encompass IDA's institutional strength and solid performance track record, evidenced (i) in S&P's assessment of a very strong business profile (supported by IDA's public policy mandate, track record of shareholder support, and high quality of governance) and an extremely strong financial profile (reflecting IDA's very significant equity and ample, well-managed liquidity); and (ii) in Moody's very high assessments of IDA's capital adequacy as well as liquidity, and consideration of members' strong willingness to support IDA. S&P also noted that "non-borrowing members generally view IDA as one of the most efficient institutions of its kind; although IDA is not the only concessional window in the Multilateral Institution asset class, it exceeds the next-sized windows by a considerable multiple."

Both credit ratings were issued with a stable outlook, with rating agencies noting their expectations for continued strong IDA membership support and replenishments in parallel with increased leverage. Both S&P and Moody's evaluations noted that downward pressure on IDA's triple-A rating could emerge in case of material default by borrowers/increase in liabilities (sufficient to lead to a considerable deterioration in capital adequacy ratios) and/or markedly lower than expected replenishments (with key development partners forgoing or significantly downsizing/delaying their participation).

138. **Participants welcomed that central to a prudent financial platform for IDA's leveraging will be a robust capital adequacy framework,** including an overall lending limit commensurate with IDA's risk-bearing capacity. A credible capital adequacy policy entails readiness to take corrective measures to protect the triple-A rating of the leveraged model, e.g., by adjusting the commitment authority in future replenishments to align lending levels with IDA's capital. Participants noted IDA's financial management track record, as well as its ability to build on the experience, policies and skills of IBRD. They welcomed the assessment that the policies in the IDA18 replenishment are, from a financial sustainability point of view, ambitious and prudent.

139. **Participants recognized the flexibility offered by the new integrated framework,** including the potential to scale up financing in response to a situation of severe and large scale global crisis where it was judged critical to draw forward financing capacity. Participants noted that it is necessary to leverage with prudence in non-crisis times to allow stability in future financing to clients and increase its capacity to respond to major crises, if they occur.

140. **Participants noted that IDA18 choices do not prejudge decision-making for future replenishments.** Policies on the scale, funding and allocation of IDA resources, reflecting the three main financial policy levers – replenishment size, partner contributions, and concessionality – can be adjusted over time according to evolving circumstances and will be decided in the context of future replenishments. Choices would be made within the limits of appropriate credit risk, capital adequacy and exposure management frameworks, including overall lending limits and financial ratios commensurate with IDA's risk-bearing capacity. Participants also discussed the possibility of leveraging IDA's assets on IBRD's balance sheet and agreed that such approach would not be implemented in IDA18, but could be discussed in the future.

141. **Participants affirmed their strong support for IDA, and confirmed the importance and continued role of partner contributions in the integrated financing framework.** While the changes introduced in the IDA18 financing framework offer a historic opportunity, Participants recognize they also require commensurate joint commitment to address substitution risks – the risks that access to capital markets leads to a reduction in partner contributions. Grant contributions and strong shareholder support will continue to remain a key element of IDA's financial framework, for the proposed integrated business model to successfully leverage funds and be financially sustainable over the long term. In the context of significant 2030 demands and agreed ambitions, donors and clients emphasized the importance and principle of additionality as central to the new model. Deputies also reiterated that the commitment made under MDRI should fully finance the costs to IDA of providing MDRI debt relief, and that the financing of these costs would be additional to regular IDA contributions.

Table 2. IDA18 Financing Framework Summary
(SDR Billions)

	IDA17 AGREED 1/ SDR bil	IDA18 SDR bil	Change over IDA17
TOTAL PARTNER RESOURCES	**20.3**	**19.4**	**-4%**
Total New Partner Contributions	17.3	16.5	-5%
Partner Compensation for MDRI Debt Forgiveness	3.0	2.9	-3%
TOTAL INTERNAL RESOURCES	**11.9**	**15.5** 3/	**29%**
DEBT FINANCING	**2.3**	**18.6**	**713%**
Concessional partner loan (net of grant element)	2.3	2.8	21%
Market debt		15.9	
TOTAL	**34.6**	**53.5**	**55%**
Total (in US$ billion)	*52.1* 2/	*75.0* 4/	*44%*

1/ IDA17 Replenishment figures are as agreed. IDA17 Scale-up Facility approved by IDA's Executive Directors in 2016 is not included.
2/ Valued at IDA17 reference exchange rates.
3/ Internal Resources include:
- Reflows: SDR 14.2b (US$19.9b)
- Carryforward of Arrears clearance: SDR 0.8b (US$1.1b)
- IBRD transfers expected: SDR 0.3b (US$0.43b)*
- IFC transfers expected: SDR 0.1b (US$0.2b)*
  * IBRD and IFC transfers include additional investment income that IDA can potentially generate from a three-year encashment schedule
4/ Valued at IDA18 reference exchange rates.

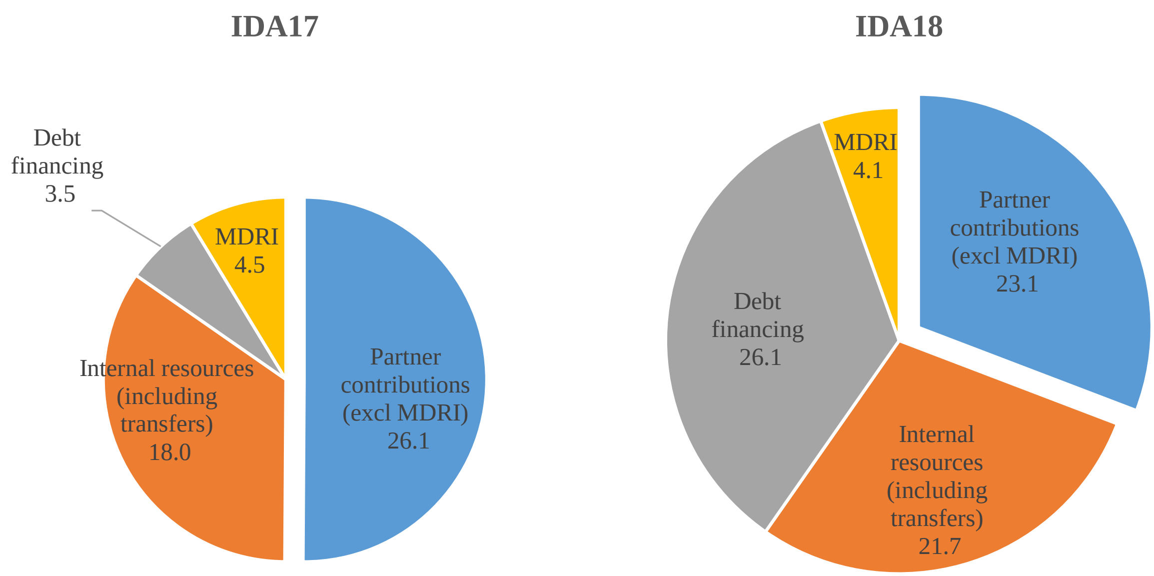
Commitment Authority in the New Financing Framework

142. **Sources of IDA18 commitment authority.** IDA18 commitment authority will be backed by partner grant contributions, internal resources of IDA, including transfers[83] from the IBRD and the IFC, by debt resources, including concessional loans from Partners and market borrowings, and by other resources, as available (Figure 11). Partner contributions supporting IDA18 commitment authority are provided as part of the IDA18 replenishment itself as well as under the MDRI replenishment. Deputies noted that Management will review IDA's commitment authority and report to IDA's Executive Directors on a regular basis. This review will take into account the status of partner financing commitments to the IDA18 replenishment and the MDRI replenishment. In the event of a shortfall of partner commitments, the level of IDA18 commitment authority could be adjusted over the course of the IDA18 period. Management will consult with the Board and, as necessary, make adjustments to the level of IDA18 commitment authority. Such

[83] The IBRD transfers are made out of its net income and are subject to annual approvals by the IBRD's Board of Governors after considering IBRD's reserve retention needs as required by IBRD's Articles. The IFC designated grants to IDA are provided from its retained earnings and are subject to annual approvals by IFC's Board of Executive Directors, which are then "noted with approval" by the IFC Board of Governors.

adjustment will be guided by the financial and risk management framework and principles of IDA's long-term financial sustainability.

Figure 11. IDA17-18 Resource Mobilization – Partner Contributions and Other Resources (US$ billions)



143. **Deputies endorsed funding volumes from each source as follows:**

- Deputies endorsed SDR16.5 billion (equivalent to US$23.1 billion) of total **partner grant contributions for IDA18 Replenishment**. IDA18 partner grant contributions comprise: (i) regular contributions of SDR13.9 billion (equivalent to US$19.5 billion), including contributions to cover foregone principal on grants; (ii) grant element of SDR0.9 billion (equivalent to US$1.3 billion) from CPL contributions; and (iii) contributions to cover IDA's debt relief costs under the HIPC Initiative in IDA18 (FY18-20) amounting to SDR1.5 billion (equivalent to US$2.1 billion).[84]
- Deputies reaffirmed the need to provide additional **partner contributions for the MDRI replenishment** of SDR2.9 billion (equivalent to US$4.1 billion), to cover IDA's debt relief costs due to the MDRI during IDA18 as agreed under the MDRI.
- Deputies agreed to the proposed use of IDA's **internal resources** in the amount of SDR15.5 billion (equivalent to US$21.7 billion), including SDR14.2 billion (equivalent to US$19.9 billion) of internal reflows and SDR0.8 billion (equivalent to US$1.1 billion)

[84] Deputies noted the additional amount in the range of SDR0.1 billion (equivalent to US$0.2 billion) to SDR0.3 billion (equivalent to US$0.4 billion) of pledges expected from contributors whose internal authorizations/budget processes are not sufficiently advanced to allow complete pledging at the final replenishment meeting, but where pledges are expected by the Spring Meetings, 2017. The lower end of the range (SDR0.1 billion) is included in the total partner grant contribution amount. Any additional pledges above SDR0.1 billion would be used to augment total IDA18 financing. IDA18 Commitment Authority will be based on pledges confirmed by Unqualified Instruments of Commitments.

resources set aside for arrears clearance carried over from IDA17, subject to approval by IDA's Executive Directors.[85]

- Deputies noted that a formula will provide guidance as to the replenishment funding from expected **transfers** from IBRD net income. The current estimate is of approximately SDR0.3 billion (equivalent to US$0.443 billion). Deputies also noted grants from IFC amounting to SDR0.1 billion (equivalent to US$0.2 billion).[86] These transfers will be subject to approvals by IBRD's Board of Governors and IFC's Board of Executive Directors after considering reserve retention needs.
- Deputies supported implementation of the **integrated financial framework**, including necessary actions to enable IDA to issue market debt in IDA18, upon approval by IDA's Executive Directors. They also noted that assessments show that the proposed financial model is robust and sustainable into the future, and welcomed further exploration and enhancement of IDA leverage and balance sheet optimization in upcoming years as lessons learned are obtained with implementation of the new model. Deputies acknowledged that market debt issued by IDA would significantly increase IDA's commitment authority in IDA18 by SDR15.9 billion (equivalent to US$22.3 billion).
- Deputies agreed with Management's proposal to continue using **CPLs** in IDA18 upon approval by IDA's Executive Directors. They acknowledged that CPLs would increase the resources available for commitment authority in IDA18 by SDR3.7 billion (equivalent to US$5.2 billion). They further acknowledged that SDR0.9 billion (equivalent to US$1.3 billion) of this amount would be recognized as grant equivalent contributions, as shown in Table 1a and Table 1b of Annex 11.

144. **Partner grant contributions** (subscriptions and contributions) of SDR16.5 billion, as shown in Table 1a of Annex 11, accounting for 31 percent of the total resources, continue to be the key source of IDA18's commitment authority and reflect the agreement reached among Partners. Partner contributions to the MDRI replenishment of SDR2.9 billion are governed by the MDRI Resolution.[87] Under the terms of the MDRI Resolution, IDA has undertaken to reflect changes in actual and estimated costs of MDRI debt forgiveness by making adjustments to partner contributions to MDRI every three years – normally in conjunction with regular replenishments.[88] Revised Compensation Schedule and Partner Contribution tables to the MDRI Resolution, reflecting the updated cost estimates for the MDRI as of June 30, 2016, have been provided to members. Corresponding adjustments to reflect these updated amounts are also required in the payment schedule attached to each member's Instrument of Commitment for its MDRI subscription and contribution.[89] Section C below provides further information regarding partners'

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[85] Internal reflows include credit repayments received from both current and past IDA borrowers, as well as resources from IDA's liquid assets including investment income.

[86] These amounts include the additional investment income of US$10 million for IBRD and US$4 million for IFC, which IDA can potentially generate from a three year encashment schedule.

[87] IDA (2006). *Additions to IDA's Resources: Financing the Multilateral Debt Relief Initiative: IDA Resolution No. 211* adopted by IDA's Board of Governors on April 21, 2006 (the "MDRI Resolution").

[88] Paragraphs 1(f), 2(c) and 2(d) of the MDRI Resolution.

[89] Members will be notified of the necessary amendments to their MDRI Instruments of Commitment and the payment schedule following adoption of the IDA18 Resolution by the Board of Governors.

contributions to finance debt relief costs under the HIPC Initiative, the MDRI and arrears clearance operations.

- *New and prospective Partners*. Algeria and Pakistan have pledged to become new IDA contributing Partners and the Islamic Republic of Iran and Greece have pledged to reengage. Participants noted that, in their view, there are still a number of countries that have the economic capability to contribute to IDA but have not yet done so. They welcomed Management's efforts to reach out to these countries and agreed that efforts should continue to encourage them to become IDA Partners.

- *Additional grant contributions*. Partners may, at any time, make additional grant contributions to the amounts shown in Table 1a of Annex 11.

- *Voting rights*. Deputies agreed to the continuance of the existing IDA voting rights system for the IDA18 period and that the grant element of CPLs be recognized in the voting rights allocation. Deputies requested a review of the IDA voting rights arrangements for further discussion at the MTR.

145. **Internal resources.** Participants endorsed IDA's existing practice of using internal resources to complement partner resources. Upon reviewing IDA's long-term financial capacity and the supported analysis presented during the replenishment discussions on IDA's financial capacity, they agreed that IDA would have adequate financial capacity to continue to support future replenishments. They noted that credit repayments constitute an important component of internal resources and recognized the impact of the MDRI, the HIPC Initiative and IDA grants on credit reflows. Deputies confirmed their commitment to compensate IDA for forgone reflows due to the MDRI and the HIPC Initiative on a "dollar-for-dollar" basis. They agreed to integrate the compensation for grant principal forgone with the regular contribution in line with overall changes in the IDA18 financing framework.

146. **IBRD and IFC contributions.** Participants noted the undertaking for an estimated contribution of US$0.63 billion[90] from IBRD and IFC resources in support of the IDA18 replenishment and signifying solidarity among the WBG sister organizations. Such transfers are approved annually by the IBRD's Board of Governors and the IFC's Board of Directors based upon evaluations of these institutions' annual results and considering reserve retention needs.[91]

147. **Debt Financing.** Participants endorsed the expansion of debt-funded leverage and the introduction of market debt in the IDA18 financing framework. As noted above, they emphasized the principles of financial sustainability that would guide the level of debt financing.

148. **Concessional Partner Loans** (Annex 9). Participants acknowledged that CPLs complement market debt in enhancing the size of IDA18's commitment authority. They noted that concessional loan contributors would receive burden sharing recognition through voting rights based on the 'grant element' of the loan. Participants also noted that loan funding will not be earmarked for any purpose and will be used as part of IDA's overall pool of funding. They

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[90] This amount includes the additional investment income of US$14 million, which IDA can potentially generate from a three year encashment schedule.

[91] In IFC's case, the transfer takes place after the designation approved by the Board of Directors is "noted with approval" by the Board of Governors at the Annual Meetings.

endorsed the principles of ensuring transparency, equal treatment, additionality (i.e., no substitution) and expressed their commitment to protect IDA's long-term financial sustainability. In this context, they agreed that Partners who are providing concessional loans to IDA18 should provide at least 80 percent of their benchmark Minimum Grant Equivalent Contribution (as defined below) in the form of a basic *grant* contribution, and at least 100 percent of the benchmark Minimum Grant Equivalent Contribution in the form of a basic *grant* equivalent contribution (grant contribution plus the grant element of the CPL), where the benchmark Minimum Grant Contribution will be defined flexibly as follows:

- The benchmark Minimum Grant Contribution will be defined as 100 percent of their previous basic grant equivalent contributions (which would include basic contributions from grants and grant element from a CPL) based on the lower of IDA16, IDA17, or a combination of previous replenishments (2 x IDA16 – IDA17 = IDA18), as the Partner prefers.
- The Minimum Grant Contribution benchmark could be based on the Currency of Pledge, National Currency or SDR amounts, as the Partner prefers.

149. **Participants noted Management's proposed terms for the CPLs in IDA18 as follows:**

- *Maturity*: Maturities would be either 25 or 40 years in line with the terms of IDA's credits.
- *Grace period*: The grace period would be five years for a 25-year loan or ten years for a 40-year loan.
- *Principal repayment*: Principal repayments of concessional loans would begin after the grace period. At that point, a straight-line amortizing repayment schedule would be applied, minimizing debt servicing costs to IDA and closely matching the repayment terms of the underlying IDA credits. For 25-year credits, principal would amortize at a rate of 5 percent per annum while for 40-year credits, principal would amortize at a rate of 3.3 percent per annum.
- *Coupon/Interest*: IDA concessional loans would have an all-in SDR equivalent coupon of up to 1 percent.[92] Partners have the option to provide additional grant resources to bridge the difference between the coupon rate on the CPL and their targeted coupon rate if higher.[93] For CPLs denominated in currencies with negative interest rates corresponding to the maximum SDR 1 percent interest rate allowed by the framework, Partners have the additional option to provide a CPL with coupon rate equivalent to 0 percent in the CPL currency and to meet the remaining grant element requirement of the framework by providing a larger volume of CPLs.[94] A standard approach will be applied under the

[92] The all-in cost may also be achieved by providing additional grants to ensure coupon equalization.

[93] The "targeted rate" is the desired coupon rate selected by Partners. This rate should be between 0 percent and 1 percent in SDR terms, or between 0 percent in SDR terms and 0 percent in CPL currency terms, when the 0 percent CPL currency rate is higher than 1 percent in SDR terms. The target coupon rate will be used to calculate the grant element of the CPL.

[94] This implies a higher coupon rate than the maximum SDR 1 percent coupon rate and is a result of the interest floor. Fair treatment across Partners will be ensured by using the actual coupon rate of the CPL to calculate the loan's grant element to determine voting rights and compliance with the minimum grant contribution benchmark.

framework to estimate the additional grant required, as well as to calculate the grant element of CPLs in currencies with a negative interest rate corresponding to the SDR rate.

- *Discount rate for calculating grant element*: the discount rate equivalent to 2.35 percent in SDR terms for a 25-year maturity/5-year grace loan and 2.70 percent in SDR terms for a 40-year maturity/10-year grace loan will be used to calculate the grant element (the portion of the loan that is considered a grant for burden sharing and voting rights purposes).
- *Prepayment*: In order to ensure IDA's financial sustainability, IDA may prepay the outstanding balance of the CPL, in whole or in part, without penalty.
- *Effectiveness*: The loan shall become effective upon signature of a loan agreement by the parties and upon the provision of the full unqualified amount of a coupon equalization grant, as applicable.
- *Currencies*: IDA would accept concessional loans in SDR, any one of the SDR basket currencies, namely the US Dollar, Euro, Japanese Yen, British Pound, and Chinese Renminbi.
- *Drawdown*: The concessional loans would be drawn-down in three equal installments over a maximum 3-year period to provide additional flexibility to IDA to manage liquidity. At its discretion and with the agreement of the loan provider, Management may draw down over shorter periods as it deems necessary.

150. **Participants noted that voting rights associated with the grant element of CPLs will be allocated from time to time following loan drawdown by IDA** and that Partners may, at any time, make additional concessional loan contributions to the amounts shown in Table 1a and Table 1b of Annex 11, according to the principles and terms described above.

Replenishment Effectiveness

151. **Deputies recommended that financing for IDA18 be made subject to an effectiveness condition similar to that used under previous IDA replenishments.** The purpose of such a condition is to ensure that most Partner financing, including contributions by major Partners, is in place on time. Deputies recommended that IDA18 become effective when Instruments or Qualified Instruments of Commitment and concessional loan agreements accounting in the aggregate for 60 percent of the total of Partner grant and concessional loan contributions as per Table 1a and Table 1b of Annex 11 have been received by IDA. They recommended a target effectiveness date for the replenishment of December 15, 2017.

152. **Deputies noted the expected limited availability of commitment authority for making grants at the start of the IDA18 period, before the replenishment becomes effective.** Principal reflows derived from credits extended in replenishments prior to IDA11 cannot be used for the financing of grants as the associated replenishment resolutions did not authorize the making of grants. Therefore, IDA would need to rely on partner contributions to back new grant commitments during IDA18. Since many IDA recipients receive their entire assistance in the form of grants, the timely availability of partner contributions to support commitment authority for grants is of particular importance.

153. **Deputies noted the importance of providing their Instruments of Commitment and signing their concessional loan agreements as early as possible, so as to advance the date of reaching the threshold for replenishment effectiveness.**[95]

154. **Advance Contribution Scheme.** In recent past IDA replenishments, some Partners agreed that a share of their contributions could be used before the replenishment becomes effective. Under this Advance Contribution Scheme, one-third of the amount specified in a contributing member's Instrument of Commitment would be released for commitment authority purposes. Consequently, unless stated otherwise by a Partner, one third of that Partner's grant contributions will be released for commitment immediately upon receipt of the Partner's Instrument of Commitment by IDA. The second and third tranches of Partners' grant contributions will be released at the beginning of each FY, on July 1, 2018 and July 1, 2019, respectively.

Contribution Procedures

155. **Payments.** Deputies recommended that the contribution and payment arrangements for grant contributors continue as in previous replenishments. Partners will provide their **grant contributions** in the form of cash or notes in three equal annual installments. The first installment will be due 31 days after the replenishment becomes effective, which is expected by December 15, 2017, except for advance contributions which will be paid as specified by IDA. The second installment will be paid no later than January 15, 2019, and the third installment no later than January 15, 2020. IDA may agree to postpone any payment under the terms of the IDA18 Resolution. Partners will provide their **concessional loans** in the form of cash in up to three annual installments. The first installment will be due 31 days after the replenishment becomes effective, which is expected by December 15, 2017, except for advance contributions which will be paid as specified by IDA. The second installment will be paid no later than January 15, 2019, and the third installment no later than January 15, 2020. At its discretion and with the agreement of the loan provider, Management may draw down on different dates and over shorter periods as it deems necessary. IDA may agree to postpone or cancel any payment under the terms of the Loan Agreement.

156. **Deputies recommended that subscription and payment arrangements for non-contributing members continue as in previous replenishments.** Subscription payments of non-contributing members will be fully paid in one installment and in national currency or, with the approval of IDA, in any convertible currency of another member country, either in cash or notes.

157. **Encashment.** Partner grant contributions will be encashed on an approximately *pro rata* basis among Partners following the agreed regular encashment schedule (Attachment II of the IDA18 Resolution). Partners may, with the agreement of Management, adjust their grant encashments to reflect their legal and budgetary requirements. Deputies agreed to indicate any special preferences in this regard to Management when Partners deposit their Instruments of Commitment. Deputies recognized that the timing of encashments affects IDA's resource base. They agreed that in exceptional cases, should unavoidable delays occur, IDA's grant encashment requests to the relevant Partner may be adjusted to take into account any past payment delays by

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95 Some Partners' budgetary and legislative timetables permit them to make their contributions at an early stage in the fiscal year.

that Partner and any related lost income to IDA. IDA may also agree with any Partner on a revised grant encashment schedule that yields at least an equivalent value to IDA. A Partner's voting rights will be affected if the net present value is not maintained. Deputies agreed that the present value of Partners' grant encashment schedules will be based on a 0.6 percent per annum discount rate. Partners that accelerate their grant encashments can use the additional resources as a credit item, either to increase their own regular burden share, to cover a share of their costs under the MDRI replenishment, or to cover a portion of payment arrears from previous replenishments. In each case, Partners would receive additional subscription votes on account of the additional resources provided to IDA from accelerated grant encashment. Partners that use accelerated grant encashment can also benefit from a discount on the amounts encashed.

158. **Valuation of contributions.** Deputies agreed to denominate their grant contributions in their respective national currencies if freely convertible, in SDRs, or, with the approval of IDA, in any convertible currency of another member country. They also agreed to determine the currency of denomination for each Partner's grant contribution as of the date of conclusion of the IDA18 replenishment discussions. For the purpose of establishing equivalence of value among different currencies and the SDR for grant contributions, Partners agreed to use the average daily exchange rate for the period between March 1, 2016 and August 31, 2016. To help maintain the value of contributions from Partners with high inflation rates, grant contributions from Partners with domestic annual inflation of 10 percent or higher in 2013-2015 will be denominated in SDRs or in any currency used for valuation of the SDR and agreed with IDA.[96] Deputies noted that concessional loans would be denominated in SDRs, or any one of the SDR basket currencies, namely the US Dollar, Euro, Japanese Yen, British Pound and Chinese Renminbi. They also agreed to determine the currency of denomination for each Partner's concessional loan as of the date of conclusion of the IDA17 replenishment discussions. Currencies of denomination shall not be changed after the approval of the Deputies' Report by IDA's Executive Directors.

159. **IDA17 funds carried into the IDA18 replenishment.** Deputies agreed that the IDA17 funds carried over into the IDA18 period will be administered under the terms of the IDA17 replenishment with respect to financial management matters such as payment, encashment, and allocation of voting rights. For ongoing operational matters, such as commitment authority, IDA18 terms, conditions, and procedures will apply.

160. **Reporting of contributions.** Deputies requested Management to report regularly to the Executive Directors on the status of each partner's commitment and actual contributions to IDA and to include this information in the Annual Report of the World Bank and other publications as appropriate. This would include reporting regularly on the status of concessional loan contributions.

C. FINANCING DEBT RELIEF AND ARREARS CLEARANCE

161. **Participants reiterated their strong support for the HIPC Initiative and MDRI, which provide debt relief to the world's poorest and most indebted countries.** They reviewed updated cost estimates for IDA's lost credit reflows and the status of partner financing for the MDRI.

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[96] Inflation is measured by the rate of change of the national Consumer Price Index (CPI), or the GDP deflator in case of contributing partner countries for which the CPI is not available.

The HIPC Initiative

162. **Impact on IDA finances.** Deputies reviewed the impact of HIPC debt relief on IDA's finances. They reaffirmed the basic HIPC principle that debt relief should not reduce IDA's capacity to support poverty reduction and development and should be additional to other IDA assistance. They noted that current resources available to finance IDA's HIPC debt relief costs will be fully utilized by the beginning of the IDA18 period. Therefore, IDA will need additional financing of about SDR1.6 billion during the IDA18 period to finance forgone credit reflows due to the HIPC Initiative.

163. **Deputies supported the continued use of the two mechanisms used in IDA17 for Partners' HIPC-related contributions:** (i) contributing to IDA directly; or (ii) channeling contributions through the Debt Relief Trust Fund.[97] The HIPC-related contributions will be recorded separately from regular IDA contributions in order to ensure that HIPC debt relief is additional to other IDA assistance and shown as a separate column in Table 1a of the IDA18 Resolution (Annex 11).

164. **Partner funds provided directly to IDA will be treated in the same manner as regular contributions, becoming part of IDA's general resources.** Partners can choose to submit one Instrument of Commitment that would include the amount of the HIPC-related contribution, or separate Instruments of Commitment for regular IDA contributions and HIPC-related contributions. Partners can pay their HIPC contributions in cash or promissory notes. Since these additional contributions will reimburse IDA for its forgone reflows during FY18-20, they will be drawn down over this three-year period. Partners will receive voting rights for contributions upon payment to IDA18.

165. **Partners can also make HIPC contributions directly to the Debt Relief Trust Fund.** Partners would sign contribution agreements with IDA, as administrator of the Debt Relief Trust Fund, specifying the contribution amount and payment modalities – in cash or in promissory notes to be drawn down over a three-year period. Partners will deposit their contributions in the World Bank component of the Debt Relief Trust Fund, and contributions will be transferred to IDA to reimburse IDA for its forgone credit reflows. Since these funds become part of IDA's general resources at the time of transfer from the Debt Relief Trust Fund to IDA's cash accounts, Partners will receive additional voting rights in IDA following such transfers. Management will report periodically to Partners on the status of their contributions to the Debt Relief Trust Fund.

The MDRI

166. **Replacement of lost credit reflows.** In the spring of 2006, Partners and shareholders approved IDA's participation in MDRI, which provides 100 percent cancellation of eligible debt owed to IDA by countries reaching the HIPC completion point. Starting on July 1, 2006 and over the next four decades of MDRI implementation, IDA is projected to cancel an estimated total amount of SDR23.4 billion (equivalent to US$33.3 billion) of credit reflows from eligible HIPC countries. Under the MDRI replenishment arrangements, Partners have committed to compensate IDA's MDRI costs on a 'dollar-for-dollar' basis, over the duration of the cancelled credits.

[97] As amended by Partners and the Executive Directors.

Deputies reiterated the need for full replacement of the lost credit reflows due to the MDRI so as to ensure that the debt relief granted by IDA will be additional for recipient countries, providing further resources for their development efforts.

167. ***MDRI replenishment.*** Partner contributions for IDA's MDRI costs are recorded under a separate replenishment and added to IDA's general resources following established IDA procedures. Deputies reaffirmed the need for full replacement of lost credit reflows due to debt relief and their commitment "to fully finance the costs to IDA of providing MDRI debt relief over the 40-year time span of the MDRI".[98] To preserve IDA's advance commitment capacity – under which IDA uses its stream of available future credit reflows to back future disbursements on approved credits and grants – Deputies acknowledged the need to provide unqualified, firm MDRI financing commitments over the disbursement period of each future IDA replenishment. However, they also recognized that the ability to provide binding financial commitments for the entire duration of MDRI varies from partner to partner and committed themselves to make every effort possible to translate their full political commitment for outer as well as earlier years into as firm and far reaching financial pledges as allowed for by their legislative processes. In order to avoid a financing shortfall, the MDRI replenishment resolution was amended in 2010 to allow a portion of qualified commitments to be counted towards IDA's commitment authority. This portion was set by IDA's Executive Directors at 85 percent of qualified commitments during IDA15, IDA16, and IDA17, and the Executive Directors will set the level for IDA18 under the IDA18 commitment authority framework. Nevertheless, Participants stressed the need for Partners to make every effort to provide firm, unqualified commitments up to FY28.

168. **To back IDA18 commitment authority, Deputies reaffirmed the urgent need to provide additional partner contributions for the MDRI replenishment of SDR2.9 billion,** so as to cover IDA's debt relief costs due to the MDRI during the IDA18 disbursement period (FY18-28) as agreed under the MDRI. The MDRI financing gap of SDR0.3 billion for FY26-28 is excluded from IDA18 commitment authority until IDA receives this amount from Partners either through the scaling up of their burden shares or the contribution to MDRI by new Partners.

169. **Deputies noted that the value of IDA's lost credit reflows under the MDRI will continue to fluctuate over the 40-year period,** and that the MDRI financing arrangements include a mechanism to adjust the compensatory amounts payable by Partners in conjunction with every regular IDA replenishment. They reviewed the updated cost estimates for the MDRI under IDA18 replenishment that provide the basis for updates to the MDRI cost tables and partner payment schedule. Revised tables to the MDRI Resolution, reflecting the updated cost estimates, have been provided to members. Corresponding adjustments to reflect these updated amounts are also required in the payment schedule attached to each member's Instrument of Commitment for its MDRI subscription and contribution. Partners noted that each member had agreed to amend its Instrument of Commitment to reflect any such adjustment.

170. ***Monitoring partner contributions.*** Deputies reaffirmed that there should be continued monitoring of partner contributions to the MDRI. For transparency, partner contributions to the MDRI will continue to be recorded separately from regular IDA replenishment contributions as

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[98] IDA (2006). Additions to IDA Resources: Financing the Multilateral Debt Relief Initiative, approved by IDA's Executive Directors on March 28, 2006. Paragraph 5.

additional to Partners' regular financial support to IDA. They noted that partner contributions to the MDRI have been reported in the annual report to IDA's Executive Directors and will continue to be reported annually during the IDA18 period. Such reporting will contain information on the volume of debt relief delivered by IDA under the MDRI and the amount of compensatory partner resources received.

Financing of Arrears Clearance Operations

171. **Set aside of resources.** During IDA15, partners agreed to establish a systematic approach to arrears clearance. Participants agreed to roll-over the arrears clearance resources set aside in IDA17 to IDA18.[99] They agreed that the resources provided to finance arrears clearance operations would be allocated only when such arrears clearance actually takes place. They also agreed that if the resources requested for IDA18 are insufficient to cover the full cost of the arrears clearance support, the shortfall would be made up in IDA19 in the same manner that HIPC costs are updated at each replenishment based on the use and availability of resources. Participants requested Management to provide an update on the utilization of resources for arrears clearance operations at the MTR and to indicate plans for the reallocation of any unused resources during the last year of the IDA18 period.

172. **IBRD debt.** In respect of IDA countries with debt to the IBRD, Participants agreed that IDA provide debt relief grants or credits, where necessary, for the World Bank to deliver its share of debt relief under the HIPC Initiative. Such debt relief grants from IDA (for interim HIPC relief on IBRD debt service payments) and prepayment by IDA of remaining IBRD claims at the HIPC completion point are part of the implementation modalities for IDA's delivery of debt relief under the HIPC process.[100] These debt relief grants and prepayments are to be funded by resources other than IBRD net income transfers.

SECTION V: ENSURING EFFECTIVE IMPLEMENTATION

173. **Given the significant scale up in ambition of IDA18, Participants underscored the importance of robust implementation planning to ensure effective impact and results.** They called for substantial Management attention to budgetary and staffing requirements on preparation, pipeline development, supervision, and M&E to ensure IDA is doing all it can to deliver for its clients and help build their absorptive capacity. They recognized the critical role of staff in the speed, cost and quality of WBG interventions, and encouraged Management attention to ensure that staff skills and deployment can support the delivery of impact, even in the most challenging environments. The new Global Mobility Support Framework will be an important element of this effort, with a redoubled focus on careers in operations more broadly, and careers in fragile and conflict settings more specifically.

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[99] IDA (2008). Additions to IDA Resources: Fifteenth Replenishment – IDA: The Platform for Achieving Results at the Country Level, See section IV.C, page 31. http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1172525976405/FinalreportMarch2008.pdf. Also see "The Demand for IDA18 Resources and the Strategy for their Effective Use" (May 2016) for a full discussion of the arrears clearance needs of countries eligible for the exceptional arrears clearance approach.

[100] IDA (2000), Heavily Indebted Poor Countries (HIPC) Initiative: Note on Modalities for Implementing HIPC Debt Relief under the Enhanced Framework, IDA/R 2000-4, approved by the Executive Directors on January 25, 2000.

174. **Participants welcomed Management's update on efforts to ensure early implementation planning for the proposed scaled-up IDA18 program.** There has been close collaboration among Bank staff across the Regions, GPs and CCSAs on development of the IDA18 special themes and policy commitments. IDA Management outreach on planning for implementation is well underway, targeted to regional management team meetings, GPs and CCSAs. Additional outreach is planned with individual country teams, tailored to reach staff in the Regions responsible for supporting client countries in designing and implementing the IDA18 framework in partnership with other development partners.

175. **In particular, Participants emphasized the need for very strong and substantial project preparation and implementation support to its clients, particularly in FCV situations.** In this regard, Participants welcomed the draft proposal to enhance the effectiveness of the Project Preparation Facility (PPF) which (i) aims to increase the PPF commitment authority commensurate with the expected increase in IDA funding; and (ii) expands the scope of the PPF to finance preparation activities not linked to a specific project, but to preparation of a broader project pipeline. They requested this to be fast-tracked to support the pipeline preparation for FCV in IDA18. Participants also welcomed Management's plans to monitor IDA18 allocations more frequently, proactively, and flexibly so as to ensure that resources are being used effectively. Finally, they recognized that continued due diligence and monitoring of debt sustainability would need to remain paramount.

176. **Ensuring effective implementation in FCS/FCV situations.** As noted in Section III D, Participants recognized that the substantial increase in resources for FCS/FCV provides great opportunities, but also comes with significant risks. They acknowledged that successful implementation of a more ambitious program on FCV requires adequate staffing, operational flexibility and sufficient budgetary resources for strategic engagement and portfolio support. The success of IDA's increased engagement will also depend on security, organizational incentives, the WBG's ability to promote the design of projects that address FCV drivers, as well as greater FCV-sensitivity across the portfolio.

177. **Participants welcomed the progress made by cross-sectoral WBG working groups to enhance staffing, budgetary resources and operational flexibility in FCV contexts.** They welcomed the draft recommendations on budget and staffing, which would provide for increases in Bank administrative budgets to support a stronger staffing profile in the field, including agreed minimum levels and the appropriate seniority for FCV Country Office staffing.[101] The also welcomed proposals to strengthen career and professional development for FCV staff, and other aspects of the Employment Value Proposition. They requested WBG Management to update the Board by end FY17 on progress in enhancing staffing, professional and career development for WBG staff working in FCV situations, as well as initial findings of a review of Bank policies and procedures, to determine whether these provide adequate flexibility in FCV settings.

[101] The objective is to recruit 150 staff for FCV countries over the IDA18 period, and as a first step, the World Bank aims to deploy 50 professional staff by FY18:Q1, subject to budget considerations.

178. **Participants recognized that WBG engagement in FCV situations is a long-term agenda with several challenges and constraints yet to be overcome.**[102] Investments in FCS are on average riskier than investments in other IDA countries. Given that much of IDA's engagement in FCS is likely to be in the form of slower disbursing Investment Project Financing, which can take up to a decade to disburse fully, Participants acknowledged that disbursements ratios can be expected to be weaken initially. Commitments and disbursements could also lag due to lower absorptive capacity, crises, or other emerging circumstances. This could in turn lead to delayed, uneven or weaker results. In addition, there may be possible implications for portfolio performance for FCS.

179. **Participants also called for careful attention to PSW implementation.** Acknowledging the challenges in mobilizing private sector investment in difficult markets and the need to take informed risks, Participants supported a "learning by doing approach." They also stressed adherence to a minimum concessionality approach and consideration of long term fiscal implications of public-private investments. Participants urged Management to foster the success of the PSW by leveraging the unique collaboration among IDA, IFC and MIGA; in particular, they asked Management to ensure that IFC and MIGA step-up their origination efforts, provide sufficient TA to their clients, and work with IDA as it continues to improve macroeconomic policy and the regulatory environment in challenging markets. Further, it was emphasized that IFC and MIGA should focus on the elements needed – including staff incentives, support and outreach – to ensure effective deployment.

180. **To implement the new financing model for IDA18, Management is also putting the ground work in place for IDA to issue debt in the capital markets.** As a first notable step towards operationalizing IDA leverage and ensuring capital market readiness, the institution obtained triple-A credit ratings in September 2016. Further implementation steps have been defined and are being coordinated over the coming year to ensure a solid foundation for efficient and long-term market engagement, including:

- *Detailed review and update of IDA's financial framework, accounting policies, and risk management parameters* – to ensure robust sustainability rules, commensurate with capital market and triple-A rating requirements, for a successful and sustainable investment of IDA resources; and
- *Preparations for IDA bond issuance and investor engagement* – to launch IDA's first debt issuance by obtaining all required regulatory approvals, establishing a global debt issue program, designing and implementing a funding strategy, and performing dealer and investor outreach, and establishing needed operational protocols and systems.

181. **Given the significant implementation issues, Participants called for opportunities to remain informed prior to the IDA18 MTR.** They welcomed Management's plans to provide updates on implementation issues and pipeline development, including for the PSW, at the time of the Spring and Annual Meetings of the WBG.

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102 World Bank Group Assistance to Low-Income Fragile and Conflict Affected States, Independent Evaluation Group, December 2013.

SECTION VI: RECOMMENDATION

182. Deputies propose that the Executive Directors recommend to the Board of Governors the adoption of the draft IDA18 Resolution attached in Annex 11.

ANNEX 1: RESULTS MEASUREMENT SYSTEM FOR IDA18

Tier I – IDA Countries' Progress

1. **Tier I monitors long-term development outcomes that depend on collective efforts by countries and their development partners including IDA.** It also measures key drivers of efforts aimed at poverty reduction and shared prosperity. Participants endorsed changes to Tier 1 indicators to align with the SDGs, the WB CSCs and integrate the IDA18 Special Themes. Tier I indicators are grouped into four categories: WBG goals; growth; inclusiveness; and sustainability and resilience – consistent with the WBG Strategy and the CSC. All Tier I indicators will be disaggregated for FCS where feasible and relevant.

2. **Tier I categories and the changes endorsed by the Participants in each of these are as follows:**

- **WBG goals.** The two indicators in this category measure the WBG twin goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner. One is aligned with SDG 1.1.1, *"Population living on less than US$1.90 a day (2011 PPP)*", and another with SDG 10.1.1, "*Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population*".
- **Growth.** This category includes indicators tracking macroeconomic measures and the overall business environment in IDA countries. One indicator, *"Annual growth rate of real GDP per capita"* is the same as SDG 8.1.1. One indicator has been changed to *"GDP per person employed (constant 2011 PPP $)"* as a measure for productivity change at the aggregate level. This will be used as a proxy to capture economic transformation, together with another indicator added: "Non-agriculture sectors value added (as % of GDP). The indicator, *"Youth employment to population ratio (age 15-24)"* has been moved from Inclusiveness category to Growth category. Two indicators have been added to the RMS to track progress on governance and institutions: *"Number of IDA countries that have raised Taxes/GDP above 15%"; and "Number of IDA countries that have an improved composite PEFA score in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution."*
- **Inclusiveness.** Indicators in this category track progress in health, education, access to safe water and improved sanitation, among others. Some indicators have been directly adopted from the SDG indicators, while others were harmonized with the CSC or remained unchanged. Two new indicators have been introduced to support the IDA18 Special Themes on FCV *("Number of refugees by country or territory of asylum (millions)" and Number of internally displaced people),"* and one on gender ("*Ratio of female to male labor force participation rate")* to reflect the emphasis on closing the gender gap in employment.
- **Sustainability and Resilience.** Some indicators adopted the equivalent CSC indicators and one indicator, "*Carbon dioxide emissions"* remained unchanged (the CSC will adopt the same indicator accordingly). The indicator "*Annual freshwater withdrawals, total (% of internal resources)*" was added.

Tier II – IDA-supported Results

3. **Tier II of the IDA18 RMS tracks development results in countries supported by IDA operations across different sectors.** Tier II comprises twenty-two indicators: with some indicators harmonized with the WB CSC by adopting the new CRIs.[103] Indicators in Tier II are grouped into three categories – growth, inclusiveness, and sustainability and resilience – to reflect the linkage to WBG Strategy Indicators and will be disaggregated by sex and FCS when feasible and applicable. Specifically:

- **Growth** – includes indicators tracking key infrastructure and financial services to support productive sectors such as agriculture, microfinance, energy generation and transport. A new indicator, "*Private investments catalyzed by WB in IDA countries"* will monitor the private sector's role in economic transformation and job creation. The indicator, "*Roads constructed or rehabilitated*" remained unchanged. Other indicators were changed/ harmonized with indicators in the CSC and the new CRIs.
- **Inclusiveness** – comprises indicators on IDA-supported results in health, education, access to basic services (electricity, water, sanitation, and urban services) and social safety nets. Many indicators were changed to reflect the new CRIs and were fully harmonized with the CSC. In addition, to reflect the IDA18 theme of jobs and economic transformation, the indicator, "*Beneficiaries in IDA countries of job-focused interventions"* was added and will be disaggregated by sex.
- **Sustainability and Resilience –** includes indicators supporting statistical capacity building, governance, and energy efficiency. Several new indicators were introduced: "*Net GHG emissions" –* on climate change mitigation in the energy, transport, forestry, urban, water, and agriculture sectors; "*Number of lending operations with civil registration and vital statistics" –* tracking IDA support for statistical capacity building; and an indicator on governance, "*Number of countries with an increase in the number of registered taxpayers among IDA countries with substantial WB tax engagement", –* a key indicator of DRM. The indicator tracking energy savings has been adjusted according to the new CRI and harmonized with the CSC. One indicator, "*Countries supported towards institutionalizing disaster risk reduction as a national priority with IDA support*" was retained. Another indicator has been added to the RMS to track progress on governance and institutions, *"Number of IDA countries that operationalize Open Government Partnership agenda commitments."*

Tier III – IDA Organizational and Operational Effectiveness

4. **Tier III of the IDA18 RMS includes measures of IDA's operational and organizational effectiveness –** notably measures on the performance of its portfolio, the quality and timeliness of projects delivered to clients, the results orientation of the operations, client and beneficiary feedback, financial sustainability, and the implementation of the IDA Special Themes. To further harmonize the World Bank CSC and the IDA RMS, Participants endorsed the consolidation of Tiers III and IV of IDA RMS, which allowed for simplification of the IDA RMS. Tier III will comprise twenty-nine indicators and will disaggregate and report all indicators for FCS (when

[103] The formulation of CRIs is in the final stage; they have not been formally adopted.

feasible and applicable). Participants endorsed the six new categories under which Tier III indicators are grouped: development outcomes ratings, client feedback, beneficiary feedback, portfolio performance, financial sustainability, and implementation of IDA Special Themes. Changes for each category are highlighted below:

- **Development Outcome Ratings.** The two IDA17 RMS indicators tracking achievement of development outcomes under Tier II "*Satisfactory achievement of outcomes in Country Assistance Strategy Completion Reports",* and "*Satisfactory achievement of outcomes: IDA operations (as share of commitments)"* were changed and moved to Tier III. These two indicators are related to the outcomes of IDA's portfolio at the project and country levels and are complemented by indicators that also track IDA's performance. The satisfactory outcomes of IDA-financed operations will be reported both as share of operations and share of commitments.
- **Client feedback.** Client feedback indicators (derived from country opinion surveys) were moved from Tier II to Tier III. The indicator "*Client feedback in IDA countries on WBG effectiveness: financial instruments meet the needs of a client",* was dropped.
- **Integration of beneficiary feedback in projects.** The measure on use of planned beneficiary feedback during implementation has been refined to take account of the three-year measurement lag needed before implementation can be tracked. Second, a new indicator, "*Projects with beneficiary feedback indicator at design"* was introduced to track the share of new projects that include a beneficiary feedback indicator in their results framework. The indicator will demonstrate current institutional progress, tracking early progress in implementing the citizen engagement initiative, and giving task teams an incentive to integrate beneficiary feedback into the design of and monitoring plan for new projects.
- **IDA portfolio performance.** This group of indicators measure the quality of IDA's portfolio, its effectiveness, and the value for money in achieving development results. Indicators in the RMS that are similar to those in Tier III (Performance) of the CSC were changed to harmonize the two reporting tools. The new indicator *"Proactivity Index"* was added as a key measure for IDA's agility and responsiveness. Unique IDA indicators, "*Quality of M&E in IDA-financed operations"* and "*Average project implementation support costs"* have been retained. The former is based on IEG ratings for closed operations, and thus might be replaced with an indicator to measure M&E quality at the entry stage.
- **Financial Sustainability.** Two indicators were retained as key measures of IDA's financial sustainability, namely, *"IDA Budget Anchor"* and "*Support Cost Ratio*".[104] Two indicators, "*Gross expenditure reduction" and "Expense to business ratio",* were dropped.
- **IDA Special Themes.** Indicators under climate change and gender were revised to enhance the monitoring of IDA18 Special Themes. For gender, two new indicators, "*Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework"* and "*Number of IDA Projects that address and respond to gender-based violence",* were introduced. Under

[104] The definition for the "Budget Sustainability Anchor" and "Support Cost ratio" will be adjusted to reflect changes in the IDA financing framework to ensure matching lending related expenses of the integrated model with the corresponding revenues.

climate change, three indicators were changed and one remained unchanged. On FCV and jobs and economic transformation, the indicators, *"Facetime index in FCS*" and "*Private financing of WBG-supported operations/transactions in IDA countries*" have been introduced. On Governance, "*Number of Illicit Financial Flows Assessments performed in IDA countries*" has been added.

Table 1. Monitorable Actions for IDA18

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
JOBS AND ECONOMIC TRANSFORMATION			
Supporting job creation through economic transformation	- WBG will deploy tools and resources from IDA and IFC to undertake 10 inclusive global value chain analyses in IDA countries to understand how they can contribute to economic transformation and job creation, including through growth in agri-businesses, manufacturing, and services and will use this analysis to inform activities within the IDA portfolio. - WBG will use the Global Infrastructure Connectivity Alliance to make available to IDA countries knowledge on lessons and approaches related to cross-border investments and economic corridor development and will use this analysis to inform activities within the IDA portfolio.	Progress Report on Jobs and Economic Transformation for IDA18 MTR Progress Report on Jobs and Economic Transformation for IDA18 MTR	**Tier 1** • GDP per person employed (constant 2011 PPP $) • Non-agriculture sectors, value added (as % of GDP) • Trade logistics performance index • Proportion of the population with access to electricity • Ratio of female to male labor force participation rate • Youth employment to population ratio (age 15-24) **Tier 2** • Farmers adopting improved agricultural technology (millions) • Roads constructed or rehabilitated (km) • People provided with new or improved electricity service (millions) • Generation capacity of renewable energy (GW) • Area provided with new/improved irrigation or drainage services (ha) • Beneficiaries in IDA countries of job-focused interventions (millions) • Beneficiaries of social safety nets programs (million) • People reached with financial services (millions) • Private investments catalyzed by WB in IDA countries
Raising job quality and ensuring inclusion of youth and women	- WBG will systematically carry out impact analyses of SME and entrepreneurship programs across IDA countries to assess their overall impacts and differentiated outcomes for women and youth, and will develop operational guidelines to inform future operations. - WBG will prepare operational guidelines for integrated youth employment programs with a focus on connecting to demand-side interventions and supporting labor market integration to inform the design of a new generation of youth employment programs in IDA countries.	Progress Report on Jobs and Economic Transformation for IDA18 MTR Progress Report on Jobs and Economic Transformation for IDA18 MTR	
Targeting support for jobs and private sector development in high-risk contexts, including	- WBG will enhance existing and introduce new operational instruments to improve risk sharing in projects and crowd-in private capital in high risk investment environments, including through the introduction of the IFC-MIGA PSW.	Progress report on PSW for IDA18 MTR	

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
fragility and migration	- WBG will adopt a 'migration lens' in IDA countries where migration has a significant economic and social impact (including home, host, and transit countries): this will include analytics that close critical knowledge gaps and, where there is explicit country demand, support for operations that focus on job creation, managing legal economic migration, and integrating young people and economic migrants.	Progress Report on Jobs and Economic Transformation for IDA18 MTR	• People provided with improved urban living conditions (millions) **Tier 3** • Private capital directly mobilized by WBG operations/transactions in IDA countries • Private financing (private co-financing) of WBG-supported operations/transactions in IDA countries • Indicator on economic transformation (indicator name and methodology TBD) ** See also indicators in Gender and Development, and FCV*
Improving the knowledge base to inform operations supporting jobs and economic transformation	- WBG will develop and make available for use in IDA countries a set of *ex ante* measurement tools and systems to assess the impacts of large-scale public and PPP investments targeting infrastructure and economic transformation on jobs, including pilot assessments on gender outcomes. - WBG will catalogue learnings from the Jobs Diagnostics, assess how Jobs Diagnostics are informing the design and implementation of operations in IDA countries targeting job creation and economic transformation, and recommend any changes necessary to improve the impact of the tool. - WBG will develop and integrate spatial perspectives into analysis of migration and urbanization trends, and the impacts of infrastructure on jobs and economic transformation, this will include piloting of: spatial inventory of infrastructure in five IDA countries; urban jobs accessibility assessments of 10 cities in IDA countries; and spatial assessment of trends in job creation and destruction in five countries.	IDA18 MTR Paper for IDA18 MTR Progress Report on Jobs and Economic Transformation for IDA18 MTR	
GENDER AND DEVELOPMENT			
Sharpen focus on closing gaps between women, men, girls and boys in country strategies and	**Human endowments/first generation gaps:** - All applicable IDA18 financing operations in primary and secondary education will address gender-based disparities, for instance, by incentivizing enrollment, attendance and retention for girls.	Target reached at the end of IDA18, with report at MTR.	**Tier 1** • Ratio of female to male labor force participation rate • Legal changes that increase gender parity over the past two years

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<tr><th>OBJECTIVES</th><th>RECOMMENDATIONS/PROPOSED ACTIONS</th><th>PRODUCT/TARGET DATE</th><th>RMS INDICATORS</th></tr>
<tr><td>operations, and strengthen the data and evidence base to enhance impact towards gender equality</td><td>- All IDA18 financing operations for maternal and reproductive health will target the improvement of the availability and affordability of reproductive health services, including for survivors of gender-based violence.

Removing constraints for more and better jobs:
- At least 75 percent of IDA18 financing operations for skills development will consider how to support women’s participation in and improvement in the productivity of their economic activity, and/or consider how to reduce occupational segregation.
- At least two-thirds of all IDA18 financing operations in urban passenger transport will address the different mobility and personal security needs of women and men.

Control over assets with a focus on financial inclusion:
- At least ten IDA18 financing operations and ASA for financial inclusion will address gaps in men’s and women’s access to and use of financial services, and at least ten Financial Inclusion strategies in IDA countries will provide sex-disaggregate reporting and put in place actions to target specifically women's financial inclusion.
- At least half of all IDA18 financing operations in the ICT portfolio will support better access to the Internet and better access to ICT services for women.

Enabling country-level action:
- Pilot data collections will be launched in at least six IDA countries to gather direct respondent, intra-household level information on employment and assets.</td><td></td><td>• Lower secondary gross completion rate (%)
-Ratio of girls’ to boys’ completion rate (%)
• Lower secondary enrollment rate (%)
-Ratio of girls’ to boys’ enrollment rate (%)
• Maternal mortality ratio [SDG 3.1.1]
• Adolescent fertility rate (births per 1,000 women ages 15-19)
• Contraceptive prevalence by modern methods (% of women ages 15-49)

Tier 3
• Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework
• Percentage of IDA-supported operations reporting gender results at completion (%)
• Number of IDA-supported operations that address and respond to GBV

Note: Indicators in all three tiers will be disaggregated by sex when feasible and applicable (refer to Table 2 below for details).</td></tr>
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OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
	Voice and agency: - Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood support activities for women (baseline: IDA16; see FCV). - Implement the recommendations of the WBG Global Task Force on Gender-Based Violence, as applicable, within operations in IDA-eligible countries.	Target reached at the end of IDA18, with report at MTR.	
CLIMATE CHANGE			
Deepen the mainstreaming of climate change and disaster risk management into SCDs, CPFs, and lending, and support development of planning and investment capacity	- All IDA SCDs and CPFs to incorporate climate and disaster risk considerations and opportunities and reflect (I)NDCs, based on a review of experience before the start of IDA18, and to be reported at MTR. - All IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures, based on review of experience before the start of IDA18, and to be reported at MTR. - Support at least 10 countries (on demand) to translate their (I)NDCs into specific policies and investment plans and start to integrate these into national budget and planning processes. - Develop at least 10 climate-smart agriculture investment plans and 10 programmatic forest policy notes. - Increase the use of DPOs that support climate co-benefits. - Apply GHG accounting and shadow carbon price for all operations in significant sectors, and prepare a revised guidance note on discount rates.	IDA18 MTR	**Tier 1** • Population exposed to harmful air pollution (PM2.5) (%) • Average annual deforestation change (%) • CO2 emissions (metric tons per capita) • Annual freshwater withdrawals, total (% of internal resources) **Tier 2** • Countries supported towards institutionalizing disaster risk reduction as a national priority with IDA support • Generation capacity of renewable energy (GW) • Net GHG emissions **Tier 3** • IDA-supported operations with climate change co-benefits • Completed ASA products that address climate change issues • IDA $ commitments with disaster risk management co-benefits
Supporting efforts to achieve the	- Support the addition of five GW in renewable energy generation.		

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
Sustainable Energy for All objectives	- Develop Investment Prospectuses in seven additional countries with low electricity access.		
Monitoring and reporting of IDA resources used for climate change	- Report annually on private finance mobilized for climate[105] and continue to report on overall climate finance together with other MDBs.		
FRAGILITY, CONFLICT AND VIOLENCE			
Deepening IDA's knowledge on FCV and learning from operational experience	- Adopt a risk-based approach for identifying fragility beyond those countries on the FCS harmonized list. - Deepen the WBG's knowledge on the mitigation/prevention of FCV risks through a flagship report drawing on lessons from operational experience and impact evaluations.	Target reached at the end of IDA18, with report at MTR.	**Tier 1** • Number of refugees by country or territory of asylum (millions) **Tier 3** • Number of IDA projects that address and respond to GBV • Facetime index in FCS. *Note: Indicators in all three tiers will be disaggregated for FCS when feasible and applicable (refer to Table 2 below for details).*
Designing integrated WBG strategies addressing FCV drivers and building institutional resilience	- RRAs inform all CPFs in FCS and countries with significant risks of FCV. [106] - Increase the number of operations targeting refugees and their host communities (baseline: IDA17). - Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood supported activities for women (baseline: IDA16).	Target reached at the end of IDA18, with report at MTR.	
Improving staffing, operational effectiveness and flexibility	- Increase staff "facetime" in IDA FCS with focus on staff based in-country and monitor progress through the "Facetime index". [107]	Target reached at the end of IDA18, with report at MTR.	

[105] Climate finance reporting will continue to follow the methodology and procedures agreed upon with other MDBs and will report on the WBG numbers.

[106] Countries eligible for exceptional IDA allocations to mitigate FCV risks identified on the basis of a cross-country risk scan combining quantitative and qualitative assessments. See Annex 4.

[107] The proposed "Facetime" indicator will be calculated on the basis of World Bank staff in-country missions as well as international and local staff and consultants posted in the country.

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
Promoting partnerships for a more effective response	- Undertake joint RPBA as openings arise for engagement in the aftermath of conflict in IDA countries.	Target reached at the end of IDA18, with report at MTR.	
Enhancing financing to support FCS/FCV	- Implement the revised IDA resource allocation framework for FCS/FCV to enhance targeting of IDA's exceptional support and financial engagement in these countries.	Review implementation experience of financing framework for FCV at IDA18 MTR and propose adjustments if necessary.	
GOVERNANCE AND INSTITUTIONS			
Strengthen DRM	- Provide support to at least a third of IDA countries targeted at increasing their Tax/Gross Domestic Product ratio through lending operations, ASA and technical assistance including tax diagnostic assessments.	Target reached at the end of IDA18, with report at MTR.	**Tier 1** • Number of countries that raise Taxes/GDP ratio above 15 percent • No. of IDA countries **that have an improved composite PEFA score** across in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution: 1.1) Difference between planned and actual budget expenditure; 9.2) Public access to fiscal information; 24.2) Competitive procurement methods **Tier 2** • No. of countries with an increase in the number of registered taxpayers among IDA countries with substantial WB tax engagement. • No. of IDA countries that operationalize the OGP agenda commitments **Tier 3** • No. of IFFs assessments performed in IDA countries.
Improve public expenditure, financial management and procurement	- Support at least 10 IDA countries in performing 2nd or subsequent PEFA assessments to inform preparation of their SCDs. - Deliver MAPS2 in five IDA countries to accelerate the development of modern, efficient, sustainable and more inclusive public procurement systems that take into account national development objectives.		
Strengthen active ownership of SOEs	- Support at least 10 IDA countries on enhancing SOE performance through: (i) Performance Agreements and/or (ii) increased transparency through published reports on their SOE portfolio.		
Support public administration performance for service delivery	- Perform joint operations, TA, and/or ASA on sector-focused governance in 10 IDA countries to identify and address institutional bottlenecks to service delivery with the health, water, and/or education sectors.	Target reached at the end of IDA18, with report at MTR.	

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
Support institutional capacity to respond to pandemics	- Support at least 25 IDA countries in developing pandemic preparedness plans. - Support 25 countries in developing frameworks for governance and institutional arrangements for multi-sectoral health emergency preparedness, response and recovery.		
Integrate citizen engagement and beneficiary feedback into service delivery operations	- Support projects in at least 10 IDA countries in the development and implementation of user feedback and/or enhanced GRMs[108] for service delivery that ensure participation by women in these processes		
Strengthen open, transparent and inclusive governance through Open Government commitments	- Support at least one-third of IDA countries to operationalize reform commitments towards the OGP agenda to strengthen transparent, accountable, participatory, and inclusive governments	Target reached at the end of IDA18, with report at MTR.	
Mitigate IFFs	- Perform IFFs assessments in at least 10 IDA countries to support the identification and monitoring of IFFs;		
Enhance understanding of governance and institutions in situations of FCV	- Strengthen and systematize Governance & Institutional analysis in half of Risk and Resilience Assessments and at least three-quarters of Recovery & Peace Building Assessments in IDA countries		
Operationalize 2017 WDR	- Plan for operationalization of 2017 WDR focused on reducing implementation gaps and enabling adaptive approaches.	Plan by MTR	

[108] Enhanced GRMs include minimum standards on uptake, responsiveness, disclosure, and/or gender inclusion.

OBJECTIVES	RECOMMENDATIONS/PROPOSED ACTIONS	PRODUCT/TARGET DATE	RMS INDICATORS
ADDITIONAL REPORTS/REVIEWS FOR IDA18 MID-TERM REVIEW			
	- Holistic Review of the transition from IDA to IBRD, taking into account the IBRD financial capacity at that time (Section IV A, Non-concessional Financing), which will include analysis on: the role of the blend period to ensure graduation readiness, covering financing for blends, including the current cap on large blend borrowers and measures to prepare countries for graduation; and the contractual acceleration clause.		
	- Scale-up Facility, Focusing on IDA18 Implementation (Section IV A: Non-concessional Financing)		
	- Private Sector Window (Section IV A, Non-concessional Financing)		
	- Arrangements related to IDA voting rights (Section IV B: Partner Grant Contributions)		

Table 2a. Tier 1: IDA Countries Progress

	IDA17 RMS	IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
WBG Goals					
1	Population below US$ 1.90 a day	Population living on less than US$1.90 a day [SDG 1.1.1]	**Changed**		✓
2	Median income growth rate of bottom 40% of population	Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population [SDG 10.1.1]	**Changed**		✓
Growth					
3	GDP per capita (constant in 2005 US$)	Annual growth rate of real GDP per capita [SDG 8.1.1]	**Changed**		✓
4	Gross capital formation (% of GDP)	GDP per person employed (constant 2011 PPP $)	**Changed**		✓
5		Non-agriculture sectors, value added (as % of GDP)	**New**		✓
6	Level of statistical capacity (scale from 0 to 100)	Level of statistical capacity (scale from 0 to 100)	**Unchanged**		✓
7	Quality of budgetary and financial management - in Extractive Industries Transparency Initiative (EITI) implementing IDA countries		**Dropped**		
8	Extractive industries tax revenues in EITI implementing IDA countries as a percentage of GDP (%)		**Dropped**		
9	Trade Logistics Performance Index (Average rating 1=low to 5=high)	Trade Logistics Performance Index (Average rating 1=low to 5=high)	**Unchanged**		✓
10		Number of IDA countries that have raised taxes/GDP above 15%	**New**		✓

	IDA17 RMS	IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
11		No. of IDA countries that have an improved composite PEFA score across in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution: 1.1) Difference between planned and actual budget expenditure; 9.2) Public access to fiscal information; 24.2) Competitive procurement methods	**New**		✓
12	Youth employment to population ratio (age 15-24) - Women - Men	Youth employment to population ratio (age 15-24) - Women - Men	**Unchanged**	✓	✓
Sustainability and Resilience					
13	Change in wealth, including physical, human and natural capital (US$ per capita)	Countries without wealth depletion	**Changed**		✓
14	IDA countries that have reported progress towards mainstreaming disaster risk management in their development policies and programs (No.)		**Dropped**		✓
15	Exposure to PM2.5 concentrations (population weighted average (micrograms per cubic meter)	Population exposed to harmful air pollution (PM2.5) (%)	**Changed**		✓
16	Deforestation rate (%)	Average annual deforestation change (%)	**Changed**		✓
17	CO2 emissions (metric tons per capita)	CO2 emissions (metric tons per capita)	**Unchanged**		✓
18	Share of population living in areas under water stress	Annual freshwater withdrawals, total (% of internal resources)	**Changed**		✓
Inclusiveness					
19	Percentage of IDA countries where growth in average income of the bottom 40% is positive and greater than growth in average income of the population	Countries with growth concentrated in the bottom 40% (%)	**Changed**		✓
20	Electrification rate (% population)	Proportion of population with access to electricity [SDG 7.1.1]	**Changed**		✓
21	Employment to population ratio - Women - Men		**Dropped**		

	IDA17 RMS	IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
22	Employment to population ratio in FCS - Women - Men		**Dropped**		
23	Bank accounts (age 15+) (%) - Men - Women	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided [SDG 8.10.2]	**Changed**	✓	✓
24		Ratio of female to male labor force participation rate	**New**	✓	✓
25	IDA countries without any discriminatory laws against women (No.)	Legal changes that increase gender parity over the past two years	**Changed**		✓
26	Secondary gross completion rate - Girls completion rate (%)	Lower secondary gross completion rate (%) - Ratio of girls' to boys' completion rate (%)	**Changed**	✓	✓
27	Ratio of girls to boys in secondary education (%)	Lower secondary enrollment rate (%) -Ratio of girls' to boys' enrollment rate (%)	**Changed**	✓	✓
28	Under 5 mortality rate (per 1,000 live births)	Under-5 mortality rate (deaths per 1,000 live births) [SDG 3.2.1]	**Changed**		✓
29	Malnutrition prevalence, height for age (%, children under 5)	Prevalence of stunting among children under 5 years of age % [SDG 2.2.1]	**Changed**	✓	✓
32	Births attended by skilled health staff (% of total births)	Proportion of births attended by skilled health personnel % [SDG 3.1.2]	**Changed**		✓
33	Prevalence of HIV/AIDS (% population ages 15-49)	Incidence of HIV (% of uninfected population ages 15-49)	**Changed**	✓	✓
34	Maternal mortality ratio (per 100,000 live births)	Maternal mortality ratio (per 100,000 live births) [SDG 3.1.1]	**Unchanged**		✓
35	Adolescent fertility rate (births per 1,000 women ages 15-19)	Adolescent fertility rate (births per 1,000 women ages 15-19)	**Unchanged**		✓
36	Contraceptive prevalence (% of women ages 15-49)	Contraceptive prevalence by modern methods (% of women ages 15-49)	**Changed**		✓
37	Access to improved sanitation (% of population)	Access to improved sanitation (% of population)	**Unchanged**		✓
38	Access to an improved water source (% population)	Access to an improved water source (% population)	**Unchanged**		✓
39	Mobile cellular telephone subscriptions (per 100 people)		**Dropped**		✓
40		Number of refugees by country or territory of asylum (millions)	**New**		✓

IDA17 RMS		IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
41		Number of IDPs	**New**		✓

Table 2b. Tier 2: IDA-Supported Results

	IDA17 RMS	IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
Growth					
1	Beneficiaries of agriculture and rural development projects (millions) - Female beneficiaries of rural and agricultural project (million)	Farmers adopting improved agricultural technology (millions)	**Changed**	✓	✓
2	Active microfinance loan accounts (millions) - Active microfinance loan accounts by women (millions)	Beneficiaries reached with financial services (millions)	**Changed**	✓	✓
3	Roads constructed or rehabilitated (km)	Roads constructed or rehabilitated (km)	**Unchanged**		✓
4	Area provided with irrigation and drainage services (ha)	Area provided with new/improved irrigation or drainage services (ha)	**Changed**		✓
5	Generation capacity of renewable energy constructed and rehabilitated (MW)	Generation capacity of renewable (GW)	**Changed**		✓
6		Private investments catalyzed by WB in IDA countries	**New**		✓
Inclusiveness					
7	Teachers recruited and/or trained (millions)	Teachers recruited or trained (millions)	**Changed**	✓	✓
8	People with access to a basic package of health, nutrition or population services	People who have received essential health, nutrition and population services (millions) (i) Number of children immunized (ii) Women and children who have received basic nutrition services (iii) Number of deliveries attended by skilled health personnel	**Changed**	✓	✓
9	Female beneficiaries covered by social safety net programs (millions)	Beneficiaries of social safety net programs (millions)	**Changed**	✓	✓
10	People with access to improved water sources (millions)	People provided with access to improved water sources (millions)	**Changed**	✓	✓
11	People with access to improved sanitation facilities (millions)	People provided with access to improved sanitation services (millions)	**Changed**	✓	✓
12	People in urban areas provided with access to improved urban services (millions)	People provided with improved urban living conditions (millions)	**Changed**	✓	✓

IDA17 RMS		IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
13	People with access to electricity (millions)	People provided with new or improved electricity service (millions)	**Changed**	✓	✓
14		Beneficiaries in IDA countries of job-focused interventions (m)	**New**	✓	✓
Sustainability and Resilience					
15	Projected lifetime energy savings (MW/h)	Projected energy or fuel savings (Mega joules)	**Changed**		
16	Countries supported towards institutionalizing disaster risk reduction as a national priority with IDA support	Countries supported towards institutionalizing disaster risk reduction as a national priority with IDA support	**Unchanged**		✓
17		Net GHG emissions	**New**		✓
18	Countries supported on strengthening national statistical systems (number), in FCS	Number of IDA countries that were provided statistical capacity building support by the WBG for the implementation of household surveys	**Changed**		✓
19		Number of lending operations with civil registration and vital statistics	**New**		✓
20	Countries that strengthened tax policy and administration with IDA support (number)		**Dropped**		
21	Countries that strengthened public financial management with IDA support (number)		**Dropped**		
22		Number of countries with an increase in the number of registered taxpayers among IDA countries with substantial WB tax engagement	**New**		✓
23		Number of IDA countries that adopt or introduce improved functionality of e-procurement	**Dropped**		
24		No. of IDA countries that operationalize the OGP agenda commitments	**New**		✓

Table 2c. Tier 3: IDA Operational and Organizational Effectiveness

IDA17 RMS		IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
Development Outcome Ratings					
1	Satisfactory Achievement of Development Outcomes – in Country Assistance Strategies Completion Reports (%, IEG ratings)	Satisfactory outcomes of IDA country strategies (%, IEG rating)	**Changed**		✓
2	Satisfactory Achievement of Development Outcomes – in IDA operations (%, IEG ratings) (as a share of commitments)	Satisfactory outcomes of IDA operations: – as a share of commitments (%, IEG ratings) – as share of operations (%, IEG ratings)	**Changed**		✓
Client Feedback					
3	Client feedback in IDA countries on WBG effectiveness – WBG effectiveness (overall)	Client feedback in IDA countries on WBG effectiveness and impact on results	**Changed**		✓
4	Client feedback in IDA countries on WBG effectiveness – Contribution of the WBG knowledge work and activities to development results	Client feedback in IDA countries on WBG knowledge	**Changed**		✓
5	Client feedback in IDA countries on WBG effectiveness – Financial instruments meet the needs of a client		**Dropped**		
6	Client feedback on WBG on responsiveness and staff accessibility	Client feedback on WBG on responsiveness and staff accessibility	**Unchanged**		✓
7	Client feedback on WBG on collaboration with other donors	Client feedback on WBG on collaboration with other donors	**Unchanged**		✓
Beneficiary Feedback					
8	Projects using beneficiary feedback (%)	Projects with beneficiary feedback indicator at design (%)	**Changed**		✓
Portfolio Performance					
9	Satisfactory Bank performance in IDA-financed operations -overall -at entry -during supervision	Satisfactory Bank performance in IDA-financed operations -overall -at entry -during supervision	**Unchanged**		✓
10	Satisfactory implementation of active operations	Satisfactory implementation progress of active operations	**Dropped**		✓
11	Satisfactory performance of joint and complementary IDA/IFC projects in IDA countries	Share of CPFs in IDA countries that have at least one joint objectives in the results matrix (%)	**Changed**		✓
12	Alignment with the Strategy – Stock of CS underpinned by a SCD (%)	Alignment with the Strategy – Stock of CS underpinned by a SCD (%)	**Unchanged**		✓

IDA17 RMS		IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
		Alignment with the Strategy - Qualitative assessment of alignment of the country engagement with the corporate goals	**New**		✓
13	Disbursement ratio for project financing projects (%)	Disbursement ratio (%)	**Changed**		✓
14	Operations that draw lessons for design from impact or other evaluations (%)	Operations design drawing lessons from evaluative approaches (%)	**Changed**		✓
15	Quality of M&E in IDA-financed operations (% IDA commit, IEG ratings)	Quality of M&E in IDA-financed operations (% IDA commit, IEG ratings)	**Unchanged**		✓
16	Time from Project Concept Note to the first disbursement project financing (months)	Time from Project Concept Note to the first disbursement project financing (months) (i) Time from Concept Note approval to Board Approval; (ii) Time from Board Approval to Project Effectiveness. (iii) Time from Project Effectiveness to First Disbursement.	**Unchanged**		✓
17	Average project implementation support costs (US$)	Average project implementation support costs (US$)	**Unchanged**		✓
18	Use of country public financial management and procurement systems (%)		**Dropped**		
19	IDA $ commitments dedicated to impact evaluation, other evidence-based approaches and statistical capacity (US$)	Number of impact evaluations supported by the World Bank in IDA countries	**Changed**		✓
20		Proactivity Index	New		
Financial Sustainability					
21	IDA Budget Sustainability Anchor (%)	IDA Budget Anchor (%)	**Unchanged**		
22	Gross expenditure reduction (US$ millions)		**Dropped**		
23	Expense to business revenue ratio (%)		**Dropped**		
24	Support cost ratio (%)	Support cost ratio (%)	**Unchanged**		✓

IDA17 RMS		IDA18 RMS	Revision	Disaggregation Sex	Disaggregation FCS
Implementation of Special Themes					
25	IDA operations that integrate gender into analysis, design and monitoring		**Dropped**		✓
26	For projects with gender monitoring in project design, the percentage of which report on such indicators during implementation	Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework	**Changed**		✓
27	IDA operations with Core Sector Indicators that can be gender-disaggregated that report such data (% of IDA)		**Dropped**		
28		Percentage of IDA-supported operations reporting gender results at completion (%)	**New**		✓
29		Number of IDA-supported operations that address and respond to GBV	**New**		✓
30		Facetime Index in FCS	**New**		✓
31	IDA operations with climate change co-benefits implementing agreed climate actions (US$ billions)	IDA-supported operations with climate change co-benefits - number of projects - commitments in US$ billions	**Changed**		✓
32	Completed ESW and non-lending TA that address climate change issues (number)	Completed ASA products that address climate change issues (number)	**Changed**		✓
33	IDA $ commitments with disaster risk management co-benefits (US$ billions)	IDA $ commitments with disaster risk management co-benefits (US$ billions)	**Unchanged**		✓
34	Private Capital Mobilized by WBG in IDA countries (US$ million)	Private capital directly mobilized by WBG operations/transactions in IDA countries	**Changed**		✓
35		Private financing (private co-financing) of WBG-supported operations/transactions in IDA countries	**New**		✓
36		Number of IFFs Assessments performed in IDA countries	**New**		✓
37		Indicator on economic transformation (to be defined and developed)	**New**		✓

Annotated Indicators by Tier

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Tier 1: IDA Countries Progress				
WBG goals				
Population living on less than US$1.90 a day [SDG 1.1.1]	% of population	Staff estimates calculated using data from PovcalNet	2012	
Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population [SDG 10.1.1]	%	Global database of Shared Prosperity, calculated from the Global Poverty Working Group dataset	N/A	
Growth				
Annual growth rate of real GDP per capita [SDG 8.1.1]	%	WDI	2015	
GDP per person employed	constant 2011 PPP $	WDI	2014	
Non-agriculture sectors, value added (as % of GDP)	%	WDI	N/A	
Level of statistical capacity	scale from 0 to 100	WDI	2015	
Trade Logistics Performance Index	Average rating 1=low to 5=high	WDI	2014	
Number of IDA countries that have raised taxes/GDP above 15%	Number	IMF Fiscal Monitor	N/A	
No. of IDA countries that have an improved composite PEFA score across in dimensions across the pillars of budget reliability, transparency	Number	PEFA	2011	

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
of public finances, and control in budget execution: (1.1) Difference between planned and actual budget expenditure; (9.2) Public access to fiscal information; (24.2) Competitive procurement methods				
Youth employment to population ratio (age 15-24) (Women, Men)	%	WDI	2014	
Sustainability and Resilience				
Countries without wealth depletion	% of countries	Staff estimates based on WB data	2014	
Population exposed to harmful air pollution (PM2.5)	% of population	WDI	2013	
Average annual deforestation change	%	WDI	2015	
CO2 emissions	Metric tons per capita	WDI	2011	
Annual freshwater withdrawals, total	% of internal resources	WDI	2014	
Inclusiveness				
Countries with growth concentrated in the bottom 40%	%	Global database of Shared Prosperity circa 2007-2012, calculated from PovcalNet.	2013	
Proportion of population with access to electricity [SDG 7.1.1]	% of population	WDI	2012	
Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided [SDG 8.10.2]	%	WDI	N/A	
Ratio of female to male labor force participation rate	%	WDI	2014	
Legal changes that increase gender parity over the past two years	Number of legal gender differences	Women, Business and the Law	2015	

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Lower secondary gross completion rate - Ratio of girls' to boys' completion rate	%	WDI	2013	
Lower secondary enrollment rate -Ratio of girls' to boys' enrollment rate	%	WDI	2013	
Under-5 mortality rate [SDG 3.2.1]	Number of under-five deaths per 1,000 live births	WDI	2015	
Prevalence of stunting among children under 5 years of age [SDG 2.2.1]	%	WDI	2014	
Proportion of births attended by skilled health personnel [SDG 3.1.2]	%	WDI	2012	
Incidence of HIV	% of uninfected population ages 15-49	WDI	2015	
Maternal mortality ratio [SDG 3.1.1]	Number of maternal deaths per 100,000 live births	WDI	2014	
Adolescent fertility rate	Number of births per 1,000 women ages 15-19	WDI	2014	
Contraceptive prevalence by modern methods	% of married women ages 15-49	WDI	2011	
Access to improved sanitation	% of population	WDI	2015	
Access to improved water source (% population)	% of population	WDI	N/A	
Number of refugees by country or territory of asylum (millions)	Number	WDI	N/A	

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Number of IDPs	Number (high estimate)	WDI	N/A	
Tier 2: IDA-Supported Development Results				
Growth				
Farmers adopting improved agricultural technology	Millions	Staff estimates	3-year rolling incremental value FY14-FY16	4-5
Beneficiaries reached with financial services	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	4-6
Roads constructed or rehabilitated	Km	Staff estimates	3-year rolling incremental value FY14-FY16	80 K – 100 K
Area provided with new/improved irrigation or drainage services	ha	Staff estimates	3-year rolling incremental value FY14-FY16	1.3-2.3 million ha

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Generation capacity of renewable energy	GW	Staff estimates	3-year rolling incremental value FY14-FY16	5 GW
Private investments catalyzed by WB in IDA countries	US$ millions	Staff estimates	N/A	N/A
Inclusiveness				
Teachers recruited or trained	Number of teachers (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	9 -10
People who have received essential health, nutrition and population services: (i) Children immunized (m) (ii) Women and children who have received basic nutrition services (m) (iii) Number of deliveries attended by skilled health personnel	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	316-400 (i) 120-180 (ii)180-200 (iii) 16-20
Beneficiaries of social safety net programs	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	25-30

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
People provided with access to improved water sources	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	35-45
People provided with access to improved sanitation services	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	12-18
People provided with improved urban living conditions	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	13-18
People provided with new or improved electricity service	Number of people (millions)	Staff estimates	3-year rolling incremental value FY14-FY16	25-35
Beneficiaries in IDA countries of job-focused interventions	Number of people (millions)	Staff estimates	N/A	N/A

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Sustainability				
Projected energy or fuel savings	Mega joules	Staff estimates	3-year rolling incremental value FY14-FY16	1.51x107 MWh
Countries supported towards institutionalizing disaster risk reduction as a national priority with IDA support	Number of countries	Staff estimates		25-30
Net GHG emissions	tCO2eq / year	Staff estimates	N/A	N/A
Number of IDA countries that were provided statistical capacity building support by the WBG for the implementation of household surveys	Number of countries	Staff estimates	N/A	30
Number of lending operations with civil registration and vital statistics	Number of operations	Staff estimates	N/A	20
Number of countries with an increase in the number of registered taxpayers among IDA countries with substantial WB tax engagement	Number of countries	Staff estimates	N/A	8-12
No. of IDA countries that operationalize the OGP agenda commitments	Number	OGP	2015	20-30
Tier 3: IDA Operational & Organizational Effectiveness				
Development Outcome Ratings				
Satisfactory outcomes of IDA country strategies	%, IEG rating	IEG	Four-year rolling basis FY13-16	70 (Annual, four year rolling)
Satisfactory outcomes of IDA operations: – as a share of commitments – as share of operations	%, IEG ratings	IEG	Three -year rolling basis FY12-14	80 (Annual, three year rolling)

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
				75 (Annual, three year rolling)
Client Feedback				
Client feedback in IDA countries on WBG effectiveness and impact on results	Average rating scale: 1-10	WBG COS Program.	FY16	7 (Annual)
Client feedback in IDA countries on WBG knowledge	Average rating scale: 1-10	WBG COS Program.	FY16	7 (Annual)
Client feedback on WBG on responsiveness and staff accessibility	Average rating scale: 1-10	WBG COS Program.	FY16	7 (Annual)
Client feedback on WBG on collaboration with other donors	Average rating scale: 1-10	WBG COS Program.	FY16	8 (Annual)
Beneficiary Feedback				
Projects with beneficiary feedback indicator at design	%	World Bank PADs	FY16	100 (Annual)
Portfolio Performance				
Satisfactory Bank performance in IDA-financed operations -overall -at entry -during supervision	%, IEG Ratings	IEG	3-year rolling basis FY14-16	80 (Annual, based on projects exiting IEG review in 3 previous FYs)
Share of CPFs in IDA countries that have at least one joint objectives in the results matrix	%	WBG CPF reviews	FY16	100
Alignment with the Strategy	%	WBG Country Assistance	(i)FY16 (ii) N/A	100 (Annual)

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
(i) Stock of CS underpinned by a SCD (%) (ii) Qualitative assessment of alignment of the country engagement with the corporate goals		Strategy/CPF reviews		
Disbursement ratio	%	World Bank SAP	FY16	20 (Annual)
Operations design drawing lessons from evaluative approaches	%	World Bank SAP, PADs and/or supporting documents.	FY16	100 (Annual)
Quality of M&E in IDA-financed operations[109]	% IDA commitments, IEG ratings	IEG	3-year rolling FY14-FY16	80 (Annual, closed IDA projects reviewed by IEG in a three-year rolling basis)
Time from Project Concept Note to the first disbursement project financing i) Time from Concept Note approval to Board Approval; ii) Time from Board Approval to Project Effectiveness. iii) Time from Project Effectiveness to First Disbursement.	Number of months	World Bank SAP	FY16	TBD
Average project implementation support costs	US$ ’000	World Bank SAP	FY16	Monitored
Number of impact evaluations supported by the World Bank in IDA countries	Number	World Bank SAP	N/A	Monitored

109 This indicator might be replaced by “Quality of M&E at project entry”.

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
Proactivity Index	Index	Staff estimates based on World Bank systems	N/A	75
Financial Sustainability				
IDA Budget Anchor	US$ millions	World Bank SAP	FY16	<=100
Support cost ratio	%	World Bank SAP	FY16	Monitored
Implementation of Special Themes				
Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework	%	World Bank SAP, PADs and/or supporting documents.	N/A	55
Percentage of IDA-supported operations reporting gender results at completion	%	World Bank SAP, PADs and/or supporting documents.	N/A	Monitored
Number of IDA-supported operations that address and respond to GBV	Number	World Bank SAP, PADs and/or supporting documents.	N/A	Monitored
Facetime Index in FCS	Index	Staff estimates based on World Bank systems	N/A	Monitored
IDA-supported operations with climate change co-benefits - number of projects	Number, US$ billions	World Bank SAP, PADs and/or	FY14-FY16	3-4 (US$ billion)

Indicator	Unit of Measure	Data Source	Date of Latest Results	Proposed Performance Standard / Target for IDA18 (FY18-FY20)
- in US$ millions		supporting documents.		
Completed ASA products that address climate change issues	Number of ASA products	World Bank SAP, PADs and/or supporting documents.	FY16	100-200
IDA $ commitments with disaster risk management co-benefits	US$ billions	Staff estimates based on World Bank systems	FY14-FY16	3-5
Private capital directly mobilized by WBG operations/transactions in IDA countries	US$ millions	Staff estimates based on World Bank systems	FY16	Monitored
Private financing of WBG-supported operations/transactions in IDA countries	US$ millions	Staff estimates based on World Bank systems	N/A	Monitored
Number of IFFs Assessments performed in IDA countries	Number of IFFs Assessments	Staff estimates based on World Bank systems	N/A	10-15
Indicator on economic transformation (indicator name TBD)[110]	TBD	TBD	N/A	TBD

110 Indicator will be agreed by June 2017 and will start being reported for the Annual Meetings in 2018.

ANNEX 2: IDA'S PERFORMANCE-BASED ALLOCATION SYSTEM FOR IDA18

I. Introduction

1. IDA's PBA system will continue to be the basis for the allocation of IDA resources during the IDA18 period. This annex provides an updated overview of the PBA system and highlights enhancements agreed during the IDA18 deliberations.

II. The PBA System for IDA18

2. The CPR of IDA countries are determined annually, largely based on Country Policy and Institutional Assessment (CPIA) ratings. The CPIA assesses each country's policy and institutional framework and consists of 16 criteria grouped into four equally weighted clusters: (i) economic management; (ii) structural policies; (iii) policies for social inclusion and equity; and (iv) public sector management and institutions (Box 1).[111] To ensure that the ratings are consistent with performance within and across regions, detailed questions and definitions are provided to country teams for each of the rating levels for each of the 16 criteria. This is followed by a process of institutional review of all country ratings before they are finalized.

Box 1. CPIA Criteria

A. Economic Management
1. Monetary and Exchange Rate Policies
2. Fiscal Policy
3. Debt Policy and Management

B. Structural Policies
4. Trade
5. Financial Sector
6. Business Regulatory Environment

C. Policies for Social Inclusion
7. Gender Equality
8. Equity of Public Resource Use
9. Building Human Resources
10. Social Protection and Labor
11. Policies and Institutions for Environmental Sustainability

D. Public Sector Management and Institutions
12. Property Rights and Rule-based Governance
13. Quality of Budgetary and Financial Management
14. Efficiency of Revenue Mobilization
15. Quality of Public Administration
16. Transparency, Accountability and Corruption in the Public Sector

[111] For details on the CPIA Questionnaire, see: http://pubdocs.worldbank.org/en/203511467141304327/CPIA-Criteria-2015.pdf.

3. The CPIA underpins IDA's CPR but is not its only determinant. In addition to the CPIA, the IDA Portfolio Performance Rating (PPR),[112] which captures the quality of management of IDA's projects and programs, enters the calculation of the CPR. As in IDA17, the CPR in IDA18 will be calculated as:

$$\textbf{Country Performance Rating} = (0.24 * CPIA_{A\text{-}C} + 0.68 * CPIA_{D} + 0.08 * PPR)$$

where $CPIA_{A-C}$ is the average of the ratings of CPIA clusters A to C, and $CPIA_D$ is the rating of CPIA cluster D.

4. The formula underpinning the PBA system is presented below. Country performance (with an exponent of 3 in the allocation formula)[113] is the main determinant of IDA country allocations. Country needs are also taken into account through population size and GNI per capita. Population affects allocations positively (with an exponent of 1) while the level of GNI per capita is negatively related to allocations (with an exponent of -0.125). Specifically,

$$\textbf{IDA country allocation} = f(\text{Country Performance Rating}^{3}, \text{Population}, \text{GNI per capita}^{-0.125})$$

5. Starting in IDA18, the base allocation will be increased from SDR4 million per year (SDR12 million per replenishment) to SDR15 million per year (SDR45 million per replenishment) in order to better meet the fixed costs of country engagement and maintain an effective country program. This will benefit small states – several of which are FCS.

6. Country allocations will be determined annually with changes reflecting, *inter alia*, the country's own performance and its performance relative to other countries, IDA eligibility and availability of IDA resources.

III. Exceptional Regime for Countries Facing "Turn-around" Situations

7. **Post-conflict regime.** Only South Sudan will continue to benefit from exceptional support under the Post-conflict regime during IDA18. South Sudan gained eligibility for exceptional post-conflict support in FY13. As per the implementation arrangements under this regime, South Sudan will benefit from full support under this regime until FY17 and the exceptional support will be phased out to the regular PBA formula levels by FY23 (as per the original phase out period established under the Post-conflict regime). In IDA18, all other countries eligible for post-conflict support in IDA17 will return to the regular PBA system as – following the extension agreed in the context of the IDA17 discussions – the phasing out period will end in FY17.[114, 115]

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[112] The PPR reflects the health of the IDA projects portfolio, as measured by the percentage of problem projects in each country.

[113] The CPR exponent will be reduced from 4 in IDA17 to 3 in IDA18 to increase the poverty-orientation of the regular PBA system. This will allow an increased IDA engagement in the poorest countries, notably the broader group of FCS, most of which have low per-capita GNI levels, while preserving the principle of performance orientation in the allocation system.

[114] Countries eligible for exceptional support under the Post-conflict regime in IDA17 are: Afghanistan, Burundi, DRC, Côte d'Ivoire, Liberia, and South Sudan.

[115] The four countries (Central African Republic, Haiti, Myanmar, and Togo) that benefitted from exceptional support under the re-engaging regime would also reach the end of the phasing out period in FY17 and revert to the regular PBA system in FY18 unless otherwise deemed eligible for support under the TAR.

8. **Turn-around Regime.** A new exceptional regime for countries facing “turn-around” situations was adopted in IDA17 and will continue in IDA18. All future cases warranting the delivery of exceptional IDA support will be addressed within this regime, including future post-conflict and re-engaging countries as well as countries that have not experienced significant levels of conflict or accumulated arrears but face a “turn-around” situation. This aims at enhancing targeting of IDA’s exceptional support in a way that promotes improved policies and institutional reform and portfolio implementation (see Annex 3 for implementation arrangements).

9. **FCV Risk mitigation.** IDA18 establishes a new exceptional risk mitigation regime to provide a vehicle for enhanced support during IDA18 to countries with increasing risks of FCV and with governments that are committed to addressing them. This exceptional support would be additional to their regular PBA allocations and would amount to up to 1/3 of the regular PBA. In IDA18, Guinea, Nepal, Niger, and Tajikistan will benefit from such support (see Annex 4 for implementation arrangements).

IV. Other Exceptions

10. The following specific exceptions to the PBA formula will be in place during the IDA18 period:

- First, the allocation to Pakistan, a country with potential access to IBRD, will be “capped” and it will receive less than the allocation norms, due to its broader financing options.
- Second, IDA may provide exceptional allocations in the aftermath of severe natural disasters, economic crises and public health emergencies and epidemics from the CRW (Annex 7).
- Third, transitional support will be provided to Bolivia, Sri Lanka and Vietnam during IDA18. Bolivia will receive transitional support in the amount of SDR99 million; Sri Lanka will receive transitional support in the amount of SDR303 million; and Vietnam will receive transitional support in the amount of SDR1.593 billion.
- Fourth, there is a special provision for selected regional integration projects. The IDA18 period envisages up to SDR1.2 billion per year for such projects in topping up resources. These resources would be used to finance up to two-thirds of a country’s share of the costs of a regional project, with the remaining one-third contribution from the country’s IDA allocation.[116] This co-financing ratio, however, depends on project design and resource availability. There is a three-country requirement for accessing financing for regional projects, which is relaxed to <u>two</u> countries when at least one is an FCS.[117] In addition, IDA18 introduces the following enhancements to the Regional Program: (i) the credit/grant distribution of Regional IDA financing will match that of concessional Core Financing for all beneficiary countries; (ii) the threshold for triggering the 20 percent cap under the Regional Program will now be based on the definition of small states – i.e., countries with a population of 1.5 million or less; and (iii) the establishment of a refugee sub-window

[116] For IDA-eligible small states, their contribution to a regional project is capped at 20 percent of their annual allocation.

[117] Refer to IDA (2010), IDA’s Performance-Based Allocation System: Review of the Current System and Key Issues for IDA16, http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1271341193277/PBAIDA16.pdf.

under the regional program to finance projects benefitting refugees and their host communities. The adjustments to the regional program in IDA17 will remain, including the ability to finance with resources from the IDA regional program – on a case-by-case basis and subject to a two-step process of early consultation with and approval by IDA's Executive Directors – projects that require financial participation of only one IDA country. In the latter case, resources from the regional program may be utilized where it can be clearly demonstrated that the project would have a transformational impact on the region and that three or more countries (two, if one is an FCS) would receive substantial benefits from the project. In addition, there will be a cap, on a case-by-case basis and subject to approval by IDA's Executive Directors, on the amount that comes from a country's regular IDA allocation of 20 percent of a country's IDA18 allocation in the case of such transformational regional projects where project costs are very large relative to the country's available IDA resources. Financing to support such exceptions would be limited to 20 percent of the overall IDA18 envelope for regional projects. Access to grants under the IDA Regional Program will be continued.

- Fifth, the IDA18 SUF which provides non-concessional financing and is described in detail in Annex 6.
- Sixth, the PSW, described in "*Further Details on the Proposed IFC-MIGA Private Sector Window in IDA18*" (September, 2016).
- Finally, eligible countries can qualify for exceptional allocations to help finance the cost associated with the clearance of arrears to IBRD and/or IDA.[118]

V. Disclosure

11. IDA countries are informed of the performance assessment process, which is increasingly integrated into the country dialogue. Starting in IDA14, the numerical ratings for each of the CPIA and CPR criteria have been fully disclosed on IDA's external website. Starting in IDA15, the country allocations and commitments have been disclosed annually to the Executive Directors of IDA on an *ex post* basis (i.e., at the end of each FY) to increase transparency. Starting in IDA16, the country allocations and commitments have been disclosed on IDA's external website.

[118] IDA (2007), Further Elaboration of a Systematic Approach to Arrears Clearance, http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1172525976405/3492866-1172526109259/ArrearsClearanceMZ.pdf.

ANNEX 3: IMPLEMENTATION ARRANGEMENTS: EXCEPTIONAL REGIME FOR COUNTRIES FACING TURN-AROUND SITUATIONS

Implementation Arrangements

1. This annex sets out the implementation arrangements for the exceptional TAR including the definition of a turn-around situation, the application process and guidance on the level and duration of exceptional support.[119]

Definition of a "Turn-around" Situation

2. A "turn-around" situation is a critical juncture in a country's development trajectory providing a significant opportunity for building stability and resilience to accelerate its transition out of fragility marked by:

- the cessation of an ongoing conflict (e.g., interstate warfare, civil war or other cycles of violence and/or partial state collapse that significantly disrupt a country's development prospects); or
- the commitment to a major change in the policy environment following:
    - a prolonged period of disengagement from IDA lending; or
    - a major shift in a country's policy priorities addressing critical elements of fragility.

Application Process

3. When Management determines that a country is facing a turn-around situation, it will inform the Executive Directors of its intention to provide exceptional support. The decision on a country's eligibility and the level and duration of support will be informed by: (i) a country eligibility note; (ii) the potential beneficiary country agreeing to and commencing implementation of a reform program endorsed by the Bank; and (iii) the feedback received during consultations with Executive Directors.[120]

4. The country eligibility note will apply a two-filter approach and will at a minimum:

- Address the relevant aspects of country eligibility, including the drivers of fragility and conflict, the nature of the turn-around situation and related challenges and opportunities.
- Propose the framework for monitoring the country's progress towards resilience.

[119] For details on the country eligibility and application process see Implementation Arrangements for Allocating IDA Resources to Countries Facing "Turn-around" Situations – Background note, September 2013.

[120] This process is similar to the one that Deputies specified for the allocation of resources from IDA's CRW. For additional details, see Annex 7.

- Indicate the level and duration of the exceptional support to the country, including the amount of the exceptional allocation for the first year of eligibility.[121]

Level and Duration of Support

5. Support under the exceptional TAR will be based on country performance and be informed by country-specific factors detailed in the country-eligibility note. Country performance will be measured by the following performance index:[122]

$$Performance\ Index = (0.8)PCPI + (0.2)PPR$$

6. The notional maximum level of per-capita support to a given country is detailed in Table 1 below. In general, it will be expected that – subject to absorption capacity– only countries in a Post-conflict situation would have per-capita allocations close to the notional maximum levels. Per-capita allocations for other eligible countries would be expected to be lower (around half the levels in Table 1 below). This guidance will be implemented through the application of a country-specific scale factor "α".[123] For a country to benefit from the Post-conflict consideration above, evidence of conflict intensity will be used as per the current exceptional Post-conflict regime.[124]

Table 1. Exceptional Turn-around Situation Regime – Notional Maximum Per-capita Allocations

Performance Index	**Notional Maximum Per-capita Allocation** (US$ per annum)
2.0 to 2.5	7.2
2.5 to 3.0	12.9
3.0 to 3.5	18.2
3.5 to 4.0	25.5
4.0 to 4.5	30.8
Above 4.5	36.5

121 There will be flexibility on the level of allocations for the first year of eligibility (i.e., allocations higher than the notional maximum per-capita allocations could be possible). Such flexibility would only be warranted in very special circumstances (e.g., in cases where the conflict has been extremely destructive, but where the government's capacity to implement a comprehensive recovery program has remained strong) and with due regard for absorption capacity considerations.

122 Where PCPI and PPR are the Post-Conflict Performance Indicator and the Portfolio Performance Rating.

123 For details see Implementation Arrangements for Allocating IDA Resources to Countries Facing "Turn-around" Situations – Background note, September 2013.

124 Candidates for post-conflict considerations will have to fall into one of the following categories: (i) a country that has suffered from a severe and longstanding conflict which has led to extended inactivity as a borrower, or at least a substantial decline in the level of external assistance, including from IDA; (ii) a country that has experienced a short but highly intensive conflict, leading to a disruption of IDA involvement; or (iii) a newly sovereign state that has emerged through the violent break-up of a former entity. Furthermore, and as per the past practice under the existing Post-conflict regime, evidence of conflict intensity will be used to assess the level of support, with at least one of the following assessed as high: (a) extent of human casualties; (b) proportion of population that is internally displaced; and (c) extent of physical destruction.

7. Key considerations. Country allocations will be determined as the sum of (i) the SDR15 million minimum base allocation; and (ii) the allocation based on the formula and matrix set out in paragraphs 5-6 and in Table 1 above. Adjustments may be made in cases where:

- *The PPR limits the level of exceptional support* (e.g., to Post-Conflict countries, inactive countries, or countries with poor portfolio implementation but where reforms undertaken as part of the turn-around situation would lead to a qualitative change in project implementation).
- *Countries have already benefitted from exceptional IDA support*. The level and duration of the exceptional support already provided by IDA will be factored in when deciding on the level of per-capita allocations under the exceptional turn-around situation regime.
- *There are changes in a country's absorptive capacity*. Absorption capacity will be a key consideration when determining the support level under the exceptional TAR. In some cases, severe absorption capacity issues could limit the level of exceptional turn-around support. If warranted by context, consideration could be given to adjust the level of per-capita support to respond to a sharp change in a country's absorption capacity.

8. The exceptional TAR would not involve a pre-established eligibility period but in most cases would be expected to last around two to three years. The eligibility for this support would be linked to the eligible country's national plan associated with the turn-around situation.

Other Implementation Aspects

9. **Exit mechanism.** A country's eligibility for exceptional turn-around support will be discontinued (i.e., the country will return to the regular PBA system) under three circumstances. First, at the end of the eligibility period if the country is no longer in a turn-around situation.[125] Second, at the end of the eligibility period if the country's performance is not satisfactory as per the monitoring framework set out in the eligibility note. Third, during the eligibility period, if the country fails to implement the specific measures or reforms considered as critical by the timeline specified in the eligibility note. In the last circumstance, the return to the regular PBA system will take place at the beginning of the FY immediately following the date set out in the eligibility note for the implementation of such critical measures or reforms.[126]

10. **Re-application.** At the end of the eligibility period, and if the "turn-around" process is successful (as demonstrated by the country's progress under the monitoring framework set out in the eligibility note), the country could reapply for continued support under the exceptional TAR. The decision on renewing a country's eligibility for exceptional turn-around support will be on a case-by-case basis and it will involve the same decision process and use the same criteria and principles as for countries newly applying for eligibility.

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125 Note that the definition of a turn-around situation entails not only the notion of an opportunity for change but also evidence of commitment by the country and satisfactory early performance.

126 At the same time, it is important to avoid on and off interventions –particularly in the FCS context. In that regard, consideration could be given to continue providing exceptional turn-around support depending on the degree of reversal in a country's progress under its turn-around process. If deemed appropriate, the enhanced support could be continued with due consideration of the country implementing remedial actions and the recalibration of the level of exceptional support.

11. **Phasing out from the exceptional TAR.** Unlike the current exceptional post-conflict and re-engaging regimes, the exceptional TAR does not entail a pre-established phasing out period. Instead, the return to the regular PBA system will be flexibly determined and the path for the allocation levels will be modulated as part of the re-application process. In this regard, as part of the re-application process for continuation of turn-around support both the level and duration of exceptional support already provided by IDA will be taken into account (this would also apply to current Post-conflict and re-engaging countries – if and when they apply for the exceptional turn-around support).

12. **Other.** The level of exceptional turn-around support provided to any given country has a notional cap of 7 percent of IDA's total country-allocable envelope. Also, an indicative cap of 15 percent of the overall IDA Core Financing has been set for support through the exceptional TAR. Resources allocated under the exceptional TAR but not committed will be re-allocated as part of the re-allocation exercise undertaken in the last year of a replenishment period.

ANNEX 4: IMPLEMENTATION ARRANGEMENTS FOR THE EXCEPTIONAL FCV RISK MITIGATION REGIME

1. **Purpose:** This regime is intended to provide enhanced support to countries that present increasing risks of FCV and where governments are committed to addressing them. These could include risks resulting from internal or external stresses (e.g., as a result of spill-overs, economic marginalization, lagging regions, political uncertainty or insecurity). The special allocation helps countries address identified FCV risks or stresses (long-term and/or short-term) and build institutional resilience to manage them. Eligibility for and implementation of this regime will be grounded in a recent RRA and/or additional sector analysis, as necessary and will be consistent with IDA's development mandate under its Articles of Agreement and related legal and policy framework.

2. **Activities:** The exceptional support will help countries in their efforts to reduce FCV-related risks, by addressing the underlying causes or drivers of FCV and by building state or societal institutions that can withstand and manage stress, in line with IDA's mandate and the WBG strategic framework for engagement in these countries. Funded operations will be highly context specific but could include tackling grievances surrounding economic marginalization and uneven development; reducing conflicts surrounding land use; reducing regional imbalances by investing in excluded regions; creating meaningful livelihood sources for youth at risk; increasing transparency in natural resource governance; and improving the quality of justice and conflict resolution services at the local level.

3. **Eligibility Criteria:** Countries eligible for risk mitigation support are identified on the basis of a two-step selection process. In a first step countries with high risks of FCV are identified based on a cross-country risk scan that combines quantitative and qualitative assessments. In a second step, countries are further prioritized on the basis of the following criteria: (i) opportunities for FCV risk mitigation; (ii) stable macroeconomic framework; and (iii) availability of financial resources to the country. Any mid-course corrections to the list of eligible countries can be made at the IDA18 MTR.

4. As background, for IDA18, the quantitative assessment of the risk scan was run on all 48 non-FCS IDA eligible countries. 24 countries with at least two fragility flags were identified out of this group.[127] The qualitative assessment identified seven countries with "high" FCV risks. An assessment against the identified eligibility criteria was carried out by the Bank. On the basis of this assessment, one country was excluded due to limited opportunities to address identified FCV risks. Two more countries were excluded on the basis of access to other financing (one due to blend status, the other due to blend status and having a large IDA allocation). On the basis of this methodology, Guinea, Nepal, Niger and Tajikistan were identified as potential beneficiaries of exceptional support under the Risk Mitigation regime.

5. **Financing:** The risk mitigation regime will provide countries with additional financing during the IDA18 period on top of their regular PBA allocations for up to three years:

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127 One country, Niger, was added due to the very high risks that were identified through a fragility assessment due to the presence of internal and external stresses to stability in the country.

- *Volume:* Support for an eligible country would amount to up to 1/3 of the country's indicative IDA18 allocations with a cap of US$300 million per country per replenishment.
- *Financing terms:* The financing terms will follow the terms of concessional core IDA financing for the eligible countries.

6. **Governance:** Operations or additional financing funded wholly or partially with exceptional risk mitigation support will be approved by the Board according to established procedures. In future replenishments, Management will present the cases for eligibility to IDA Deputies, based on the eligibility criteria, at the time of the first meeting of an IDA Replenishment and would be discussed in subsequent meetings, similar to the process followed for countries graduating from IDA.

7. **Implementation:**

- *Implementation note*. Country teams will prepare a short implementation note for Senior Management's endorsement which will be shared for information with the Board. The note would include: (i) an overview of the critical FCV risks the country faces informed by a recent RRA;[128] (ii) opportunities for risk mitigation (informed by dialogue with the client); (iii) indicative activities that would be financed and FCV risks that would be addressed with the additional allocation; (iv) alignment with WBG strategy for engagement in the country and IDA's mandate and policies, procedures and other requirements; (iv) arrangements for monitoring progress; and (v) coordination and/or partnerships with other development partners and relevant actors and linkages and/or synergies with the proposed WBG engagement on risk mitigation.
- *Reporting*: Implementation of the risk mitigation allocation will be monitored by Management on a regular basis. Management will report the implementation experience at the IDA18 MTR and propose adjustments, if any.
- *Phase out*: In cases where countries no longer meet eligibility criteria (e.g., change in government commitment, deterioration of the macroeconomic outlook, sustained improvement in the relevant CPIA subcomponents), Management can decide to phase out a country from the special allocation and re-allocate uncommitted resources to other IDA countries under the normal reallocation process. In this case, Management will inform the Board of the decision which will take effect starting the following FY. At the IDA18 MTR, Management will report on any decisions taken to phase out eligible countries before the conclusion of the IDA18 replenishment period.

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[128] RRAs are carried out to provide an in-depth understanding of the underlying drivers and proximate causes of fragility and conflict. They are also used to inform an approach to manage and mitigate identified risks. Under IDA18, a policy commitment has been made that CPFs in countries "at risk" will be informed by an RRA. This requirement would therefore not impose additional burden on country teams.

ANNEX 5: IMPLEMENTATION ARRANGEMENTS: REGIONAL SUB-WINDOW FOR REFUGEES AND HOST COMMUNITIES

1. **Purpose:** the overall purpose of the IDA regional sub-window on refugees is to help refugee host countries to (i) mitigate the shocks caused by an influx of refugees and create social and economic development opportunities for refugees and host communities; (ii) facilitate sustainable solutions to protracted refugee situations including through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and (iii) strengthen preparedness for increased or potential new refugee flows.

2. **Activities:** In line with the overall purpose outlined above, the sub-window would support projects in host countries that focus on the medium to longer term development needs of refugees and host communities, not humanitarian needs, which are the mandate of other organizations. Priority initiatives would include projects that: (i) promote refugees' welfare and inclusion in the host country's socio-economic structures; (ii) support legal solutions and/or policy reforms with regard to refugees, e.g., freedom of movement, formal labor force participation, identification documents and residency permits; (iii) help ensure access and quality of services and basic infrastructure to refugees and host communities; (iv) support livelihoods in host community areas, tailored to the needs and constraints of refugees and host community members; (v) support policy dialogue and activities to facilitate and ensure the sustainability of return where refugees go back to their country of origin; and (vi) strengthen government finances where these have been strained by expenditures related to their hosting responsibilities.

3. **Eligibility Criteria:** A country would be eligible if the number of *UNHCR-registered refugees, including persons in refugee-like situation*s, it hosts is *at least 25,000* or it is *at least 0.1 percent of the country's population*. In addition, the country would need to adhere to an adequate framework for the protection of refugees.[129] It would also need to have in place an action plan, strategy or similar document that describes concrete steps, including possible policy reforms that the country will undertake towards long-term solutions that benefit refugees and host communities, consistent with the overall purpose of the sub-window. Country eligibility will also be informed by quantitative and qualitative analyses on the impact of refugee flows at the country or regional level. For example, fiscal burden on host governments and/or potential for increased instability could be considered. The refugee sub-window could provide support for projects benefitting a single host country because refugees flow from another, often fragile, country.

4. **Financing Incentives for the Refugee Sub-window:** Experience with current projects under preparation suggests that countries already have incentives to access funds from the IDA Regional Program to support *host* communities. To motivate governments to also address the development needs of *refugees* (i.e., non-nationals), it is proposed that financing incentives in the form of additional volumes and more favorable terms be provided as discussed below:

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[129] The World Bank in consultation with UNHCR will determine the adequacy of a country's refugee protection framework based on adherence to international or regional instruments such as the 1951 Refugee Convention or its 1967 Protocol, or the adoption of national policies and/or practices consistent with international refugee protection standards.

- *Terms of financing*: For high risk of debt distress countries, top up funding from the sub-window will be provided on grant terms only. For moderate and low risk of debt distress countries, top up funding will be provided 50 percent in grants and 50 percent in applicable credit terms of the beneficiary country. [130]
- *Requirements for national IDA contributions*: Regardless of the risk of debt distress, national contributions would be half those required under the IDA Regional Program.

5. **Governance:** This sub-window will follow the same governance structure as in IDA17 for case-by-case exceptions for regional transformational projects.[131]

- *Oversight*: A 2-step process (similar to the CRW) of early consultation with and subsequent approval by the Executive Directors will be followed.
    - A short note outlining the rationale for the proposed support will be sent to the Board for consultation prior to the development of a full project concept note. The note would include: (i) evidence that the country eligibility criteria are met, including evidence that a government action plan or strategy to address the refugee situation exists or is under development; (ii) an analysis of the needs of refugees, impact on the host communities targeted by the project(s) and related constraints to enabling refugees' self-reliance in the given context; (iii) description of proposed project development objectives, activities and beneficiaries; (iv) the financing terms for the project and national contribution; and (v) evidence of coordination and/or joint planning or analysis with other development partners and relevant humanitarian agencies, in particular UN agencies. Given the particularly difficult environment in which some of these projects will be implemented, it will be important that the projects put extra emphasis on risks to achieving project objectives, and to ensure that all projects are gender-informed.
    - *Project Approval*: Following the Board consultation, projects under the refugee sub-window would be processed following the same procedures established for the Regional Program.

6. **Other implementation issues:**

- *Notional regional allocations:* At the beginning of a Replenishment period, notional regional allocations would be determined based on the number of refugees in IDA countries eligible for support under this sub-window at the beginning of an IDA cycle. Allocations per country in a Replenishment under the special sub-window will be capped at US$400 million. This threshold would help assist more countries to benefit from the sub-window.

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130 Where projects will only benefit refugees and not host communities (e.g., economic integration of refugees in local labor market), on a case by case basis, funding from the refugee sub-window for moderate and low risk of debt distress countries could be considered in 100 percent grant terms.

131 "IDA17 Deputies Report: Maximizing Development Impact." IDA (2014).

ANNEX 6: IMPLEMENTATION ARRANGEMENTS: SCALE-UP FACILITY

1. In view of very strong client demand for non-concessional resources, IDA will extend use of the IDA17 SUF arrangements to IDA18, as many IDA clients can absorb additional financing – even if at non-concessional terms – to meet their increasingly ambitious development agendas. As detailed below, and as emphasized under implementation arrangements for the IDA17 SUF, the IDA18 Facility will take into account individual countries' debt situation, while ensuring consistency with IDA's Non-Concessional Borrowing Policy (NCBP) and the IMF's Policy on Public Debt Limits in Fund-Supported Programs (Debt Limits Policy), and avoiding concentration of SUF resources in a few countries only.

2. This annex presents detailed implementation arrangements for the SUF in IDA18. These correspond largely to those of the IDA17 SUF but have been enhanced to better reflect the possible use of resources for regional programs and promote the targeting of resources to IDA-only countries.[132]

Implementation Arrangements for the IDA18 SUF

3. **Purpose:** The IDA18 SUF is designed to scale up IDA financing for country specific and/or regional operations during the IDA18 period. The SUF makes available up to US$6.2 billion to IDA countries on non-concessional (IBRD) lending terms.[133,134] These resources are in addition to the regular concessional resources that countries will receive in IDA18, making them especially useful where PBA allocations are insufficient to support transformational initiatives.

4. **Eligibility criteria:** Given IDA's strong emphasis on country debt sustainability, only IDA-eligible countries at low or moderate risk of debt distress will be eligible to utilize IDA18 SUF financing.

5. **Operations financed under the IDA18 SUF may include:**

- Investment Project Financing in any sector, including use of guarantees;
- Development Policy Financing, including CAT-DDOs; and
- Program for Results financing.

6. **Allocation framework:** The broad principles underlying the IDA18 SUF allocation framework are grounded in a focus on regional equity, performance and poverty. The Bank's Development Finance Vice-Presidency (DFi) will initially provide each Region with an indicative allocation of SUF resources based on the PBA shares. To ensure equity in the allocation of

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132 For example, projects currently prioritized to receive resources available through the IDA17 SUF include regional transport and railway projects benefitting Rwanda, Uganda, Mali and Senegal.

133 Lending terms include currency choice, tenor, grace period and amortization profile, interest rate and other fees. IBRD loan pricing is subject to annual and periodic reviews. Current pricing and lending terms are available on World Bank Treasury website: http://treasury.worldbank.org/bdm/htm/ibrd.html.

134 Additional donor contributions in the form of grants or CPLs could also be used to buy down the cost of financing to provide funding for climate change and/or other IDA18 policy priorities.

resources, the notional regional allocation will be set equivalent to each Region's share of core concessional IDA.[135] However, the corporate review process described below, a desire to support operations with strong poverty orientation (for instance, projects in IDA-only countries), or lack of eligible projects in a particular Region could result in deviations from the initial allocation.

7. **Prioritization:** The primary goal of the prioritization process is to channel additional resources to IDA projects – single country or regional – with potential for strong returns on investment, development impact and growth dividends.[136] Regions will prioritize operations with expected high returns and impact that advance the objectives of the WBG strategy for the country (e.g., the CPF), are aligned with the WBG goals, and best promote the IDA18 policy priorities. Participants advised that the allocation of SUF resources should be appropriately balanced between IDA-only and blend countries. In this regard, they asked that Management should attempt to achieve a distribution of SUF resources to groups of eligible IDA-only countries and blend countries that broadly conforms to those groups of countries' overall shares of the PBA.[137] In the case of blend countries, SUF resources will first be considered as additional resources for IDA operations that cannot be financed in the absence of SUF resources. In addition, in blend countries where SUF financing may be viewed as a substitute for available IBRD resources, Bank Regions will consider whether IBRD headroom thus preserved will be utilized to advance the WBG goals and IDA18 priorities. The following additional elements will help prioritize the operations proposed for the facility:

- Debt sustainability: The first prioritization criterion will ensure that low risk countries are the highest priority followed by moderate risk countries.
- Capacity: Among countries prioritized under the debt sustainability criterion above, countries with the capacity to absorb the resources well (assessed by considering both a country's CPIA score along with its portfolio performance) will be further prioritized.
- SUF soft prioritization filters: As a soft filter, particular attention will be given to the ability of an operation to crowd in resources – including from the private sector, support resilience building (e.g., investments related to climate change, disaster risk reduction or pandemic preparedness), deliver benefits beyond or across borders, and/or drive economic transformation, including through support of countries' Nationally Determined Contributions (NDCs) agreed as part of COP21. Priority will be given to promoting integration within a regional grouping by supporting modern economic infrastructure in line with low carbon development.

8. **Review process:** The above prioritization process will first be conducted at the regional level in order to identify projects or programs within each region. A corporate vetting process will be established to ensure that the quality of projects or programs proposed to be financed by each region is consistent on a Bank-wide basis.

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[135] Additional links to the principles underpinning the PBA are embodied in individual country caps linked to each country's allocation of core IDA, with greater flexibility considered for small countries given their relatively small core IDA allocations.

[136] For further elaboration, see OP 10.00, *Investment Project Financing*, paragraphs 1-10, OP 8.60, *Development Policy Financing*, paragraphs 2-3, and Bank Policy, *Program-for-Results Financing* | Catalogue Number OPCS5.04-POL.01, pp. 5-7.

[137] The share of SUF resources utilized to support IDA-only countries will be monitored on a continuing basis, with implementation progress reported to Deputies at the IDA18 MTR.

9. **Role of Executive Directors:** Following corporate vetting, projects or programs endorsed to be financed under the Facility will be subject to regular Bank project or program preparation and review processes The list of operations planned to be financed under the IDA18 SUF will be shared with the Board for information and each operation financed with the Facility's resources will be sent to the Executive Directors for their approval. In addition, Management will report on implementation experience under the IDA18 SUF at the IDA18 MTR and shortly after the conclusion of the IDA18 period.

ANNEX 7: IMPLEMENTATION ARRANGEMENTS: THE CRISIS RESPONSE WINDOW

1. This Annex sets out the implementation arrangements that Management would follow in order to access CRW resources in case IDA countries were affected by severe economic crises, natural disasters, and health emergencies during the IDA18 period.

A. CRW Support in Case of Economic Crisis

2. In the immediate aftermath of a severe economic crisis, Management will inform the Board of its intention to access CRW resources. To trigger access to CRW resources, Management would present its analysis of the nature of the shock and the severity of the impact on IDA countries and its recommendation to Executive Directors. Management's analysis would: (i) demonstrate that responding to the crisis is in line with CRW objectives and guiding principles and that the shock has been caused by exogenous factors and has a severe impact on a significant number of countries; (ii) propose the overall volume of CRW resources to be allocated in response to the event and present its rationale (factoring in the nature and scope of the crisis as well as the resources available in the CRW and highlighting if additional donor contributions are warranted); and (iii) propose the framework for allocating the approved resources across countries and present its rationale. Board approval for the provision of CRW support as well as the proposed amount will be sought as part of the documents for the projects financed by the CRW.

3. Where an economic crisis is caused by external terms of trade shocks or financial market disruptions, Management would also reflect the views of IMF staff on the overall extent and nature of the shock and, to the extent possible, the impact on the individual countries and relevant information regarding their macroeconomic policy framework drawing primarily on existing publicly available IMF report(s). Individual operations would be submitted subsequently for Board approval on an accelerated basis and in accordance with existing World Bank policies and procedures. As is current practice, the staffs of the Bank and IMF would collaborate closely on individual country cases.

4. **Trigger:** CRW support would be triggered by evidence of a crisis that is caused by an exogenous shock which affects a significant number of IDA countries. Specifically, the crisis should be expected to result in a widespread or a regional year-on-year GDP growth decline of 3 percentage points or more in a significant number of IDA countries. The projected year-on-year GDP growth decline will be assessed using data from the IMF's World Economic Outlook (WEO) database. Support from the CRW could also be considered in the event of a severe price shock that did not result in a GDP growth decline in line with this trigger if: (i) the shock is broad based and deemed severe in terms of fiscal impact (i.e., additional spending for targeted interventions to protect vulnerable groups); (ii) there is consensus that a concerted international response is needed; and (iii) the existing IDA country allocations are deemed insufficient to provide an adequate response.

5. **Country eligibility:** All IDA countries are in principle eligible for CRW support. The eligibility of specific countries would be determined primarily by the expected impact of the crisis on GDP. A year-on-year decline of GDP growth of 3 percentage points or more would be the threshold to identify countries that could be eligible for CRW support. This preliminary ring-

fencing would be vetted by an analysis of available fiscal data and other relevant data in line with the CRW objective to protect or mitigate the impact on core spending in the short-term and avoid derailing long-term development objectives (e.g., the magnitude of the impact of the crisis, access to alternative sources of financing, and ability to finance recovery using the country's own resources). As a result of such analysis, countries where the crisis did not have a significant fiscal impact could be excluded from CRW support eligibility, even if they did experience the 3 percentage point decline in GDP growth.

6. **Fiscal analysis:** The fiscal analysis required to support assessments of country eligibility and the allocation framework would cover government revenues, spending and financing plans to estimate the core development spending at risk. Core development spending at risk is defined as the amount needed to maintain the pre-existing path of spending on education, health and operations and maintenance of existing infrastructure, and to maintain, or potentially increase depending on the nature of the crisis, spending on safety nets.

7. **Allocation of resources among eligible countries:** The allocation framework would follow a two-stage approach based primarily on the fiscal analysis above. Countries with the greatest impact would receive proportionately more resources than those with a lower impact.

- In the first stage, the bulk (at least 75 percent) of the resources would be allocated. In the second stage, allocations would be adjusted (using the share of resources not allocated in the first round) in light of additional country specific information related to crisis impact, resource requirements and capacity to mobilize an effective response through the use of additional resources. The allocation framework would calculate allocations on a per capita basis (to take account of country-size).
- While designing the allocation framework, consideration would be given to include: (i) a base allocation to ensure a meaningful response, particularly for small states; and (ii) a cap to the resources allocated to any one country or group of countries (originally the cap was set at 5 percent of total resources); such a cap could be particularly relevant in cases where the same event affects countries or groups of countries with different lags to avoid the risk of a first-come first-served approach that could lead to depletion of finite resources.
- Finally, in the second stage, a country's allocation could be increased by up to 33 percent above the Stage 1 allocation by the region. Allocations under Stage 2 would be based on the following criteria: country impact, resource needs and availability, and ability to effectively use resources. To ensure transparency in the use of Stage 2 allocations, country teams would use a standard template to request CRW resources under Stage 2.

8. **Use of funds:** Allocated CRW resources are expected to be rapidly processed using accelerated procedures. Teams would be encouraged to utilize instruments which result in projects being rapidly implemented. Consequently, the bulk of the projects are expected to be provided through Additional Financing for investment credits or grants, supplemental DPOs or grants and/or Emergency credits or grants. In line with existing IDA policies, there will be no sectoral or thematic earmarking under the CRW, though project selection would be expected to reflect the findings of the fiscal analysis undertaken at the trigger/allocation stages. Countries would be encouraged to give priority to use the resources to protect core spending on health, education, social safety nets, infrastructure, and agriculture.

9. **Terms:** The terms of assistance are identical to those under which IDA assistance is provided to a particular country.

B. CRW Support in Case of Natural Disasters

10. In the immediate aftermath of a severe disaster Management will inform the Board of its intention to access CRW resources. Management would demonstrate that CRW support would be an appropriate part of the Bank's overall response, complementary to that of the UN, and provide an early estimate of the support to be provided under the CRW with a clearly spelled out rationale. This estimate will be conservative and subject to adjustment as better information becomes available. Board approval for the provision of CRW support as well as the proposed amount will be sought as part of the documents for the projects financed by the CRW.

11. **Trigger:** The CRW would be triggered only in case of natural disasters that are exceptionally severe and intense. Parametric data on disaster frequency and impact would be used to corroborate the extent to which an event would qualify for CRW resources, but would not be the only basis of eligibility.[138]

12. **Allocation of resources:** IDA Management would follow a two stage process that takes account of the need to provide an early signal regarding the potential availability and quantum of resources, while also reserving the flexibility to adjust decisions as more information becomes available.

13. In the first stage, in the immediate aftermath of catastrophic natural disasters Management would review available impact data to form an early assessment regarding the need to access CRW resources. As immediate post-disaster impact data will tend to be limited and evolving, this assessment may also take account of whether the affected country has: (a) issued a declaration of emergency; (b) requested CRW resources; and (c) requested a PDNA or a Damage and Loss Assessment (DaLA).[139] Lastly, it would take account of the WBG's capacity to respond without accessing the CRW. It should also outline cooperation with the UN, in particular with Office for the Coordination of Humanitarian Affairs (OCHA).

14. In the second stage, the initial impact data would be validated with the outcomes of PDNA/DaLA and other information, in order to calculate a final allocation. The final decision on the size of the CRW allocation will be informed by IDA's past practice and would take account of the following factors: (i) information on the severity of the crises and cost of recovery from PDNA/DaLAs; (ii) number of affected persons (defined as persons rendered homeless and/or incurred loss of income or livelihood); (iii) estimates of impact on GDP; (iv) availability of resources to respond to the crisis from: (a) the IDA portfolio; (b) domestic sources; and (c) other external financing (including IBRD); and (d) the amount of resources left in the CRW; (v)

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[138] Parametric data such as the magnitude of an earthquake on the Richter's Scale do not accurately reflect the impact of a disaster, since the severity of impact also depends on for example, disaster preparedness and proximity to human settlements.

[139] PDNAs/DaLAs provide a reliable, internationally recognized and government-owned mechanism to verify the impacts (damage and losses) of a disaster. They would also: (a) provide a comprehensive estimate of overall and multi-sectoral disaster recovery needs; (b) incorporate disaster risk reduction as an agreed element of the disaster recovery framework; and (c) reflect multi-stakeholder consensus over sectoral recovery strategies.

absorptive capacity; (vi) issuance of UN Flash Appeal; and (vii) country size (e.g., small states status).

15. **Terms:** The terms of assistance are identical to those under which IDA assistance is provided to a particular country. For countries exposed to severe natural disasters leading to significant damage and losses of over a third of GDP, IDA's financing terms can be adjusted, if warranted, based on an updated debt sustainability analysis in the aftermath of the crisis.

C. CRW Support in Case of Public Health Emergencies

16. In the immediate aftermath of a public health emergency Management will inform the Board of its intention to access CRW resources. Management would demonstrate that CRW support would be an appropriate part of the Bank's overall response, complementary to that of the UN and other development partners, and provide an early estimate of the support to be provided under the CRW with a clearly spelled out rationale. This estimate will be conservative and subject to adjustment as better information becomes available. Board approval for the provision of CRW support as well as the proposed amount will be sought as part of the documents for the projects financed by the CRW.

17. **Trigger:** The CRW would be triggered only in case of a public health emergency when: (i) a country affected by a public health emergency or epidemic has declared a national public health emergency; and (ii) The WHO has declared that the outbreak is of potential international importance, under WHO's Global Alert and Response system in accordance with the International Health Regulations, 2005.

18. **Allocation of resources:** IDA management would follow a two stage process that takes account of the need to provide an early signal regarding the potential availability and quantum of resources, while also reserving the flexibility to adjust decisions as more information becomes available.

19. In the first stage, upon the declaration of in a public health emergency, Management would review available impact data to form an early assessment regarding the need to access CRW resources. This assessment may also take account support from the PEF when operational, and whether the affected country and WHO has: (a) issued a declaration of public health emergency; (b) requested CRW resources; and (c) requested a Needs Assessment.[140] Lastly, it would take account of the WBG's capacity to respond without accessing the CRW.[141] The assessment would also take into consideration cooperation with the UN, in particular with WHO, and other development partners.

20. In the second stage, the initial impact data would be validated with the outcomes of the needs assessment and other information, in order to determine a final allocation. The final decision on the size of the CRW allocation will be informed by IDA's past practice and would take account

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[140] This would: (a) provide a comprehensive estimate of overall needs done in collaboration with other partners including the WHO; (b) incorporate impact on countries' economies and public finances; and (c) reflect on the impact of the public health emergency on the countries' medium/long-term development goals.

[141] This would include assistance from the proposed Pandemic Emergency Facility.

of the following factors: (i) information on the severity of the emergency and cost of response; (ii) number of affected persons (defined as persons affected and/or incurred loss of income or livelihood); (iii) estimates of impact on GDP; (iv) availability of resources to respond to the crisis from: (a) the IDA portfolio; (b) domestic sources; and (c) other external financing (including IBRD and PEF); and (d) the amount of resources left in the CRW; (v) absorptive capacity; (vi) issuance of UN Flash Appeal; and (vii) country size (e.g., small states status).

21. **Terms:** The terms of assistance are identical to those under which IDA assistance is provided to a particular country, unless other provisions are made.

ANNEX 8: IMPLEMENTATION OF IDA CAT-DDOS

1. **Scope:** The scope of the CAT-DDO for IDA clients would be the same as that for IBRD countries, covering shocks related to natural disasters and/or health-related emergencies.

2. **Eligibility and Pre-approval Criteria:** Pre-conditions would be the same as those of the IBRD instrument. The CAT-DDO would be offered to all IDA-eligible clients – including blend countries – which have: (i) an appropriate macroeconomic policy framework; and (ii) preparation for or existence of a satisfactory disaster risk management program that addresses natural disasters and/or health-related shocks. Countries that receive CAT-DDO financing could still tap the CRW for additional resources, should the CAT-DDO prove insufficient amid larger-than-expected crisis needs.

3. **Drawdown Trigger:** Same as IBRD. Drawdown is available only if a pre-specified trigger linked to a catastrophe – typically the member country's declaration of a state of emergency – has been met.

4. **Drawdown:** Clients may draw up to the full CAT-DDO amount at any time within three years from signing, with option to renew the instrument and drawdown period.

5. **Renewal:** The CAT-DDO may be renewed once, for a total drawdown period of six years.

6. **Country Limit:** The country limit will be set at a maximum of US$250 million or 0.5 percent of GDP, whichever is lower. To permit an adequate level of crisis financing, IDA clients with limits (as calculated above) below US$20 million would be accorded the flexibility to request a CAT-DDO up to a maximum of US$20 million.

7. **Overall Portfolio Limit:** The size of IDA's overall CAT-DDO portfolio will be capped at US$3 billion. This allows IDA the space to accumulate experience with the new instrument in a financially prudent manner. The overall portfolio cap could be reviewed at the IDA18 MTR.

8. **Allocation:**[142] Clients would have the option to access the CAT-DDO via their core IDA allocations (PBA), Undisbursed Balances, and the SUF (for countries eligible for SUF access).[143]

- PBA: A 50-50 co-payment rule will be applied to the portion of the CAT-DDO that is funded by a country's PBA. That is, IDA would match the country's PBA contribution with a notional equal amount. This co-payment rule strikes a balance between not unduly discouraging usage and ensuring that there is client ownership. The 50 percent coverage from the country's PBA is also informed by IBRD's historical drawdown on CAT-DDOs. However, two caveats remain. First, the likelihood of drawdown by IDA countries could be higher than the IBRD clientele given their more limited capacity in crisis management.

[142] Consideration could be given to allowing countries to utilize the Regional Program for an eligible regional CAT-DDO. This would be explored at the IDA18 MTR.

[143] For credit risk management purposes, the IBRD CAT-DDO is treated as exposure – with implications for loan loss provisioning, capital charge and exposure limits – at the time of effectiveness, rather than at the time of drawdown. Similar treatment would be applied to IDA CAT-DDOs.

Second, a corollary of the co-payment rule is that IDA could potentially require additional resources to fund its copayment share if drawdown rates are higher than expected. While this risk is limited by the overall portfolio cap on CAT-DDOs, the funding of such higher-than-expected drawdowns could require adjustments to the IDA program that would be reviewed at the IDA18 MTR.

- Undisbursed Balances: Alternatively, a CAT-DOO can be funded from the country's undisbursed balances, in which case it would be fully funded. This would be permitted for an amount up to five percent of the client's aggregate undisbursed balances, with the understanding that this should avoid or minimize disruption to ongoing programs. Exceptions to the ceiling could be considered at corporate review meetings.
- SUF: A CAT-DDO can also be fully funded through the SUF.

9. **Pricing:**[144] A front-end fee and renewal fee would apply to the IDA CAT-DDO. These fees will be set at 0.50 percent and 0.25 percent respectively for CAT-DDOs under the SUF option, similar to IBRD. Both fees will initially be set at 0 percent for CAT-DDOs under the PBA and Undisbursed Balances options (for which countries would use their scarce concessional envelope). Upon drawdown, IDA concessional rates would apply if the client elects the PBA or Undisbursed Balances options, and non-concessional (IBRD) rates would apply if it elects the SUF option.

10. **Currency:** SDR and currencies of the SDR basket, subject to IDA's single currency lending policies.

11. **Repayment:** Repayment terms would follow that of (i) standard IDA concessional loans applicable to the country, if the PBA option or Undisbursed Balances option is elected, or (ii) SUF loans, if the SUF option is elected.

12. **Recommitment of Undisbursed Balances:** The client would be allowed to recommit the PBA portion of undisbursed CAT-DDO balances upon expiry.

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[144] The front-end fee and renewal fee are subject to periodic review. Similar to the IBRD counterpart, there would not be a commitment charge levied on the IDA CAT-DDO.

ANNEX 9: IMPLEMENTATION OF THE CONCESSIONAL PARTNER LOAN FRAMEWORK

1. This Annex summarizes the IDA18 CPL framework, which includes the final updates.

2. In order for debt funding to be sustainably incorporated into IDA18's financing framework, the borrowing terms of the concessional loans should have features similar to IDA credits. Furthermore, to ensure equity of treatment and transparency, a limited number of loan options should be offered from which Partners could select. As such, under the IDA18 CPL framework, it is proposed that concessional loans have terms as follows:

- Maturity: Maturities would be either 25 or 40 years in line with the terms of IDA's credits.
- Grace period: The grace period would be 5 years for a 25-year loan or 10 years for a 40 year loan.
- Principal repayment: Principal repayments of concessional loans would begin after the grace period. At that point, a straight-line amortizing repayment schedule would be applied, minimizing debt servicing costs to IDA and closely matching the repayment terms of the underlying IDA credits. For 25 year credits, principal would amortize at a rate of 5 percent per annum while for 40 year credits, principal would amortize at a rate of 3.3 percent per annum.
- Coupon/Interest: IDA concessional loans would have an all-in SDR equivalent coupon of up to 1 percent.[145] Partners have the option to provide additional grant resources to bridge the difference between the coupon rate on the CPL and their targeted coupon rate if higher.[146] For CPLs denominated in currencies with negative interest rates corresponding to the maximum SDR 1 percent interest rate allowed by the framework, Partners have the additional option to provide a CPL with coupon rate equivalent to 0 percent in the CPL currency and to meet the remaining grant element requirement of the framework by providing a larger volume of CPLs.[147]
- Prepayment: In order to ensure IDA's financial sustainability, IDA may prepay the outstanding balance of the CPL, in whole or in part, without penalty.
- Effectiveness: The loan shall become effective upon signature of a loan agreement by the parties.
- Currencies: IDA would accept concessional loans in SDRs, any one of the SDR basket currencies, namely the US Dollar, Euro, Japanese Yen, British Pound and Chinese Renminbi.
- Drawdown: The concessional loans would be drawn-down in three equal installments over a maximum 3-year period. At its discretion and with the agreement of the loan provider, Management may draw down over shorter periods as it deems necessary.

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145 The all-in cost may also be achieved by providing additional grants to ensure coupon equalization.

146 The "targeted rate" is the desired coupon rate selected by Partners. This rate should be between 0 percent and 1 percent in SDR terms, or between 0 percent in SDR terms and 0 percent in CPL currency terms, when the 0 percent CPL currency rate is higher than 1 percent in SDR terms. The target coupon rate will be used to calculate the grant element of the CPL.

147 This implies a higher coupon rate than the maximum SDR 1 percent coupon rate and is a result of the interest floor. Fair treatment across Partners will be ensured by using the actual coupon rate of the CPL to calculate the loan's grant element to determine voting rights and compliance with the minimum grant contribution benchmark.

3. **Grant Contribution:** Partners providing concessional loans in IDA18 are expected to provide basic grant contributions equal to at least 80 percent of the Minimum Grant Contribution Benchmark and target the total Grant Equivalent Contribution (which include basic contribution from grant and grant element of CPLs) to at least their Minimum Grant Contribution Benchmark. Partners could select their preferred Minimum Grant Contribution Benchmark as 100 percent of their total Grant Equivalent Contribution based on IDA16, IDA17 or a combination of previous replenishment using IDA16 as a starting point (2 x IDA16 – IDA17), as the Partner prefers. The Minimum Grant Contribution Benchmark could also be based on the Currency of Pledge, National Currency or SDR amounts, as the Partner prefers.

4. **Grant Element:** As agreed under the IDA17 CPL framework, upon receipt of the concessional funding from IDA partners, the grant element of the CPLs (which reflect the financial benefits to IDA from the CPLs) will be recognized for voting rights and burden share purposes. The grant element is a function of the terms of a loan. The terms of the loan determine the cash inflows and outflows related to the loan and the grant element is effectively the ratio of the present value of the debt service to the present value of the loan disbursements, which can be expressed with the formula below:

$$1 - \frac{\sum_{i=1}^{n}(DF_i \times CFS_i)}{\sum_{j=1}^{n}(DF_j \times CFD_j)}$$

Where:

DF_i = Discount factor at period i, calculated using the discount rate of CPL framework

CFS_i = Cash flow from debt service at period i

DF_j = Discount factor at period j, calculated using the discount rate of CPL framework

CFD_j = Cash flow from loan disbursement at period j

5. **Discount rate to calculate grant element:** As agreed during the second IDA18 Replenishment meeting in Myanmar, the discount rate used to calculate the grant element will be based on IDA's projected funding cost in the market. Table 1 below lists the discount rates by currency and by loan terms.

Table 1. IDA18 CPL Discount Rates

Currency	Projected funding cost/Discount rate	
	25-year CPL	40-year CPL
USD	2.93%	3.27%
JPY	0.47%	0.87%
GBP	2.35%	2.52%
EUR	1.50%	1.78%
CNY	4.08%	4.63%
SDR	**2.35%**	**2.70%**

6. The currency-specific discount rates under the IDA18 framework allow Partners to calculate the grant element in each individual currency. In addition, the conversion of CPL coupon rates between SDR currencies will be based on the principle that the grant element generated on CPLs in different currencies will be equivalent. For example, a 1 percent SDR 25-year maturity loan will have the same grant element of 15.8 percent as a USD CPL with a coupon of 1.51 percent; a EUR CPL with a coupon of 0.24 percent; a JPY CPL with a coupon of -0.68 percent; a GBP CPL with a coupon of 1 percent; or a CNY CPL with a coupon of 2.52 percent. Under this approach, Table 2 provides the corresponding coupon rates between SDR and SDR currencies and Table 3 provides the grant element generated from CPLs with different coupon rates.

Table 2. Corresponding Coupon Rates between SDR and the Currencies of the SDR Basket[148]

25-year CPL with 3-year disbursement schedule

Corresponding coupon rates:					
SDR	**0.00%**	**0.50%**	**1.00%**	**1.50%**	**2.00%**
USD	0.47%	0.99%	1.51%	2.04%	2.56%
JPY	-1.54%	-1.11%	-0.68%	-0.25%	0.18%
GBP	0.00%	0.50%	1.00%	1.50%	2.00%
EUR	-0.69%	-0.22%	0.24%	0.71%	1.18%
RMB	1.39%	1.95%	2.52%	3.09%	3.66%

[148] The corresponding coupon rate and grant element of the SDR basket currencies for a specific SDR rate will be slightly different if the disbursement schedule is changed (i.e., for a 1-year disbursement schedule).

40-year CPL with 3 year disbursement schedule

Corresponding coupon rates:					
SDR	**0.00%**	**0.50%**	**1.00%**	**1.50%**	**2.00%**
USD	0.38%	0.92%	1.45%	1.98%	2.52%
JPY[149]	-1.27%	-0.87%	-0.48%	-0.08%	0.32%
GBP	-0.12%	0.37%	0.86%	1.35%	1.84%
EUR	-0.63%	-0.18%	0.26%	0.71%	1.16%
RMB	1.28%	1.89%	2.51%	3.12%	3.74%

Table 3. Illustrative Grant Elements from CPLs at Different Coupon Rates

25-year CPL with 3-year disbursement schedule

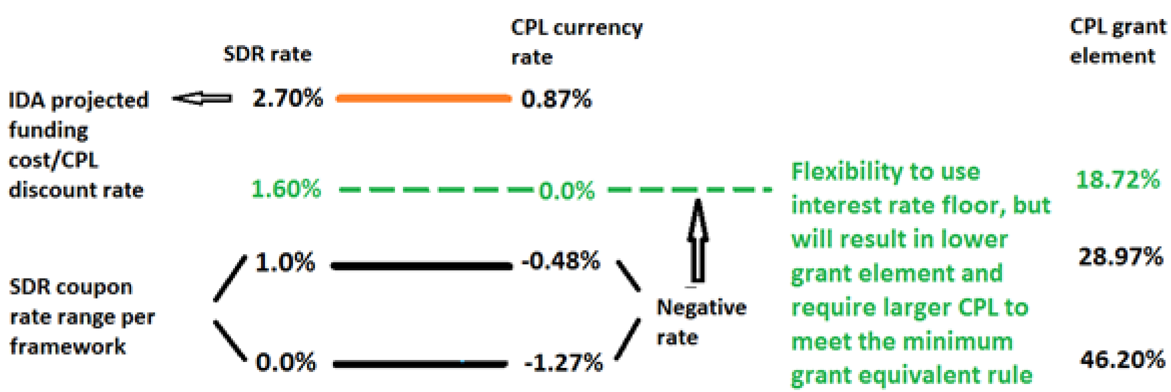
SDR coupon rate	0.00%	0.50%	1.00%
USD coupon rate	0.47%	0.99%	1.51%
JPY coupon rate	-1.54%	-1.11%	-0.68%
GBP coupon rate	0.00%	0.50%	1.00%
EUR coupon rate	-0.69%	-0.22%	0.24%
RMB coupon rate	1.39%	1.95%	2.52%
Grant element	**27.55%**	**21.65%**	**15.76%**

40-year CPL with 3-year disbursement schedule

SDR coupon rate	0.00%	0.50%	1.00%
USD coupon rate	0.38%	0.92%	1.45%
JPY coupon rate	-1.27%	-0.87%	-0.48%
GBP coupon rate	-0.12%	0.37%	0.86%
EUR coupon rate	-0.63%	-0.18%	0.26%
RMB coupon rate	1.28%	1.89%	2.51%
Grant element	**46.20%**	**37.58%**	**28.97%**

7. **Option of an interest rate floor for Partners who contribute in currencies where the equivalent of one percent SDR (maximum interest rate of the CPL framework) is a negative rate.** With this option, Partners can provide a loan at 0 percent in the CPL currency.[150] The zero percent floor means that the loan coupon rate will be higher than the maximum 1 percent SDR rate. Fair treatment across Partners will be ensured by using the 0 percent coupon rate of the CPL to calculate the loan's grant element to determine voting rights and compliance with the minimum grant contribution benchmark (aka, "80/20 rule"). Using the 0 percent CPL currency rate will result in a lower grant element, which implies that the loan provider needs a larger loan to meet the minimum grant contribution requirement.

Figure 1. Illustration of Interest Rate Floor for 40 year CPLs with Negative Rates



8. **As part of the IDA18 CPL framework, IDA will require that Partners provide their Instruments of Commitment before IDA can sign a CPL agreement with the partner country.** This requirement is to enhance the fairness between CPL providers grant providers, where Instruments of Commitment are required before the grant payment can be received. In addition, in case a Partner plans to provide additional grant resources to lower the coupon rate on the CPL, IDA would require the payment of the additional grant by the Partner as a prerequisite for IDA to accept the disbursement from the CPL. This is to protect IDA from paying a high borrowing cost on CPL without receiving the related grant payment that ensures the required concessionality.

9. If a Partner elects to make this additional grant payment up front, the required payment amount will be calculated based on the present value of the difference in future cash flows between the original coupon payments and the targeted coupon payments. The same discount rate in the CPL framework will be used as well in the present value calculation. The Partner can make the additional grant payment over several installments only if the CPL has the same disbursement schedule (which has a maximum period of 3-year) and if the present value of the additional grant payments is maintained. Table 4 illustrates the additional grant payments required at different original and targeted coupon rates.

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149 0 percent coupon rate in JPY would equal to 1.6 percent rate in SDR.

150 This 0 percent coupon rate could also be achieved through a combination of a higher coupon rate loan with a supplemental grant.

Table 4. Illustration of Additional Grant Payments Required to Bridge the Original and Target Coupon Rates

1,000 million, 25-year CPL with 3-year disbursement schedule

Currency	Original Coupon	Targeted Coupon	Difference (Original vs. Target Coupon)	Discount Rate	Additional Grant (up front) in currency
USD	2.51%	1.51%	1.00%	2.93%	109 million
JPY	0.32%	-0.68% [151]	1.00%	0.47%	136 million
GBP	2.00%	1.00%	1.00%	2.35%	115 million
EUR	1.24%	0.24%	1.00%	1.50%	124 million
RMB	3.52%	2.52%	1.00%	4.08%	100 million
SDR	2.00%	1.00%	1.00%	2.35%	115 million

[151] Partners would have flexibility to buy down to 0 percent interest rate floor. Such buy-down would require lower additional grant contribution, but would result in lower CPL grant equivalent.

ANNEX 10: DOCUMENTS PROVIDED FOR THE IDA18 REPLENISHMENT

March 14 to 15, 2016 in Paris, France

Discussion Papers:

- Setting the Agenda for IDA18: Strategic Directions (March 2016)
- Review of IDA's Graduation Policy (March 2016)
- Effective Foreign Exchange Rates for Use in the IDA18 Replenishment (March 2016)
- Integration of IDA Special Themes in Country Partnership Frameworks – Background Note (March 2016)
- Factors Affecting Data Quality for Collecting, Aggregating, and Reporting Tier I and II Indicators of the IDA Results Measurement System – Background Note (March 2016)
- Background Note on ADF and IDA Collaboration (March 2016)
- IDA's Long Term Financial Capacity and Leveraging Options (March 2016) (Confidential)*

June 21 to 24, 2016 in Nay Pyi Taw, Myanmar

Discussion Papers:

- IDA18 Overarching Theme: Towards 2030: Investing in Growth, Resilience and Opportunity (June 2016)
- IDA18 Special Theme: Jobs and Economic Transformation (May 2016)
- WBG Collaboration: Proposal for an IFC-MIGA Private Sector Window in IDA18 (June 2016)
- IDA18 Special Theme: Governance and Institutions (May 2016)
- IDA18 Special Theme: Gender and Development (May 2016)
- IDA18 Special Theme: Climate Change (May 2016)
- IDA18 Special Theme: Fragility, Conflict and Violence (May 2016)
- The Way Forward for IDA18: The IDA18 Results Measurement System (May 2016)
- The Demand for IDA18 Resources and the Strategy for their Effective Use (May 2016)
- IDA18 Financing and Leveraging Framework (May 2016) (Confidential)*

October 10-11, 2016 in Washington D.C., USA

- Updated IDA18 Operational and Financing Framework (September 2016) (Confidential)*
- Further Details on the Proposed IFC-MIGA Private Sector Window in IDA18 (September 2016)
- Draft of IDA18 Deputies' Report (September 2016)

December 14-15, 2016 in Yogyakarta, Indonesia

- Draft of IDA18 Deputies' Report

* These papers were not publicly disclosed as per the World Bank's Access to Information Policy which excludes disclosure of papers that contain confidential financial projections.

ANNEX 11: DRAFT IDA18 RESOLUTION

Board of Governors

Additions to Resources: Eighteenth Replenishment

WHEREAS:

(A) The Executive Directors of the International Development Association (the "Association") have considered the prospective financial requirements of the Association and have concluded that it is desirable to authorize a replenishment of the resources of the Association for new financing commitments for the period from July 1, 2017 to June 30, 2020 (the "Eighteenth Replenishment") in the amounts and on the basis set out in the report of the IDA Deputies, "Additions to Resources: Eighteenth Replenishment," (the "Report"), approved by the Executive Directors on [_____] [(modified on [_____]], and submitted to the Board of Governors;

(B) The members of the Association consider that an increase in the resources of the Association is required and intend to take all necessary governmental and legislative action to authorize and approve the allocation of additional resources to the Association in the amounts and on the conditions set out in this Resolution;

(C) Members of the Association that contribute resources to the Association in addition to their subscriptions as part of the Eighteenth Replenishment ("Contributing Members") are to make available their contributions pursuant to the Articles of Agreement of the Association (the "Articles") partly in the form of subscriptions carrying voting rights and partly as supplementary resources in the form of contributions not carrying voting rights;

(D) Additional subscriptions are to be authorized for Contributing Members in this Resolution on the basis of their agreement with respect to their preemptive rights under Article III, Section 1(c) of the Articles, and provision is made for the other members of the Association ("Subscribing Members") intending to exercise their rights pursuant to that provision to do so;

(E) It is desirable to provide for a portion of resources to be contributed by members to be paid to the Association as advance contributions;

(F) Additional subscriptions and contributions are to be authorized for Contributing Members to provide compensation for the Association's debt forgiveness commitments under the HIPC Debt Initiative; and to reflect the grant element of concessional loans made by Contributing Members to the Association;

(G) The Executive Directors of the Association [will be requested to authorize] the borrowing of concessional loans from Contributing Members (each a "Contributing Member Loan") in the currencies and on the terms and conditions as [may be] approved by the Executive Directors and it is intended that the grant element of the Contributing Member Loans will [upon such approval] form part of the Contributing Member's subscriptions and contributions hereunder;

(H) It is desirable to authorize the Association to provide financing in the form of grants, guarantees, equity investments, and the intermediation of risk management products in addition to loans; and

(I) It is desirable to administer any remaining funds from the replenishment authorized by Resolution No. [•] of the Board of Governors of the Association (the "Seventeenth Replenishment") as part of the Eighteenth Replenishment.

NOW THEREFORE THE BOARD OF GOVERNORS HEREBY ACCEPTS the Report as approved by the Executive Directors, **NOTES** its conclusions and recommendations **AND RESOLVES THAT** a general increase in subscriptions of the Association is authorized on the following terms and conditions:

1. **Authorization of Subscriptions and Contributions**.

(a) The Association is authorized to accept additional resources from each Contributing Member in the amounts and in the currencies specified for each such member in Columns 7, 8, 10, and 12 of Table 1a attached to this Resolution, and each such amount will be divided into a subscription carrying voting rights and a contribution not carrying voting rights as specified in Table 2 attached to this Resolution.

(i) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members to compensate the Association for the Association's debt forgiveness commitments under the HIPC Debt Initiative in the amounts and as specified in Column 12 of Table 1a attached to this Resolution.

(ii) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members reflecting the grant element of a Contributing Member Loan in the amounts and currencies specified in Columns 8 and 10 of Table 1a attached to this Resolution.

(b) The Association is authorized to accept additional resources from any member for which no contribution is specified in Table 2 and additional subscriptions and contributions from Contributing Members incremental to the amounts specified for each such member in Tables 1a and 1b.

(c) The Association is authorized to accept additional subscriptions from each Subscribing Member in the amount specified for each such member in Table 2.

(d) The rights and obligations of the Association and the Contributing Members in respect of the authorized subscriptions and contributions in paragraphs (a) and (b) above will be the same (except as otherwise provided in this Resolution) as those applicable to the ninety per cent portion of the initial subscriptions of original members payable under Article II, Section 2(d) of the Articles of Agreement (the "Articles") by members listed in Part I of Schedule A of the Articles.

2. **Agreement to Pay**.

(a) When a Contributing Member agrees to pay its subscription and contribution, or a Subscribing Member agrees to pay its subscription, it will deposit with the Association an Instrument of Commitment substantially in the form set out in Attachment I to this Resolution ("Instrument of Commitment") and with respect to:

(i) its contribution for debt forgiveness under the HIPC Debt Initiative, a Contributing Member will either include such contribution in an Instrument of Commitment or make a Debt Relief Transfer Contribution, as defined and specified in paragraph 9(a) of this Resolution; and

(ii) a Contributing Member Loan, a Contributing Member will enter into written agreement(s) in such form as may be acceptable to the Association.

(b) When a Contributing Member agrees to pay a part of its subscription and contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it will deposit (other than in respect of the grant element of a Contributing Member Loan) a qualified Instrument of Commitment in a form acceptable to the Association ("Qualified Instrument of Commitment") and such member:

(i) undertakes to exercise its best efforts to obtain legislative approval for the full amount of its subscription and contribution by the payment dates set out in paragraph 3(b) of this Resolution; and

(ii) agrees that, upon obtaining such approvals, it will notify the Association that any parts of its Qualified Instrument of Commitment have become unqualified.

3. **Payment**.

(a) Each Subscribing Member will pay to the Association the amount of its subscription in full within 31 days after the date of deposit of its Instrument of Commitment; provided that if the Eighteenth Replenishment shall not have become effective by December 15, 2017, payment may be postponed by the member for not more than 31 days after the Effective Date as defined in paragraph 6(a) of this Resolution.

(b) Each Contributing Member that deposits an Instrument of Commitment that is not a Qualified Instrument of Commitment will pay to the Association the amount of its subscription and contribution in three equal annual installments no later than 31 days after the Effective Date or as agreed with the Association, January 15, 2019, and January 15, 2020; provided that:

(i) the Association and each Contributing Member may agree to earlier payment;

(ii) if the Eighteenth Replenishment shall not have become effective by December 15, 2017, payment of the first such installment may be postponed by the member for not more than 31 days after the date on which the Eighteenth Replenishment becomes effective;

(iii) the Association may agree to the postponement of any installment, or part thereof, if the amount paid, together with any unused balance of previous payments by the Contributing Member concerned, is at least equal to the amount estimated by the Association to be required from that member up to the due date of the next installment for purposes of disbursements for financing committed under the Eighteenth Replenishment; and

(iv) if any Contributing Member deposits an Instrument of Commitment with the Association after the date when the first installment of the subscription and contribution is due, payment of any installment, or part thereof, will be made to the Association within 31 days after the date of such deposit.

(c) If a Contributing Member has deposited a Qualified Instrument of Commitment and, upon enactment of appropriation legislation, notifies the Association that an installment, or part thereof, is unqualified after the date when it was due, then payment of such installment, or part thereof, will be made within 31 days after the date of such notification.

(d) Each Contributing Member that makes a contribution through the grant element of a Contributing Member Loan will pay to the Association the amount of the Loan in three equal annual installments no later than 31 days after the Effective Date, January 15, 2019, and January 15, 2020 or as agreed with the Association.

4. **Mode of Payment**.

(a) Payments pursuant to this Resolution will be made, at the option of the member:

(i) in cash, on terms agreed between the member and the Association; or

(ii) by the deposit of notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be nonnegotiable, non-interest bearing and payable at their par value on demand to the account of the Association.

(b) The Association will encash notes or similar obligations of Contributing Members, on an approximately pro rata basis among donors, in accordance with the encashment schedule set out in Attachment II to this Resolution, or as agreed between a Contributing Member and the Association. With respect to a Contributing Member that is unable to comply with one or more encashment requests, the Association may agree with the member on a revised encashment schedule that yields at least an equivalent value to the Association.

(c) The provisions of Article IV, Section 1(a) of the Articles will apply to the use of a Subscribing Member's currency paid to the Association pursuant to this Resolution.

5. **Currency of Denomination and Payment**.

(a) Contributing Members will denominate the resources to be made available pursuant to this Resolution in SDRs, the currency of the member if freely convertible, or, with the agreement of the Association, in a freely convertible currency of another member, except that if a Contributing Member's economy experienced a rate of inflation in excess of ten percent per annum on average in the period 2013-2015, as determined by the Association, its subscription and contribution will be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the Association. Subscribing Members will denominate the resources to be made available pursuant to this Resolution in the currency of the member or in a freely convertible currency with the agreement of the Association.

(b) Contributing Members will make payments pursuant to this Resolution in SDRs, a currency used for the valuation of the SDR, or, with the agreement of the Association, in another freely convertible currency, and the Association may freely exchange the amounts received as required for its operations. Subscribing Members will make payments in the currency of the member or in a freely convertible currency with the agreement of the Association.

(c) Each member will maintain, in respect of its currency paid by it under this Resolution, and the currency of such member derived therefrom as principal, interest or other charges, the same convertibility as existed on the effective date of this Resolution.

(d) The provisions of Article IV, Section 2 of the Articles with respect to maintenance of value will not be applicable.

(e) Notwithstanding the foregoing provisions of this paragraph, a Contributing Member that makes a contribution through the grant element of a Contributing Member Loan will denominate and make payment of such Contributing Member Loan in SDRs or any other currencies approved by the Executive Directors and as defined in their respective loan agreements.

6. **Effective Date**.

(a) The Eighteenth Replenishment will become effective and the resources to be contributed pursuant to this Resolution will become payable to the Association on the date (the "Effective Date") when Contributing Members whose subscriptions and contributions aggregate not less than SDR11,526 million shall have deposited with the Association Instruments of Commitment, Qualified Instruments of Commitment, Debt Relief Transfer Notifications (as defined in paragraph 9(b) of this Resolution) or duly executed concessional loan agreements to provide the Contributing Member Loans, provided that this date shall be not later than December 15, 2017, or such later date as the Executive Directors of the Association may determine.

(b) If the Association determines that the availability of additional resources pursuant to this Resolution is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Members to review the situation and to consider the steps to be taken to prevent a suspension of financing to eligible recipients by the Association.

7. **Advance Contributions**.

(a) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Eighteenth Replenishment, the Association may deem, prior to the Effective Date, one third of the total amount of each subscription and contribution for which

(i) an Instrument of Commitment has been deposited with the Association;

(ii) a Debt Relief Transfer Notification (as defined in paragraph 9(b) of this Resolution) has been received by the Association; or

(iii) a duly executed concessional loan agreement for a Contributing Member Loan has been received by the Association;

as an "Advance Contribution", unless the Contributing Member specifies otherwise in its Instrument of Commitment, Debt Relief Transfer Notification or concessional loan agreement for a Contributing Member Loan.

(b) The Association shall specify when Advance Contributions pursuant to paragraph 7(a) are to be paid to the Association.

(c) The terms and conditions applicable to contributions to the Eighteenth Replenishment shall apply also to Advance Contributions until the Effective Date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Member for its subscription and contribution.

(d) In the event that the Eighteenth Replenishment shall not become effective pursuant to paragraph 6(a) of this Resolution, (i) voting rights will be allocated to each member for the Advance Contribution as if it had been made as a subscription and contribution under this Resolution, and (ii) each member not making an Advance Contribution will have the opportunity to exercise its preemptive rights under Article III, Section 1(c) of the Articles with respect to such subscription as the Association shall specify.

8. **Commitment Authority**.

(a) Subscriptions and contributions will become available for commitment by the Association for financing to eligible recipients in three equal annual installments: (i) the first installment will become available to the Association for commitment from the Effective Date, provided that Advance Contributions may become available earlier under paragraph 7(a) of this Resolution; (ii) the second installment will become available from July 1, 2018; and (iii) the third installment will become available from July 1, 2019.

(b) Any qualified part of a subscription and contribution notified under a Qualified Instrument of Commitment will become available for commitment by the Association for financing when the Association has been notified, pursuant to paragraph 2(b) (ii) of this Resolution, that such parts have become unqualified.

(c) The Association may enter into financing commitments with eligible recipients conditional on such commitments becoming effective and binding on the Association when resources under the Eighteenth Replenishment become available for commitment by the Association.

9. **HIPC Contributions**.

(a) Contributing Members making an additional subscription and contribution to compensate the Association for forgiveness of debt under the HIPC Debt Relief Initiative, will do so either: (i) through an additional subscription and contribution to the Association's regular resources (a "Debt Relief Additional Contribution") or (ii) through a creditor-specific contribution for the benefit of the Association to the HIPC window of the Debt Relief Trust Fund ("Debt Relief Transfer Contribution").

(b) Contributing Members making a Debt Relief Transfer Contribution will either (i) enter into a Contribution Agreement with the Association as administrator of the Debt Relief Trust Fund; or (ii) for Contributing Members that are already current contributors to the Debt Relief Trust Fund, send to the Association a notice of additional contribution or allocation to the appropriate window of the Debt Relief Trust Fund (each a "Debt Relief Transfer Notification"). Such Debt Relief Transfer Notification will provide for a contribution to be made to the appropriate window of the Debt Relief Trust Fund in the amount set forth in Columns 7 and 12 of Table 1a to this Resolution, to be payable in three equal annual installments no later than 31 days after the Effective Date, January 15, 2019, and January 15, 2020; provided that the Association and each Contributing Member may agree to earlier payment.

(c) When any amount of a Debt Relief Transfer Contribution is paid to compensate the Association for forgiveness of debt under the HIPC Debt Initiative, such amount of the Debt Relief Transfer Contribution will be treated as a subscription and contribution under the Eighteenth Replenishment.

10. **Authorization of Grants, Guarantees, Equity Investments and Risk Intermediation**. The Association is hereby authorized to provide financing under the Eighteenth Replenishment in the form of grants and guarantees, equity investments and through the intermediation of risk management products.

11. **Administration of IDA17 Funds under the Eighteenth Replenishment**.

(a) On the Effective Date, any funds, receipts, assets and liabilities held by the Association under the Seventeenth Replenishment will be administered under the Eighteenth Replenishment, subject, as appropriate, to the terms and conditions applicable to the Seventeenth Replenishment.

(b) Pursuant to Article V, Section 2(a) (i) of the Articles of Agreement of the Association, the Association is authorized to use the funds referred to in paragraph 11(a) above, and funds derived therefrom as principal, interest or other charges, to provide financing in the forms of grants, guarantees and equity investments under the terms, conditions and policies applicable under the Eighteenth Replenishment.

12. **Allocation of Voting Rights under Eighteenth Replenishment**. Voting rights calculated on the basis of the current voting rights system will be allocated to members for subscriptions under the Eighteenth Replenishment as follows:

(a) Each Subscribing Member that has deposited with the Association an Instrument of Commitment will be allocated the subscription votes specified for each such member in Table 2 on the effective payment date pursuant to paragraph 3(a) of this Resolution. Each Subscribing Member will be allocated the additional membership votes specified in Column c-3 of Table 2 on the date such member is allocated its subscription votes.

(b) Each Contributing Member that has deposited with the Association an Instrument of Commitment (other than in respect of the grant element of a Concessional Member Loan) will be allocated one third of the subscription votes specified for each such member in Table 2 on each effective payment date pursuant to paragraph 3(b) of this Resolution. Each Contributing Member will be allocated the additional membership votes specified in Column b-3 of Table 2 for its subscription on the date such member is allocated the first one third of its subscription votes.

(c) Each Contributing Member that has made a Debt Relief Transfer Contribution will be allocated a proportionate share of the subscription votes specified for such member in Column b-2 of Table 2 from time to time and at least semi-annually following payment of any amount of its Debt Relief Transfer Contribution to compensate the Association for forgiveness of debt under the HIPC Debt Initiative or to finance arrears clearance operations.

(d) Each Contributing Member that has provided a Contributing Member Loan in the amount provided in Table 1b will be notified by the Association of the grant element determined by the Association with respect to the Contributing Member Loan and will be allocated, in respect of such grant element, a proportionate share of the subscription votes specified for such member in Column b-2 of Table 2 from time to time following payment to the Association of the Contributing Member Loan.

(e) Each member that has deposited with the Association a Qualified Instrument of Commitment will be allocated subscription votes at the time and to the extent of payments made in respect of its subscription and contribution.

(f) Any member that deposits its Instrument of Commitment after any of these dates will be allocated, within 31 days of the date of such deposit, the subscription votes to which such member is entitled on account of such deposit.

(g) If a member fails to pay any amount of its subscription or subscription and contribution when due, or fails to pay when due any amount of (or due in connection with) a CPL, the number of subscription votes allocated from time to time to such member under this Resolution in respect of the Eighteenth Replenishment will be reduced in proportion to the shortfall in the net present value of such payments, but any such votes will be reallocated when the shortfall in the net present value of such payments causing such adjustment is subsequently made up.

Table 1a. Grant and Grant Equivalent Contributions to the Eighteenth Replenishment

Contributing Members		Total Donor Contributions Share (1)	SDR Million (2)	NC Million [6] (3)	Acceleration Credit and Grant Element of Concessional Loan NC Million (4)	Currency of Grant Denomination [1] (5)	Basic Contribution [8/9] Share (6)	Grant SDR Million (7)	Grant Element of Concessional loan SDR Million (8)	Sub-total SDR Million (9)	Supplemental Contribution SDR Million (10)	HIPC Costs Share (11)	SDR Million (12)	FX Rates (NC/SDR) (13)
Algeria		0.08%	17.83	25.00	-	USD	0.09%	17.83	-	17.83	-	0.00%	-	1.40207
Argentina	3/	0.03%	5.71	8.00	-	USD	0.01%	2.51	-	2.51	-	0.20%	3.20	1.40207
Australia		1.55%	342.34	639.81	-	AUD	1.55%	316.64	-	316.64	-	1.61%	25.70	1.86892
Austria	3/	1.45%	320.60	400.98	-	EUR	1.50%	306.88	-	306.88	-	0.86%	13.73	1.25070
Bahamas, The	3/	0.01%	2.90	4.07	-	USD	0.01%	2.72	-	2.72	-	0.01%	0.19	1.40207
Belgium		1.51%	332.72	331.27	84.86	EUR	1.49%	237.56	67.85	305.41	-	1.71%	27.30	1.25070
Brazil		0.08%	16.74	81.00	-	BRL	0.03%	6.04	-	6.04	-	0.67%	10.70	4.83872
Canada	3/	3.36%	741.10	1,349.55	-	CAD	3.30%	675.00	-	675.00	-	4.14%	66.10	1.82102
China		1.94%	427.94	3,943.27	-	CNY	2.08%	426.34	-	426.34	-	0.10%	1.60	9.21457
Cyprus		0.02%	4.25	5.32	-	EUR	0.02%	3.93	-	3.93	-	0.02%	0.32	1.25070
Czech Republic	5/	0.05%	11.15	13.69	0.26	EUR	0.05%	9.99	-	9.99	0.21	0.06%	0.96	1.25070
Denmark	3/	1.05%	232.58	2,165.00	-	DKK	1.04%	213.26	-	213.26	-	1.21%	19.32	9.30853
Egypt	3/	0.02%	3.74	5.25	-	USD	0.02%	3.59	-	3.59	-	0.01%	0.16	1.40207
Estonia	3/	0.01%	3.08	3.85	-	EUR	0.01%	2.92	-	2.92	-	0.01%	0.16	1.25070
Finland	3/	0.38%	83.27	105.00	-	EUR	0.36%	72.73	-	72.73	-	0.66%	10.54	1.25070
France	3/	4.86%	1,071.87	1,059.00	*281.59*	EUR	4.72%	741.03	225.15	966.17	-	6.62%	105.70	1.25070
Germany	3/4/	5.83%	1,287.11	1,607.92	1.87	EUR	5.40%	1,105.57	-	1,105.57	-	11.37%	181.54	1.25070
Greece	3/	0.05%	11.51	14.40	-	EUR	0.05%	10.68	-	10.68	-	0.05%	0.83	1.25070
Hungary	3/	0.06%	13.25	5,180.00	-	HUF	0.06%	12.29	-	12.29	-	0.06%	0.96	391.06044
Iceland		0.03%	7.35	1,267.26	-	ISK	0.03%	6.88	-	6.88	-	0.03%	0.48	172.31928
India		0.59%	130.49	12,250.00	-	INR	0.61%	125.05	-	125.05	-	0.34%	5.43	93.87998
Indonesia	3/	0.27%	59.29	1,100,000.00	-	IDR	0.29%	58.45	-	58.45	-	0.05%	0.84	18,553.23884
Iran, Islamic Republic of		0.10%	21.40	30.00	-	USD	0.10%	21.40	-	21.40	-	0.00%	-	1.40207
Ireland		0.33%	71.96	90.00	-	EUR	0.34%	68.77	-	68.77	-	0.20%	3.19	1.25070
Israel	3/	0.08%	17.37	93.20	-	ILS	0.08%	15.61	-	15.61	-	0.11%	1.76	5.36633
Italy		2.06%	455.74	570.00	-	EUR	1.93%	395.07	-	395.07	-	3.80%	60.67	1.25070
Japan	3/7/	10.31%	2,276.14	308,840.90	32,668.08	JPY	9.87%	1,802.94	217.73	2,020.67	-	16.00%	255.46	150.03878
Korea		1.30%	287.00	464,572.95	-	KRW	1.30%	266.24	-	266.24	-	1.30%	20.76	1,618.74478
Kuwait	3/	0.19%	41.50	17.55	-	KWD	0.19%	39.11	-	39.11	-	0.15%	2.39	0.42289
Latvia	3/	0.01%	2.13	2.66	-	EUR	0.01%	1.97	-	1.97	-	0.01%	0.16	1.25070
Lithuania	3/4/	0.01%	2.45	3.00	0.06	EUR	0.01%	2.30	-	2.30	-	0.01%	0.14	1.25070
Luxembourg	3/	0.20%	45.13	56.45	-	EUR	0.21%	42.10	-	42.10	-	0.19%	3.03	1.25070
Malaysia	3/	0.09%	19.26	27.00	-	USD	0.09%	18.02	-	18.02	-	0.08%	1.24	1.40207
Netherlands		2.71%	597.74	747.59	-	EUR	2.69%	551.91	-	551.91	-	2.87%	45.82	1.25070
New Zealand		0.12%	25.78	51.88	-	NZD	0.12%	23.70	-	23.70	-	0.13%	2.08	2.01242
Norway	3/12/	1.06%	235.03	2,748.00	-	NOK	1.15%	235.03	-	235.03	-	0.00%	-	11.69192
Pakistan		0.08%	17.83	25.00	-	USD	0.09%	17.83	-	17.83	-	0.00%	-	1.40207
Philippines	3/	0.02%	3.61	5.06	-	USD	0.02%	3.07	-	3.07	-	0.03%	0.53	1.40207
Poland	3/	0.06%	13.83	17.30	-	EUR	0.07%	13.35	-	13.35	-	0.03%	0.48	1.25070
Portugal	3/	0.04%	8.80	11.00	-	EUR	0.04%	8.20	-	8.20	-	0.04%	0.60	1.25070
Russia	3/	0.43%	95.25	95.25	-	SDR	0.44%	89.66	-	89.66	-	0.35%	5.59	1.00000
Saudi Arabia		0.38%	83.40	82.86	34.07	USD	0.26%	52.23	-	52.23	24.30	0.43%	6.87	1.40207
Singapore		0.15%	32.81	46.00	-	USD	0.15%	30.50	-	30.50	-	0.14%	2.31	1.40207
Slovak Republic		0.01%	2.13	2.66	-	EUR	0.01%	1.97	-	1.97	-	0.01%	0.16	1.25070
Slovenia		0.02%	4.00	5.00	-	EUR	0.02%	3.52	-	3.52	-	0.03%	0.48	1.25070
South Africa		0.04%	7.91	163.80	-	ZAR	0.03%	6.47	-	6.47	-	0.09%	1.44	20.71582
Sweden	3/	3.08%	679.90	7,950.00	-	SEK	3.09%	633.76	-	633.76	-	2.89%	46.14	11.69288
Switzerland	3/	2.14%	472.00	472.00	-	SDR	2.13%	435.28	-	435.28	-	2.30%	36.72	1.00000
Thailand	3/	0.01%	3.05	150.00	-	THB	0.01%	2.82	-	2.82	-	0.01%	0.23	49.25066
Turkey		0.08%	18.58	76.00	-	TRY	0.09%	18.58	-	18.58	-	0.00%	-	4.09092
United Kingdom	3/	12.97%	2,863.10	2,516.00	372.35	GBP	13.11%	2,315.34	369.09	2,684.43	-	11.19%	178.66	1.00882
United States	3/	12.51%	2,761.49	3,871.80	-	USD	11.92%	2,440.24	-	2,440.24	-	20.12%	321.25	1.40207
Sub-total		73.80%	16,293.11				72.24%	13,914.88	879.82	14,794.70	24.51	92.31%	1,473.90	
Other		0.00%	-											
Additional financing [2]		0.28%	61.35											
Expected Pledges [10]		0.63%	140.09											
Total		**74.72%**	**16,494.55** [11]											
Structural financing gap		25.28%	5,582.05				27.76%			5,685.25		7.69%	122.75	
Total including financing gap		**100.00%**	**22,076.60**				100.00%			20,479.95		100.00%	1,596.65	

1/ Contributions of countries with an average inflation rate exceeding 10% over the 2013-2015 period would be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the association.

2/ Represents the investment income generated by using a regular encashment profile of 9 years.

3/ Indicative contribution, subject to government and/or parliamentary approval.

4/ Includes an increase in basic share achieved through accelerated encashments.

5/ Includes supplemental contributions provided through accelerated encashments.

6/ The amounts in national currency ('NC') exclude individual acceleration credits (when applicable) and grant elements of concessional loan (when applicable), both of which are included in the SDR amounts. The equivalent NC amount of any individual acceleration credit or grant element of concessional loan is shown separately in column 4.

7/ Part of the grant contribution will be used to meet the concessional loan framework.

8/ Basic grant contribution includes compensation for grant principal forgone.

[9/] IDA18 allocation for arrears clearance will be financed by the amount of unused arrears clearance in IDA17 carried over to IDA18. No separate partner contribution is required.

[10/] Pledges expected from contributors whose internal authorizations/budget processes are not sufficiently advanced to allow complete pledging at the final replenishment meeting but where pledges are expected by the Spring Meetings, 2017. IDA18 Commitment Authority will be based on pledges confirmed by Unqualified Instruments of Commitments.

[11/] This is equivalent to US$23.1 billion using IDA18 reference exchange rates.

[12/] HIPC contribution subject to budgetary process and pending parliamentary approval.

Table 1b. Concessional Loan Contributions to the Eighteenth Replenishment

Countributing members	Loan amount				Loan terms		Grant contribution plus loan
	SDR Million	Currency	FX	NC Million	Maturity	Coupon rate in NC terms	SDR Million
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Belgium	192.76	EUR	1.2507	241.09	10-40	0.00%	457.63
France[1/]	639.64	EUR	1.25070	800.00	10-40	0.00%	1,486.37
Japan[1/]	1,948.75	JPY	150.03878	292,387.73	10-40	0.35%	4,007.15
Saudi Arabia	88.22	USD	1.40207	123.69	5-25	0.47%	147.32
United Kingdom[1/]	812.83	GBP	1.00882	820.00	10-40	0.00%	3,306.83

1/ Indicative contribution, subject to government and/or parliamentary approval.

Table 2. Subscriptions, Contributions, and Votes
(amounts in US$ Equivalents)

Part I	***Current Status (before IDA18)***						***Additional Votes Stemming from IDA18***			***Status Including IDA18***				***Adjusted Voting Power***				
Member	Subscriptions Carrying Votes ($) (a-1)	Contributions ($) (a-2)	Total Cumulative Resources ($) (a-3)	Subscription Votes (a-4)	Membership Votes (a-5)	Total Voting Power % (a-6)	Total Resources ($) (b-1)	Total Subscription Votes (b-2)	Membership Votes (b-3)	Total Cumulative Resources ($) (d-1)	as % of Part I (d-2)	Subscription Carrying Votes ($) (d-3)	Contributions ($) (d-4)	Subscription Votes (f-1)	as % of Part I. (f-2)	Membership Votes (f-3)	Total Votes (f-4)	Total Voting Power % (f-5)
AUSTRALIA	32,233,152	4,899,863,407	4,932,096,559	298,736	54,200	1.14%	481,871,396	19,602	3,300	5,413,967,955	2.08%	32,723,202	5,381,244,753	318,338	2.08%	57,500	375,838	1.14%
AUSTRIA	11,150,238	3,243,407,924	3,254,558,162	196,741	54,200	0.81%	451,274,088	21,159	3,300	3,705,832,250	1.42%	11,679,213	3,694,153,037	217,900	1.42%	57,500	275,400	0.84%
BELGIUM	17,028,332	4,387,997,553	4,405,025,885	266,962	54,200	1.04%	467,950,962	19,566	3,300	4,872,976,847	1.87%	17,517,482	4,855,459,365	286,528	1.87%	57,500	344,028	1.05%
CANADA	64,769,241	11,600,105,703	11,664,874,944	706,676	54,200	2.46%	1,043,071,337	40,543	3,300	12,707,946,281	4.88%	65,782,816	12,642,163,465	747,219	4.88%	57,500	804,719	2.45%
DENMARK	16,408,039	3,616,631,191	3,633,039,230	220,815	54,200	0.89%	327,376,599	12,055	3,300	3,960,415,829	1.52%	16,709,414	3,943,706,415	232,870	1.52%	57,500	290,370	0.88%
ESTONIA	268,002	13,334,523	13,602,525	818	47,500	0.16%	4,332,590	237	3,300	17,935,115	0.01%	273,927	17,661,188	1,055	0.01%	50,800	51,855	0.16%
FINLAND	7,904,801	2,103,917,642	2,111,822,443	127,795	54,200	0.59%	117,205,847	3,270	3,300	2,229,028,290	0.86%	7,986,551	2,221,041,739	131,065	0.86%	57,500	188,565	0.57%
FRANCE	91,783,028	17,268,162,148	17,359,945,176	1,052,179	54,200	3.57%	1,507,413,195	57,209	3,300	18,867,358,371	7.24%	93,213,253	18,774,145,118	1,109,388	7.24%	57,500	1,166,888	3.55%
GERMANY	104,802,880	25,280,947,863	25,385,750,743	1,539,822	54,200	5.14%	1,811,694,385	59,369	3,300	27,197,445,128	10.44%	106,287,105	27,091,158,023	1,599,191	10.44%	57,500	1,656,691	5.04%
GREECE	4,008,015	205,170,733	209,178,748	12,757	42,600	0.18%	16,206,162	495	3,300	225,384,910	0.09%	4,020,390	221,364,520	13,252	0.09%	45,900	59,152	0.18%
ICELAND	265,550	93,829,231	94,094,781	5,714	54,200	0.19%	10,350,745	427	3,300	104,445,526	0.04%	276,225	104,169,301	6,141	0.04%	57,500	63,641	0.19%
IRELAND	4,872,225	721,738,217	726,610,442	43,962	54,200	0.32%	101,288,513	4,718	3,300	827,898,955	0.32%	4,990,175	822,908,780	48,680	0.32%	57,500	106,180	0.32%
ITALY	38,743,748	10,378,407,694	10,417,151,442	631,733	54,200	2.21%	641,493,915	18,508	3,300	11,058,645,357	4.25%	39,206,448	11,019,438,909	650,241	4.24%	57,500	707,741	2.15%
JAPAN	101,436,333	39,187,358,822	39,288,795,155	2,380,184	54,200	7.86%	3,202,631,710	118,283	3,300	42,491,426,865	16.32%	104,393,408	42,387,033,457	2,498,467	16.31%	57,500	2,555,967	7.78%
KUWAIT	5,676,565	1,002,429,705	1,008,106,270	60,814	53,300	0.37%	58,414,483	1,897	3,300	1,066,520,753	0.41%	5,723,990	1,060,796,763	62,711	0.41%	56,600	119,311	0.36%
LATVIA	240,694	13,852,235	14,092,929	867	54,200	0.18%	2,993,638	138	3,300	17,086,567	0.01%	244,144	16,842,423	1,005	0.01%	57,500	58,505	0.18%
LITHUANIA	535,248	11,191,427	11,726,675	705	53,300	0.17%	3,443,545	187	3,300	15,170,220	0.01%	539,923	14,630,297	892	0.01%	56,600	57,492	0.18%
LUXEMBOURG	977,355	341,542,231	342,519,586	20,743	54,200	0.24%	63,530,406	3,132	3,300	406,049,992	0.16%	1,055,655	404,994,337	23,875	0.16%	57,500	81,375	0.25%
NETHERLANDS	46,848,852	8,471,475,055	8,518,323,907	516,077	54,200	1.84%	841,358,659	34,266	3,300	9,359,682,566	3.59%	47,705,502	9,311,977,064	550,343	3.59%	57,500	607,843	1.85%
NEW ZEALAND	538,077	354,439,075	354,977,152	21,523	54,200	0.24%	36,287,093	1,483	3,300	391,264,245	0.15%	575,152	390,689,093	23,006	0.15%	57,500	80,506	0.25%
NORWAY	14,646,512	4,146,922,539	4,161,569,051	252,512	54,200	0.99%	330,827,596	11,638	3,300	4,492,396,647	1.72%	14,937,462	4,477,459,185	264,150	1.72%	57,500	321,650	0.98%
PORTUGAL	4,771,403	318,241,004	323,012,407	19,721	54,200	0.24%	12,379,707	-	3,300	335,392,114	0.13%	4,771,403	330,620,711	19,721	0.13%	57,500	77,221	0.24%
RUSSIA	2,992,616	758,500,853	761,493,469	45,907	54,200	0.32%	134,071,300	6,752	3,300	895,564,769	0.34%	3,161,416	892,403,353	52,659	0.34%	57,500	110,159	0.34%
SLOVENIA	13,047,837	38,387,544	51,435,381	3,134	54,200	0.19%	5,627,140	221	3,300	57,062,521	0.02%	13,053,362	44,009,159	3,355	0.02%	57,500	60,855	0.19%
SOUTH AFRICA	12,539,872	263,213,673	275,753,545	16,704	54,200	0.23%	11,128,881	164	3,300	286,882,426	0.11%	12,543,972	274,338,454	16,868	0.11%	57,500	74,368	0.23%
SPAIN	21,731,748	4,492,160,543	4,513,892,291	273,355	54,200	1.06%	-	-	-	4,513,892,291	1.73%	21,731,748	4,492,160,543	273,355	1.78%	54,200	327,555	1.00%
SWEDEN	26,585,585	8,637,573,336	8,664,158,921	524,870	54,200	1.87%	957,009,990	40,848	3,300	9,621,168,911	3.69%	27,606,785	9,593,562,126	565,718	3.69%	57,500	623,218	1.90%
SWITZERLAND	17,317,289	5,276,804,167	5,294,121,456	321,625	54,200	1.21%	664,374,315	28,730	3,300	5,958,495,771	2.29%	18,035,539	5,940,460,232	350,355	2.29%	57,500	407,855	1.24%
UNITED ARAB EMIRATES	10,729	5,189,119	5,199,848	619	748	0.00%	-	-	-	5,199,848	0.00%	10,729	5,189,119	619	0.00%	748	1,367	0.0042%
UNITED KINGDOM	207,711,591	30,766,019,991	30,973,731,582	1,881,163	54,200	6.25%	4,027,986,835	176,914	3,300	35,001,718,417	13.44%	212,134,441	34,789,583,976	2,058,077	13.43%	57,500	2,115,577	6.44%
UNITED STATES	471,674,687	49,977,116,918	50,448,791,605	3,060,684	53,300	10.05%	3,886,995,643	134,223	3,300	54,335,787,248	20.86%	475,030,262	53,860,756,986	3,194,907	20.85%	56,600	3,251,507	9.90%
Subtotal Part I	**1,343,520,244**	**237,875,932,066**	**239,219,452,310**	**14,505,917**	**1,605,748**	**52.00%**	**21,220,590,675**	**816,034**	**95,700**	**260,440,042,985**	**100.00%**	**1,363,921,094**	**259,076,121,891**	**15,321,951**	**100%**	**1,701,448**	**17,023,399**	**51.83%**
Subtotal Part II	**652,833,879**	**7,880,991,889**	**8,533,825,768**	**7,183,876**	**7,688,300**	**48.00%**								**7,666,589**	**100%**	**8,156,900**	**15,823,489**	**48.17%**
Grand Total	**1,996,354,123**	**245,756,923,955**	**247,753,278,078**	**21,689,793**	**9,294,048**	**100.00%**								**22,988,540**	**100%**	**9,858,348**	**32,846,888**	**100.00%**

Notes: **Current Status** (a-1) to (a-6): It is assumed that the members that have outstanding commitments to subscribe or contribute to any previous Replenishment will fulfill their obligations. Amounts have been calculated, for purposes of the voting rights adjustment, by multiplying the subscriptions and contributions up to and including the Third Replenishment (which were expressed in terms of U.S. dollars of the weight and fineness in effect on January 1, 1960) by 1.20635 and adding thereto the dollar equivalents of the subscriptions and contributions under the Fourth through Seventeenth Replenishments at the agreed exchange rates.

Allocation of Additional Votes with respect to Encashment: Subscription votes have been allocated on the imputed value of these contributions based on the related encashment schedule rather than the nominal amounts shown in contribution tables. For the Eighteenth Replenishment, this is included in column (b-1) for Part I countries, and for Part II contributing countries in column (e-4).

Table 2. Subscriptions, Contributions, and Votes
(amounts in US$ Equivalents)

Part II	*Current Status (before IDA18)*						*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA18 in SDRs or Freely Convertible Currencies*				*Adjusted Voting power*				
Member	Subscriptions Carrying Votes ($) (a-1)	Contributions ($) (a-2)	Total Cumulative Resources ($) (a-3)	Subscription Votes (a-4)	Membership Votes (a-5)	Total Voting Power % (a-6)	Subscription Carrying Votes ($) (c-1)	Subscription Votes (c-2)	Membership Votes (c-3)	Total Voting Power % (c-4)	Subscription Carrying Votes ($) (e-1)	Total Subscriptio n Votes (e-2)	Contributions ($) (e-3)	Total Additional Resources ($) (e-4)	Subscription Votes (f-1)	as % of part II (f-2)	Membership Votes (f-3)	Total Votes (f-4)	Total Voting Power % (f-5)
AFGHANISTAN	1,680,146	0	1,680,146	17,283	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,204	0.24%	57,500	75,704	0.23%
ALBANIA	391,346	0	391,346	4,281	54,200	0.19%	5,700	228	3,300	0.19%	0	0	0	0	4,509	0.06%	57,500	62,009	0.19%
ALGERIA	6,687,835	0	6,687,835	68,267	54,200	0.40%	90,900	3,636	3,300	0.40%	36,750	1,470	24,970,467	25,098,117	73,373	0.96%	57,500	130,873	0.40%
ANGOLA	10,467,956	0	10,467,956	106,731	54,200	0.52%	142,125	5,685	3,300	0.52%	0	0	0	0	112,416	1.47%	57,500	169,916	0.52%
ARGENTINA	31,977,106	116,965,305	148,942,411	348,024	54,200	1.30%	463,475	18,539	3,300	1.29%	11,125	445	7,556,798	8,031,398	367,008	4.79%	57,500	424,508	1.29%
ARMENIA	706,931	0	706,931	7,510	54,200	0.20%	10,000	400	3,300	0.20%	0	0	0	0	7,910	0.10%	57,500	65,410	0.20%
AZERBAIJAN	1,204,999	0	1,204,999	12,600	54,200	0.22%	16,775	671	3,300	0.22%	0	0	0	0	13,271	0.17%	57,500	70,771	0.22%
BAHAMAS, THE	640,442	8,003,489	8,643,931	6,828	53,300	0.19%	9,100	364	3,300	0.20%	6,000	240	4,070,874	4,085,974	7,432	0.10%	56,600	64,032	0.19%
BANGLADESH	8,927,675	0	8,927,675	91,088	54,200	0.47%	121,300	4,852	3,300	0.47%	0	0	0	0	95,940	1.25%	57,500	153,440	0.47%
BARBADOS	502,393	1,892,596	2,394,989	5,262	54,200	0.19%	7,000	280	3,300	0.19%	0	0	0	0	5,542	0.07%	57,500	63,042	0.19%
BELIZE	340,396	0	340,396	3,727	54,200	0.19%	4,975	199	3,300	0.19%	0	0	0	0	3,926	0.05%	57,500	61,426	0.19%
BENIN	838,276	0	838,276	8,809	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,278	0.12%	57,500	66,778	0.20%
BHUTAN	92,029	0	92,029	1,210	54,200	0.18%	1,600	64	3,300	0.18%	0	0	0	0	1,274	0.02%	57,500	58,774	0.18%
BOLIVIA	1,764,076	0	1,764,076	18,164	54,200	0.23%	24,200	968	3,300	0.23%	0	0	0	0	19,132	0.25%	57,500	76,632	0.23%
BOSNIA & HERZEGOVINA	10,229,464	0	10,229,464	13,113	54,200	0.22%	17,475	699	3,300	0.22%	0	0	0	0	13,812	0.18%	57,500	71,312	0.22%
BOTSWANA	280,796	1,515,927	1,796,723	3,322	54,200	0.19%	4,425	177	3,300	0.19%	0	0	0	0	3,499	0.05%	57,500	60,999	0.19%
BRAZIL	34,232,176	937,404,333	971,636,509	438,226	54,200	1.59%	583,600	23,344	3,300	1.58%	33,775	1,351	22,945,342	23,562,717	462,921	6.04%	57,500	520,421	1.58%
BURKINA FASO	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
BURUNDI	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
CABO VERDE	142,153	0	142,153	1,730	54,200	0.18%	2,300	92	3,300	0.18%	0	0	0	0	1,822	0.02%	57,500	59,322	0.18%
CAMBODIA	1,702,338	0	1,702,338	17,654	54,200	0.23%	23,500	940	3,300	0.23%	0	0	0	0	18,594	0.24%	57,500	76,094	0.23%
CAMEROON	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
CENTRAL AFRICAN REP.	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
CHAD	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
CHILE	5,920,500	34,746,972	40,667,472	62,292	54,200	0.38%	82,950	3,318	3,300	0.38%	0	0	0	0	65,610	0.86%	57,500	123,110	0.37%
CHINA	51,326,204	490,532,543	541,858,747	556,884	54,200	1.97%	741,600	29,664	3,300	1.97%	884,350	35,374	600,728,712	602,354,662	621,922	8.11%	57,500	679,422	2.07%
COLOMBIA	6,100,781	26,659,256	32,760,037	69,489	54,200	0.40%	92,550	3,702	3,300	0.40%	0	0	0	0	73,191	0.95%	57,500	130,691	0.40%
COMOROS	142,153	0	142,153	1,730	54,200	0.18%	2,300	92	3,300	0.18%	0	0	0	0	1,822	0.02%	57,500	59,322	0.18%
CONGO, DEM. REP. OF	5,017,186	0	5,017,186	51,363	54,200	0.34%	68,400	2,736	3,300	0.34%	0	0	0	0	54,099	0.71%	57,500	111,599	0.34%
CONGO, REP. OF	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
COSTA RICA	339,656	0	339,656	3,684	54,200	0.19%	4,900	196	3,300	0.19%	0	0	0	0	3,880	0.05%	57,500	61,380	0.19%
COTE D'IVOIRE	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
CROATIA	24,046,763	0	24,046,763	30,324	54,200	0.27%	40,375	1,615	3,300	0.27%	0	0	0	0	31,939	0.42%	57,500	89,439	0.27%
CYPRUS	1,302,473	26,384,905	27,687,378	14,517	54,200	0.22%	19,325	773	3,300	0.22%	8,775	351	5,959,177	5,987,277	15,641	0.20%	57,500	73,141	0.22%
CZECH REPUBLIC	6,233,881	118,633,490	124,867,371	71,257	54,200	0.40%	94,900	3,796	3,300	0.40%	22,925	917	15,580,751	15,698,576	75,970	0.99%	57,500	133,470	0.41%
DJIBOUTI	275,030	0	275,030	3,092	54,200	0.18%	4,125	165	3,300	0.19%	0	0	0	0	3,257	0.04%	57,500	60,757	0.18%
DOMINICA	142,153	0	142,153	1,730	54,200	0.18%	2,300	92	3,300	0.18%	0	0	0	0	1,822	0.02%	57,500	59,322	0.18%
DOMINICAN REPUBLIC	674,813	68,614	743,427	7,216	54,200	0.20%	9,600	384	3,300	0.20%	0	0	0	0	7,600	0.10%	57,500	65,100	0.20%
ECUADOR	1,087,467	0	1,087,467	11,348	54,200	0.21%	15,100	604	3,300	0.21%	0	0	0	0	11,952	0.16%	57,500	69,452	0.21%
EGYPT, ARAB REP. OF	8,489,833	6,274,406	14,764,239	88,429	54,200	0.46%	117,750	4,710	3,300	0.46%	7,575	303	5,145,280	5,270,605	93,442	1.22%	57,500	150,942	0.46%
EL SALVADOR	505,489	23,707	529,196	5,394	54,200	0.19%	7,175	287	3,300	0.19%	0	0	0	0	5,681	0.07%	57,500	63,181	0.19%
EQUATORIAL GUINEA	540,333	0	540,333	5,798	54,200	0.19%	7,725	309	3,300	0.19%	0	0	0	0	6,107	0.08%	57,500	63,607	0.19%
ERITREA	159,018	0	159,018	1,910	54,200	0.18%	2,550	102	3,300	0.18%	0	0	0	0	2,012	0.03%	57,500	59,512	0.18%
ETHIOPIA	838,823	23,707	862,530	8,825	54,200	0.20%	11,750	470	3,300	0.20%	0	0	0	0	9,295	0.12%	57,500	66,795	0.20%
FIJI	938,502	0	938,502	9,863	54,200	0.21%	13,125	525	3,300	0.21%	0	0	0	0	10,388	0.14%	57,500	67,888	0.21%
GABON	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
GAMBIA, THE	452,347	0	452,347	4,897	54,200	0.19%	6,525	261	3,300	0.19%	0	0	0	0	5,158	0.07%	57,500	62,658	0.19%
GEORGIA	1,155,062	0	1,155,062	12,087	54,200	0.21%	16,100	644	3,300	0.21%	0	0	0	0	12,731	0.17%	57,500	70,231	0.21%
GHANA	3,920,167	0	3,920,167	40,110	54,200	0.30%	53,425	2,137	3,300	0.30%	0	0	0	0	42,247	0.55%	57,500	99,747	0.30%
GRENADA	156,667	0	156,667	1,816	54,200	0.18%	2,425	97	3,300	0.18%	0	0	0	0	1,913	0.02%	57,500	59,413	0.18%
GUATEMALA	673,207	0	673,207	7,157	54,200	0.20%	9,525	381	3,300	0.20%	0	0	0	0	7,538	0.10%	57,500	65,038	0.20%
GUINEA	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
GUINEA-BISSAU	239,036	0	239,036	2,651	54,200	0.18%	3,525	141	3,300	0.18%	0	0	0	0	2,792	0.04%	57,500	60,292	0.18%
GUYANA	1,352,925	0	1,352,925	14,061	54,200	0.22%	18,725	749	3,300	0.22%	0	0	0	0	14,810	0.19%	57,500	72,310	0.22%
HAITI	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%

Table 2. Subscriptions, Contributions, and Votes
(amounts in US$ Equivalents)

Part II	*Current Status (before IDA18)*						*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA18 in SDRs or Freely Convertible Currencies*				*Adjusted Voting power*				
Member	Subscriptions Carrying Votes ($) (a-1)	Contributions ($) (a-2)	Total Cumulative Resources ($) (a-3)	Subscription Votes (a-4)	Membership Votes (a-5)	Total Voting Power % (a-6)	Subscription Carrying Votes ($) (c-1)	Subscription Votes (c-2)	Membership Votes (c-3)	Total Voting Power % (c-4)	Subscription Carrying Votes ($) (e-1)	Total Subscription Votes (e-2)	Contributions ($) (e-3)	Total Additional Resources ($) (e-4)	Subscription Votes (f-1)	as % of part II (f-2)	Membership Votes (f-3)	Total Votes (f-4)	Total Voting Power % (f-5)
HONDURAS	505,100	0	505,100	5,384	54,200	0.19%	7,175	287	3,300	0.19%	0	0	0	0	5,671	0.07%	57,500	63,171	0.19%
HUNGARY	12,882,759	153,735,807	166,618,566	145,219	54,200	0.64%	193,400	7,736	3,300	0.64%	27,125	1,085	18,424,231	18,644,756	154,040	2.01%	57,500	211,540	0.64%
INDIA	68,697,420	199,774,851	268,472,271	752,838	54,200	2.60%	1,002,575	40,103	3,300	2.60%	268,525	10,741	182,397,085	183,668,185	803,682	10.48%	57,500	861,182	2.62%
INDONESIA	18,436,421	17,871,419	36,307,840	188,640	54,200	0.78%	251,225	10,049	3,300	0.78%	122,300	4,892	83,079,827	83,453,352	203,581	2.66%	57,500	261,081	0.79%
IRAN, ISLAMIC REP. OF	7,566,336	18,134,199	25,700,535	78,167	54,200	0.43%	104,100	4,164	3,300	0.43%	44,125	1,765	29,969,516	30,117,741	84,096	1.10%	57,500	141,596	0.43%
IRAQ	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
ISRAEL	3,034,528	92,554,803	95,589,331	38,233	54,200	0.30%	50,925	2,037	3,300	0.30%	35,850	1,434	24,359,313	24,446,088	41,704	0.54%	57,500	99,204	0.30%
JORDAN	505,100	0	505,100	5,384	54,200	0.19%	7,175	287	3,300	0.19%	0	0	0	0	5,671	0.07%	57,500	63,171	0.19%
KAZAKHSTAN	2,558,421	6,571,277	9,129,698	26,689	54,200	0.26%	35,550	1,422	3,300	0.26%	0	0	0	0	28,111	0.37%	57,500	85,611	0.26%
KENYA	2,793,624	0	2,793,624	28,674	54,200	0.27%	38,175	1,527	3,300	0.27%	0	0	0	0	30,201	0.39%	57,500	87,701	0.27%
KIRIBATI	108,779	0	108,779	1,385	54,200	0.18%	1,850	74	3,300	0.18%	0	0	0	0	1,459	0.02%	57,500	58,959	0.18%
KOREA	6,834,349	1,965,738,072	1,972,572,421	212,984	54,200	0.86%	283,625	11,345	3,300	0.86%	593,400	23,736	403,090,425	403,967,450	248,065	3.24%	57,500	305,565	0.93%
KOSOVO	924,531	0	924,531	9,293	53,300	0.20%	12,375	495	3,300	0.21%	0	0	0	0	9,788	0.13%	56,600	66,388	0.20%
KYRGYZ REPUBLIC	672,988	0	672,988	7,143	54,200	0.20%	9,500	380	3,300	0.20%	0	0	0	0	7,523	0.10%	57,500	65,023	0.20%
LAO PEOPLE'S DEM. REP.	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
LEBANON	757,214	0	757,214	8,044	54,200	0.20%	10,700	428	3,300	0.20%	0	0	0	0	8,472	0.11%	57,500	65,972	0.20%
LESOTHO	275,030	0	275,030	3,092	54,200	0.18%	4,125	165	3,300	0.19%	0	0	0	0	3,257	0.04%	57,500	60,757	0.18%
LIBERIA	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
LIBYA	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
MACEDONIA, FYR	4,506,252	0	4,506,252	5,980	54,200	0.19%	7,975	319	3,300	0.19%	0	0	0	0	6,299	0.08%	57,500	63,799	0.19%
MADAGASCAR	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
MALAWI	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
MALAYSIA	4,230,112	29,194,196	33,424,308	44,602	54,200	0.32%	59,400	2,376	3,300	0.32%	39,750	1,590	27,006,817	27,105,967	48,568	0.63%	57,500	106,068	0.32%
MALDIVES	58,976	0	58,976	877	54,200	0.18%	1,175	47	3,300	0.18%	0	0	0	0	924	0.01%	57,500	58,424	0.18%
MALI	1,450,280	0	1,450,280	14,997	54,200	0.22%	19,975	799	3,300	0.22%	0	0	0	0	15,796	0.21%	57,500	73,296	0.22%
MARSHALL ISLANDS	26,122	0	26,122	550	54,200	0.18%	725	29	3,300	0.18%	0	0	0	0	579	0.01%	57,500	58,079	0.18%
MAURITANIA	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
MAURITIUS	1,437,651	35,560	1,473,211	14,964	54,200	0.22%	19,925	797	3,300	0.22%	0	0	0	0	15,761	0.21%	57,500	73,261	0.22%
MEXICO	15,642,733	380,043,877	395,686,610	200,197	54,200	0.82%	266,600	10,664	3,300	0.82%	0	0	0	0	210,861	2.75%	57,500	268,361	0.82%
MICRONESIA, FED. ST. OF	42,842	0	42,842	724	54,200	0.18%	975	39	3,300	0.18%	0	0	0	0	763	0.01%	57,500	58,263	0.18%
MOLDOVA	939,406	0	939,406	9,888	54,200	0.21%	13,175	527	3,300	0.21%	0	0	0	0	10,415	0.14%	57,500	67,915	0.21%
MONGOLIA	391,345	0	391,345	4,281	54,200	0.19%	5,700	228	3,300	0.19%	0	0	0	0	4,509	0.06%	57,500	62,009	0.19%
MONTENEGRO	766,864	0	766,864	7,437	53,300	0.20%	9,900	396	3,300	0.20%	0	0	0	0	7,833	0.10%	56,600	64,433	0.20%
MOROCCO	5,862,250	0	5,862,250	59,962	54,200	0.37%	79,850	3,194	3,300	0.37%	0	0	0	0	63,156	0.82%	57,500	120,656	0.37%
MOZAMBIQUE	2,278,645	0	2,278,645	23,407	54,200	0.25%	31,175	1,247	3,300	0.25%	0	0	0	0	24,654	0.32%	57,500	82,154	0.25%
MYANMAR	3,359,892	0	3,359,892	34,512	54,200	0.29%	45,950	1,838	3,300	0.29%	0	0	0	0	36,350	0.47%	57,500	93,850	0.29%
NEPAL	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
NICARAGUA	505,100	0	505,100	5,384	54,200	0.19%	7,175	287	3,300	0.19%	0	0	0	0	5,671	0.07%	57,500	63,171	0.19%
NIGER	838,252	0	838,252	8,808	54,200	0.20%	11,725	469	3,300	0.20%	0	0	0	0	9,277	0.12%	57,500	66,777	0.20%
NIGERIA	5,577,519	0	5,577,519	56,963	54,200	0.36%	75,850	3,034	3,300	0.36%	0	0	0	0	59,997	0.78%	57,500	117,497	0.36%
OMAN	509,502	1,031,875	1,541,377	5,555	54,200	0.19%	7,400	296	3,300	0.19%	0	0	0	0	5,851	0.08%	57,500	63,351	0.19%
PAKISTAN	16,889,603	11,428,581	28,318,184	176,661	54,200	0.75%	235,250	9,410	3,300	0.74%	36,550	1,462	24,826,317	25,098,117	187,533	2.45%	57,500	245,033	0.75%
PALAU	39,225	0	39,225	579	54,200	0.18%	775	31	3,300	0.18%	0	0	0	0	610	0.01%	57,500	58,110	0.18%
PANAMA	44,962	0	44,962	800	54,200	0.18%	1,075	43	3,300	0.18%	0	0	0	0	843	0.01%	57,500	58,343	0.18%
PAPUA NEW GUINEA	1,436,903	0	1,436,903	14,943	54,200	0.22%	19,900	796	3,300	0.22%	0	0	0	0	15,739	0.21%	57,500	73,239	0.22%
PARAGUAY	505,100	0	505,100	5,384	54,200	0.19%	7,175	287	3,300	0.19%	0	0	0	0	5,671	0.07%	57,500	63,171	0.19%
PERU	2,971,752	15,602,676	18,574,428	31,366	54,200	0.28%	41,775	1,671	3,300	0.28%	0	0	0	0	33,037	0.43%	57,500	90,537	0.28%
PHILIPPINES	8,397,932	16,253,002	24,650,934	86,691	54,200	0.45%	115,450	4,618	3,300	0.45%	7,300	292	4,957,109	5,079,859	91,601	1.19%	57,500	149,101	0.45%
POLAND	50,853,466	74,389,617	125,243,083	528,864	54,200	1.88%	704,300	28,172	3,300	1.88%	27,575	1,103	18,738,028	19,469,903	558,139	7.28%	57,500	615,639	1.87%
ROMANIA	5,596,301	0	5,596,301	56,238	53,300	0.35%	74,900	2,996	3,300	0.36%	0	0	0	0	59,234	0.77%	56,600	115,834	0.35%
RWANDA	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
SAMOA	156,667	0	156,667	1,816	54,200	0.18%	2,425	97	3,300	0.18%	0	0	0	0	1,913	0.02%	57,500	59,413	0.18%
SAO TOME & PRINCIPE	125,586	0	125,586	1,562	54,200	0.18%	2,075	83	3,300	0.18%	0	0	0	0	1,645	0.02%	57,500	59,145	0.18%
SAUDI ARABIA	26,482,699	2,678,742,933	2,705,225,632	910,697	54,200	3.11%	1,212,775	48,511	3,300	3.10%	170,575	6,823	115,871,850	117,255,200	966,031	12.60%	57,500	1,023,531	3.12%
SENEGAL	2,793,624	0	2,793,624	28,674	54,200	0.27%	38,175	1,527	3,300	0.27%	0	0	0	0	30,201	0.39%	57,500	87,701	0.27%

Table 2. Subscriptions, Contributions, and Votes
(amounts in US$ Equivalents)

Part II	*Current Status (before IDA18)*						*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA18 in SDRs or Freely Convertible Currencies*				*Adjusted Voting power*				
Member	Subscriptions Carrying Votes ($) (a-1)	Contributions ($) (a-2)	Total Cumulative Resources ($) (a-3)	Subscription Votes (a-4)	Membership Votes (a-5)	Total Voting Power % (a-6)	Subscription Carrying Votes ($) (c-1)	Subscription Votes (c-2)	Membership Votes (c-3)	Total Voting Power % (c-4)	Subscription Carrying Votes ($) (e-1)	Total Subscriptio n Votes (e-2)	Contributions ($) (e-3)	Total Additional Resources ($) (e-4)	Subscription Votes (f-1)	as % of part II (f-2)	Membership Votes (f-3)	Total Votes (f-4)	Total Voting Power % (f-5)
SERBIA	29,851,743	0	29,851,743	37,557	54,200	0.30%	50,025	2,001	3,300	0.30%	0	0	0	0	39,558	0.52%	57,500	97,058	0.30%
SIERRA LEONE	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
SINGAPORE	995,408	210,083,201	211,078,609	23,006	53,300	0.25%	30,625	1,225	3,300	0.25%	67,825	2,713	46,078,240	46,176,690	26,944	0.35%	56,600	83,544	0.25%
SLOVAK REPUBLIC	3,119,341	27,639,647	30,758,988	34,677	54,200	0.29%	46,175	1,847	3,300	0.29%	4,325	173	2,942,874	2,993,374	36,697	0.48%	57,500	94,197	0.29%
SOLOMON ISLANDS	156,667	0	156,667	1,816	54,200	0.18%	2,425	97	3,300	0.18%	0	0	0	0	1,913	0.02%	57,500	59,413	0.18%
SOMALIA	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
SOUTH SUDAN	594,475	0	594,475	5,979	53,300	0.19%	7,950	318	3,300	0.19%	0	0	0	0	6,297	0.08%	56,600	62,897	0.19%
SRI LANKA	5,030,482	0	5,030,482	51,414	54,200	0.34%	68,475	2,739	3,300	0.34%	0	0	0	0	54,153	0.71%	57,500	111,653	0.34%
ST. KITTS & NEVIS	224,871	0	224,871	2,568	54,200	0.18%	3,425	137	3,300	0.18%	0	0	0	0	2,705	0.04%	57,500	60,205	0.18%
ST. LUCIA	257,844	0	257,844	2,897	54,200	0.18%	3,850	154	3,300	0.18%	0	0	0	0	3,051	0.04%	57,500	60,551	0.18%
ST. VINCENT & GRENADINES	125,404	0	125,404	1,555	54,200	0.18%	2,075	83	3,300	0.18%	0	0	0	0	1,638	0.02%	57,500	59,138	0.18%
SUDAN	1,680,096	0	1,680,096	17,282	54,200	0.23%	23,025	921	3,300	0.23%	0	0	0	0	18,203	0.24%	57,500	75,703	0.23%
SWAZILAND	540,536	0	540,536	5,803	54,200	0.19%	7,725	309	3,300	0.19%	0	0	0	0	6,112	0.08%	57,500	63,612	0.19%
SYRIAN ARAB REP.	1,582,518	0	1,582,518	16,334	54,200	0.23%	21,750	870	3,300	0.23%	0	0	0	0	17,204	0.22%	57,500	74,704	0.23%
TAJIKISTAN	624,071	0	624,071	6,668	54,200	0.20%	8,875	355	3,300	0.20%	0	0	0	0	7,023	0.09%	57,500	64,523	0.20%
TANZANIA	2,793,624	0	2,793,624	28,674	54,200	0.27%	38,175	1,527	3,300	0.27%	0	0	0	0	30,201	0.39%	57,500	87,701	0.27%
THAILAND	5,037,782	4,857,412	9,895,194	51,706	54,200	0.34%	68,850	2,754	3,300	0.34%	6,200	248	4,211,916	4,286,966	54,708	0.71%	57,500	112,208	0.34%
TIMOR-LESTE	477,900	0	477,900	4,777	53,300	0.19%	6,350	254	3,300	0.19%	0	0	0	0	5,031	0.07%	56,600	61,631	0.19%
TOGO	1,268,910	0	1,268,910	13,174	54,200	0.22%	17,550	702	3,300	0.22%	0	0	0	0	13,876	0.18%	57,500	71,376	0.22%
TONGA	125,404	0	125,404	1,555	54,200	0.18%	2,075	83	3,300	0.18%	0	0	0	0	1,638	0.02%	57,500	59,138	0.18%
TRINIDAD & TOBAGO	2,247,414	0	2,247,414	23,147	54,200	0.25%	30,825	1,233	3,300	0.25%	0	0	0	0	24,380	0.32%	57,500	81,880	0.25%
TUNISIA	2,514,955	0	2,514,955	25,917	54,200	0.26%	34,525	1,381	3,300	0.26%	0	0	0	0	27,298	0.36%	57,500	84,798	0.26%
TURKEY	10,209,305	208,179,634	218,388,939	125,726	54,200	0.58%	167,425	6,697	3,300	0.58%	38,200	1,528	25,943,878	26,149,503	133,951	1.75%	57,500	191,451	0.58%
TUVALU	33,117	0	33,117	335	53,300	0.17%	450	18	3,300	0.18%	0	0	0	0	353	0.00%	56,600	56,953	0.17%
UGANDA	2,793,624	0	2,793,624	28,674	54,200	0.27%	38,175	1,527	3,300	0.27%	0	0	0	0	30,201	0.39%	57,500	87,701	0.27%
UKRAINE	10,377,341	0	10,377,341	103,106	53,300	0.50%	137,300	5,492	3,300	0.51%	0	0	0	0	108,598	1.42%	56,600	165,198	0.50%
UZBEKISTAN	2,051,073	0	2,051,073	21,226	54,200	0.24%	28,275	1,131	3,300	0.24%	0	0	0	0	22,357	0.29%	57,500	79,857	0.24%
VANUATU	323,881	0	323,881	3,562	54,200	0.19%	4,750	190	3,300	0.19%	0	0	0	0	3,752	0.05%	57,500	61,252	0.19%
VIETNAM	2,514,955	0	2,514,955	25,917	54,200	0.26%	34,525	1,381	3,300	0.26%	0	0	0	0	27,298	0.36%	57,500	84,798	0.26%
YEMEN, REPUBLIC OF	2,611,567	0	2,611,567	24,866	54,200	0.26%	33,125	1,325	3,300	0.26%	0	0	0	0	26,191	0.34%	57,500	83,691	0.25%
ZAMBIA	4,470,312	0	4,470,312	45,820	54,200	0.32%	61,025	2,441	3,300	0.32%	0	0	0	0	48,261	0.63%	57,500	105,761	0.32%
ZIMBABWE	6,832,318	0	6,832,318	69,587	54,200	0.40%	92,675	3,707	3,300	0.40%	0	0	0	0	73,294	0.96%	57,500	130,794	0.40%
Subtotal Part II	**652,833,879**	**7,880,991,889**	**8,533,825,768**	**7,183,876**	**7,688,300**	**48.00%**	**9,566,925**	**382,677**	**468,600**	**48.03%**	**2,500,900**	**100,036**	**1,698,854,827**	**1,708,002,477**	**7,666,589**	**100%**	**8,156,900**	**15,823,489**	**48.17%**
Subtotal Part I	**1,343,520,244**	**237,875,932,066**	**239,219,452,310**	**14,505,917**	**1,605,748**	**52.00%**									**15,321,951**	**100%**	**1,701,448**	**17,023,399**	**51.83%**
Grand Total	**1,996,354,123**	**245,756,923,955**	**247,753,278,078**	**21,689,793**	**9,294,048**	**100.00%**									**22,988,540**	**100%**	**9,858,348**	**32,846,888**	**100.00%**

Notes: **Current Status** (a-1) to (a-6): It is assumed that the members that have outstanding commitments to subscribe or contribute to any previous Replenishment will fulfill their obligations. Amounts have been calculated, for purposes of the voting rights adjustment, by multiplying the subscriptions and contributions up to and including the Third Replenishment (which were expressed in terms of U.S. dollars of the weight and fineness in effect on January 1, 1960) by 1.20635 and adding thereto the dollar equivalents of the subscriptions and contributions under the Fourth through Seventeenth Replenishments at the agreed exchange rates.

Allocation of Additional Votes with respect to Encashment: Subscription votes have been allocated on the imputed value of these contributions based on the related encashment schedule rather than the nominal amounts shown in contribution tables. For the Eighteenth Replenishment, this is included in column (b-1) for Part I countries, and for Part II contributing countries in column (e-4).

Additional Resources Provided under IDA18 in SDRs or Freely Convertible Currencies: The amounts shown in column (e-4) represent the additional resources provided under IDA18 by Part II members in SDRs or freely convertible currencies, as set out in Table 1A. The U.S. Dollar equivalent has been obtained by converting the SDR amount using the average exchange rates for the U.S. Dollar against the SDR over the period March 1 to August 31, 2016 (SDR1=USD1.40207). These amounts are divided into subscriptions carrying votes (columns (c-1) and (e-1)) and contributions (column (e-3)).

Update of Part II members: The table has been updated to reflect the expected membership status of Part II members.

Attachment I

INTERNATIONAL DEVELOPMENT ASSOCIATION

Addition to Resources: Eighteenth Replenishment

Instrument of Commitment

Reference is made to Resolution No. ____ of the Board of Governors of the International Development Association entitled "Additions to Resources: Eighteenth Replenishment", which was adopted on __________, 2017 ("the Resolution").

The Government of _________________________ HEREBY NOTIFIES the Association pursuant to paragraph 2 of the Resolution that it will make the _______________[152] authorized for it in accordance with the terms of the Resolution in the amount of ______________ [of which______________________ amount represents the grant element of a Concessional Member Loan].[153]

____________________ __________________________________

(Date) (Name and Office) [154]

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[152] This form of Instrument of Commitment may be used for a Contributing Member's regular contribution, any Debt Relief Additional Contribution, and any Grant Compensation Additional Contribution either under separate instruments or combined. Contributing Members fill in the words "subscription and contribution" for both regular contributions and Debt Relief Additional Contributions; and Subscribing Members fill in the word "subscription" only.

[153] Pursuant to paragraph 5(a) of the Eighteenth Replenishment Resolution, members are required to denominate their subscription and contribution, or subscription only, as the case may be, in SDRs, in the currency of the member if freely convertible, or with the agreement of the Association in a freely convertible currency of another member. Payment will be made as provided in paragraph 5(b) of the Resolution.

[154] The instrument is to be signed on behalf of the Government by a duly authorized representative.

Attachment II

Encashment Schedule for IDA18 Contributions
(Percent of Total Contributions)

Fiscal Year	Standard Schedule
2018	5.8
2019	10.3
2020	14.5
2021	12.6
2022	12.2
2023	12.3
2024	12.2
2025	11.0
2026	9.1
	100.0