



**IDA15**

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**IDA15 Replenishment Priorities:  
Proposed Special Themes**

**International Development Association  
Resource Mobilization (FRM)**

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## ABBREVIATIONS AND ACRONYMS

DSF	Debt Sustainability Framework
ESW	Economic and Sector Work
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IFC	International Finance Corporation
LICUS	Low Income Countries Under Stress
MDRI	Multilateral Debt Relief Initiative
PBA	Performance Based Allocation

# IDA15 Replenishment Priorities: Proposed Special Themes

## I. Introduction

1. Participants of the IDA14 Mid-Term Review meeting agreed that the IDA15 replenishment negotiations should focus on a select number of special themes. They agreed to submit proposals for special themes to IDA Management by end-December 2006, and to select the IDA15 special themes at the first replenishment meeting in Paris on March 5 and 6, 2007. As an introduction to the discussion on the selection of special themes, this note sets out the proposals for special themes that were received from Australia, Austria, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Saudi Arabia, Sweden, Switzerland, the United Kingdom and the United States.
2. **Background.** Special themes were first introduced in the IDA14 replenishment to increase selectivity in the policy content of IDA replenishment discussions, in response to the increasing complexity of reports and the undertakings they contain.<sup>1</sup> Under the agreed framework, themes selected could be emerging issues since the last replenishment, strategic issues under development, or policy areas in need of further development. The main criterion for the selection of special themes is the prospect of adding value to IDA's activities.
3. **Experience to date with special themes.** IDA14 discussions focused on five themes: growth in IDA countries, private sector development, debt sustainability and grants, results measurement, and working together at the country level. Participants also continued discussions on progress made in each of these areas at the IDA14 Mid-Term Review in November 2006. In addition, a survey of IDA14 replenishment participants, conducted at the end of the replenishment process, pointed to a need for greater selectivity in identifying special themes. Participants noted that in future replenishments, they should concentrate on fewer themes and have greater specificity in the main issues for discussion within the themes.

## II. Suggestions Received for Special Themes

4. **IDA15 special themes proposals.** Deputies' suggestions for special themes for IDA15 cover a broad range of issues, and many issues cut across several themes and can be grouped in various ways. In light of the diversity of the suggestions, Management has exercised some judgment in compiling the various suggestions under practical groupings that could form the basis of a work program for IDA15.
5. **IDA's role in the international aid architecture** (proposed by fourteen Deputies). A key issue is how to define IDA's role in the rapidly evolving global aid architecture. This theme could also address proposals from Deputies on:

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<sup>1</sup> See Faint, Tony. "Selectivity and Accountability in IDA's Replenishments." IDA, October 2003.

- how IDA can assist in responding to challenges and risks raised by recent trends in aid flows and inherent in current aid architecture including the division of labor with vertical funds and global programs;
- IDA's added value at the regional level;<sup>2</sup>
- implementation of the harmonization and alignment agenda and implications of the Paris Declaration agenda for the global aid architecture going forward, including PRS-related issues such as country ownership, conditionality, and participation and civil society in development processes;<sup>3</sup>
- IDA's role in building country institutional capacity at central and local levels, to promote good governance and the effective use of aid resources; and
- ensuring IDA has an appropriate portfolio of aid instruments.

6. **Fragile states** (proposed by thirteen Deputies). Many Deputies pointed to the need to examine the quality and effectiveness of IDA's aid in post-conflict and other fragile states, to support the achievement of the Millennium Development Goals and facilitate reintegration into the global economy. This theme could discuss:

- the IDA strategy for fragile states;
- operationalizing fragile states issues in IDA's work e.g., through staff incentives, analytic work, work with development partners, a results framework for fragile states; and
- the financial instruments IDA has available to meet the needs of fragile states, taking into account other Bank instruments (e.g. IDA resources/Post-Conflict Fund, LICUS Trust Fund), and establishing a framework for arrears clearance operations.

7. **Results** (proposed by nine Deputies).<sup>4</sup> The results agenda is an important aspect of country level effectiveness. This theme would deepen the discussion on results carried over from IDA14, and could include:

- implementation of the results agenda and a results management system; and
- how to improve the transparency and accountability of IDA's work.

8. **Debt Sustainability Framework (DSF) implementation and debt management capacity** (proposed by nine Deputies).<sup>5</sup> Some Deputies proposed that

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<sup>2</sup> Related issues were discussed at the IDA14 Mid-Term Review. See "IDA14 Mid-Term Review of the IDA Pilot Program for Regional Projects," Regional Integration Department – Africa Region, November 2006.

<sup>3</sup> Related issues were discussed at the IDA14 Mid-Term Review. See "Harmonization and Alignment for Greater Aid Effectiveness: An Update on Global Implementation and the Bank's Commitments," Operations Policy and Country Services Department Harmonization Unit, October 30 2006, and "Progress on Strengthening Collaboration with United Nations Partners in Post-Conflict Countries," Operations Policy and Country Services Department Fragile States Unit, October 2006.

<sup>4</sup> See "IDA14 Results Measurement System: Mid-Term Review Report," Operations Policy and Country Services Department, November 2006, discussed at the IDA14 Mid-Term Review.

<sup>5</sup> Related issues were discussed at the IDA14 Mid-Term Review. See "Assessing Implementation of the IDA14 Grants Framework," Resource Mobilization Department, October 2006; "Debt Dynamics and

further discussion on the DSF be postponed to allow time to gain experience with the system before revisiting it. In addition, there is forthcoming work on IDA's policy on non-concessional borrowing, as well as a joint IMF-World Bank paper on building debtors' debt management capacity. However, others proposed discussing the following issues during IDA15 negotiations:

- ways to improve creditor coordination, including with emerging lenders;
- enhancing information sharing and transparency by creditors and borrowers;
- monitoring of IDA countries' debt accumulation, including incentives to promote responsible borrowing and adherence to reporting requirements; and
- public financial management and debt management capacity building.

9. **IDA's resource allocation system** (proposed by eight Deputies).<sup>6</sup> Some Deputies asked for work on simplification of the Performance Based Allocation (PBA) formula and reduction in the volatility of ratings, a topic on which Management will distribute a paper for discussion at the Paris meeting. As such, this theme could include:

- examining the effectiveness of IDA's allocation system, particularly through simplification of the PBA formula and reduction in volatility of ratings.

10. **IDA's financial strength** (proposed by seven Deputies). This theme could include:

- IDA's future financial strength and capacity, particularly in relation to donors' MDRI and HIPC commitments;
- the financial contribution policy from other World Bank Group institutions to IDA; and
- participation of emerging donors.

11. **Equity of growth** (proposed by six Deputies).<sup>7</sup> This theme could include:

- equity aspects of the distribution of economic growth; and
- gender aspects of the distribution of economic growth.

12. **Environment and energy** (proposed by four Deputies). This theme could include:

- principles underpinning IDA's work to protect the environment;
- how to address climate change in IDA countries; and
- energy issues in IDA countries.

13. **Private sector development and infrastructure** (proposed by four Deputies). Private sector development and infrastructure were discussed extensively during IDA14

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Financing Terms: A Forward-looking Approach to IDA Grant Eligibility," Resource Mobilization Department, November 2006.

<sup>6</sup> See "IDA's Performance-Based Allocation System: A Review of the Governance Factor," Resource Mobilization Department, October 2006, discussed at the IDA14 Mid-Term Review.

<sup>7</sup> The role of analytic work in promoting growth was discussed at the IDA14 Mid-Term review in the context of "Economic and Sector Work (ESW) Progress Report," Operations Policy and Country Services Department, October 2006.

discussions and at the IDA14 Mid-Term Review.<sup>8</sup> Incremental issues that were proposed for IDA15 discussion include:

- business climate and how best to sequence reforms;
  - how to enhance the World Bank Group's work and effectiveness with the private sector;
  - how to assist poor countries through trade in a multilateral framework; and
  - how to enhance IDA's contribution to infrastructure, including through public sector lending and public-private partnerships.
14. **Decent work** (proposed by two Deputies). This theme could include:
- employment, social protection, and labor standards.
15. **Shocks and disasters** (proposed by two Deputies).<sup>9</sup> This theme could include:
- how to strengthen countries' resilience to shocks and respond to financing needs of disaster-stricken countries.
16. **Access to IDA resources** (proposed by one Deputy). This theme could include:
- which countries IDA and other concessional funds should consider as blend countries.

### III. Conclusion

17. As seen above, the special themes proposals received cover a very broad range of issues, and each theme in and of itself covers numerous topics. To ensure that the IDA15 discussions are focused, and in light of the Deputies' broad agreement on IDA's operational framework at the IDA14 Mid-Term Review and the results of the IDA14 replenishment survey, selectivity would be important in deciding on the special themes for IDA15.

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<sup>8</sup> Related issues were discussed at the IDA14 Mid-Term Review. See "A Review of the Use of Output-Based Aid Approaches," Sustainable Development Network, October 2006; "A Review of the Joint IDA-IFC Micro, Small and Medium Enterprise Pilot Program for Africa," Africa Region Finance and Private Sector Department and IFC Small Medium Enterprise Department, October 2006.

<sup>9</sup> See "IDA Countries and Exogenous Shocks," Resource Mobilization Department, October 2006, discussed at the IDA14 Mid-Term Review.