

International Development Association

COMMUNITY REQUEST FY 2020

\$1.097 B

FY 2019 President's Request: \$1.097 Billion
FY 2018 Enacted: \$1.097 Billion

DESCRIPTION

Part of the World Bank, the International Development Association (IDA) helps the world's poorest countries. Overseen by 173 shareholder nations, IDA reduces poverty by boosting economic growth, reducing inequalities, and improving people's living conditions. IDA's work covers primary education, basic health services, clean water and sanitation, agriculture, business climate improvements, infrastructure, and institutional reforms.

WHAT DOES THIS BUY?

Provides loans and grants. Loans are provided on concessional terms. IDA loans have a zero or very low interest charge and repayments are stretched over 30 to 38 years with a 5- to 10-year grace period. IDA also provides grants to countries at risk of debt distress.

JUSTIFICATION FOR THE REQUEST

- Funds will go toward the third installment for IDA's 18th Replenishment (IDA-18), which runs from FY 2018-2020.
- IDA is **one of the largest sources of assistance for the world's 75 poorest countries** – 39 of which are in Africa – and is the single largest source of donor funds for basic social services in these countries.
- During FY 2011-2018, IDA reported the following achievements:
 - Providing 657 million people with essential health services,
 - Immunizing 274 million children,
 - Providing access to better water services for 86 million people, and
 - Recruiting or training more than 8.5 million teachers.
- **Since 1960, IDA has provided \$369 billion for investments in 113 countries.** Annual commitments have increased steadily and averaged about \$20 billion over the last three years.
- For the World Bank's FY 2018, IDA commitments totaled \$24 billion, of which 21% was provided on grant terms. New commitments for FY 2019 comprised 206 new operations.
- During FY 2013-2017 IDA provided on average \$2 billion a year to help countries adapt to the effects of climate change and \$1.7 billion a year to mitigate the effects.

U.S. INTEREST

- "Economic development has long been recognized as a pillar of U.S. national security."¹
- IDA **reinforces U.S. political and security objectives** through economic growth, job creation, and provision of social services in countries such as Afghanistan and Pakistan.²
- IDA advances reforms that promote private investment, create jobs, and foster market-led economic growth in developing countries, expanding markets for U.S. exports.³



Looking to the Future

International Development Association – TITLE V

BOLD VISION

- The Multilateral Debt Relief Initiative (MDRI) is a growing component of the U.S.’ unmet commitments to IDA. Launched in 2006 at the urging of the U.S., MDRI provides 100% cancellation of eligible debt to IDA for countries that complete the conditions for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. MDRI has allowed scarce resources in low-income countries to be reallocated for poverty-reducing efforts in areas such as health and education. To prevent a depletion of IDA resources from debt relief, the U.S. and other donors committed to compensate IDA for the cancelled debt.⁴
- Additional investment would cover unmet commitments to IDA and the MDRI. Failing to meet our commitments reduces IDA’s ability to provide loans and grants and deliver on U.S. policy goals. On many occasions, the U.S. has failed to pay its full contribution to IDA and MDRI and fallen into arrears. Unmet commitments to IDA and MDRI currently total approximately \$1.12 billion. Unmet commitments damage U.S. credibility and undermine IDA’s ability to deliver on policy goals sought by the U.S. during the IDA-18 replenishment negotiations, such as a sharper focus on fragile states and additional space for the private sector to operate.

IMPACT OF CUTS

Cuts generate further arrears, which limit programming in the poorest countries, undermining U.S. negotiating power, restraining IDA’s ability to achieve U.S. objectives, and ceding power to other large donors.

¹ “U.S. Department of the Treasury International Programs Congressional Justification for Appropriations FY2019,” U.S. Department of the Treasury, 2018, p.7.

² Ibid.

³ Ibid.

⁴ Ibid.

5 YEAR FUNDING HISTORY

■ House ■ Senate *Funding levels may not accurately reflect those in the appropriations bills and/or reports due to rounding.*

