

INTERNATIONAL DEVELOPMENT ASSOCIATION

MINIMUM REQUIREMENT FY 2021

\$1.12 BILLION

FY 2020 President's Request: \$1.10 Billion

FY 2020 Enacted: \$1.10 Billion

WHAT IS THE INTERNATIONAL DEVELOPMENT ASSOCIATION?

Part of the World Bank, the International Development Association (IDA) works in 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 IT BUY?

IDA 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 up to 38 years with a five to 10 year grace period. The requested funds go toward the first installment of IDA's nineteenth Replenishment (IDA19), which runs from FY 2021-2023. In the nineteenth replenishment, IDA will work to accelerate progress toward the sustainable development goals (SDGs) in the ten years leading up to 2030. IDA's work will focus on climate change; fragility; conflict and violence; gender and development; governance and institutions; and jobs and economic transformation.

WHY IS IT IMPORTANT?

- ▶ IDA is one of the largest sources of assistance for the world's 76 poorest countries.
- ▶ From 1960 to 2019, IDA has provided \$375 billion for investments in 113 countries. 35 borrower countries have successfully graduated to middle-income status, with many becoming donors themselves. Annual commitments have increased steadily and averaged about \$15 billion over the last three years.
- ▶ Between July 2017 to June 2019, IDA provided 62 million women and children with basic nutrition services; immunized 77 million children; provided access to improved water services for 24 million people; recruited and trained six million teachers; improved the agricultural technology used by four million farmers; and repaired or constructed over 7,600 miles of road.

WHY SHOULD AMERICANS CARE?

- ▶ IDA's investment in human capital, infrastructure, and policy reform attracts private investment to developing countries. The creation of new jobs and higher discretionary incomes will expand the potential markets for U.S. companies to export American products.
- ▶ Investment in long-term sustainable development strengthens international peace and security and maintains a stable global economy.
- ▶ IDA is a trend-setter for development financiers worldwide. Active involvement in IDA is an opportunity for the U.S. to bolster its role as a leader in setting the vision, direction, and quality of development projects that will be looked to as a standard by other international financial institutions.



WHAT MORE COULD BE DONE?

- ▶ The Multilateral Debt Relief Initiative (MDRI) provides 100% cancellation of eligible debt to IDA for countries that qualify under the Heavily Indebted Poor Countries (HIPC) Initiative. In place of covering the debt, MDRI allows scarce resources from IDA and low-income country governments to be reallocated for poverty-reducing efforts in areas such as health and education. The U.S. and other donors committed to compensating IDA for the canceled debt; however, the U.S. has not yet met these commitments.
- ▶ Additional investment would cover unmet commitments to IDA and the MDRI. When the U.S. fails to meet commitments, IDA’s ability to provide loans and grants and deliver on U.S. policy goals is hindered. On many occasions, the U.S. has failed to pay its full contribution to IDA and MDRI and fallen into arrears. As of spring 2018, unmet commitments to IDA and MDRI currently total approximately \$1.12 billion, undermining the U.S.’s credibility and IDA’s ability to deliver on key policy goals.
- ▶ To ensure a smooth contribution process, Congress needs to amend the International Development Bank Act and authorize the United States to contribute the full amount of the 19th IDA replenishment.

6 YEAR FUNDING HISTORY

(In millions and billions)

