

The Future of IDA

Center for Global Development Workshop

February 2, 2023

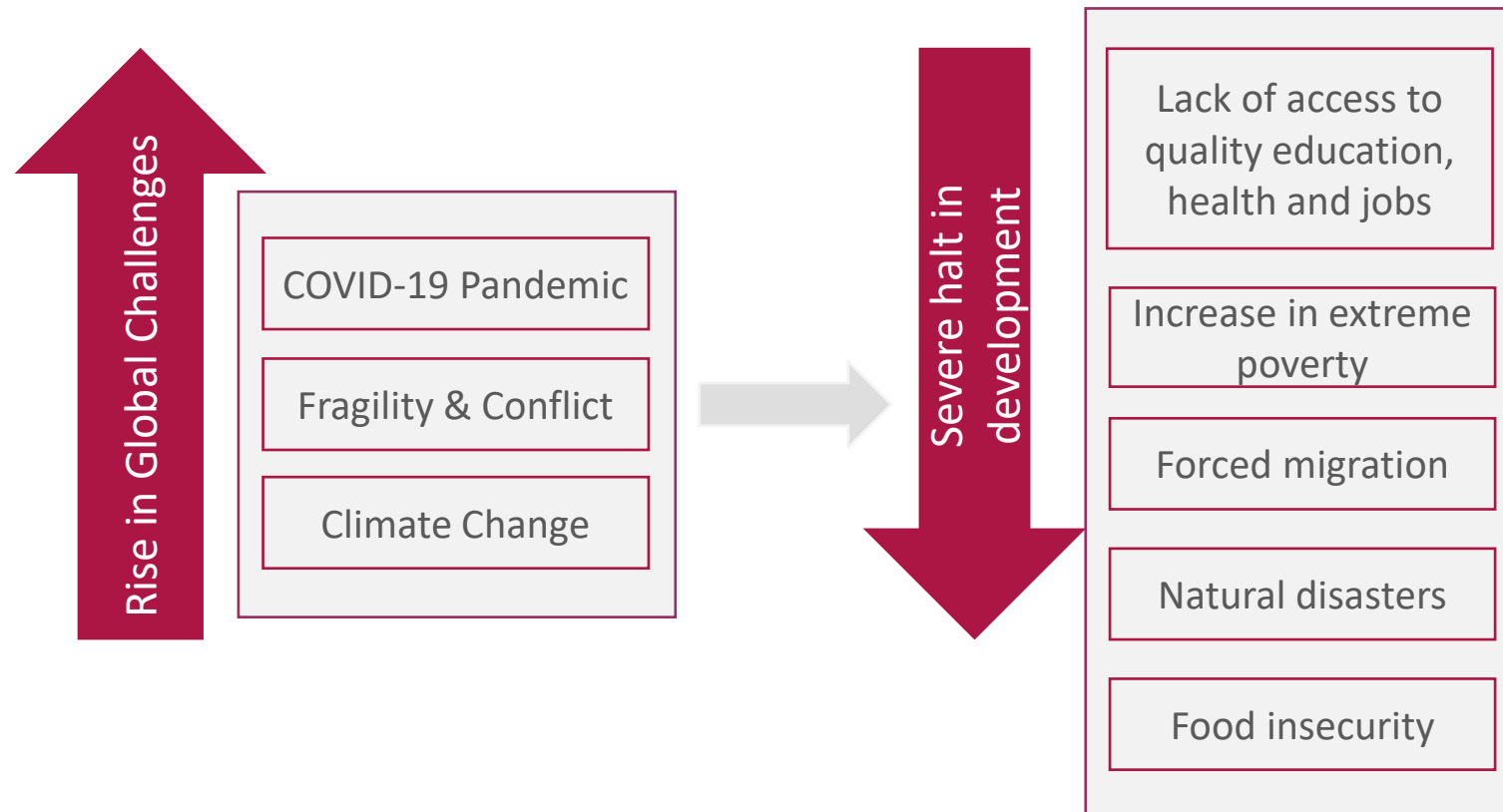
■ AGENDA

1. The Need to Evolve
2. WBG Evolution Roadmap
3. How does IDA's current design fit into the Evolution Roadmap
 - a. Operational Framework
 - b. Financial Architecture
4. Integrating IDA into the Roadmap: Ideas & Questions



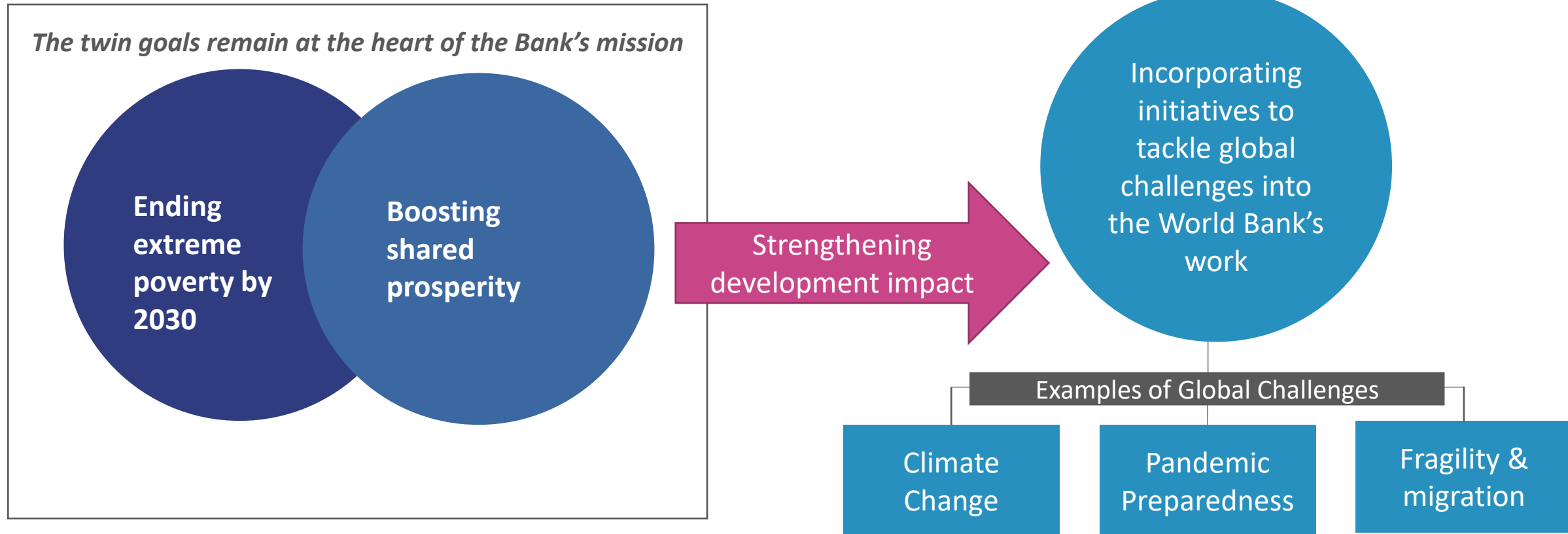
■ The Need to Evolve

The overlapping crises of the COVID-19 pandemic, the war in Ukraine, and worsening climate impacts led to record WBG support since 2020, but current trajectories are not adequate to confront future challenges.

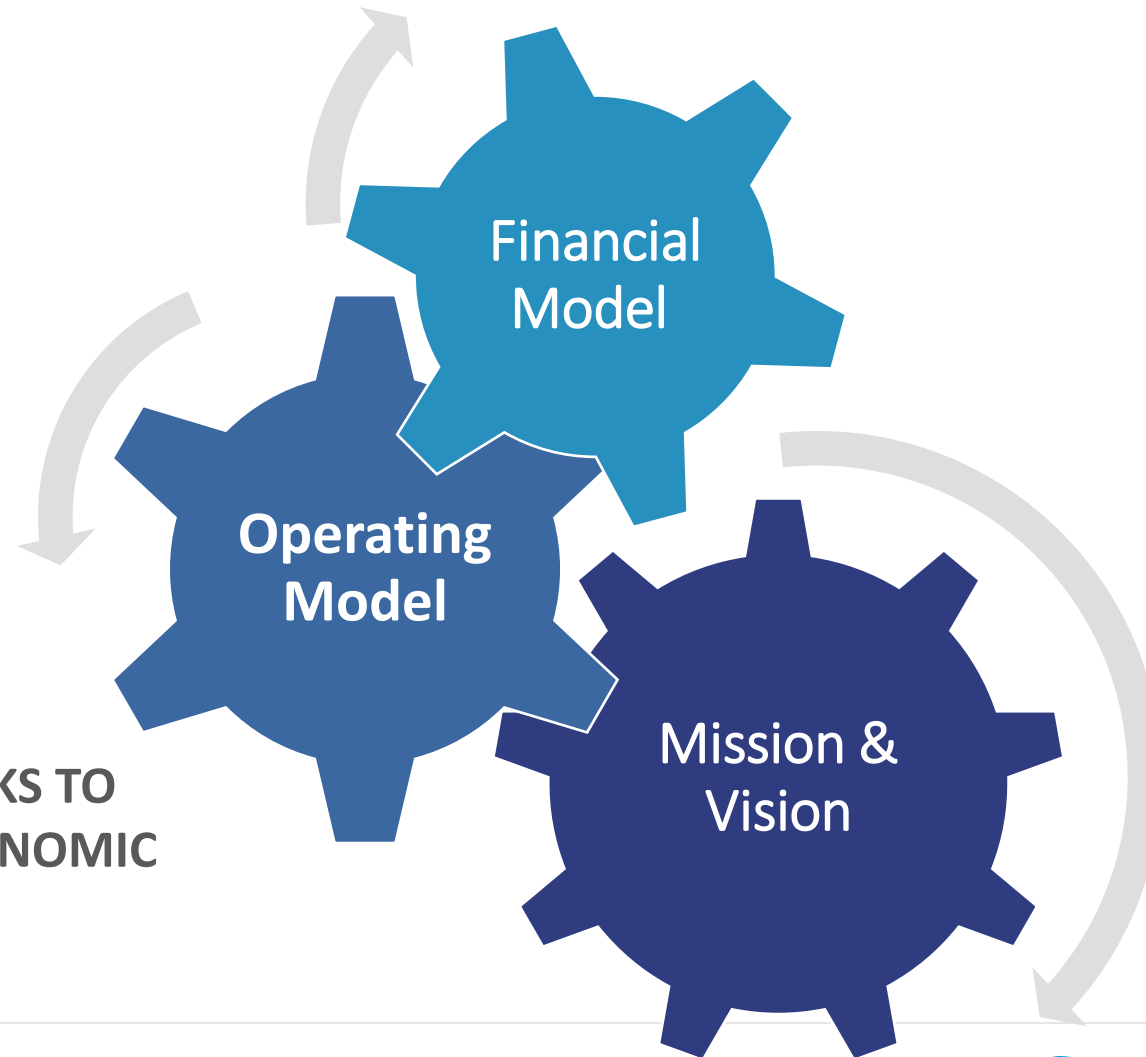


■ WBG Evolution Roadmap

While upholding its goal to strengthen development impact, the Bank will maintain its focus on reducing poverty and boosting shared prosperity while also addressing global challenges, such as, but not limited to **climate change**, **pandemic preparedness**, and **fragility and migration**.



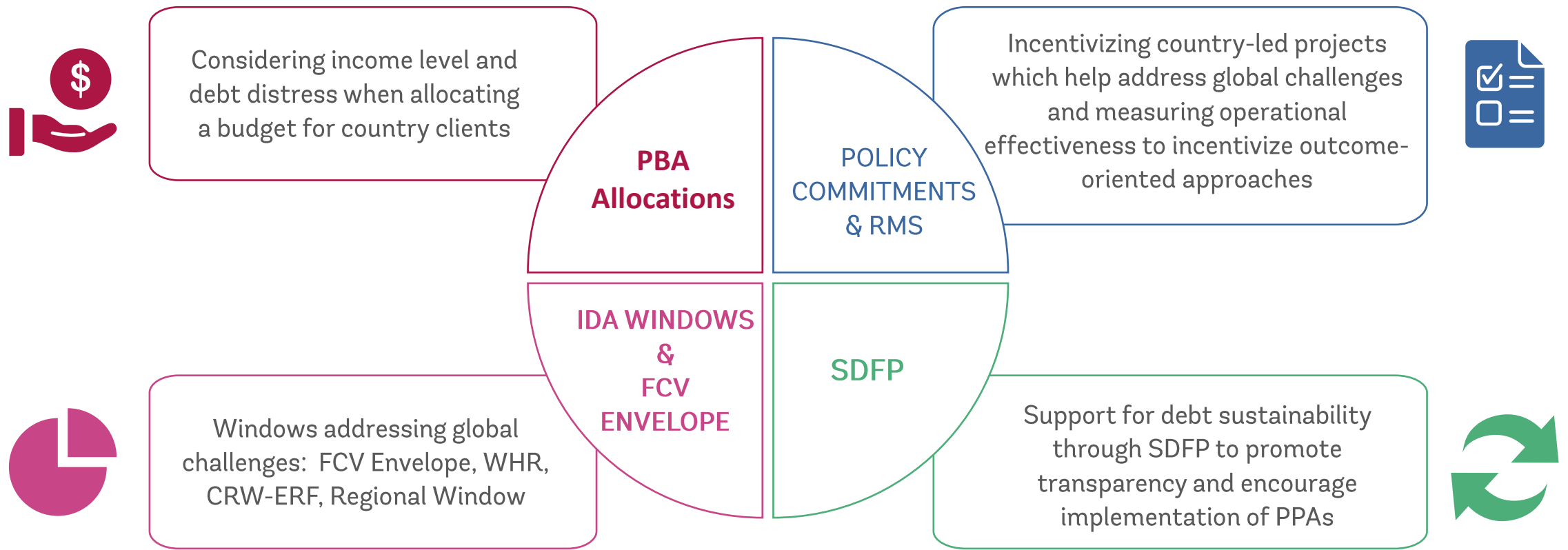
■ The Building Blocks of the WBG Evolution



REFINING THE BUILDING BLOCKS TO
FOCUS ON BROADER SOCIO-ECONOMIC
DEVELOPMENT ISSUES

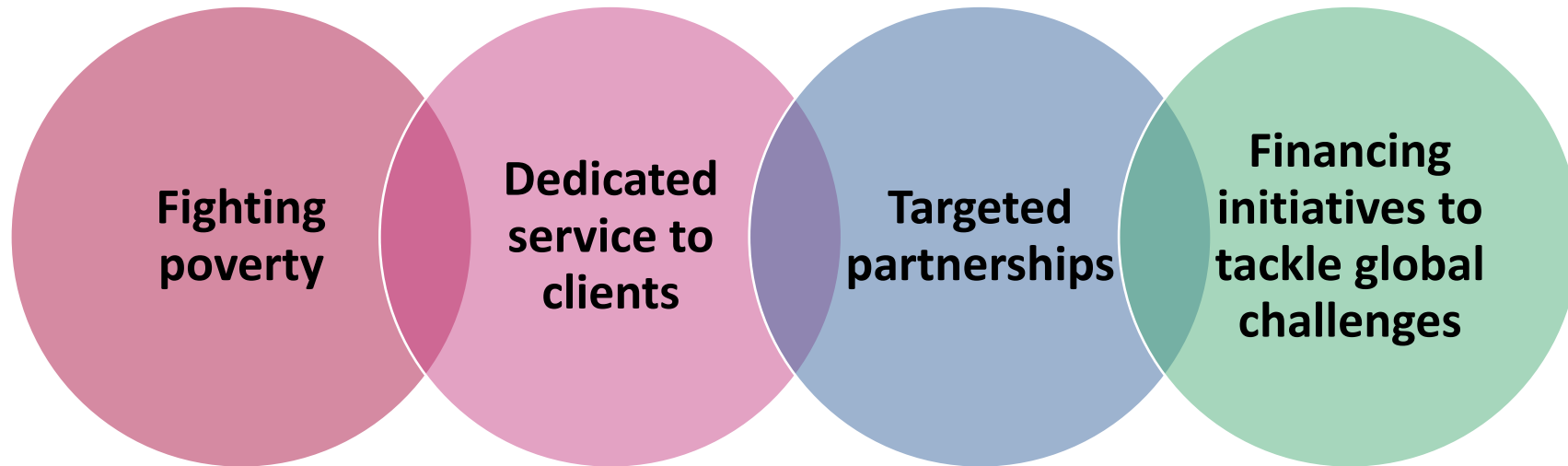
IDA's Current Operational Design & its Alignment with The Evolution Roadmap

The current IDA operational and financing framework is already accommodating some of the features that the Evolution Roadmap contemplates more broadly for the WBG.



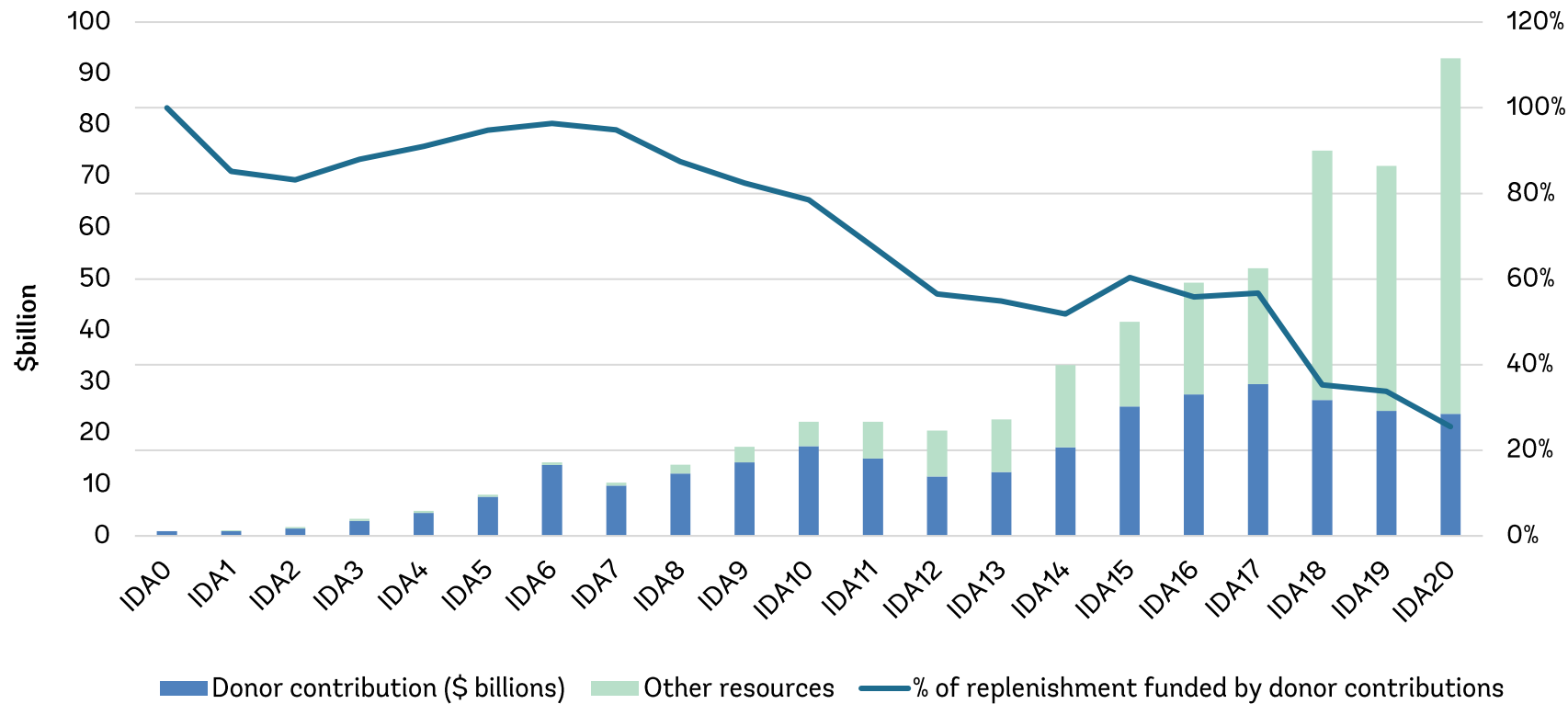
■ What does revamping IDA look like?

In the meantime, the Bank Group continues to lead on global public goods, including climate development financing and research, while retaining important aspects of the model, namely the country engagement model and performance-based allocations. We welcome more action, impact, and scale.



Rethinking the model of IDA's operational structure will continue to focus on core elements of the Bank's mission. We invite you to contemplate an enhanced version of IDA as we stride on the Roadmap.

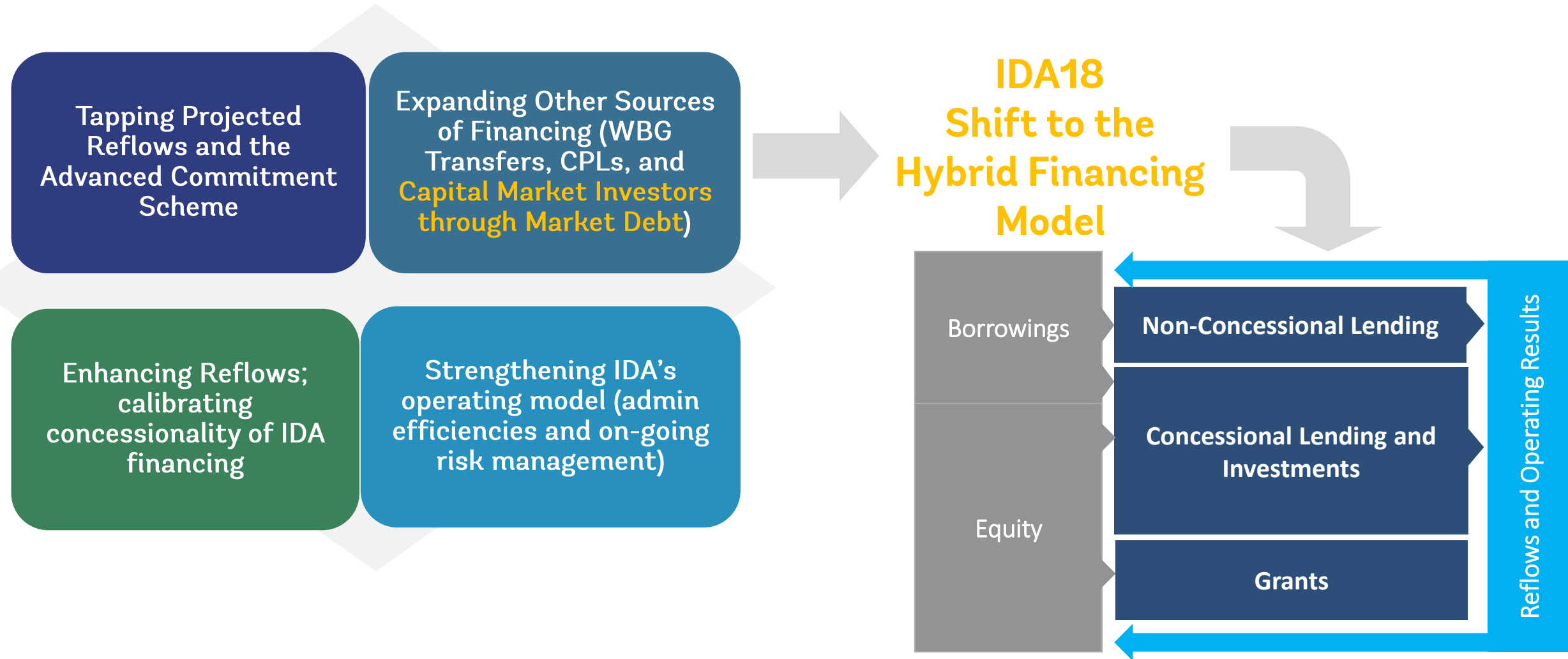
IDA's financing model has continuously evolved to seek greater efficiency, despite declining donor contributions after IDA17



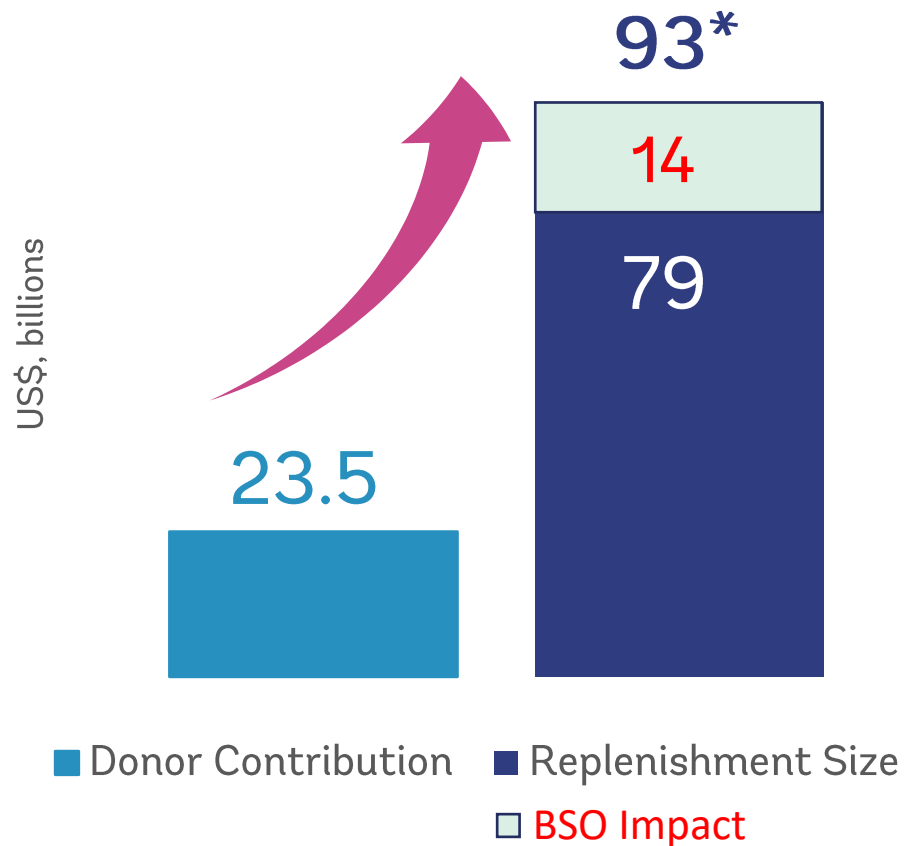
By IDA20, IDA is able to provide nearly \$4 of financing to client countries for every \$1 of donor contribution

Note: IDA19 and IDA20 reflect the effect of the carryover of \$11 billion of IDA19 resources to IDA20 as agreed as part of IDA20 discussions.

■ Examples of IDA balance sheet optimization over time



Maintaining donor contributions at IDA19 level and optimizing the balance sheet have enabled a record high \$93 billion replenishment in IDA20



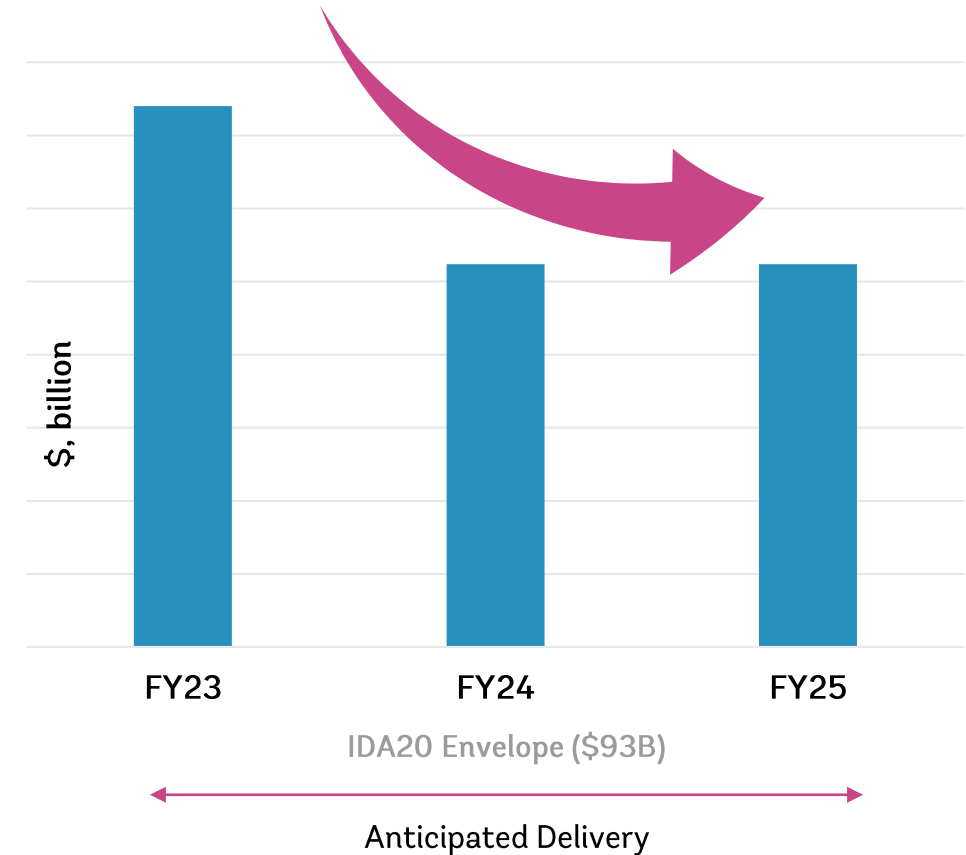
*Includes \$11 billion carry-over from IDA19

- Despite strong IDA20 replenishment, unanticipated overlapping crises have resulted in stretched resources, and a potential financing cliff for IDA clients for outer years of IDA20

Composition of World Bank Surge Financing (April 2022-June 2023, \$ billion)

	FY22 Q4	FY23	Total
<i>IDA</i>	17.6	36.2*	53.8
<i>IBRD</i>	14.5	36.5	51.0
<i>Trust Funds</i>	3.9	6.0	9.9
World Bank Total	36.0	78.7	114.7

IDA will support surge financing of up to \$36.2 billion, delivering over a third of the IDA20 envelope, in FY23.



Note: Additional capacity, for example, through bilateral guarantees and additional cancellations is not factored into the above

*Does not include PSW commitments and additional recommitments

■ Towards meeting the clients' immediate needs and enhancing the impact of IDA and its sustainability on the basis of the Evolution

Addressing the 'cliff' notably by mobilizing additional and voluntary donor contributions to the Crisis Response Window

Looking for further balance sheet optimization measures

Exploring how IDA can help countries address global challenges

In exploring these options, IDA will continue to be guided by the principles of

- (i) providing steady financing to IDA clients;
- (ii) protecting IDA countries' debt sustainability; and
- (iii) maintaining IDA's long-term financial sustainability and triple-A access to markets



THANK YOU