Public Disclosure Authorized

Public Disclosure Authorized

31693

IDA14

Additions to IDA Resources: Fourteenth Replenishment

Working Together to Achieve the Millennium Development Goals

International Development Association
February 28, 2005

ACRONYMS AND ABBREVIATIONS

AAA	Analytic and Advisory Services
ACS	Advance Contribution Scheme
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Review
CPIA	Country Policy and Institutional Assessment
CPR	Country Performance Rating
CSO	Civil Society Organizations
DAC	Development Assistance Committee
DPO	Development Policy Operation
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EC	European Commission
EFA	Education For All
ESW	Economic and Sector Work
FSAP	Financial Sector Assessment Program
FY	Fiscal Year
GEF	Global Environment Facility
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	Gross National Income
GNP	Gross National Product
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HNP	Health, Nutrition and Population
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
ICR	Implementation Completion Report
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
IOC	Instrument of Commitment
JSA	Joint Staff Assessment
KPI	Key Performance Indicators
LICUS	Low-Income Countries Under Stress
MDB	Multilateral Development Bank
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
MVA	Modified Volume Approach
NGO	Non-Governmental Organization
NPV	Net Present Value
OBA	Output-Based Aid
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
PBA	Performance-Based Allocation
PER	Public Expenditure Review
RMDB	Regional Multilateral Development Bank
PRSO	Poverty Reduction Support Operation

PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
QAG	Quality Assurance Group
SDR	Special Drawing Rights
SSP	Sector Strategy Paper
TSS	Transitional Support Strategy
UN	United Nations
WBG	World Bank Group
WHO	World Health Organization

TABLE OF CONTENTS

EXECUTIVE SUMMARY i

INTRODUCTION 1

SECTION I: IDA'S STRATEGY FOR POVERTY REDUCTION 4
- A. The Context: Fighting Poverty in a Global Age 4
- B. IDA's Role: Country-Led and Performance-Driven 5
- C. IDA's Strategy: The Twin Pillars 7
- D. Working at the Country Level: Ownership and Strategic Selectivity 11
- E. Global and Regional Public Goods 13
- F. Partnerships 14
- G. Impact and Monitoring Results 15
- H. Transparency and Accountability in IDA 15

SECTION II. SPECIAL THEMES FOR IDA14 18
- A. Growth in IDA Countries 18
- B. Private Sector Development 23
- C. Debt Sustainability and Grants in IDA14 25
- D. Results Measurement in IDA14 28
- E. Working Together at the Country Level: The Role of IDA 31

SECTION III: HIPC INITIATIVE 36

SECTION IV: MANAGING IDA'S FINANCIAL RESOURCES 37
- A. Prospective New Members and Donors 37
- B. Commitment Authority, Grant Financing and Risk Management 37
- C. Burden-Sharing and IBRD Transfers 38
- D. Effectiveness and Advance Contribution Scheme 39
- E. Contribution Procedures 40
- F. Additional Contributions 41
- G. Voting Rights 41

SECTION V: RECOMMENDATION 42

ANNEXES

Annex 1 – Summary of the Performance-Based Allocation System for IDA14

Annex 2 – Results Measurement in IDA14

Table 1 – Tier 1: IDA14 Country Outcomes Indicators

Table 2 – Tier 2: Monitoring IDA's Contribution to Country Outcomes

Table 3 – Monitorable Actions for IDA14

Annex 3 – IDA Board of Governors' Draft Resolution

Table 1 – Contributions to the Fourteenth Replenishment

Table 2 – Subscriptions, Contributions and Votes

Annex 4 – Documents Provided for the IDA14 Replenishment

EXECUTIVE SUMMARY

The International Development Association (IDA) supports the efforts of the world's poorest countries to reduce poverty, improve living conditions and boost economic growth. As the world's largest provider of financial resources to low-income countries with little or no access to market-based financing, IDA is a cornerstone of the global effort to help these countries achieve their development objectives. IDA places special emphasis on meeting the exceptional development challenges faced by Africa – aiming to direct half of its assistance to Africa subject to performance – within its broad commitment to support all the world's poor countries.

IDA is a key supporter of the partnership between developed and developing countries around the Millennium Development Goals (MDGs), helping countries make the policy improvements needed to ensure that increased donor funds channeled through IDA and other agencies can be used as effectively as possible. Given the time it takes to reap the benefits of investments in growth and poverty reduction, the three years of the IDA14 Replenishment Period (2005-2008) represent a critical juncture in the effort that low-income countries are making to reach these goals.

Resources available for development are scarce relative to the needs of low income countries. Central to all of IDA's work therefore is the objective of ensuring that its resources are used as effectively as possible. Key elements of effectiveness include making country-owned poverty reduction strategies the basis of IDA's assistance to client countries, focusing more sharply on results, and allocating IDA's resources according to country performance. IDA is a leader in ensuring that financial assistance is driven by poor countries' performance in terms of sensible economic policies, good governance and a focus on poor people.

The policy, operational and financial framework that underpins IDA's effort to reduce global poverty builds on the guidance set out in successive replenishment documents. This report sets out the key elements of IDA's current strategic framework and recommends that this framework continue to be implemented as IDA's basic development approach. The report also sets forth additional recommendations to strengthen IDA's effectiveness as a development agency and as a partner to poor countries. These recommendations are the result of discussions that took place in 2004 and 2005 with representatives of donor countries, the IDA Deputies, and representatives of borrower countries (collectively referred to in this report as "Participants").[1]

The recommendations contained in this report center on five special themes. These are: (1) growth in IDA countries; (2) private sector development; (3) a new system for allocating grants, designed to help IDA countries ensure debt sustainability; (4) a new results measurement system for IDA14; and (5) improving how IDA works with development partners. Additional recommendations span all of IDA's work, relating to transparency, disclosure, the allocation of IDA resources, and finally, IDA's finances and the size of the IDA14 replenishment.

---

[1] As in IDA13, borrower representatives participated in the replenishment discussions, providing borrower country perspectives on the issues under discussion. However, in a formal sense, the recommendations are those of the Deputies.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Participants agreed on a series of operational, policy, and financial recommendations to reinforce the effectiveness of IDA assistance in ensuring lasting reduction in poverty and making progress toward the MDGs.

A. Growth in IDA Countries

Key Bank Instruments and Priorities For Growth Promotion.

- Participants request IDA to ensure that IDA support to countries preparing Poverty Reduction Strategies (PRSs), and Country Assistance Strategies (CASs) for IDA countries place appropriate weight on the importance of economic growth for poverty reduction in IDA countries, and on private sector development as a critical means for promoting stronger growth.

- Participants request that the CAS continue to be strengthened, and that a review of the results-based CAS pilot program be carried out to inform the design and mainstreaming of the results-based CAS during IDA14.

Strengthening the Quality and Impact of IDA's Analytical Work.

- Participants stress the importance of Economic and Sector Work (ESW) in providing an informed basis for equitable growth and poverty-reducing policies and recommend greater emphasis on analytical work which integrates macroeconomic, sectoral and structural dimensions of growth; and they call for additional efforts to provide high-quality ESW which is timely and directly usable by policy-makers, thereby increasing its development impact.

- Participants request that for small and vulnerable economies, and Low-Income Countries Under Stress (LICUS) that do not have large lending programs, IDA work with other donors and development partners to cover ESW gaps, carefully tailor its ESW to address issues of particularly high priority in the country context, and continue to develop innovative and more effective means of engagement to support the needs of these countries.

- Participants request an assessment during IDA14 of the coverage of existing ESW gaps, the overall progress made in improving ESW quality (including collaboration with partners), implementation of the ESW results framework, and disclosure of ESW products.

Financial Assistance

- Participants call for IDA to assure adequate fiduciary safeguards underpinning policy-based operations.

- Participants call for a substantial increase in IDA commitments in infrastructure to enhance growth and encourage access by the poor to services and markets, while maintaining strong environmental and social safeguards.

B. Private Sector Development

Diagnostics, Advisory and Non-Lending Technical Assistance

- Participants call on IDA to strengthen analytic/diagnostic work, non-lending technical assistance, knowledge management, and training activities to help strengthen the private sector in IDA countries.

- Participants urge increased coverage of Investment Climate Assessments (ICA) and other investment climate country diagnostics during the IDA14 period.

- Participants request that IDA reflect findings of diagnostic studies in CASs and in their projects and programs, and shift toward monitoring key indicators in partnership with other stakeholders, as better baselines of information on countries' investment climates are established.

- Participants urge IDA to strengthen collaboration with other World Bank Group institutions as well as with external partners.

Supporting Micro, Small and Medium Enterprises (MSMEs)

- Participants recommend that IDA support MSMEs through market-based approaches, document successes and lessons for adoption by other countries, and report on IDA-IFC collaboration on MSMEs in Africa at the IDA14 Mid-Term Review.

Private Participation in Delivery of Infrastructure and Social Services

- Participants ask for a review of the Output-Based Aid (OBA) pilot projects at the IDA14 Mid-Term Review.

C. Debt Sustainability and Grants in IDA14

- Participants recommend that a country's risk of debt distress be the primary grant eligibility criterion in IDA14. They agree that IDA should adopt the Joint Bank-Fund Debt Sustainability Framework (DSF) for low-income countries as the analytical basis to link debt sustainability and grant eligibility, and that it should allocate grants during IDA14 using the revised debt sustainability thresholds put forward by Bank and Fund Managements in November 2004.

- Given that poor countries are especially vulnerable to exogenous economic shocks, Participants encourage further work by the Bank, drawing on its collaboration with the Fund, to resolve the analytical and practical difficulties surrounding financing to smooth countries' adjustment to shocks. They request

that Management prepare a paper for the IDA14 Mid-Term Review on the feasibility of strengthening countries' response to shocks.

Eligibility for IDA Grants

- Participants recommend that IDA grant eligibility be limited to IDA-only countries as defined in February 2005.[2] Grants would initially be based on threshold-based ratings using existing debt information, until a system fully based on forward-looking assessments and judgments about countries' debt sustainability becomes operational. Participants urge that rapid progress be made in the design and implementation of the forward-looking aspects of the DSF, to ensure that grant eligibility can be determined on the basis of a comprehensive assessment of countries' debt sustainability. They ask for a proposal to be presented by the IDA14 Mid-Term Review.

- Participants recommend that grant financing by IDA should not create space for imprudent new borrowing, and that a mechanism therefore be devised whereby a country could cease to be eligible for grants if its government or public sector entities contract or guarantee new loans from alternative sources of financing in an excessive or unsustainable manner. They request that a more specific proposal to address the "free rider" issue be presented to the IDA's Executive Directors before end-FY05.

Allocation of IDA Grants

- Participants recommend the adoption of a modified volume approach (MVA), with the application of a 20 percent volume discount on grants, to strike an equitable balance in the allocation of IDA resources across countries.

- Participants recommend that the volume discount be subdivided into two components, each addressing a different objective: (i) an incentive-related portion (11 percent), to help maintain the strength of IDA's performance-based system (to apply to all countries except those eligible for exceptional post-conflict allocations); and (ii) a charges-related (9 percent) portion, to finance foregone charge income on IDA14 grants (to apply to all countries).

- Participants recommend that the resources from the incentive-related element be reallocated to IDA countries on the basis of performance, using IDA's Performance-Based Allocation (PBA) system (with the exception of countries eligible for exceptional post-conflict allocations, blend countries, and hardened-terms countries).

- Given the importance of preserving IDA's financial strength over time, Participants note that the overall grant share is estimated to be around 30 percent of IDA14 resources, and request that IDA Management report periodically on the overall grant share and implications for IDA's finances.

---

[2] Gap countries (with per capita incomes above IDA's operational cut-off for more than two consecutive years) are not eligible for IDA grants.

Financing of IDA Grants

- Participants recommend that the resources from the charges-related discount on grants be made available through a "hard terms" lending window restricted to creditworthy blend countries with per capita incomes below the operational cut-off for IDA, but with an active IBRD lending program.

- Participants agree that the foregone principal reflows will be financed through additional donor contributions on a pay-as-you-go basis.

D. Results Measurement in IDA14

Participants recommend that IDA work to further strengthen its efforts to monitor progress and measure results of IDA projects and programs. They ask IDA to implement a two-tiered system to monitor: (i) progress on aggregate country outcomes, and (ii) IDA's contribution to country outcomes.

Tier 1: Monitoring Country Outcomes

- Participants request that IDA monitor aggregate progress on 14 country outcome indicators (Annex 2, Table 1), report on them every three years in line with IDA replenishments, and report on progress in implementing IDA's results-related mandates (see Annex 2, Table 3) at the Mid-Term Review. Participants also request that IDA-funded projects be designed to support monitoring by countries of core outcomes.

Tier 2: Monitoring IDA's Contribution to Country Outcomes

- Participants request that IDA assess key aspects of IDA's contribution to country outcomes, and that Management monitor and target the cumulative introduction of results-based CASs during IDA14 to ensure progress toward results reporting at this level. They request that all CASs initiated after January 2005 be results-based.

- Participants request that Management monitor the extent to which results frameworks are incorporated into the design of IDA-financed projects by explicitly assessing the results framework underpinning project design in quality-at-entry assessments.

- They request that Management implement a results framework for IDA projects and programs that includes indicators connected to a timeline with baseline data and periodic assessments of project and program performance against defined expectations. They further requested that, over the course of the IDA14 period, Management work to ensure that 100 percent of IDA investment projects initiated after July 1, 2004, and Development Policy Operations (DPOs) for which Concept Review takes place on or after September 1, 2004, include such frameworks.

- Participants request that Management: monitor and target the quality at entry of IDA operations and the share of IDA operations that successfully achieve their development outcomes; work to improve the share of project Implementation Completion Reports (ICRs) with average satisfactory outcome ratings; work to decrease the number of multi-year problem projects; foster a 'culture of results' at both the country-level and among IDA management and staff; and monitor progress on selected aggregate project outputs in four sectors: health, education, transport and water.

Improving Statistical Capacity in IDA Countries:

- Participants urge IDA to play a proactive role in coordinating efforts to strengthen capacity in compiling and using statistics in IDA countries. They ask IDA to help IDA countries prepare statistical capacity-building action plans; to work with other partners to harmonize international household survey work so as to increase the effectiveness, timeliness and comparability of poverty information; and to report annually to IDA's Executive Directors on efforts to improve statistical capacity.

E. Working Together at the Country Level: The Role of IDA

Participants call on IDA to work with other donors and development partners to build a better harmonized development assistance system with lower transaction costs, based on a common framework of results, alignment of donor efforts, and stronger and more transparent financial management and capacity in IDA countries. Once agreement has been reached in the donor community on a framework for monitoring progress on harmonization, IDA should apply the relevant agreed indicators to monitor progress on harmonization in its own operations, and report periodically. In addition, IDA would include harmonization indicators in CASs and as part of its Key Performance Indicators (KPIs) program. Participants urge IDA to capitalize on its comparative advantages, especially depth of technical knowledge and expertise, its partnership with the IMF, and its country presence.

Strengthening the PRS process

Participants affirm the central role of the Poverty Reduction Strategies (PRS) in the delivery of coordinated aid. They call for further efforts by IDA and other donors to strengthen the PRS and increase the ability of countries to take charge of the implementation and evaluation of these strategies, by strengthening public financial management systems and promoting a stronger link of the PRS to national decision-making and budgetary processes. To advance this agenda they call on IDA to:

- Strengthen the realism and country ownership of Poverty Reduction Strategy Papers (PRSPs) by linking them more closely to countries' budget processes, and encouraging consideration of PRSPs by national legislative bodies.

- Undertake more upstream analytical work and follow-up advice, particularly in the area of public finance.

- Carry out more work jointly with the recipient government and other donors, and share the results of this work as widely as possible.

- When the reforms supported by Development Policy Operations (DPOs) provided by IDA are expected to have significant distributional impacts, assess these impacts through poverty and social impact analyses (PSIA) or other analytical studies. Base these assessments on analysis undertaken by the borrowing country, other development agencies, civil society organizations, or the Bank's own work. Where the IDA undertakes these assessments, invite the recipient and other donors active in the country to participate as fully engaged partners.

- Report on progress made by IDA in implementing the recommendations of the Bank's Review of World Bank Conditionality by the IDA14 Mid-Term Review.

- Further mainstream efforts at the country level to improve the coverage and quality of statistics as well as policymakers' capacity to interpret the statistics.

- Provide analytical support to respond to the needs of small or fragile countries that do not have full or formal PRSPs.

Regional Programs

- Participants recommend a continuation of analytical and financial support for regional programs, to support deeper regional economic integration, in particular regional infrastructure, and to support national and regional programs that build implementation capacity and increase donor harmonization and coordination.

LICUS, Small and Vulnerable States

- Participants urge IDA to work with other donors to better coordinate efforts in LICUS countries, and to make further headway in expanding opportunities for reform and turnaround, emphasizing knowledge, a highly focused reform agenda, and capacity-building. They welcome the fact that the Bank looks forward to deepening its collaboration with the UN in the areas of conflict prevention and reconstruction, following the report of the UN High Level Panel on Threats, Challenges and Change on reform proposals in this area.

- Participants request more analytical support to small and fragile states, which generally do not have a PRSP or a substantial lending program. They support the modification in the IDA allocation formula to increase the base amount available to all IDA countries from SDR 3 million to SDR 3.3 million. They urge the Bank to coordinate its efforts in such states with other partners, especially the RMDBs.

F. Replenishment of IDA Resources

Deputies recommend that IDA14 donor contributions of SDR 14.1 billion be provided so as to achieve a total replenishment of SDR 24.2 billion during the IDA14 period. Deputies pledged substantial resources towards this goal and urge continuing

efforts to complete the required funding. Deputies also emphasize the importance of continued and substantial transfers from IBRD net income to IDA.

Deputies recommend that IDA's costs of HIPC debt relief be covered under IDA14 during the IDA14 period. Deputies also recommend that resources be provided to replace IDA's foregone charge income due to IDA13 grants. Deputies note the importance of providing their Instruments of Commitment (IOC) as early as possible, to enable IDA to extend grants during the early part of the IDA14 period.

INTRODUCTION

1. The International Development Association (IDA) was established in 1960 to support the efforts of the world's poorest countries to reduce poverty, improve living conditions and boost economic growth. IDA resources are provided as long-term concessional loans or as grants to 81 low-income countries to help them achieve their development objectives, including the Millennium Development Goals (MDGs, Box 1).[3] IDA is a key supporter of the partnership between developed and developing countries around the MDGs, helping countries make the policy improvements needed to ensure that increased donor financing channeled through IDA and other agencies can be used as effectively as possible.

2. IDA resources finance projects and programs that help build and sustain the policies, institutions, infrastructure and human capital needed for equitable and environmentally sustainable development in low-income countries. This helps reduce poverty, allows more people to participate in the mainstream economy, and ensures that people can lead longer, healthier and more productive lives. Improving living standards for the world's poor is a long-term task that requires close partnerships, and a strong focus on both the efficient use of resources and on the outcomes they generate, as well as on ensuring resource flows that are sustainable and predictable over the medium and long term. In this, IDA plays its part, working closely not just with governments, but also with other international organizations, donor agencies, the private sector and civil society. IDA's aim is to operate with the greatest possible transparency; safeguard and account for its resources in all its operations; and measure its impact and the results it achieves.

3. As the world's largest single provider of concessional resources for low-income countries, IDA is a cornerstone of the efforts by the international community to achieve countries' development goals. Annual commitments in recent years have ranged from $7 billion to $9 billion, and IDA is the most significant source of external support for many countries' growth and development objectives, as well as for specific infrastructure and sectoral priorities critical to MDG achievement, such as education and health. IDA provides its assistance in accordance with country-owned strategies developed through country-led consultative processes and reflected where available in Poverty Reduction Strategy Papers (PRSPs).

4. IDA's resources come from several sources, the largest of which is contributions from donor countries provided according to agreements reached during periodic replenishment negotiations, which are normally held every three years. Other important sources are repayments on outstanding credits, including from the many countries that have graduated from IDA, some of which are now contributing to IDA as donors, as well as IBRD net income transfers and IDA investment income.

5. Representatives of donor countries (the "IDA Deputies") and representatives of borrower countries (collectively referred to in this report as "Participants"), discussed the Fourteenth Replenishment of IDA resources (IDA14) over a series of meetings beginning in February 2004.[4] The meetings were chaired, initially by Jeffrey Goldstein[5], then

---

[3] As endorsed by Heads of State and Government in the U.N. General Assembly on September 8, 2000.

[4] IDA14 meetings: February 18-20, 2004, in Paris; July 9-11, 2004, in Hanoi; October 4-6, 2004, in Washington DC; December 13-14, 2004, in Athens; and February 22, 2005, in Washington DC.

Managing Director of the World Bank, and subsequently by Geoffrey Lamb, Vice President and Senior Counselor to the President of the World Bank. Participants sought the views of other stakeholders, including through consultations with Asian opinion leaders in Hanoi, Vietnam in July of 2004, and by inviting comments from civil society on the draft report. Policy papers discussed at the replenishment meetings, as well as the summaries of the meetings are available on IDA's external website.[6]

6. This report sets out the Participants' conclusions and recommendations for the IDA14 period arising from discussions at the Replenishment meetings, which covers the three years between July 1, 2005, and June 30, 2008. The report points to the enduring core elements of IDA's policy framework (Section I), and gives additional guidance in selected areas where the Participants thought this was needed to further strengthen IDA's effectiveness (Section II). Several innovations are particularly noteworthy. First, the report outlines a more robust results measurement system to be implemented during IDA14, which tracks key indicators of country outcomes and measures IDA's contribution to those outcomes. Second, the report provides a new approach to grant allocation that uses the likelihood of debt distress as the primary determinant of eligibility for grant financing. This approach is based on assessments of countries' debt sustainability and performance, as well as on their need for resources, while preserving the long-term strength and financial capacity of IDA as a key partner of the world's poorest countries. Third, it ushers in the full disclosure of IDA's Country Performance Ratings (CPR), in recognition of the importance of transparency in IDA, including in the allocation of IDA's resources on the basis of performance. Lastly, the report contains recommendations regarding growth, private sector development, and donor coordination and harmonization issues, which were topics for special consideration in the IDA14 discussions.

7. The report is organized as follows. Section I sets out IDA's current strategy for assisting countries in their efforts to reduce poverty. Section II presents the guidance Participants gave on the five special themes they selected for special attention during the replenishment discussions, including growth and private sector development, debt sustainability and grant allocation, results measurement in IDA14, and improving how IDA works with development partners. Section III reviews agreements on HIPC and the financing of IDA's HIPC-related costs. Section IV reviews the framework for managing IDA's financial resources. Section V sets forth the Participants' request to the Executive Directors to recommend to the Board of Governors the adoption of the draft IDA14 Resolution (see Annex 3).

---

[5] Elected by Deputies according to the election procedure introduced in IDA13.

[6] http://www.worldbank.org/ida

Box 1: The Millennium Development Goals

Goal 1. Eradicate extreme poverty and hunger	• Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. • Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
Goal 2. Achieve universal primary education	• Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Goal 3. Promote gender equality and empower women	• Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.
Goal 4. Reduce child mortality	• Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
Goal 5. Improve maternal health	• Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
Goal 6. Combat HIV/AIDS, malaria and other diseases	• Have halted by 2015 and begun to reverse the spread of HIV/AIDS. • Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
Goal 7. Ensure environmental sustainability	• Integrate the principles of sustainable development into country policies and programs and reverse the losses of environmental resources. • Halve by 2015 the proportion of people without sustainable access to safe drinking water. • By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers.
Goal 8. Develop a Global Partnership for Development	• Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. • Address the special needs of the least developed countries • Address the special needs of landlocked countries and small island developing states. • Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long-term. • In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. • In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. • In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

SECTION I: IDA'S STRATEGY FOR POVERTY REDUCTION

8. The policy, operational and financial framework that underpins IDA's strategy for reducing global poverty builds on the guidance set out in successive replenishment documents. The IDA replenishment process has continually set new and challenging precedents for the World Bank and for the development community. These precedents have contributed to the evolution in thinking about how best to assist the world's poorest countries. This section summarizes the key elements of IDA's current strategic framework.[7] Participants recommended that during the IDA14 period this framework continue to be implemented as IDA's basic development approach; that it be further strengthened through the conclusions and recommendations set forth in this report; and that it be implemented through instructions and guidance to IDA's Management and staff, based on the monitorable actions for IDA14 set out in Annex 2, Table 3. Progress on implementing IDA14 undertakings will be discussed at a Mid-Term Review meeting.

A. The Context: Fighting Poverty in a Global Age

9. As a group, IDA countries have made significant progress in recent decades to grow and to reduce poverty. Between 1981 and 2001 the poverty rate measured at $1 a day fell from 49.7 percent to 31.2 percent and 488 million people in these countries escaped from severe poverty. Social indicators have also improved. For instance, literacy rates among young adults increased from 60 to 76 percent overall, and from 49 to 72 percent for young women. Life expectancy has also increased from 54 to 59 years – despite the impact of AIDS, which in Africa has reduced life spans by more than 13 years in the worst affected countries. The countries that have made the most progress are those that experienced prolonged periods of economic growth, which are also those that made the most progress in improving their social and economic policies.

10. Yet, despite the economic progress in recent decades in many parts of the world, inequality across nations has continued to widen, and poverty is a fact of life for the vast majority of the 2.5 billion people living in low-income countries. An estimated 700 million people in these countries live in abject poverty with incomes of less than $1 a day, and about 1.7 billion live on less than $2 a day. Almost 1 billion people are chronically undernourished, and the vast majority of the 60 million people with HIV/AIDS live in low-income countries. The average under-five mortality rate in low-income countries is 121 deaths per 1,000 live births, compared to a rate of less than seven in high-income countries, and the mortality rate for women in childbirth in some low-income countries is more than 100 times that of rich countries.[8] These inter-related problems continue to limit the prospects of billions of people, but can be addressed by well-designed and well-implemented public sector programs, complemented by private sector initiatives.

11. The context of today's effort to reduce poverty is a rapidly globalizing world, where private investment, trade and technological advances play increasingly significant roles,

---

[7] Policy guidance provided in the context of the IDA replenishment negotiations is operationalized for IDA countries *inter alia* through Sector Strategy Papers (SSP), the Bank's Operational Policy (OP) framework, and the Strategic Framework for the World Bank Group.

[8] *World Development Indicators 2004*, World Bank.

and where international and national civil society organizations are more and more active and engaged. The benefits of globalization need to be brought to all, through market-based pro-poor growth policies, effective public institutions, investment in people, and institution building.

12. In recent years, a consensus has emerged within the development community around the shared objectives of achieving the MDGs and the partnership between developed and developing countries that is needed to achieve these goals. Under this consensus, developed countries must both reduce barriers to trade to promote an international economy more conducive to growth and development, and provide adequate aid resources. Developing countries must focus on good governance, sound policies and robust institutions, the strength of which are the key determinants of the effectiveness of aid.

13. Developed countries must also help to ease debt burdens, where they are unsustainable and inhibit countries' development prospects. IDA sponsors the enhanced Heavily Indebted Poor Country (HIPC) Initiative and works with its partners, including the IMF, to support client countries in effective management of their external debts. A system for ensuring that IDA's support takes account of the risk of debt distress is described in Section IIC.

B. IDA's Role: Country-Led and Performance-Driven

14. Operating within this consensus, IDA provides vital financial resources and policy advice to 81 low-income countries.[9] These countries have little or no access to market-based financing, and IDA, as the largest single source of concessional assistance to the world's poorest countries, plays a critical role in their efforts to achieve sustained growth and poverty reduction. IDA is a long-term development instrument. IDA finances are managed to ensure that substantial, predictable and sustainable resource flows are available to countries over the medium and long term based on their performance and demonstrated capacity to effectively utilize IDA resources.

15. IDA's approach to reducing poverty has evolved over time, incorporating the lessons learned and the knowledge gained from the experience of developing countries and the efforts of the international community to assist them. Its key strength lies in its country programs and in its emphasis on country-led development, as manifested by its support for PRSPs.[10] Experience has shown that development can only be achieved when

---

[9] Eligibility for IDA assistance is primarily based on relative poverty, defined as Gross National Income (GNI) per person below an established threshold ($895 per year for fiscal year 2005), and lack of creditworthiness to borrow on market terms. Eligible countries are listed in Annex D to OP3.10 of the World Bank Operational Manual. Exceptions for (i) some small island economies, and (ii) some countries with GNI above the cut-off for two consecutive years to receive hardened IDA terms, will continue to apply during the IDA14 period. IDA resources are allocated based on the quality of countries' policies and institutions (see Annex 1).

[10] The Country Assistance Strategy (CAS) is IDA's main tool for planning its assistance programs and ensuring they are tailored to each country's needs. The CAS draws from the borrower's own development vision and strategy for reducing poverty as outlined in its Poverty Reduction Strategy Paper (PRSP). See IDA11 Replenishment report, Section I; IDA12 Replenishment report, Section IV; and IDA13 Replenishment report, Section III. The Deputies' conclusions and recommendations with respect to CASs in the IDA13 report shall continue to apply during IDA14.

poor countries themselves take control of their destinies. IDA aims to work in partnership with the governments of recipient countries to support the priorities that emerge from their own development strategies, which are based on consultative processes that include the private sector and civil society. IDA seeks to provide an integrated package of finance, policy advice and institutional support to its clients and works in collaboration with the rest of the World Bank Group (WBG), other development institutions, the private sector, and civil society.

16. The last decade of development experience has contributed to a deeper understanding of the complexity of the development process and of the need for action on many inter-related fronts. IDA's comparative advantage lies in its ability to take an integrated, multi-sectoral view of the challenge of poverty reduction in each IDA country, the analytical and technical capacity it brings to bear in grappling with complex development problems, and the leadership it can provide as a convening body for the rest of the donor and international community.

17. Experience has also shown that development resources are most effective in reducing poverty in countries that are pursuing good growth and poverty reduction policies. IDA has been leading the development community in the effort to align resources with country effort and performance through its Performance-Based Allocation (PBA) system, which has also proven to be a useful tool for other partners.[11] The PBA system is based upon an assessment of countries' policies in the areas of economic management, structural issues, social inclusion and equity, public sector management and institutions, and it takes full account of the central role played by good governance in the effective use of development assistance. IDA continues to refine the PBA system, by incorporating the lessons learned from experience and new research findings, and by committing to make the performance ratings fully transparent. IDA is also encouraging other partners to align their resources with performance, and is working with Regional Multilateral Development Banks (RMDBs) toward greater harmonization of these systems.

18. While the allocation of IDA's financial resources is and will continue to be primarily driven by policy performance, IDA also confronts the fact that many poor people live in countries with serious and persistent performance problems. In these Low-Income Countries Under Stress (LICUS), weak institutions, absence of government commitment or violent conflict can severely limit progress on poverty reduction. In the most severe LICUS country cases, particularly those in prolonged political crisis, substantial financial allocations from IDA are inappropriate. In these countries, IDA stays engaged through dialogue to promote policy change and good governance, focused capacity-building to help restore essential functions of the state and social service

[11] IDA's Performance-Based Allocation (PBA) system was introduced in 1977, and IDA donors have since continued to affirm that lending allocations should be based on annual assessments of country policy performance (see IDA10 Replenishment report, Section II; IDA11 Replenishment report, Section II; IDA12 Replenishment report, Section III; and IDA13 Replenishment report, Section III, and Annex 1). The system has continued to evolve, including through the introduction of a special emphasis on good governance. Further modifications are being introduced in the current report, including with respect to the full disclosure of IDA's performance ratings. An explanation of how the PBA system will be operated during the IDA14 period is included in Annex 1.

delivery to the most vulnerable groups.[12] In LICUS countries that are in transition from conflict and other forms of political instability, as well as in the more stable LICUS countries that are making progress on reform, well-designed IDA financing can provide timely assistance in stabilizing fragile transitions; protecting human, social and institutional capital; and supporting reform processes. More needs to be understood about the appropriate form for external assistance to take in these difficult situations, and IDA is working closely with partners including the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC), the European Commission (EC) and the United Nations (UN) to learn more about aid effectiveness in fragile states.

C. IDA's Strategy: The Twin Pillars

19. IDA's strategy for poverty reduction has evolved over time to incorporate emerging lessons from both clients and partners. At times, these lessons have reaffirmed the continuing relevance of IDA's original priorities; at other times they have helped IDA refine its approach to better address the complexities of development. IDA's strategy rests on two interdependent pillars, into which critical cross-cutting issues such as gender, environment and governance are being mainstreamed:

- Fostering the climate and conditions for sustainable growth, investment and job creation that are inclusive of poor people.

- Empowering poor people to participate in development and investing in them.

20. **Sustainable growth** requires a dynamic private sector and an efficient and effective state with the right balance between their complementary functions. Efforts to enhance growth should aim to expand income, employment, and services for the poor. The private sector is the engine of productivity, growth and job creation, but the state needs to ensure sound macroeconomic policies, financing for infrastructure services, and responsible and transparent management of public finances. Governments also need to ensure sound regulatory institutions that encourage private initiative in ways that benefit society as a whole, including through policies that increase poor people's access to markets and capital. Private initiative can complement government efforts to empower poor people by providing basic infrastructure and social services – conditions essential for improving the livelihoods of the poor. In most IDA countries, microeconomic constraints to growth in the form of a poor investment climate present a major hurdle to private investment and employment. Micro, Small and Medium Enterprises (MSMEs), which form a major part of private activity, are disproportionately affected by poor investment climates, the improvement of which is a key focus for IDA (see Section IIB).

21. Governments should endeavor to set up fiscal systems that generate resources for development in non-distortionary ways and to establish legal and judicial systems that operate fairly and effectively. Supporting countries in their efforts to establish adequate infrastructure is a key priority for IDA. While public investment and effective regulatory frameworks play key roles in ensuring that countries have adequate infrastructure, private

[12] To support LICUS countries IDA also relies on small amounts of grant funding financed by transfers from IBRD net income and surplus, and channeled through the LICUS Trust Fund.

investment also needs to be tapped, including via public-private partnerships.[13] Trade is a crucial component of economic growth and is being supported by IDA through programs to develop national, regional and international trade and infrastructure linkages, especially in regions and sub-regions where domestic markets are small and intra-regional trade is underdeveloped, and to help poor countries develop capacity for trade policy formulation and negotiation. Enhancements of IDA's policies with respect to growth and trade are detailed in Section IIA. Lastly, stable and transparent governments can contribute significantly to the security of populations and the confidence of economic actors, and hence to investment and quality growth.

22. It is important that short-term gains in economic growth not come at the expense of the well-being of future generations. Therefore, IDA aims to design its programs and projects with a view to ensuring long-term environmental and social sustainability, as well as to promote social inclusion, cohesion and accountability.[14] In rural areas where most poor people live, improvements in well-being can only be achieved through increasing the productivity of both farm and non-farm economies. Reducing the vulnerability of poor people to the impacts of natural disasters and long term environmental degradation is also a priority for IDA.

23. **Empowering the poor** and investing in them entails improving the quality and reach of social service delivery, with a special focus on un-served and under-served communities. These investments have crucial benefits for poor people by improving their standards of living, building human capital needed to increase their productivity, and facilitating their emergence from poverty. Over the past few years, IDA has developed sector strategies to guide its work in the key social sectors: Education, Health, Nutrition and Population; and Social Protection. For these sectors, an important challenge for IDA and its development partners is how to ensure long-term financing within a performance-based framework. New Bank guidelines on eligibility of expenditures in World Bank lending will increase the flexibility of IDA to finance recurrent expenditures as a transition to long-term fiscal sustainability.[15]

- **Education** priorities include working to ensure that all children have access to a good quality basic education, with a special focus on girls and on the poorest groups. IDA is a strong supporter of the objectives of the Education For All (EFA) initiative[16] and works with countries to accelerate progress towards these goals. In particular, IDA supports countries' efforts to reform their education systems, to lay the foundations for sustainable financing of the sector to improve

---

[13] The importance of regulation in privatized infrastructure in particular is addressed in Kessides, Ioannis N., *Reforming Infrastructure: Privatization, Regulation, and Competition*, World Bank, June 2004, available at http://econ.worldbank.org/prr/reforming_infrastructure/.

[14] IDA works to mainstream environmental aspects into its operations through its Environment Strategy; see *Making Sustainable Commitments: An Environment Strategy for the World Bank*, World Bank Group, 2001, available at www.worldbank.org/environment.

[15] *Eligibility of Expenditures in World Bank Lending: A New Policy Framework*, R2004-0026, 2004

[16] These are: (i) expanding and improving early childhood education; (ii) ensuring that by 2015 all children complete primary education of good quality; (iii) ensuring access to appropriate learning and life skills programs; (iv) achieving a 50 percent improvement in levels of adult literacy by 2015; (v) eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015; and (vi) focusing on learning outcomes.

access without losing focus on education quality, and on innovative delivery mechanisms such as distance learning.[17]

- **Health, Nutrition and Population (HNP)** priorities include helping countries protect populations from the impoverishing effects of illness, malnutrition, and high fertility. This involves working to enhance the performance of healthcare systems by promoting equitable access to preventive and curative HNP services that are affordable, effective, well managed, of good quality, and responsive to clients including those from poor and disadvantaged groups. Health sector expansion must be accompanied by a strong emphasis on improving quality. Furthermore, health care financing must be made sustainable by mobilizing adequate levels of resources, establishing broad-based risk pooling mechanisms, and maintaining effective control over public and private expenditure.[18] In the HNP sector, IDA collaborates closely with a number of partner agencies, including the World Health Organization (WHO), UNAIDS, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). These collaborative efforts are particularly important in the fight against communicable diseases, and especially HIV/AIDS, which is a key priority for IDA.

- **Social Protection** priorities include reducing the vulnerability of the poor and improving their ability to cope with adverse economic shocks, natural disasters, ill health and disability. Social protection also involves cost-effective and well-targeted programs that proactively help people to take on higher-return activities with less concern about the risks. IDA supports countries' efforts toward the elimination of harmful child labor, making labor markets more equitable and inclusive, implementing legal reforms to protect poor people's right to assets (e.g., women's property rights), providing insurances and safety nets to assist the poor and vulnerable, and strengthening community-based coping mechanisms, including through social funds.[19]

24. **Cross-cutting themes:** IDA recognizes that a number of critical issues cut across growth and equity concerns and are important for IDA's work. These include gender issues, environmental protection and governance, and IDA actively incorporates these themes in its analytical work and strategies, as well as in all its programs and projects.

- **Gender** equality promotes faster growth, enables individuals to move more quickly out of poverty, and enhances the well being of men, women, and children. Gender inequalities pose a serious obstacle to growth and poverty reduction in many IDA countries. These inequalities are apparent across sectors, in low girls' enrollment and retention rates in schools, gender dynamics of HIV/AIDS, and limited access of women to financial services and participation in economic activities. IDA works to address these issues in its assistance, by raising awareness of gender issues across sectors and building the capacity of

---

17 See *Education Sector Strategy*, World Bank, 1999, available at www.worldbank.org/education/. An update of this strategy is underway.

18 See *Sector Strategy: Health, Nutrition, & Population*, World Bank, 1997, available at www.worldbank.org/hnp/.

19 See *Social Protection Sector Strategy: From Safety Net to Springboard*, World Bank, 2000, available at www.worldbank.org/sp/.

governments and Bank staff to promote gender equality in their policies and programs.[20]

- **Environment**. Proper management of the environment plays a critical role in ensuring that development in IDA countries is sustainable and poverty reduction is lasting. Environmental improvements enhance the quality of life and growth, by promoting the health of populations, reducing vulnerability to natural disasters and environmental hazards, and protecting the quality of the regional and global commons. IDA strives to achieve these goals by strengthening its analytical and advisory services through environmental analyses, integrating environmental assessments in project and program design (including assessment of indirect and cumulative impacts), encouraging IDA countries to reflect environmental analysis in their poverty reduction strategies, and supporting capacity building. Several processes have been initiated in recent years that have significant implications for the application of IDA's safeguard policies. These include the revision of the operational policy on development policy lending,[21] the proposed pilot program to use country systems, safeguards harmonization with other international financial institutions, and investment lending simplification and modernization. Participants called on IDA to establish procedures and mechanisms that ensure that such new approaches to safeguards provide equivalent protection to the environment and vulnerable social groups in project design and implementation.

- **Governance.** Efficient, transparent, and accountable public sector institutions are necessary not only for implementing growth-enhancing policies, but also for sustaining equitable growth and poverty reduction and protecting the rights of the poor and ensuring access to basic services. The implementation and sustainability of economic and social policies that promote poverty reduction and growth are critical to long-term development. IDA gives special weight to the importance of governance in its performance-based resource allocation system, and to operationalizing the Bank's public and private sector institutional reform and anticorruption agenda into its policies and programs.

25. The requirements of sustainable development and poverty reduction are complex and demanding, and more work needs to be done to understand the determinants of poverty-focused growth at the country-level. Tensions and trade-offs inevitably arise when pursuing development outcomes with scarce resources, and IDA seeks to work with its partners at the country level to assist them in managing these tensions, in examining the trade-offs implied by different policy choices, and in channeling resources most effectively to reduce poverty.

---

[20] See IDA12 Replenishment report, Section I on mainstreaming gender into IDA's operations, and IDA13 Replenishment report, Section II on expanding IDA's gender dialogue with its partners and civil society. In response to a request by IDA12 Deputies, the World Bank adopted the Gender Mainstreaming Strategy in September 2001, which aims to integrate gender issues fully as a central part of the Bank's work and sets the framework for the incorporation of gender issues into IDA's operations. See *Integrating Gender into the World Bank's Work: A Strategy for Action*, World Bank, 2001, available at www.worldbank.org/gender.

[21] Bank Operational Policy 8.60 on Development Policy Lending, introduced in August 2004.

26. IDA has increasingly involved beneficiaries in the design and implementation of its interventions, which helps ensure their effectiveness and sustainability.[22] Particular attention is now given to the empowerment of women and vulnerable or marginalized groups, while recognizing that there is still more to be done to ensure that these voices are adequately reflected in all of IDA's activities.

27. People need a secure environment to go about their daily lives and improve their lot. Security services must serve the interests of the communities within which they work without consuming disproportionate shares of national resources, and fair and non-violent means must be available for the resolution of disputes. IDA supports countries in their efforts to establish a safe environment for all members of society, especially the poorest. It also works to consolidate peace and stability in countries emerging from conflict. IDA's allocation system for post-conflict countries, and IDA's collaboration with other partners on post-conflict issues, both help to ensure that they receive timely and adequate financial support throughout the recovery period, while maintaining a strong link to performance.[23]

D. Working at the Country Level: Ownership and Strategic Selectivity

28. The experience of the last two decades has shown that development can only be sustained if policy reforms are broadly supported by a range of stakeholders at the country level. IDA has seized upon this principle in its work by supporting country-owned strategies built around good policies, institutions and governance. Underpinning this work are the principles of the Comprehensive Development Framework (CDF), including country ownership; a long-term, holistic vision and strategy; partnership amongst stakeholders; and a focus on accountability and development results.[24] Further details of how IDA works with its partners at the country level are provided in Section IIE.

29. PRSPs aim to operationalize these principles in low-income countries, putting poverty at the center of governments' development plans and providing space for all actors, including the private sector and civil society, to engage on critical issues. Each IDA country is expected to adapt the MDGs to country circumstances using the PRSP as an instrument and taking appropriate account of such factors as poverty profile, fiscal situation, and administrative capacity. IDA has played a key role in supporting the initial development of the PRSP approach and will continue to have an important role to play in solidifying the benefits of this process.[25] More work needs to be done to strengthen the

---

[22] See IDA11 Replenishment report, Part 1 on Country Assistance Strategies, IDA's main tool for planning its assistance programs and ensuring they involve participation and are tailored to each country's needs. Also see IDA12 Replenishment report, Section IV for working with government, civil society and other donors to tailor IDA's CASs.

[23] See IDA13 Replenishment report, Annex 2.

[24] The CDF approach is operationalized through PRSPs, and provides the foundation for implementing partnership at the country level. See IDA13 Replenishment report, Section II at: http://siteresources.worldbank.org/IDA/Resources/FinaltextIDA13Report.pdf. See also the guide to staff on implementing CDF principles: Supporting Development Programs Effectively: Applying the Comprehensive Development Framework Principles, November 2004.

[25] In July 2004, the Operations Evaluation Department of the World Bank conducted an independent review of the Poverty Reduction Strategy Initiative, and put forth recommendations on improving the

realism of PRSPs, by improving their analytical underpinnings and prioritization, including the attention they devote to growth and constraints on private sector activities and infrastructure development, and the poverty impact of policies and programs. This will help to improve the customization of the PRS process to country conditions and processes, ensure consistency between PRSPs and countries' budget processes and align donor support with PRSPs. The consideration of PRSPs by national legislative bodies is encouraged to further strengthen country ownership. The strengthening of country capacity and processes for planning, implementing, and monitoring reforms is also an important aspect of increasing the effectiveness of reforms. IDA's ability to cooperate closely with development partners and to take an integrated view across multiple sectors and between macro and micro issues make it a key player in supporting its client countries in this process.[26] Furthermore, IDA recognizes the need for even stronger donor coordination processes to effectively support PRSPs and also to respond to the needs of small countries that do not have full or formal PRSPs.

30. The diagnosis of development problems and prospects is critical to well-designed policies and programs, and to helping countries put in place systems to ensure effective use of public resources, including through accountability and transparency of government revenues and expenditures. In collaboration with its partners, IDA seeks to maintain a base of analytical and diagnostic knowledge needed to underpin its programs and those of other donors and strengthen countries' own development efforts.[27] This is achieved through a range of products such as country economic memoranda, public expenditure reviews, country procurement assessment reports, country financial accountability assessments, integrated fiduciary assessments, public finance management performance measurement reports, and economic, poverty and sectoral analyses. When available analysis indicates weaknesses in the recipient's fiduciary systems, IDA will identify and address the steps needed to secure acceptable fiduciary arrangements.

31. Selectivity is important to success. Within countries and within a greater partnership framework in support of PRSPs, IDA focuses its efforts in support of the PRSP through its CAS, identifying those areas of critical importance to its clients where it has a clear comparative advantage – for example, by supporting policy reform, capacity enhancement, demonstration effects and learning. IDA seeks to complement the efforts of other partners and work where its leverage is greatest.

32. IDA's highly concessional resources are concentrated in the poorest countries. South and East Asia are home to the greatest number of the world's poor and receive substantial amounts of IDA financing. The poor countries of Europe and Central Asia,

---

Initiative. See *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support Through 2003*, World Bank, 2004, available at http://www.worldbank.org/oed/prsp/.

[26] See IDA13 Replenishment report, Section II for IDA's policy framework for implementing the PRSP process.

[27] The IDA13 Replenishment report (Section III) emphasized the need to improve the analytical underpinnings of IDA's work, and to ensure that its Economic and Sector Work (ESW) complements the analytical work of others, including the United Nations agencies, bilateral and multilateral institutions, the ILO, and researchers and government institutions in borrowing countries. It also underlined the importance of utilizing the Common Country Assessments of the UN, and of building borrower countries' capacity to undertake analysis. Analytical work such as Poverty Assessments (PA), Poverty and Social Impact Analysis (PSIA), Country Economic Memoranda (CEM), Public Expenditure Reviews (PER), Country Financial Accountability Assessments (CFAA), and Country Procurement Assessment Reviews (CPAR) serve as key building blocks for IDA's CASs.

the Middle East and North Africa, Latin America and the Caribbean, and the Pacific are also IDA partners. IDA also recognizes the particularly severe development challenges faced by countries in Sub-Saharan Africa, including: endemic diseases, long-term civil and cross-border conflicts; weak governance; lack of access for many people to education and other services; inadequate or non-existent infrastructure; limited access to alternative sources of financing; climatic and environmental problems and shortage of natural resource endowments. A key IDA objective is therefore to direct half of its assistance to Africa, provided that the performance of individual countries warrant it, and to support the efforts of these countries to use these resources effectively. IDA's strategic framework for Africa addresses four key areas:

- Improving governance and resolving conflict. This includes greater attention to post-conflict issues, fiscal transparency including better management of revenues from natural resources, and support for public sector management reforms and anti-corruption measures.

- Developing human resources, including supporting the fight against HIV/AIDS and other communicable diseases, social protection, and education, particularly for girls.

- Promoting increased growth, notably through a sound policy and institutional environment for investment; increased infrastructure development; and greater regional integration along with the liberalization of – and creation of physical infrastructure for – intra-regional trade.

- Debt reduction and development assistance – relieving unsustainable debt burdens, and increasing the quantity and quality of aid.

E. Global and Regional Public Goods

33. While the focus of IDA's programs is clearly at the country level, IDA recognizes that development and poverty reduction are affected by a range of issues that cross national boundaries. While the main weight of its interventions is in country programs, IDA seeks to contribute to the resolution of global problems where they are shown to be of particular relevance to poverty reduction. Five areas have been identified for attention: communicable diseases, environmental commons, economic governance and social stability, trade integration, and the knowledge revolution. IDA collaborates closely with other partners in all these areas, for example with the Global Environment Facility (GEF) on the environment, and with UNAIDS and GFATM and other actors in the case of communicable diseases.

34. HIV/AIDS and other deadly communicable diseases destroy millions of lives every year and threaten to reverse development gains, especially in the hardest-hit areas of Africa and among vulnerable groups such as women and children. They pose an enormous challenge to the international community. IDA will continue its work to combat these diseases and mitigate their effects, both at the country level through disease-specific interventions and support for health systems strengthening, and across countries through regional projects, as well as through support for international initiatives.

35. IDA recognizes that regional and trans-boundary questions can exercise an important influence on countries' development efforts. IDA seeks to develop and apply regional solutions to regional problems, including through a pilot program that provides financial and analytical support necessary to complement critical national activities aimed at promoting deeper regional integration. IDA also aims to work more closely with other institutions that have a regional base and expertise – notably the Regional Multilateral Development Banks – and other donors with regional programs.

F. Partnerships

36. In its work to support governments' efforts to develop and implement broad-based strategies for growth and poverty reduction, and at the regional and global levels, IDA cooperates closely with key institutional partners, including:[28]

- **The International Monetary Fund**. The IMF is one of IDA's closest institutional partners, collaborating across the range of IDA client countries on the basis of country-owned poverty reduction strategies. The IMF takes the lead on macroeconomic issues, the Bank on social and structural issues. There is also strong cooperation on other low-income country issues such as debt, including through the jointly sponsored HIPC Initiative, and on the treatment of aid inflows in the macroeconomic framework.

- **The United Nations**. IDA has strong relationships with the specialized agencies, funds and programs of the UN system. Collaboration has been strengthened in recent years, at both the inter-agency and the country levels, and is particularly important in working toward and monitoring the MDGs, implementing the PRSP process, and addressing conflict emergencies and post-conflict reconstruction (with UNDP and UNHCR). Strong progress has also been made in areas such as the health sector, including through the joint sponsorship of UNAIDS, and through work on the health-related MDGs with WHO.

- **The Regional Multilateral Development Banks** (RMDBs) are close partners of IDA, both at the country level and on cross-country issues within regions. Collaboration has grown steadily in the areas of financial management, including procurement reform, the performance-based allocation of resources, analytical work and the environment, and is set to further expand on governance, corruption and capacity-building. The RMDBs are also key partners in the implementation of the PRSP process and the HIPC Initiative.

- **The European Commission (EC)** works closely with IDA on shared analytical work, financial management, and statistical systems and data collection. Other areas of cooperation include the HIPC Initiative, the PRSP process, and the Strategic Partnership for Africa (SPA).

---

[28] For additional descriptions of partnerships with other multilateral organizations see "*Coherence, Coordination and Cooperation Among Multilateral Organizations: Progress and Challenges*, Board Report, April 2004.

- **Bilateral donors** active in the IDA process include both OECD-DAC and non-DAC donors. Both DAC and non-DAC bilateral donors are a key source of development finance, and of complementary skills and practical experience in project and public sector management. This is especially valuable in addressing political and governance dimensions of development. With these donors, IDA has been making a strong push forward through the PRSP process and through the OECD-DAC Working Party on Aid Effectiveness and Donor Practices, to ensure the greatest measure of alignment and harmonization of development programs at the highest standards.

- **Civil society**. IDA works with a great number of Civil Society Organizations (CSOs) throughout the world, including the private sector, and community-based, indigenous peoples, faith-based organizations, and foundations. IDA engages with CSOs both for the purpose of consulting on policy and other issues, and to support their efforts e.g., in service delivery such as through the IDA-financed Multi-Country HIV/AIDS Program (MAP) for Africa.

G. Impact and Monitoring Results

37. The ability to monitor progress and measure results is integral and essential to IDA's overall strategy. A monitoring framework for the MDGs has been designed by the staff of the World Bank and IMF, in consultation with the UN, the RMDBs, the World Trade Organization (WTO), and OECD-DAC, and is now being implemented Bank-wide.[29] Within this framework IDA introduced, as part of the IDA13 Replenishment agreement, a preliminary system of indicators for monitoring and evaluating its own effectiveness, grounded in the MDGs and in countries' own monitoring systems. Based on this early experience, Participants welcomed the enhanced results framework proposed for IDA14 (see Section IID), which aims to monitor development outcomes and link these outcomes to IDA country programs and projects. This is a challenging but necessary task, as a better linking of development outcomes to government policies and to donor interventions will ultimately benefit the poor and increase accountability for the use of donor resources. To address existing data deficiencies and enhance countries' efforts to collect and use data, an important IDA objective is to build a stronger focus on outcomes into its country strategies, and to enhance direct support for efforts to build capacity to measure results.

H. Transparency and Accountability in IDA

38. Transparency is fundamental to development progress in three ways. It draws more stakeholders, supporters and ideas into the development process; it facilitates coordination and collaboration among development partners; and it improves development effectiveness by fostering public integrity and accountability for results. Just as IDA urges transparency and openness in the governance of its client countries, IDA should aim to meet the highest standards of transparency in its operations, policies

---

[29] World Bank, *Global Monitoring Report 2004: Policies and Actions for Achieving the Millennium Development Goals and Related Outcomes*. June 2004.

and publications, and recognize a responsibility to make available as rich a range of information as possible for poor countries and the international development community.

39. There have been many initiatives in recent years to increase IDA's openness, including consulting with and involving stakeholders in its deliberations, and enhancing public information about IDA's policies and activities. In IDA14, IDA aims to continue the leadership role it is playing among development partners in increasing transparency and will take additional steps to enhance the openness of its work. Means by which IDA works toward its objective of increased transparency and accountability include:

- **IDA Replenishment Discussions**. To ensure an open and transparent deliberative process, the IDA replenishment discussions now include representatives from borrower countries; the policy papers discussed at the replenishment meetings are made available to the public; and public comments are sought on the policy recommendations contained in this report. IDA also consults with regional stakeholders to hear their views on how to tackle the key challenges that IDA countries and their partners confront.[30]

- **Disclosure**. Sharing of information on IDA policies and operations stimulates public debate on and broadens understanding of development issues, and also helps to create public support for development efforts. Accordingly, Participants welcome the enhancement of IDA's disclosure of information in recent years. IDA now makes an enormous amount of operational information available to the public, ranging from project and policy documents to strategy and evaluation documents. Bank Management has also initiated an extensive program to proactively enhance information dissemination and outreach, including a program to strengthen Public Information Centers across the world through which IDA's knowledge resources are made more widely accessible. Participants urge IDA to continue to demonstrate leadership among the multilateral development institutions on transparency in its own deliberations and the accountability of its operations and to continue to enhance public access to information on Board proceedings, including the disclosure of Board minutes. In particular, Participants request that progress in the implementation of projects and programs receiving financial support from IDA (including performance indicators and results, as appropriate) be published at the completion of such projects and programs, in addition to periodically during their execution. Moreover, during the period of IDA14, Participants noted that Management has committed to carry out an independent comprehensive assessment of its control framework including internal controls over IDA operations and compliance with its charter and policies, and that such assessment would be made available to the public after disclosure has been approved by IDA's Executive Directors.

- **Country performance assessments**. Central to IDA's effectiveness is its practice of allocating its resources in accordance with assessments of the performance of each IDA country as measured by key social and economic policies and with a strong focus on governance. A key means of strengthening the performance assessment system, and thus ensuring that IDA's resources are

[30] During the second meeting of the IDA14 meeting in Hanoi in July, the Participants had a day-long consultation meeting with opinion-leaders from Asian countries.

even better aligned with countries' capacity to use these scarce resources with maximum impact on shared poverty-reduction goals, is the disclosure of its country performance assessment ratings. Participants therefore welcome the recent decision by IDA's Executive Directors to fully disclose the Country Policy and Institutional Assessment (CPIA) ratings for IDA countries, starting in IDA14. They noted that this will provide client countries and other stakeholders with transparent information about CPIA methodology, findings and ratings for all IDA countries, which, in turn, should enhance the quality and robustness of the ratings, as well as public confidence in IDA's performance assessment.[31]

- **Consultation**. Strengthening the voices of locally-affected stakeholders in IDA-financed project decisions remains an important challenge. Experience has demonstrated that consultation with co-financiers, partners, and groups and individuals with relevant knowledge of development issues also helps to enhance the quality of Bank-financed operations. For this reason, Participants call on IDA to strengthen documentation of stakeholder feedback from consultations required under the Bank's safeguard policies.

- **Financial flows**. Participants recognized the need for increased transparency of revenue flows from extractive industry projects to governments. They emphasized that IDA's financial assistance to a project with a significant impact on revenues should be predicated upon the government having in place, or committing to establish, a functioning system for accounting for revenues and their use. The government should also have in place, or commit to establish, a functioning system for the independent auditing of such revenue receipts and the public dissemination of the results. IDA should closely monitor the implementation of these systems and take appropriate (and timely) actions if they are not being effectively implemented. Although these actions are especially relevant to extractive industry projects with significant revenue impacts, they are also applicable to IDA's budget support operations, as set out in IDA's operational policy OP/BP 8.60 Development Policy Lending, recently approved by IBRD and IDA's Executive Directors.

[31] CPIA disclosure will be preceded by comprehensive country consultations including workshops with country representatives to disseminate information on the CPIA methodology and process. Bank staff will also discuss assessment outcomes with country authorities as part of the ongoing policy dialogue between the Bank and the country.

SECTION II. SPECIAL THEMES FOR IDA14

40. At the first meeting of the IDA14 Replenishment process, held in Paris, in February 2004, the Participants selected five "special themes" that they would focus on during the replenishment negotiations. These special themes include the issues of: (1) growth in IDA countries; (2) private sector development; (3) debt sustainability and grant allocation; (4) results measurement; and, (5) working together at the country level. Participants discussed these special themes during the second, third and fourth meetings and their findings and recommendations for each of these special themes are presented below.

A. Growth in IDA Countries

41. Participants stressed that sustained economic growth is a prerequisite for poverty reduction. They noted that the growth performance in IDA countries, including African countries since the mid-1990s, is encouraging. However, there are disparities in performance among IDA countries, and the achievement of the first MDG – to eradicate extreme poverty and hunger – may be difficult in certain regions even if this recent growth trend were to continue. Participants emphasized that accelerating and sustaining the recovery will be important for achieving results on growth and poverty, as will continued strong attention to the human development agenda. In this regard, they noted that increasing investments and deepening the implementation of policies that support the productivity of the investments are of utmost importance. Participants were encouraged by the role of aid in policy reforms and in supporting the social and physical infrastructure needed for growth.

42. Participants urged greater efforts to identify the remaining constraints to growth in specific country contexts and to provide an appropriate mix of lending and non-lending assistance to remove the constraints. Stronger policies, more attention to human capital formation and increased financing for infrastructure will alleviate constraints to growth. Participants noted that weak institutions are a key constraint on growth, and urged increased attention to this issue. They underscored the need to reduce transaction costs of doing business in IDA countries, widen the reach of the market and decrease costly state interventions in the economy. Governance reforms which increase transparency, improve economic and social services, and reduce incentives for corruption can lower the costs of doing business, gain the confidence of the private sector and increase productivity. Participants also stressed that better market access, including to industrial country markets, is a critical condition for sustaining and accelerating growth, as is macroeconomic stability.

43. Participants stressed the importance of equity to sustain growth and for growth to have the desired impact on poverty. By fostering shared benefits from the growth process, equity-based measures, including emphasis on investment in people, enhance the quality and impact of economic growth, and help sustain public support for growth-promoting policies. Participants welcomed the work underway in the Bank on various aspects of growth, equity and poverty. The analytical work being undertaken on "pro-poor" growth will deepen understanding of the linkages between growth, income distribution and poverty. The World Development Report for 2006 will explore whether development strategies that incorporate equity are more likely to be successful than

others. It will delve into the factors that underlie inequality, paying special attention to issues emerging from globalization and the distributional consequences of policy reforms and economic fluctuations.

Key Bank Instruments and Priorities For Growth Promotion

44. Participants underscored the role of the country-led PRS process as an important instrument for defining the approach of each IDA country to poverty reduction and the coordination of donor assistance. They recommended that countries give adequate attention to growth and private sector development (PSD) issues in the PRS, as strong efforts in these areas are vital to making progress on the MDG agenda. Participants also noted the importance of using CASs to establish priorities for IDA's assistance to countries in the implementation of their PRSs, and to coordinate with development partners.

45. Participants noted that successful growth strategies must address both macroeconomic and microeconomic dimensions to help create an economic environment that enables resources to be allocated and utilized efficiently. Participants recognized recent efforts by IDA in this regard, including: (i) the launch, in FY03, of the results-based CAS pilot program in seven countries to help identify measurable results from IDA's assistance programs and develop indicators to measure progress toward such results in recipient countries;[32] and (ii) increased attention to private sector development, including through stronger collaboration between the International Finance Corporation (IFC) and IDA in the preparation of CASs. They encouraged more joint IFC/IDA CASs, to enable more coherent use of Bank-wide instruments to foster private sector activities.

46. Participants urged further efforts to raise the scope and quality of growth diagnostics and policies in CASs, improve alignment to country-owned development objectives, and sharpen the focus on areas of IDA's comparative advantage and opportunities to collaborate with other development partners.

47. **Strengthening IDA's analytical work**: Participants stressed the importance of country-focused economic and sector work (ESW) for providing an informed basis for growth and poverty-reducing policies, and supported continued efforts to ensure that IDA remain at the forefront of analytical work on country policy, institutions and development issues. They welcomed the significant improvements in the number and quality of core diagnostic reports for IDA countries since the launching of the ESW reform program in FY99. They noted the shifts in the composition and forms of analytical work– including country advisory papers; core diagnostic reports; workshops; training and capacity-building; and "just-in time" policy notes – to respond more flexibly to changes in borrower demands.

48. Participants welcomed IDA's efforts to increase client participation in ESW preparation to help build capacity, ownership and consensus for reform efforts, and also

---

[32] These pilots are to be reviewed in FY05, and lessons from the pilot review are expected to inform the design and implementation of the results-based CAS in more IDA countries during IDA14 (see also Annex 2, Table 2).

the greater frequency of collaboration between IDA and development agencies in undertaking analytical work, which helps avoid duplication of efforts, and reduces the burden on already fragile capacity in IDA countries.

49. In reviewing the experience with core diagnostic reports, Participants recommended that more emphasis be put on reports that integrate macroeconomic, sector and structural reform issues for growth, and that assess investment needs and potential sources of finance required for growth. They noted the importance of analytical work focused on public resource management issues, which is essential to provide a sound framework for growth.

50. Participants agreed that for countries that do not have large lending programs – for example, small and vulnerable economies, and LICUS – IDA's ESW should be carefully tailored to address issues of particularly high priority in the country context. To maximize the impact of its expanded menu of analytical and diagnostic work, IDA should complement its own efforts with increased donor collaboration to cover ESW gaps. They stressed the need for IDA to continue to innovate in how it supports the particular needs of this group of countries. They recognized that the quality of Bank policy engagement and tailored analytical work may prove to be more important in such circumstances than the quantity of lending provided.

51. Participants welcomed the results tracking framework for monitoring and reporting progress at various stages of the ESW product cycle that IDA has developed. In the next cycle of the ESW Progress Report, during IDA14, Participants look forward to an assessment of coverage of existing ESW gaps, and the overall progress made in improving ESW quality; increasing collaboration with other partners; implementing the ESW results framework; and disclosing ESW products.

52. **Financial Assistance**: Participants reviewed the positive impact on growth policies of IDA credit and grant assistance in support of policy reform, human development and infrastructure. They noted that policy-based lending, which has accounted for over 25 percent of IDA commitments since the mid-1990s, builds on a broad understanding in the development community that sound policies, good governance and institutional development are necessary for efficient use of resources to achieve poverty-reducing growth. Participants noted that Development Policy Operations (DPOs) should remain below 30 percent of total IDA commitments during the IDA14 period.[33] Management will monitor annually the overall share of DPOs in IDA countries. If it is projected that it could exceed 30 percent for any year, Management will report that projection to the Executive Directors for review and guidance. Deputies stressed the need for clarity and consensus to frame decisions on any move beyond this 30 percent share of DPOs in IDA14. They agreed on the importance of clear principles and a framework for assessing the readiness of recipient countries to make productive use of DPOs. Deputies asked Management to prepare a proposal for such a framework, based on a systematic review of experience, for consideration and endorsement by Deputies at the Mid-Term Review. Participants also noted the trend toward greater use of Poverty Reduction Support Operations (PRSOs), which are anticipated to replace policy-based lending gradually in

[33] IDA resources committed under DPOs to countries reengaging with IDA after a prolonged period of inactivity and used by recipients for the purpose of repaying bridge financing used to clear arrears would not be included in this percentage.

PRSP countries. These operations – which tend to focus on public sector governance, financial and private sector development, human development and social protection, and also increasingly on infrastructure – require significant capacity in recipient countries. They urged continued strong focus on ensuring that adequate fiduciary safeguards are put in place to underpin this type of lending. They also supported a continued strong role for investment lending to expand the productive capacity of the economy in all IDA countries through, for example, enhancing capacity of line ministries, especially where conditions are not yet in place to support lending through PRSOs and other DPOs.

53. Participants stressed that continued progress in the social sectors is a critical element of the growth agenda, and will require addressing a combination of factors, including weak borrower policies, inadequate capacity and gaps in donor funding. As such, Participants noted the importance of maintaining IDA's strong performance as a lender to the social sectors, which has resulted in better education, health and social protection services in IDA countries. While IDA has been the largest long-term investor in the prevention and mitigation of HIV/AIDS, the progress that IDA has enabled in the social sectors remains at risk of being reversed by the HIV/AIDS pandemic.

54. Participants stressed that infrastructure is a critical underpinning for growth and expanded economic opportunity for the poor. At the same time, many IDA countries face a substantial infrastructure deficit, a severe shortage of resources to repair and expand critical services and utilities, and a lack of effective regulatory institutions which are critical to the success of infrastructure reform efforts. They agreed that IDA can play a unique role in terms of financing, technical expertise and linkage of infrastructure provision policy and regulatory reforms to promoting both economic growth and better access by the poor to clean water, power and communications. They welcomed the World Bank Group's Infrastructure Action Plan introduced in July 2003, which is helping to revitalize financing for infrastructure, by focusing on more and better analytical work, strengthening the infrastructure project pipeline, and employing a broader range of instruments for infrastructure development, including leveraging private capital through the use of IDA guarantees and on-lending to sub-sovereign entities. They underlined the importance of a balance which ensures strong investment in new infrastructure while also properly maintaining existing infrastructure. Participants recognized that the demand for infrastructure from IDA countries is increasing and that a substantial increase of IDA commitments in infrastructure is anticipated during IDA14.

55. **Governance and public institutions**: Participants underscored the central importance of good governance in creating the conditions for growth, and endorsed the efforts of IDA and its development partners to combat corruption and enforce public accountability in borrowing countries to enable both domestic and external resources to be used more productively. They welcomed the mainstreaming of governance reforms in operational activities to combat corruption, enhance appropriate public resource use and enlist the confidence of the private sector. They noted three important areas in which this agenda is being furthered:

- Diagnostic work, such as PERs, CFAAs, CPARs and integrative fiduciary assessments, focus directly on public resource management, particularly, budgeting, expenditure reporting; auditing and enforcing financial accountability rules; and ensuring procurement processes that are timely and transparent.

- Investment climate issues, e.g., property rights, the legal and judicial system, scope of responsibilities of legislatures and their capacity to exercise them, regulation of investments and investment incentives, and the overall cost of doing business, including the costs of inadequate infrastructure, are being addressed to improve the business environment and encourage the private sector (see also Section IIB below).

- As discussed in Section IIE, donor collaboration is a central part of governance reforms. For example, the Public Expenditure Financial Accountability group is a collaborative initiative involving the EC, the Bank, RMDBs, IMF and bilateral donors. These organizations and donors have worked closely with the Bank to assist countries affected by conflict and other governance problems.

56. Participants also took account of the recommendations of the Expert Panel convened to review the methodology that underpins IDA's PBA system. They stressed the importance of ensuring a continued strong focus on governance – which is strongly linked to growth – by maintaining the present strength of the governance factor, while at the same time reducing its volatility by using a three year moving average for the procurement flag component. They agreed that experience with the governance factor should be reviewed at the IDA14 Mid-Term Review, and welcomed on-going efforts to harmonize the allocation approaches of the RMDBs.

57. **Trade, growth, and poverty reduction**: Participants noted the importance of trade for IDA countries, and stressed that the competitiveness and market access issues are essential elements of successful strategies for growth, job creation and poverty reduction. They noted that an open, liberal and rules-based trading environment is a fundamental factor enabling countries to service their debts in a sustainable manner and is itself a powerful instrument in helping to avoid debt distress. They welcomed the creation of a new World Bank Trade Department in July 2002, which has streamlined IDA's work in this area, and helped build partnerships with agencies engaged in trade-related activities. They also welcomed the Bank's analytical and policy work on the relationship between the trading environment and development, as well as efforts to strengthen trade policy reform and provide advisory services to help countries expand and diversify exports; to help borrowers improve trade negotiation capacity, especially in view of the Doha Round trade issues and the WTO accession process; to provide direct support for operational work; and to encourage regional integration. The overall work on trade has a broad multi-sector perspective, which includes barriers to trade issues (e.g., customs, trade logistics, standards), agriculture market access and specific commodity market issues, services liberalization, and poverty.

58. Participants noted IDA's operational trade work, which stresses technical assistance and trade facilitation, agriculture trade and other market access issues, and helps borrowing countries integrate better into the world trading system. A series of transport and trade facilitation audits have been initiated to identify critical drivers of high trade transaction costs, especially in landlocked countries, and provide a basis for technical assistance and investment projects. Participants further stressed the usefulness of the Integrated Framework (IF) program – a multi-donor effort led by the Bank – to identify constraints to trade and the potential to expand and diversify the exports of IDA countries. In recognition of the impact trade policies can have on poverty, Participants encouraged IDA to evaluate transitional costs, including impact on the poor, and

proposals for appropriate mitigation policies for countries embracing the trade liberalization agenda, especially with respect to market access issues, including markets for agricultural products, and the poverty impact of open trade policies.

59. Participants also supported the work program on trade issues for the IDA14 period, which will include issues related to adjustment costs and the distributional effects of reforms; studies investigating why and how some countries have successfully used trade reforms as part of a growth strategy; analyzing the implications of global reform for individual developing countries; and investment and pilot projects aimed *inter alia* at integrating small agricultural producers into global supply chains. During the IDA14 period, IDA will prepare a progress report on the implementation of the work program, including progress in assisting countries integrate trade policy into their PRSs.

B. Private Sector Development

60. Participants reviewed the implementation of IDA's private sector development (PSD) strategy,[34] and affirmed that a vibrant and competitive private sector is key to growth and poverty reduction. Private markets are the engine of productivity growth, which provides a central avenue for higher incomes, economic growth and employment generation. Private initiative can also contribute to fulfilling the government responsibility of ensuring access to basic services by providing improved infrastructure, health and education services that empower the poor. These are essential conditions for sustainable improvements in livelihoods.

61. Participants endorsed the strategy's two broad objectives: (i) extending the reach of markets through investment climate reform[35] with a special focus on measures that help Micro, Small and Medium Enterprises (MSMEs) thrive; and (ii) improving access to basic infrastructure and social services through private participation. Participants noted that the PSD strategy was innovative in its attention to the investment climate, in its focus on the diagnostic agenda, and in its support for broader coordination and new instruments to address the challenges identified. The investment climate takes on additional significance in IDA countries, where most private activity takes place in the informal sector. Since most entrepreneurial activity by the poor takes place in the informal sector, efforts to improve the investment climate, complemented by access to capital – for example through microfinance initiatives – are critical to empowering the poor. Work on investment climate reforms is also crucial as a precondition to the success of other types of PSD interventions in IDA countries by the other members of the World Bank Group (WBG).

---

[34] Articulated in the document *Private Sector Development Strategy: Directions for the World Bank Group*, April 2002. This was followed by a Implementation Progress Report, June 2003. To put the PSD strategy into action, regional PSD Strategy Implementation Plans were prepared in FY04. The PSD strategy is complemented by other operational strategies, notably those related to the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and Small and Medium Enterprises (SMEs).

[35] Investment climate refers to factors influencing firms' opportunities and incentives. Kaufmann and Kraay (2002), showed that country investment climate factors are strongly associated with per capita income growth.

62. Participants encouraged IDA to strengthen its analytic/diagnostic work,[36] non-lending technical assistance, knowledge management, and training activities. IDA uses survey-based diagnostics, including Investment Climate Assessments (ICAs) and the Doing Business Project (DB), to identify the microeconomic constraints to the growth of firms and to employment. During IDA14, five to ten investment climate surveys are expected to be launched in IDA countries each year. In addition, five to ten investment climate country diagnostics will also be conducted in IDA countries, with the objective of ultimately ensuring that all IDA countries are covered.

63. Participants stressed that while initial efforts are promising, investment climate reforms should be consistently reflected including in CASs, PRSPs, operations and country performance assessments. The emphasis of investment climate work should shift toward the design of effective solutions and to implementation of those solutions. As a baseline of investment climate information becomes available, they called for IDA to adapt accumulated investment climate knowledge to local environments, and shift its diagnostic efforts toward monitoring key indicators over time in partnership with other stakeholders.

64. Participants urged that IDA's support to private sector activity, including that to the MSMEs, continue to be built on market-based approaches. They noted that as MSMEs suffer disproportionately from impediments in the investment climate, across-the-board improvements have a disproportionate benefit to the MSME sector. The MSME sector, which serves as a critical link between the growth and poverty agenda, also has significantly less access to financial and business development services than larger enterprises. IDA's strategy of providing direct support to MSMEs while also strengthening the business environment and building capacity in financial systems and business development services was appropriate. They urged IDA to continue leveraging its capacity by working through intermediary institutions that have substantially lower transaction costs in supplying finance and services to individual enterprises. Participants welcomed ongoing efforts to scale-up this work.

65. To document successful reform efforts and capture lessons for adoption/replication by other countries, a review of IFC-IDA collaboration on MSMEs in Africa will be conducted and reported at the IDA14 Mid-Term Review. Participants urged that successful pilot initiatives in MSME support be scaled-up and their features widely disseminated to operational staff. They further noted that the scope and reach of the WBG's MSME work, including that of the Project Development Facilities (PDFs), could be further extended in IDA countries.

66. Participants noted that the World Bank has been piloting Output-Based Aid (OBA)[37] approaches in IDA countries in order to increase accountability and allow

---

[36] The recent high profile analytic work on PSD is the World Development Report (2005), which focuses on "A Better Investment Climate for Everyone."

[37] OBA has been proposed as a tool for supporting the delivery of basic services – infrastructure, health and education. OBA schemes introduce commercial discipline and efficiency of private providers in the provision of basic services while also addressing affordability concerns. Under this approach, disbursement of public funding (including IDA credits and grants) would be tied to the delivery of specified services or outputs by the providers. The providers bear significant performance risks related to the delivery of such services. This contrasts with the traditional approach of directing public funding to the financing of assets where tax payers pay even if there is non-performance. OBA provides strong incentives to achieve results.

stronger involvement of the private sector. The WBG will undertake a review of OBA to draw lessons learned from these pilot experiences which will be made available at IDA14 Mid-Term Review.

67. Finally, Participants underscored that the crosscutting nature of investment climate issues requires enhanced collaboration across all PSD staff in all parts of the Bank, IFC and MIGA. Participants noted that the CAS and PRSP are the starting point for such collaboration, but that systematic dialogue at the regional and country level (such as the country dialogues already initiated by the PSD anchor) can further enhance the complementarity of work across networks and units. Strengthened ex-post evaluations of IFC and MIGA activities in IDA countries will be important to further increase the overall development effectiveness of their operations.

68. Participants urged the WBG to strengthen the ongoing collaborative efforts to promote private sector development in IDA countries through: (i) joint work on the investment climate; (ii) joint approaches to new public-private partnerships in infrastructure; and (iii) joint work on MSME support in Africa. Going forward, they urged the WBG to explore the possibility of scaling up OBA-based projects as well as the IDA-IFC MSME programs. They also encouraged the WBG to include, where possible, private sector implementing agencies in regional operations. In addition, Participants agreed that IDA should explore the issues involved in lending directly to the private sector without sovereign counter-guarantee. Since this would pose a major policy change, and financial and risk management challenges to IDA, they requested further work on such a move and a report at the time of the IDA14 Mid-Term Review.

69. Finally, participants took note of the various ongoing efforts by the WBG to reach out to external partners, which have resulted in the mobilization of financial and technical assistance for the promotion of private sector development. In particular, they noted efforts by the WBG to work with external partners to strengthen the investment climate in IDA countries as well as to improve the provision of infrastructure services. They encouraged the WBG to continue with the collaboration to reinforce its own efforts to foster private activity in client countries.

C. Debt Sustainability and Grants in IDA14

70. Participants agreed that debt sustainability will be the basis for the allocation of grants to IDA-only countries in IDA14. Unlike in IDA13, grants in IDA14 will no longer be allocated according to multiple, special-purpose eligibility criteria. Instead, under the new grant allocation system, the share of grants in total IDA financing will emerge from a country-by-country analysis of the risk of debt distress.

71. Participants broadly endorsed the Joint Bank-Fund debt sustainability framework (DSF) as the analytical underpinning for the link between debt sustainability and grant eligibility.[38] The DSF links the risk of debt distress to the quality of policies and institutions in low-income countries. Participants further noted that the two broad pillars

---

[38] See IMF and IBRD (2004a), *Debt Sustainability in Low-Income Countries – Proposal for an Operational Framework and Policy Implications,* Washington, D.C., February 2004. Henceforth referred to as the "Framework Paper".

of the DSF are directly relevant to the allocation of IDA grants by: (i) providing a set of indicative thresholds of external debt-burden indicators which take into account countries' policies and institutions as well as their vulnerability to exogenous shocks; and (ii) analyzing the actual and projected behavior of debt-burden indicators and other key macroeconomic variables as indicated e.g. in Debt Sustainability Analyses (DSAs), both under baseline and plausible shock scenarios.

72. Regarding the first pillar of the debt sustainability framework, Participants supported the adoption of lower debt and debt-service thresholds than those originally proposed in the Framework Paper.[39] They noted that the main implications of lower thresholds would be twofold: (i) a wider country grant coverage; and (ii) a higher overall grant share. In order to preserve IDA's financial strength over time, Participants stressed that the overall grant share should remain within a sustainable level. With the new assumptions on the thresholds, the overall grant share is estimated to be around 30 percent. They asked IDA Management to report periodically on the evolution of the overall grant share and implications for IDA's finances, and to report on the implementation of the grant allocation framework by the Mid-Term Review.

73. Participants urged staff to work closely with the IMF to make rapid progress on the design and implementation of the second pillar, and asked for a proposal to be presented at the Mid-Term Review. They noted that until the second pillar can be operationalized, eligibility will hinge on ratings from the thresholds-based ranking system. Such ranking will be based on selected debt burden indicators,[40] against which countries' debt levels will be compared. The appropriate credit and grant mix for each country will then be determined according to its debt-distress risk category, namely, high, moderate, or low. During the transition to a system that fully takes into account the key aspects of the second pillar, insights from available DSAs will be used to inform the decision on how to classify countries.

74. Participants noted that grant eligibility in IDA14 will follow two additional principles, in order to reduce risks related to the "free rider" issue: (i) grants will be limited to IDA-only countries.[41] If a country is reclassified from blend to IDA-only status during the period between the end of the IDA14 Replenishment discussions and the Mid-Term Review, it will continue to be ineligible for grants over the course of IDA14; and (ii) a mechanism will be devised whereby a country could cease to be eligible for grants if its government or other public sector entities contract or guarantee new loans from alternative sources of financing which threaten to defeat the debt sustainability objective that IDA grants are intended to help achieve. Participants stressed that close coordination among lenders would be needed to ensure that grant-making by IDA does indeed help reduce countries' risk of debt distress. They requested that a specific

---

[39] IMF and World Bank (2004b). *Choice of Indicative Debt-Burden Thresholds – Alternative Options*, OM2004-0091, Washington, D.C., November 2004.

[40] Participants considered that two "stock" indicators – the Net Present Value (NPV) of debt-to-exports and NPV of debt-to-GDP ratios – and a "flow" indicator – the debt service-to-exports ratio – would be the most appropriate ones as they capture most of the relevant information to determine debt distress risks while minimizing potential data and moral hazard problems.

[41] Gap countries (with per capita incomes above IDA's operational cut-off for more than two consecutive years) are not eligible for IDA grants. See *Debt Sustainability and Financing Terms in IDA14: Further Considerations on Issues and Options*, IDA14 policy paper, November 2004.

proposal addressing the "free rider" issue be presented to IDA's Executive Directors before the end of FY05.

75. Participants noted two exceptions to the debt distress-based grant eligibility criterion. First, two special transitional cases, Kosovo and Timor-Leste, will be eligible for grants. For Kosovo, eligibility is based on its status as part of Serbia and Montenegro under United Nations Administration and will continue during IDA14 until its status changes and it is able to borrow. Timor-Leste will be eligible for grants to avoid a sudden shift of status vis-à-vis other IDA13 grant-recipient countries under the post-conflict criterion, and will be gradually phased out of grant eligibility during the IDA14 period.[42] Second, as in IDA12 and IDA13, limited grant financing would be available to support recovery efforts during the pre-arrears clearance phase of countries that are eligible for exceptional post-conflict IDA allocations (see Annex 1, paragraph 9).

76. Participants agreed that IDA will establish a provision for the grant financing of the portion of the cost of regional projects that is attributable to IDA-only countries eligible for 100 percent grants under the debt-distress criterion.

77. Participants supported the adoption of a Modified Volume Approach (MVA), the application of a 20 percent volume discount on grants, and the exclusion of revenues-based indicators from the eligibility mechanism while it is still transitioning to a DSA-based system. Participants stressed that the MVA reconciles two policy objectives: (i) it provides poor countries with an adequate volume of resource transfers in light of MDGs; and (ii) it maintains a strong relationship between policy performance and IDA's resource transfers.

78. Participants pointed out that the 20 percent volume discount will be subdivided in two components, each addressing a different objective: (i) an incentives-related portion (11 percent), to help maintain the strength of IDA's incentive system; and (ii) a charges-related (9 percent) portion, to finance foregone charge income on IDA14 grants. They noted that post-conflict countries eligible for exceptional IDA allocations (see Annex 1, paragraph 9) would only be subject to a charges-related volume discount.

79. The grant component of regional projects will be subject only to the 9 percent charge-related volume discount, to avoid increased costs to IDA in terms of foregone charge income.

80. Participants concurred that the resources from the incentives-related volume discount on grants will be reallocated to IDA-only countries[43] through the use of a PBA-based rule, that is, according to their respective share in the PBA norm (net of the share in the PBA norm of blends, hardened-term countries and post-conflict countries eligible for exceptional IDA allocations). The credits and grants mix applied to the reallocated resources will be the same as in the first round of allocation of IDA resources, that is, in accordance with countries' risk of debt distress. For those countries receiving additional resources in the form of grants, no further volume discount will be applied.

---

[42] Timor Leste will receive 100 percent of its allocation on grant terms in FY06, 60 percent in FY07 and 30 percent in FY08. The grant portion of each year's allocation will be subject to a 9 percent discount to recover charges.

[43] Except for IDA-only, grant-recipient post-conflict countries, since they are a priori excluded from the pool of countries that could be targeted for the incentive-related volume discount on grants.

81. Participants noted the high synergy between addressing shocks and the proposed framework. They pointed out that critical questions remain unanswered, however, including: (i) the magnitude of shocks vis-à-vis available resources; and (ii) the difficulties in defining shocks for operational purposes. Participants requested staff to continue to explore the feasibility of strengthening IDA countries' response to shocks, giving due consideration to the role to be played by other entities, including the IMF, and to report back on the results of such work by Mid-Term Review.

82. Participants observed that the resources from the charges-related discount on grants will be available for lending to IBRD/IDA blend countries, by creating a "hard terms" lending window. To ensure sufficient borrower interest in such a window, the interest rate to be charged will be more concessional than the prevailing IBRD lending rate. The Participants agreed to a spread of 200 basis points below the IBRD lending rate in fixed-rate terms. To reduce country credit risk for IDA, lending through the hard terms window will be restricted to creditworthy blend countries with per capita incomes below the operational cutoff for IDA but with an active IBRD lending program.

D. Results Measurement in IDA14

83. The Monterrey Consensus underscored the shared responsibility for achieving development results, including the MDGs, and the dual importance of increased and more effective, development assistance. The World Bank has played a major role in the international partnership to manage toward development results, and has reflected that commitment in the IDA13 Replenishment arrangement and in the development of an enhanced system to monitor results for IDA14. Building on the lessons learned from the IDA13 results measurement system, Participants agreed on an enhanced and broader-based system for IDA14, consisting of a two-tiered approach to monitor: (i) progress on aggregate country outcomes (see Annex 2, Table 1), and (ii) IDA's contribution to country outcomes (see Annex 2, Table 2). Participants noted that there remained inherent difficulties in attributing specific development outcomes to particular actions by IDA. They also took note of the monitorable actions for IDA14 (see Annex 2, Table 3) and requested that Management report on progress in implementing IDA's results-related mandates at the Mid-Term Review.

84. **Tier 1: Monitoring Country Outcomes**: Over the course of the IDA14 period, Participants requested that IDA Management monitor aggregate progress on 14 key country outcome indicators, and report on them every three years in line with IDA replenishments. These indicators reflect prevailing IDA country PRS priorities, are consistent with the MDGs, and capture both the economic growth and the human development priorities of ongoing IDA programs. Criteria for selecting the indicators included their relevance to desired outcomes, sensitivity to policy action, measurability and the cost of data collection (to avoid excessive data collection burdens for low-income countries). While attribution of outcomes to a particular actor or agency is impossible at this level, monitoring changes in these indicators is important because the donor community, including IDA, has a collective responsibility to ensure that external support helps developing countries move in the right direction on core development outcomes over the long run.

85. In addition, Participants requested IDA-funded projects to be designed to support country monitoring of core outcomes. Thus, all new IDA operations for FY06 and beyond, in four sectors (health, education, water supply, and rural road transport)[44] will report on, and strengthen country capacity (where this is not already being done) to ensure adequate monitoring of key sector outcomes included in the IDA14 results measurement system: (i) under-five child mortality rate; (ii) primary education completion rate; (iii) proportion of the population with improved access to a safe water source; and (iv) proportion of the rural population with access to an all-season rural road. This will help ensure that countries have the capacity to generate regular data for these fundamental development outcomes, to use IDA operations to strengthen this capacity, and to help staff and the recipient countries to remain focused on key outcomes influenced by IDA-financed operations.

86. **Tier 2: Monitoring IDA's Contribution to Country Outcomes:** In addition to tracking development outcomes across IDA's borrowers, the IDA14 results measurement system will assess key aspects of IDA's contribution to country outcomes. An important vehicle for this purpose is the results-based CAS, which links IDA programming more clearly to country priorities. Participants requested that during IDA14, Management monitor and target[45] the cumulative introduction of results-based CASs in IDA countries to ensure progress toward results reporting at this level. In the longer run, following full implementation of the new results-based CASs, an additional indicator will be based on reporting on results-based CAS outcomes.

87. With respect to the IDA portfolio, Participants requested that Management monitor and target the quality-at-entry of IDA operations, which is a leading indicator for positive outcomes, and track and target the share of IDA operations that successfully achieve their development outcomes. Quality-at-entry is evaluated annually by the Bank's Quality Assurance Group (QAG) through the examination of a random sample of projects. The most recent data show 85 percent satisfactory quality-at-entry for the IDA portfolio. During the IDA 14 period, Participants requested that Management work to improve the quality-at-entry of IDA projects beyond this level as indicated in Table 2 of Annex 2. Specifically, the target is to increase the average satisfactory quality-at-entry for the portfolio during the IDA period (FY05-FY07) as compared to the given baseline.

88. The Bank's Operations and Evaluation Department (OED) validates project outcome ratings by reviewing Implementation Completion Reports (ICRs) for all IDA projects exiting the portfolio. These data, which are based on independent ex-post evaluation and are available annually for all exiting projects, are currently the most reliable measure of project outcomes across the IDA portfolio. Participants requested that Management work to improve on the FY03 aggregate average satisfactory outcome rating of 75 percent in IDA countries over the IDA14 period (FY06-FY08). They also requested that Management should work to decrease the number of multi-year problem projects and keep project quality under careful scrutiny.

89. At the individual project level, Participants emphasized the importance of strengthening outcome-oriented objectives and monitoring. Participants requested

---

[44] These are the sectors where IDA, in aggregate, is most active.

[45] Targets for the introduction of results-based CASs in IDA countries are: 16 by end FY05, 30 by end FY06 and 45 by end FY07.

Management to monitor the extent to which results frameworks are incorporated into the design of IDA-financed projects by explicitly assessing the results framework underpinning project design in quality-at-entry assessments. They also requested that Management work toward implementing a results framework for IDA projects and programs that includes indicators connected to a timeline with baseline data and periodic assessments of project and program performance against defined expectations. Implementation for policy-based loans will be consistent with a good-practices paper being completed by Management by July, 2005, as well as lessons developed by the MDB Evaluation Cooperation Group. Furthermore, they requested that over the course of the IDA14 period, Management would work to ensure that 100 percent of IDA investment projects initiated after July 1, 2004, and DPOs for which Concept Review takes place on or after September 1, 2004, include such frameworks. They urged that all CASs initiated after January 2005 would be results-based CASs.

90. OED assesses the evidentiary base provided in project ICRs to evaluate the achievement of outcomes. Participants requested that the share of ICRs with satisfactory data on project outcomes is improved above the level achieved over the last two years (76 percent) as indicated in Table 2 of Annex 2. Thus, the proposed target is to increase the share of ICRs with satisfactory data on project outcomes for the portfolio during the IDA period (FY05-FY07) as compared to the given baseline. These project-level indicators are a useful gauge of the extent to which measurable results are being specified and monitored throughout the project cycle. These data will be complemented with summary data on disbursement lags by sector and themes and all reports on these indicators will distinguish between IDA grants and loans.[46]

91. Participants recognized that efforts to strengthen the results orientation of IDA projects and programs will need to include efforts to strengthen a 'culture of results' at both country and among IDA management and staff. Management notes that its current staff performance review system includes upfront specification of Results Agreements, and has recently signaled that the quality and performance of lending and non-lending portfolios is a key dimension of the review of management performance. Participants encouraged Management to continue its work to integrate information on progress toward results, calibrated to what is achievable in specific country and sectoral contexts, into performance review processes. At the institutional level, ongoing reviews of organization effectiveness and internal budget process reforms are also designed to signal a sharper focus on development effectiveness.

92. Participants recognized that, while project outputs, such as health clinics constructed, will not on their own have an impact, they are necessary for achieving development outcomes. Participants therefore, requested that IDA monitor progress on selected aggregate project outputs in four sectors where IDA is active across a range of countries: health, education, transport and water (the same four sectors for which IDA projects will assist countries to strengthen outcome indicators). They noted that output indicators will be recorded for all projects, but definitions of outputs can not be standardized across all projects within a sector without undermining country ownership and fit to particular institutional environments and sectoral policies. Outputs will be drawn from ICRs. These indicators will have the advantage of capturing changes that

[46] For operations the comprise both credit and grant elements IDA will track these indicators only to the extent that this is practical and provides meaningful information.

can be attributed to IDA's interventions. The performance indicators are outlined in Table 2 of Annex 2.

93. **Improving Statistical Capacity in IDA Countries**: Participants recognized that country capacity to measure progress toward core development outcomes is critical to country-led implementation of poverty reduction strategies, and is the foundation for global monitoring of progress toward the MDGs and the IDA results measurement system. They therefore urged IDA to play a leading role in coordinating efforts to strengthen the capacity to compile and use statistics in IDA countries.[47] They requested that IDA work with international partners to compile information on the statistical systems of IDA countries, including indicators of their statistical capacity. Participants encouraged IDA to prepare profiles of countries' statistical capacity and make this information public on the Bank's external website. They also asked IDA to work with development partners to monitor statistical capacity building activities undertaken in client countries and to prepare annually and make public a note describing and tracking the progress of efforts to improve statistical capacity.

94. Participants requested that IDA play a leadership role in the global partnership for statistical capacity-building. They requested that IDA continue its support for the PARIS21 consortium and intensify support within its CASs and projects for national statistical capacity-building. Furthermore, they asked that IDA work in partnership with its development partners to implement the global action plan to strengthen statistical systems, including household surveys. They urged IDA to assist countries in preparing national strategies for the development of statistics. The World Bank's Trust Fund for Statistical Capacity Building and PARIS21 should support countries adopting a fast-track approach to preparing strategic plans. Participants also supported IDA's initiative to start a pilot program to align and harmonize internationally sponsored surveys and to make improvements in statistical practices consistent with national statistical development plans. In selecting countries for this work, they urged that priority be given to IDA countries preparing CASs. This work should be coordinated through the new International Household Survey Network, formed as part of the Marrakech Action Plan for Statistics.

95. The IDA program and its results measurement system can help poor countries improve data collection contributing to better decision making that fosters progress toward established goals. Strengthening the results focus of CASs and IDA operations will increase support to countries for building capacity to manage for results and will help ensure that core development outcomes are regularly monitored. Participants requested that IDA work together with other development partners to continue to harmonize results reporting requirements around national monitoring and evaluation systems for implementation of poverty reduction strategies.

E. Working Together at the Country Level: The Role of IDA

96. Participants noted that, since 1995, levels of Official Development Assistance (ODA) had fluctuated between $48 billion and $59 billion per annum, with roughly 70

---

[47] Methods for Monitoring the Achievements Made Towards IDA Results Indicators, Committee on Development Effectiveness, October 2004 (CODE2004-0077)

percent coming from bilateral donors and 30 percent from multilateral donors. Further substantial increases in these flows are expected in the near future, as donor countries continue to deliver on their Monterrey commitments. They also noted that, while IDA's share of total ODA has fallen from 9.2 percent in 1995 to 5.6 percent in 2002, its share of multilateral disbursements had remained steady at around 35 percent.

97. Participants recognized that the changes in financial flows still left IDA in a key position in the development architecture. IDA has a good ratio of disbursements to commitments[48] and its country aid allocations are the most efficient in terms of targeting poverty reduction. IDA's presence in virtually all low-income countries and in most socio-economic sectors gives it a comparative advantage in providing an integrative service in terms of donor coordination. They affirmed that IDA should continue to capitalize on its comparative advantages, including:

- As the development agency that undertakes the most country-specific analytical work and research on economic development, and as a source of global knowledge in this area, it helps to strengthen the knowledge base for all development partners.

- By working closely with the IMF, it ensures coherence between the long-term development objectives and the shorter-term requirements of macroeconomic fiscal and monetary management.

- By participating fully in – preferably country-led – country level coordination processes based on CDF principles.

- With its increased presence at the country level resulting from the major Bank-wide decentralization program, IDA can help integrate the efforts of donors and improve the design and implementation of aid programs.

98. Participants also recognized that the Bank had made a major effort to strengthen relations with other multilateral donors, including the UN and its agencies. Much of the focus of this effort has been the alignment and harmonization activities that are now under way, engaging the Bank, RMDBs, and the OECD-DAC. They welcomed the note on "Indicators and Harmonization" that IDA produced for the Athens Meeting, in which the Bank confirmed its commitment to monitor progress on harmonization. This would be done through a set of indicators drawing on the agreement reached by the donor community as a whole at the DAC High Level Forum. They noted that, once agreement has been reached on the indicators framework, IDA would construct a baseline against which to monitor progress of the relevant indicators for its operations, and would monitor and periodically report on progress against the baseline to Participants. In addition, Participants urged IDA also to emphasize donor coordination in CASs, including through the adoption of harmonization indicators. Lastly, they welcomed the inclusion of harmonization indicators as part of the Bank's Key Performance Indicators (KPIs) program.[49]

---

[48] IDA Disbursement Ratios FY95-04, Technical Note, August 2004.

[49] The Key Performance Indicators are part of the Bank budget reform program, under which operational units within the Bank will be judged against a set of quantifiable measures designed to track performance in achieving stated goals over time. Indicators are structured in an hierarchical

99. The PRS process should be country-led with broad participation from civil society and the private sector, and should align government and donor resources with the objectives of empowering the poor and promoting growth. Participants affirmed that the PRS process had become one of the key instruments for the delivery of coordinated aid. Yet the PRS process still needs to be strengthened before it can be considered an effective tool for the majority of low-income countries. In order to draw lessons for strengthening the PRS process and aid effectiveness, Participants reviewed experiences in Vietnam, venue of the second IDA14 replenishment meeting, and noted a number of features of IDA's work there which have made an important contribution to the development effort, including:

- Support for the Government's own national planning documents and processes as the basis for the Vietnamese PRS;
- Support for a strengthening of the growth analysis underpinning the PRS, and efforts to make the PRS as comprehensive as possible;
- Progress on harmonization of procedures, and a commitment to strengthen and improve Government systems, including through the provision of capacity building assistance, with the intention that these systems will ultimately be used by donors;
- Efforts to maximize ownership of, and partnership in, the PRSC among the donor community;
- Moves toward producing an increasing share of analytical work in partnership with other donors and Government;
- Efforts to address and enhance sectoral coherence while recognizing the value of a variety of different aid instruments in supporting sectoral frameworks; and
- A highly decentralized office, with both the Country Director and many Task Managers based in country.[50]

100. Drawing on such lessons from IDA's operations, key changes to be made include supporting countries taking charge of the implementation and evaluation of the process, strengthening national public financial management systems and promoting a stronger link of the PRS to national decision-making processes including budgetary processes, supporting analytical work on the links between poverty and growth, and strengthening a partnership framework that will enable donors to align further to the PRS process. In support of this, they urged that IDA should:

- Undertake more upstream analytical work, particularly in the area of public finance, and, when requested by the government, follow up the work with

---

framework and designed to include, at the regional level, measures of harmonization and alignment with other donors and national authorities.

[50] *Increasing Aid Effectiveness and the Role of IDA: Learning Lessons from the Vietnam Experience*, Joint Japan/UK Paper for IDA14, September 10, 2004.

support to the country, to strengthen and improve the quality of its PRSP.

- Carry out more of its work jointly with recipient governments and other donors, and share the results of this work as widely as possible.

- When the reforms supported by DPOs provided by IDA are expected to have significant distributional impacts, assess these impacts through poverty and social impact analysis (PSIA) or other analytical studies. These assessments will be based on analysis undertaken by the recipient, other development agencies, civil society organizations, or the IDA's own work. Where IDA undertakes these assessments it will invite the recipient and other donors active in the country to participate as fully engaged partners.

- Report on progress made by IDA in implementing the recommendations of the Bank's Review of World Bank Conditionality.

- Help strengthen country processes for planning, implementing, and monitoring by further mainstreaming efforts at the country level to improve the coverage and quality of statistics as well as policymakers' capacity to interpret the statistics. For example, IDA should work in partnership with other donors to strengthen statistical systems in IDA countries.

101. Participants noted that, in parallel with the PRS process, important initiatives have been launched on results measurement, and on alignment and harmonization of donor assistance. The Bank is playing an active part in all these activities and has been leading in some areas, notably on results measurement, public financial management and statistical capacity-building. In this context, they affirmed that the substantial work on donor coordination of recent years should be continued. Participants noted that many of these initiatives will only bear fruit over the medium- to long-term and underlined the importance of 'staying the course' to reach tangible results. They further urged that IDA assist the process by monitoring progress on donors' coordination and harmonization. Building on the CDF evaluation IDA should work with OECD-DAC and other partners to monitor progress being made in working together at the country level.

102. Participants noted the particular challenges posed by LICUS countries, which are home to over 400 million people and threaten regional and global stability when conflict and epidemic disease spill across borders. These countries are highly heterogeneous and it would not be appropriate to come up with a boilerplate approach across the whole group. Participants recognized that IDA has made headway in expanding its development approaches to address the needs of LICUS countries through the LICUS Initiative, emphasizing knowledge, institution-building and harmonization, and a differential approach between countries in prolonged political crisis; fragile political or post-conflict transition; political stability but poor policy environments; and periods of deteriorating governance. They affirmed that IDA should continue to work with other donors (both DAC and non-DAC) which is particularly important where the capacity to manage fragmented donors' programs is even more limited than usual. Participants also observed that it would be useful for the Bank and the UN to discuss how to further strengthen collaboration based on their respective competences in post-conflict countries, especially in the early phases of recovery, with the aim of reaching conclusions that will facilitate speedy and effective cooperation at the country level. They welcomed the fact

that the Bank would evaluate carefully the report of the UN High Level Panel on Threats, Challenges and Change and its reform proposals pertaining to conflict prevention and reconstruction, and that it looks forward to deepening collaboration on global policy and country-level operational partnerships to address the critical peace, security and development nexus.

103. Participants noted that difficulties in aid delivery also exist for small and vulnerable states. Aid levels to small states have declined since 1991, and to small states that were also in the LICUS group they declined even more. The Participants recognized, however, that the Bank, for its part, had increased its budget allocations for analytical and advisory services (AAA) and other support to small states substantially since FY00. Nevertheless levels of analytical work in such states remain below the levels of other countries, and the LICUS small states have particular difficulty in mobilizing assistance. Participants supported Bank efforts to further increase its support in such states by improving incentives for Bank staff to work on them and by mobilizing additional resources through trust funds. They urged the Bank to work closely with the RMDBs, which are also engaged in enhancing support to small states. To strengthen support from IDA to small states countries, Participants recommended increasing the base amount that IDA makes available to all IDA countries from SDR 3 million to SDR 3.3 million. Participants encouraged the Bank to look at other measures to increase support for small states, such as increasing incentives for Bank staff to work on such states, and using trust funds to support the cost of Bank staff engaged in small states advisory work.

104. Participants recognized the importance of regional programs in addressing issues such as trade and transport, HIV/AIDS and sharing of water and energy resources. They noted that the pilot program on regional projects introduced in IDA13 has experienced strong demand. They affirmed that IDA should continue its role as a financier, and provider of analytical support for regional programs, with due regard for country ownership (see Annex 1, paragraph 9). Furthermore, IDA should work to support initiatives aimed at facilitating deeper regional economic integration, such as the NEPAD initiative. They also recommended that IDA continue to consult with the RMDBs to enhance cooperation, to avoid overlap and to ensure that each institution's programs are based on its comparative advantage. IDA's role is especially important where such finance and support is necessary to complement critical national activities aimed at creating the conditions for deeper regional integration.

105. Participants recognized that the Bank plays a key fiduciary and administrative role in many global programs. The Bank also finances programs that support the same core objectives and which are often delivered in conjunction with other donors. On HIV/AIDS, in particular, IDA remains unique in its provision of implementation support at the country level, its ability to work across sectors, its capacity to channel money to the public and private sectors and civil society, particularly at the community level, its existing involvement in complementary activities such as health sector reform and PRSP/PRSOs, and its willingness to fund projects that others will not, particularly in post-conflict situations and regionally. They urged IDA to build on these strengths to increase the effectiveness of other sources of funding which lacked IDA's implementation and technical infrastructure. They affirmed that IDA should continue to support programs at the national and regional levels, when such support results in increased harmonization and coordination of donor efforts, and helps to build implementation capacity.

SECTION III: HIPC INITIATIVE

106. Participants reiterated their strong support for the HIPC Initiative which is providing debt relief to the world's poorest and most indebted countries. They emphasized the importance of closely linking HIPC debt relief with countries' poverty reduction efforts through the PRSP process. They noted the progress that had been made in the implementation of the enhanced HIPC Initiative since its adoption at the beginning of IDA12 and that IDA debt relief is now provided to all eligible HIPCs.

107. Participants reviewed the impact of HIPC debt relief on IDA's finances. Participants 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.[51] They noted that current plus expected resources available to finance IDA's debt relief costs will be fully utilized by the end of calendar year 2005, i.e., early in the IDA14 period. IDA will therefore need additional financing of about SDR1.2 billion during IDA14 to be able to deliver its agreed debt relief program.

108. Deputies discussed the arrangements for donors to provide HIPC-related contributions to IDA, and agreed that such arrangements should be flexible and simple to administer. Each donor's share will be determined based on the agreed burden-sharing and shown as a separate column in Table 1 of the IDA14 Resolution. They discussed two possible mechanisms for donors to provide their HIPC-related contributions: (a) contributing directly to IDA; or (b) channeling contributions through the HIPC Debt Initiative Trust Fund. The contributions will be recorded separately from regular IDA contributions in order to ensure that HIPC debt relief is additional to other IDA assistance.

109. Donor funds provided directly to IDA will be treated in the same manner as regular contributions, becoming part of IDA's general resources. Donors can choose to submit one Instrument of Commitment (IOC) that would include the amount of the HIPC-related contribution, or separate IOCs for regular contributions and HIPC-related contributions. Donors can pay their HIPC contributions in cash or promissory notes. Since these additional contributions will reimburse IDA for its foregone reflows during fiscal years 2006-2008, they will be drawn down over this three-year period. Donors will receive voting rights for contributions upon payment to IDA14.

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

---

[51] This principle was originally articulated in the Development Committee Communiqué, September 27, 1999, paragraph 7.

SECTION IV: MANAGING IDA'S FINANCIAL RESOURCES

111. Given the time it takes to reap the benefits of investments in growth and poverty reduction, the three years of the IDA14 Replenishment Period (2005-2008) represent a critical juncture in the effort low-income countries are making to reach the MDGs. Deputies recommend therefore that IDA14 donor contributions of SDR 14.1 billion be provided so as to achieve a total replenishment of SDR 24.2 billion during the IDA14 period consisting of funding for IDA14 commitment authority of SDR 23.7 billion and financing of foregone charge income on IDA13 grants of SDR 0.4 billion. Donor funding will comprise: regular assistance commitments of SDR 12.5 billion; foregone charge income on IDA13 grants of SDR 0.4 billion; and IDA's debt relief costs under the HIPC Initiative during the IDA14 period of SDR 1.2 billion. A total of SDR 12.3 billion was pledged at the final replenishment meeting, and Deputies urged further efforts by donors to fill the remaining gap. Replenishment funding would also comprise transfers from the IBRD net income (if available) in the amount of SDR 1.1 billion, and commitments against IDA's internal resources[52] in the amount of SDR 8.7 billion.

A. Prospective New Members and Donors

112. Participants welcomed Slovenia to the IDA14 discussions as a new donor. 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. These include Bahrain, Brunei Darussalam, Chile, Cyprus, Qatar and the United Arab Emirates. Participants agreed that they and Management should continue to encourage these countries to become IDA donors.

113. Participants noted that Ukraine became a member of IDA in May 2004.[53] They also noted that the Bahamas and Venezuela, which are still in the process of becoming IDA members, also intend to become IDA donors.

B. Commitment Authority, Grant Financing and Risk Management

114. IDA's commitment authority for new financing is derived from donor contributions, internal resources, and IBRD net income transfers.

115. Participants noted that repayments of outstanding credits constitute the most important component of internal resources. Participants appreciated the analysis presented during the replenishment discussions demonstrating that IDA would have sufficient liquidity available to fund future credit disbursements, and also that future replenishments would be supported by an adequate level of internal resources. Participants endorsed IDA's existing practice of using internal resources to complement donor resources to increase IDA's commitment authority.[54]

---

52 Internal resources include principal repayments, investment income, and other non-donor resources.

53 Membership in IDA totals 165 countries.

54 During IDA14, an important share of internal resources would be drawn from IDA's liquidity. At the meeting in Hanoi, Management illustrated the expected profile of reducing IDA's liquid assets over time.

116. Deputies agreed to provide resources to replace IDA's foregone charge income due to IDA13 grants, by way of additional donor contributions during IDA14.[55] Regarding the provision of grants in IDA14, Deputies reaffirmed their commitment to maintain the strength of IDA's finances.

117. Deputies agreed that Thirteenth Replenishment funds carried over into the Fourteenth will be administered under the terms of the Thirteenth Replenishment with respect to financial management matters such as payment, encashment, and allocation of voting rights. For ongoing operational matters such as commitment authority, Fourteenth Replenishment terms, conditions and procedures will apply.

C. Burden-Sharing and IBRD Transfers

118. Participants acknowledged the dual challenge of securing an adequate replenishment size while achieving an acceptable burden-sharing framework. Deputies noted that adjusted Gross National Product (GNP) remains a useful point of reference for IDA shares, but that it cannot be followed rigidly as the basis for determining replenishment shares. In view of substantial exchange rate movements since the date of the agreement on the IDA13 replenishment, Deputies agreed that flexibility was required on the part of each donor for a successful outcome of the replenishment.

119. Deputies proposed IDA14 donor contributions of SDR 14.1 billion, including contributions to the HIPC Trust Fund to replace IDA's foregone credit reflows due to debt relief provided during the IDA14 period. Commitments (subscriptions and contributions) shown in Table 1 of Annex 3 reflect the agreement among donors.

120. Donor contributions become available in three equal tranches. It is the practice of some donors to deposit qualified instruments of commitment to IDA, and as a result, payments are subject to annual legislative approvals. In view of this, since the Seventh Replenishment, donors, under the *pro rata* provision, have restricted the use of part of their contributions in the event of any shortfall from donors whose contributions exceed 20 percent of the total. Deputies agreed to retain the *pro rata* provision, recognizing that it is not expected to apply in IDA14 since no donor is expected to account for 20 percent of total donor contributions.

121. Participants noted that the ability of IDA to assist low-income countries over the next three years depends heavily on the agreed IDA14 funding package and that a critical component of this funding package was IBRD's continued ability to provide net income transfers to IDA. Such transfers are approved annually by the Board of Governors of the IBRD. Participants emphasized the priority they attach to continued and substantial transfers from IBRD net income to IDA. They urged the IBRD to increase IBRD's net income transfers to IDA in SDR terms, relative to IDA13 levels, consistent with IBRD's financial priorities.

---

[55] *Modalities of IDA13 Grant Financing – Technical Note*, IDA/SecM2004-0379, May 26, 2004.

D. Effectiveness and Advance Contribution Scheme

122. Deputies recommended that donor financing for IDA14 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 donor financing, including contributions by major donors, is in place on time. The Deputies recommended that donor contributions to IDA14 become effective when Instruments or Qualified Instruments of Commitment (IOCs) accounting for 60 percent of the total donor contributions have been received by IDA.

123. Participants discussed the expected limited availability of commitment authority for making grants at the start of the IDA14 period. 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. IDA would, therefore, need to rely on donor contributions to back new grant commitments during IDA14. In view of the likely larger volume of grants in IDA14 than in IDA13, and because many countries would receive their IDA assistance exclusively in the form of grants during IDA14, the timely availability of commitment authority for grants is of particular concern. Since the first tranche of donor resources in IDA14 would generally not become available until the second half of FY06, IDA's ability to extend grants during the first six to nine months of FY06 would depend on donors providing their IOCs in an early, advanced manner.

124. Deputies noted the importance of providing their IOCs as early as possible. Some donors' budgetary and legislative timetables permit them to make their contributions at an early stage in the fiscal year. In past IDA replenishments, some donors agreed that a share of their contributions could be used before the replenishment became effective under the advance contribution scheme (ACS). In view of the limited availability of commitment authority for grants during the first six to nine months of FY06, Deputies agreed to eliminate the threshold for the ACS. One-third of the amount specified in a contributing member's IOC, will therefore be released for commitment authority purposes immediately upon receipt of the IOC by IDA and prior to the effectiveness of the replenishment unless otherwise stated.

125. As noted in the paragraph above, the first tranche will be released either upon receipt of IOCs, or upon effectiveness of the replenishment as specified by the donor. The second and third tranches are normally released based on payments received from donors during the second half of the relevant fiscal year. This timing would also result in the same issue discussed above – namely that commitment authority for grants will be limited during the first half of the fiscal year. Prior to IDA13, IDA's practice was to release commitment authority from donor contributions based on IOCs, not on payments. To avoid disruption in IDA's ability to make grant commitments, IDA will revert to the practice of using IOCs as the basis for commitment authority and release the second and third tranches of donor contributions on July 1, 2006, and July 1, 2007, respectively.

126. Deputies noted two other options to address this commitment authority issue: (i) introducing conditional grants; and (ii) converting credits to grants. Grants during the first six to nine months of IDA14 could be made conditional upon availability of sufficient commitment authority from donor contributions. Alternatively, IDA14 grant operations could be approved as credits in the first six to nine months of IDA14 with an

automatic conversion to grant terms as and when sufficient donor resources become available. Upon conversion, any IDA service and commitment charges paid under the credit would be refunded to the borrower. To the extent required, Management would adopt a combination of conditional grant approvals and conversion of credits into grants, as described above.

E. Contribution Procedures

127. Deputies recommended that the contribution and payment arrangements for donors continue as in previous replenishments. They recommended a target effectiveness date for the replenishment of December 15, 2005. Donors will provide their 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, except for advance contributions which will be paid as specified by IDA after the advance contribution scheme becomes effective. The second installment will be paid no later than January 15, 2007, and the third installment no later than January 31, 2008. IDA may agree to payment postponement under the provisions of the IDA14 Resolution.

128. Deputies recommended that subscription and payment arrangements for non-donors continue as in previous replenishments. Subscription payments of non-contributing members will be fully paid in one installment and in national currency, either in cash or notes.

129. **Encashment**. Donor contributions will be encashed on an approximately *pro rata* basis among donors (Attachment II of the IDA14 Resolution). Donors may, with the agreement of Management, adjust their encashments to reflect their legal and budgetary requirements. Deputies agreed to indicate any special preferences in this regard to Management when donors deposit their IOC. Deputies recognized that the timing of encashments affects IDA's resource base. They agreed that in exceptional cases, should unavoidable delays occur, IDA's encashment requests to the affected donor are expected to be adjusted to take into account any past payment delays by that donor and any related lost income to IDA. IDA may also agree with any member on a revised encashment schedule that yields at least an equivalent value to IDA.

130. **Valuation of contributions**. Deputies agreed to denominate their contributions in their respective national currencies, in SDRs, or, with the approval of IDA, in any convertible currency of another member country. They also agreed to determine the currency of payment for each donor contribution as of the date of conclusion of the IDA14 replenishment discussions. For the purpose of establishing the equivalence of value among different currencies and the SDR, donors agreed to use the average daily exchange rate for the period April 1, 2004, through September 30, 2004. To help maintain the value of contributions from donors with high inflation rates, contributions from donors with domestic annual inflation of 10 percent or higher in 2001-2003 will be denominated in SDRs.

131. **Reporting of contributions**. Participants requested Management to report regularly to the Executive Directors on the status of each donor'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.

F. Additional Contributions.

132. **Additional Contributions**. Donors may at any time make additional contributions to the amounts shown in Table 1 of Annex 3. Such contributions could reduce the financing gap and result in a corresponding increase in IDA's available commitment authority.

133. **Contingent Contributions**. Deputies agreed to specific actions to be taken on donor harmonization and conditionality in IDA operations as set out in the policy matrix (Annex 2, Table 3) and in the Schedule to the form of IOC attached to the draft resolution. Deputies asked Management to report on progress on the required actions at two points during the IDA14 period: by September 2005 and at the IDA14 Mid-Term Review. Donors can link additional contributions to these agreed actions and make such contributions contingent upon a determination by IDA's Executive Directors that the measures specified have been taken.

G. Voting Rights

134. Participants noted that IDA's voting rights system was designed to protect the voting power of the developing countries in IDA. At present, however, there is a large discrepancy between votes allocated and actual voting rights, because not all Part II members have subscribed for the full amount allocated to them. In this context, work is underway to facilitate the taking up of subscriptions by Part II members. Management sent letters to concerned members requesting that they take up their outstanding allocations. The letters were accompanied by all the necessary forms (IOCs and payment instructions) to effect the subscription process. This issue was further discussed with country delegations at the time of the Annual Meetings in October 2004.

135. Participants agreed that the existing IDA voting rights system continue for the IDA14 period.

SECTION V: RECOMMENDATION

136. Deputies proposed that the Executive Directors recommend to the Board of Governors the adoption of the draft IDA14 Resolution attached in Annex 3.

ANNEXES

ANNEX 1

Summary of the Performance-Based Allocation System for IDA14

I. Introduction

1. IDA's Performance-Based Allocation system (PBA) will continue to be the basis for the distribution of IDA resources during the IDA14 period. This annex provides an updated overview of the PBA system and highlights the enhancements that were agreed during the IDA14 deliberations.[56] The annex should be considered in conjunction with the new system for allocating grants during IDA14 (outlined in Section IIC). This system will be further elaborated in a grant implementation paper to be submitted to IDA's Executive Directors in June 2005.

II. PBA Overview

2. The performance of IDA countries is assessed annually using the Country Policy and Institutional Assessment (CPIA) tool.[57] The CPIA assesses each IDA country's present policy and institutional framework for fostering poverty reduction, sustainable growth and ability to effectively use development assistance. The system has evolved over time and now comprises 16 criteria grouped in four equally weighted clusters: (i) economic management; (ii) structural policies; (iii) policies for social inclusion and equity; (iv) and public sector management and institutions (Box 1).[58] To ensure that ratings are consistent with performance within and across regions, (i) detailed questions and definitions are provided to country teams for each of the six rating levels for each of the 16 criteria; and (ii) an institution-wide process of rating and vetting a dozen 'benchmark' countries is carried out to anchor the ratings in all IDA regions. This is followed by a process of institutional review of all country ratings before they are finalized.

3. IDA countries are being informed of the assessment process which is increasingly integrated in the country dialogue. Since IDA12 the CPIA and Country Performance Ratings (CPR) for IDA countries have been disclosed on a quintile basis. Starting in IDA14, i.e., with the 2005 ratings, the numerical rating for each the CPIA and CPR criteria will be fully disclosed.

---

[56] For a more detailed description, see the IDA13 paper *Linking IDA Support to Country Performance – Recent Experience and Issues*, IDA, January 30, 2001. For information on the subsequent evolution and results of the system, see *Linking IDA Support to Country Performance – Third Annual Report on IDA's Country Assessment and Allocation Process*, April 30, 2002 (available at www.worldbank.org/ida/PBA2002.pdf).

[57] The system described here reflects the enhancements made in response to the recommendations made by the External Panel of Experts which reviewed in the spring of 2004 the CPIA methodology and process. Such external review is envisaged to be undertaken on a tri-annual basis.

[58] For the CPIA 2004 Questionnaire, see www.worldbank.org/ida/.pdf. There used to be 20 criteria; the reduction to 16 was based on a recommendation by the External Panel of Experts.

Box 2: Revised CPIA Criteria

A. Economic Management
1. Macroeconomic Management
2. Fiscal Policy
3. Debt Policy

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

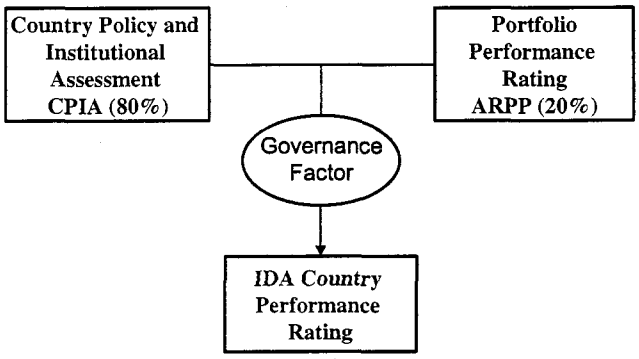
C. Policies for Social Inclusion/Equity
7. Gender Equality
8. Equity of Public Resource Use
9. Building Human Resources
10. Social Protection and Labor
11. Policies and Institutions for Environmental Sustainability

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

4. The CPIA underpins IDA's CPR but is not its only determinant. Two additional process steps are included. First, to capture the important dimension of quality of development project and program management, the Bank's Annual Report on Portfolio Performance (ARPP) is used to determine a score for each country's implementation performance. The ARPP scores are based on the percentage of IDA funded projects in the country that are considered at risk. These percentages are translated into 1-6 scores with the help of a conversion table.[59] A weighted average rating is calculated of the CPIA (80 percent weight) and the ARPP measure (20 percent weight). In the second step, this composite rating is multiplied by the "governance factor" to produce the country's IDA CPR (Chart 1).

[59] The Conversion Table has been amended (see Attachment 1) to assure: (i) consistency with the new CPIA which now has definitions for each of the rating levels from 1-6; and (ii) alignment of the average ARPP ratings with that of the CPIA ratings by reducing the ARPP conversion scores.

Chart 1- IDA Country Performance Rating



5. The governance factor is derived from the five criteria in the CPIA's governance – or public sector management and institutions – cluster D, plus the three-year moving average of the procurement flag that is an element of the ARPP portfolio rating.[60] The average score of these six governance criteria is divided by 3.5, the mid-point of the 1-6 range, and an exponential of 1.5 is applied to this ratio:[61]

$$\textbf{Governance Factor} = (\textbf{average governance rating} / 3.5)^{1.5}$$

The country's overall rating is then multiplied by this factor, resulting in an increase (or decrease) of the overall IDA CPR, depending on the degree to which the country's governance rating is strong – above 3.5 (or weak – below 3.5).

6. IDA's resources are allocated on the basis of the IDA CPR (ensuring that good performers get a higher share of IDA's available resources), population, and GNI per capita:[62]

$$\textbf{IDA Country Allocation} = f(\ CPR^{2.0}, Pop^{1.0}, GNI/Cap.^{-0.125}\ )$$

The formula shows that the country's policy and institutional performance is the dominant determinant (twice as high a score results in four times the allocation), while population also affects it significantly (the relationship is linear: a higher population results in a proportionally increased allocation). Finally, there is a modest bias in favor of the IDA eligible countries with a lower GNI per capita.[63]

---

60 The moving average was introduced in 2004 to reduce unwarranted volatility of this governance indicator.

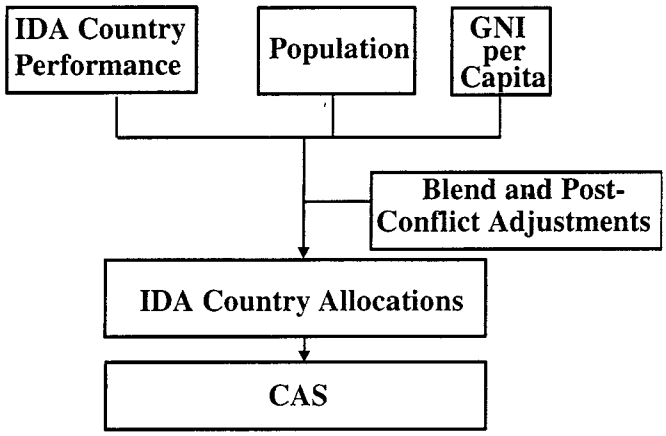
61 Participants decided to maintain the 1.5 exponential of the governance factor. At the time of the mid-term review they will reflect on how this has affected the allocations at the country level, especially in the case of the strongest and weakest performing countries.

62 For a more detailed specification of the IDA allocation formula, see Attachment 2.

63 Poverty is heavily weighted in the allocation, since normally IDA eligibility requires that the country's per capita GNI is below the annually reviewed IDA operational cut off-level, which as of July 1, 2004, stands at $895.

7. The allocation norm establishes the financial resources available for each IDA country for a given year, and gives an indication of resource availability in the following two years. The terms in effect for the allocation will be determined in accordance with the grant allocation system for IDA14. Country allocations vary over time with changes in a country's performance, as well as with changes to other countries' performance, changes in eligibility for IDA resources and for IDA grants, and IDA resource availability. The allocation norm is the basis for the financing scenarios set out in CASs or Transitional Support Strategies (TSSs).[64]

Chart 2 - IDA Country Allocations



8. In addition to their performance-based allocations, all countries are allotted a basic allocation of SDR3.3 million. In terms of per capita allocations, this benefits small states in particular.

9. There are some considerations that merit exceptions to the allocation norms.

- First, "blend" countries with access, or potential access, to IBRD receive less than their allocation norms due to their broader financing options.

- Second, countries emerging from severe conflict can, under certain conditions,[65] be provided with additional resources in support of their recovery and in recognition of a period of exceptional need. The special post-conflict allocations may be provided for up to four years, plus three years of phase down to the performance-based norm.[66] If such countries have large

---

64 In Spring 2005, revised CAS guidelines will be issued which will replace the terms "Transitional Support Strategy," "Country Re-engagement Note," "Interim CAS" and "CAS Update" with the new term "Interim Strategy Note" (ISN).

65 See *Aid Delivery in Conflict-Affected IDA Countries: The Role of the Bank*, November 2004. Annex on IDA's Approach for Allocating Resources to Post-Conflict Countries (pp16-20).

66 The duration of exceptional eligibility was lengthened following the review of the post-conflict allocation system at the IDA13 Mid-Term Review. At the same time, the post-conflict allocation norms were somewhat lowered so as to leave the overall extra post-conflict allocations unchanged. See *IDA's Performance-Based Allocation System: Current and Emerging Issues,* IDA/R2003-0203, October 24, 2003.

and protracted arrears to multilateral creditors, they may also be eligible for grant support in the pre-arrears clearance period.[67]

- Third, in cases where the existing allocation would not allow for a sufficient response, additional allocations may be provided to IDA countries in the aftermath of major natural disasters.

- Fourth, additional allocations may be provided on a one time basis to countries that are in the process of re-engaging with IDA after a prolonged period of inactivity on the basis of a strong transition plan with concerted donor support.[68] This exception will only be used after all other options have been exhausted, and its use is expected to be very limited in the IDA14 period. The level of resources made available will be less than what is typically provided under the post-conflict allocation system, and the duration of exceptional allocations will not exceed two years, with one further year's support possible subject to strong performance. The rationale for using this exception will be clearly presented in the TSS.

- Fifth, there is a special provision for selected regional integration projects. As a continuation of this pilot program which was started in IDA13, IDA14 envisages up to SDR300 million per annum of such projects, whereby SDR100 million is to be contributed from the participating countries' IDA allocations, and the balance from the special provision. Experience under the pilot program will be reviewed at the time of the IDA14 Mid-Term Review. For more details, see the IDA13 Mid Term Review discussion paper.[69]

10. As the PRSP becomes a full-fledged strategic document of the country, the CAS becomes in essence IDA's business plan in support of the country's PRS, selectively supporting country poverty reduction goals on which IDA agrees and is best placed to make a contribution. The selection of the IDA-supported program from that of the PRSP will increasingly be influenced by IDA's performance assessment in *two* ways. First, the implementation of the PRSP's policies will be expected to be reflected in the IDA CPRs, and thereby in the base-case IDA allocation envelope. Second, as a diagnostic tool, the CPIA can indicate areas where attention needs to be focused and thereby influence the focus of the IDA-supported program; for example, the CPIA influences the ESW work program which may have an impact on the PRSP and, in turn, IDA's assistance program and future CPIA results. Chart 3 summarizes the links between the recipient country and its PRSP on the one hand, and IDA's CPR and lending envelopes and the CAS on the other hand.

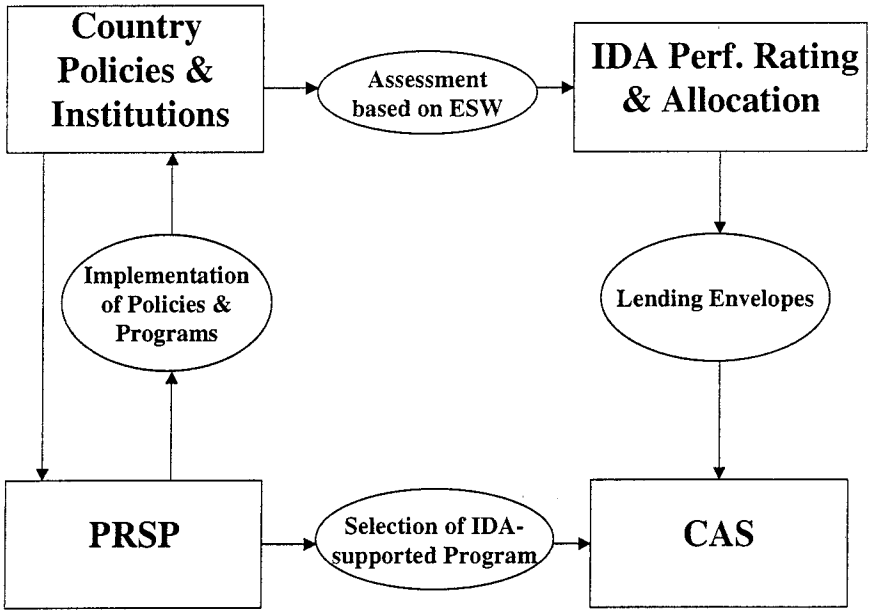
---

[67] This provision was first included in IDA12, and was kept unchanged in IDA13. The use of these grants is expected to be very limited, and must comply with the policy framework approved by IDA's Executive Directors in July 2001 for the provision of these grants.

[68] While these cases are rare, there are circumstances such as the recent Haiti transition where countries require exceptional assistance due to severe insecurity and the partial or total collapse of the state, but that are not eligible for IDA post-conflict assistance.

[69] *IDA's Performance-Based Allocation System: Current and Emerging Issues,* IDA/R2003-0203, October 24, 2003.

Chart 3-PRSP, IDA Performance Rating, & CAS



ATTACHMENT I

Rating Portfolio Implementation

Box 1 - ARPP Projects at Risk Conversion Table	
% of Projects at Risk	**Rating**
0%	6.0
1%	5.5
2%	5.0
3-4%	4.5
5-6%	4.0
7-10%	3.5
11-15%	3.0
16-32%	2.5
33-60%	2.0
61-99%	1.5
100%	1.0

ATTACHMENT II

IDA Allocation Formula

Allocation Country $_i$ (3-year) = SDR3.3 million + Performance-Based Allocation $_i$ (PBA $_i$)
where:

$$PBA_i = \frac{(\text{IDA rating}_i)^2 \times \text{Population}_i \times (\text{GNI/cap}_i)^{-.125}}{\Sigma_{i=1\text{-}81}\left[(\text{IDA rating}_i)^2 \times \text{Population}_i \times (\text{GNI/cap}_i)^{-.125}\right]} \times \text{Envelope}$$

(i) IDA Rating Country $_i$ =(0.8 x CPIA $_i$ + 0.2 x ARPP $_i$) x Govfact $_i$

(ii) Governance Factor $_i$ = (average rating of 6 governance criteria $_i$ / 3.5)$^{1.5}$

(iii) The Envelope = IDA three-year envelope, after deduction of the otherwise determined blend allocations as well as the allocations to eligible post-conflict countries

(iv) The country allocation norm is subject to a maximum of $20 per capita per annum.

ANNEX 2

Results Measurement In IDA14

Table 1. Tier 1: IDA14 Country Outcomes Indicators

Indicator	Unit	Countries of 81	Pop Cover %[a]	Base Year	Most Recent Year	Base Value	Most Recent[b] Value
1. Proportion of population below $1/day poverty line	% of pop.	48	91	99	00/02	33	33
2. Under-5 child mortality	Per 1000 live births	79	100	97/99	00/02	125	120
3. HIV prevalence rate of women aged 15-24[c]	% of female pop aged 15-24	44	90	99	01	2.3	2.5
4. Proportion of births attended by skilled health personnel	% of births	52	82	97/99	00/02	40	44
5. Ratio of girls to boys in primary and secondary education	%	52	79	97/99	00/02	83	85
6. Primary school completion rate	% of pop officially graduating	55	72	97/99	00/02	72	76
7. Proportion of population with access to a safe water source	% of pop	34	86	90	00	67	78
8. Fixed lines and mobile telephone per 1,000 inhabitants	Per 1000 pop	79	100	97/99	00/02	21	40
9. Formal cost required for business start up	% of GNI per capita	38	88	02	04	91	73
10. Time required for business start-up	Days	39	89	02	04	85	75
11. Public expenditure management	No. of benchmarks met	24	13	01/02	n/a	6	...
12. GDP per capita	Constant 1995 $US	77	97	97/99	00/02	459	487
13. Access of rural population to an all-season road	% of rural pop	31	87	95/03	n/a	63	...
14. Household electrification rate	% of households	49	95	95/03	n/a	55	...

Notes: (...) means insufficient data, (n/a) means not applicable.

[a] Percent of IDA population in countries covered (excluding Timor-Leste).

[b] Three indicators have insufficient data to measure progress.

[c] Because of changes in estimation methods over time, changes in prevalence are unlikely to be reliable.

Table 2. Tier Two: Monitoring IDA's Contribution to Country Outcomes

Project level	**FY05**	**FY06**	**FY07**	**FY08**
1. Percent of IDA projects with satisfactory outcome ratings				
2. Percent of IDA projects with satisfactory rating quality at entry				
3. Percent of first IDA Project Supervision Reports with satisfactory baseline data on expected outcomes for projects initiated after July 03				
4. Percent of IDA Implementation Completion Reports with satisfactory data on project outcomes				
Country level	**FY05**	**FY06**	**FY07**	**FY08**
5. Number of results-based CASs prepared during IDA14				
Outputs[70]	**Projects Exiting FY01-03**	**Projects Exiting FY04-05**	**Projects Exiting FY05-06**	
6. **Health** For example: - Health facilities constructed or rehabilitated (linked to access to primary health services) - No. of trained health personnel, by type				
7. **Education** For example: - Classrooms built or rehabilitated - Teachers trained - Textbooks purchased and distributed				
8. **Water Supply** For example: - Household water connections (linked to access to clean water) - No. of people w/ access to improved/new water supply				
9. **Transportation** For example: - Kilometers of rural roads constructed or rehabilitated (linked to rural access to social services and markets)				

[70] Output indicators will be recorded for all projects, but definitions of outputs can not be standardized across all projects within a sector without undermining country ownership and fit to particular institutional environments and sectoral policies. Outputs will be drawn from Implementation Completion Reports (ICRs).

Table 3. Monitorable Actions for IDA14

Objectives	Recommendations/Actions	Product	Target Date
ALLOCATING IDA RESOURCES			
	• Allocate IDA resources in accordance with PBA system, as set out in Annex 1.		
	• Maintain the present strength of the governance factor in the PBA. Reduce governance factor volatility by using a three year moving average for the procurement flag component. Prepare paper on experience with the governance factor for Mid-Term Review.	• CPIA Exercise • Review of experience with the governance factor	Ongoing Mid-Term Review
	• Direct half of IDA's assistance to Africa, if warranted by performance, and support the efforts of these countries to use these resources effectively.	• IDA Lending Report	Annual
	• Implement the system for exceptional allocations to eligible post-conflict countries, as modified at the IDA13 Mid-Term Review.	• CPIA Exercise	Ongoing
	• Fully disclose the numerical CPIA and IDA Country Performance Ratings.	• CPIA Exercise	Annual starting with FY06 ratings exercise
	• Encourage other partners to align their resources with performance, and work with RMDBs toward greater harmonization of PBA systems.	• Consultations ongoing with RMDBs, including meeting in Manila, Jan 2005	Ongoing
STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY			
	• **Financial flows**: Predicate IDA financial assistance to a project with a significant impact on revenues on governments ensuring a functioning system for accounting for revenues and their use, and for the independent auditing of such accounts and the public dissemination of the results. Closely monitor the implementation of these systems and take appropriate (and timely) corrective actions as needed.	• Project documentation • Report on Status of Projects in Execution	Ongoing Annual
	• **Disclosure:** Demonstrate leadership among the multilateral development institutions on transparency in its own deliberations and the accountability of its operations and explore the scope for further enhancing public access to information on Board proceedings, including the disclosure of Board minutes.	• World Bank Disclosure Policy: Additional Issues, Follow-up Consolidated Report • Progress Report on Implementation of Disclosure Policy	Early 2005 June 2006

Objectives	Recommendations/Actions	Product	Target Date
	• Carry out an independent comprehensive assessment of IDA's control framework including internal controls over IDA operations and compliance with its charter and policies, and make such assessment publicly available after disclosure has been approved by IDA's Executive Directors. • **Safeguards:** Establish procedures and mechanisms that ensure that new approaches to safeguards provide equivalent protection to the environment and vulnerable social groups in project design and implementation. • Strengthen documentation of stakeholder feedback from consultations required under the Bank's safeguard policies.	• OED Assessment • Project documentation	CY05 Ongoing
SPECIAL THEMES FOR IDA14			
A. GROWTH IN IDA COUNTRIES			
Key Bank Instruments and Priorities For Growth Promotion	• Increase efforts to identify remaining constraints to growth in specific country contexts, including work on growth, equity, poverty, and governance. • Ensure that IDA support to countries preparing PRSs and CASs places appropriate weight on the importance of economic growth for poverty reduction in IDA countries, and on private sector development as a critical means for promoting stronger growth. • Strengthen CASs, and review results-based CAS pilots launched in seven countries in FY03, to inform the design and mainstreaming of the results-based CAS in all IDA countries during IDA14.	• World Development Report 2006: Equity and Development • CEMs, other country-focused ESW • PRSs, CASs • Review of CASs • Results-based CAS mainstreaming • Stock Taking Report of Results-Based CAS Pilot	September 2005 Ongoing Ongoing End-IDA14 Ongoing FY05
Strengthening IDA's Analytical Work	• Increase efforts to provide high-quality ESW which is timely and directly usable by policy-makers. ➢ Increase emphasis on reports that stress integrating macroeconomic, sector and structural reform issues for growth. ➢ Increase client participation in ESW preparation to help build capacity, ownership and consensus for reform efforts, and monitor and report on progress. ➢ Assess coverage of existing ESW gaps, and overall progress made in improving ESW quality (including collaboration with partners), implementing the ESW results framework, and disclosing ESW.	• ESW • ESW Progress Report • Sector Strategy Implementation Update	Ongoing Mid-Term Review Annual

Objectives	Recommendations/Actions	Product	Target Date
	• For countries that do not have large lending programs – e.g., small, vulnerable and non-post-conflict LICUS with prolonged political crisis or deteriorating governance: ➢ carefully tailor IDA's ESW to address issues of particularly high priority in the country context ➢ increase donor collaboration to cover ESW gaps ➢ develop alternative, innovative and more effective means of engagement • Monitor and report on the Bank's support to fragile states through the LICUS Initiative, including country level strategies and results, institutional reform and partnerships	• CAS Completion Reports for small states • World Bank Group Progress Report on Small States Work Program for the Small States Forum • LICUS Implementation Progress Report • OED evaluation of World Bank support to Low Income Countries under Stress	Ongoing September 2008 Annual June 2006
Financial Assistance	• Assure adequate fiduciary safeguards underpinning DPOs. • Monitor annually the share of DPOs. If it is projected that the share could exceed 30 percent, report that projection to the Executive Directors for review and guidance. • Prepare proposal for a framework assessing the readiness of recipient countries to make productive use of DPOs, based on a systematic review of experience, for consideration and endorsement by Deputies at the Mid-Term Review • Maintain IDA's strong performance as a lender to the social sectors. • Submit to Deputies a report on the implementation of the recommendations contained in the 2005 Review of World Bank Conditionality. • Substantially increase commitments in infrastructure based on country strategies, while maintaining strong environmental and social safeguards.	• Individual operations/project documentation • IDA Lending Report/Board paper as necessary • IDA Paper • Progress Report on implementation of conditionality review recommendations • Individual operations • IDA Lending Report	Annual Annual Mid-Term Review Mid-Term Review Ongoing Annual
Governance and Public Institutions	• Mainstream governance reforms in operational activities by focusing diagnostic work directly on public resource management, particularly, budgeting, expenditure reporting; auditing and enforcing financial accountability rules; and ensuring procurement processes that are timely and transparent.	• PERs, CFAAs, CPARs, and integrative fiduciary assessments	Ongoing
Trade, Growth and Poverty Reduction	• Continue analytical and policy work on the relationship between the trading environment and development, provide advisory services to help countries expand and diversify exports, and help borrowers improve trade negotiation capacity. • Continue work of the Integrated Framework program to identify constraints to trade and the potential to expand and diversify the exports of IDA countries. • Support countries integrating with the global economy, including through cost and impact analysis, and development of mitigation policies where necessary.	• Trade Progress Report • Trade Progress Report • Trade Progress Report	Semi-Annual Semi-Annual Semi-Annual

Objectives	Recommendations/Actions	Product	Target Date
B. PRIVATE SECTOR DEVELOPMENT			
	• Strengthen IDA's PSD-related analytic/diagnostic work, non-lending technical assistance, knowledge management, and training activities.	• ESW/AAA	Ongoing
	• Increase coverage of investment climate surveys and diagnostics.	• 5-10 IC surveys per year • 5-10 IC country diagnostics per year • Doing Business Project	Annual Annual Annual
	• Reflect findings of diagnostic studies in CASs and IDA projects and programs, and shift toward monitoring key indicators, in partnership with other stakeholders, as better baselines of information on countries' investment climate are established.	• CASs, Individual operations	Ongoing
	• Adapt accumulated investment climate knowledge to local environments, and shift diagnostic efforts toward monitoring key indicators over time in partnership with other stakeholders.		
	• Support MSMEs through market-based approaches, document successes and lessons for adoption by other countries, and report on IDA-IFC collaboration on MSMEs in Africa at the Mid-Term Review.	• IDA-IFC Africa MSME Review	Mid-Term Review
	• Review Output-Based Aid (OBA) pilot projects to draw lessons learned from pilot experiences in IDA countries.	• OBA project review	Mid-Term Review
	• Increase joint IFC/IDA CASs.	• 5-10 joint CASs per year	Ongoing
C. DEBT SUSTAINABILITY AND GRANTS			
	• Implement grant allocation framework using countries' risk of debt distress as primary grant eligibility criterion.		
	• Present proposal to address the "free rider" issue to IDA's Executive Directors.	• Board paper	June FY05
	• Provide detailed guidelines for implementation of the IDA14 grant allocation framework for Board review.	• Board paper	June FY05
	• Establish a hard term window for creditworthy blends.		
	• Make rapid progress in the design and implementation of the forward-looking aspects of the joint Bank-Fund DSF.	• IDA Paper	Mid-Term Review
	• Assess implementation of grant allocation framework, closely monitor the grant level and devise action plan as necessary.	• IDA Paper	Mid-Term Review
	• Prepare paper on the feasibility of strengthening countries' response to shocks.	• IDA Paper	Mid-Term Review

Objectives	Recommendations/Actions	Product	Target Date
D. RESULTS MEASUREMENT IN IDA14			
Monitor Country Outcomes	• Monitor and report on aggregate progress on 14 key country outcome indicators. • Report on IDA's contribution to country outcomes, including strengthened country capacity to ensure adequate monitoring of key sector outcomes for all new health, education, water supply, rural road transport operations. • Report on progress in implementing IDA's results-related mandates. • Design IDA-funded projects to support country monitoring of core outcomes.	• IDA14 Results Measurement Progress Report • Report for Mid-Term Review • Individual operations • Project documents	Mid-Term Review and FY08 Mid-Term Review Ongoing Ongoing
Monitor IDA's Contribution to Country Outcomes:	• Ensure that all CASs initiated after January 2005 are results-based. Monitor cumulative introduction of results-based CASs. • Following full implementation of the new results-based CASs, add an additional indicator based on reporting on results-based CAS outcomes. • Monitor and target quality-at-entry of IDA operations, and track and target share of IDA operations that successfully achieve their development outcomes. Improve quality-at-entry of IDA projects beyond the current level of 85 percent. • Monitor the extent to which results frameworks are incorporated into the design of IDA-financed projects by explicitly assessing the results framework underpinning project design in quality-at-entry assessments. • Implement a results framework for IDA projects and programs that includes indicators connected to a timeline with baseline data and periodic assessments of project and program performance against defined expectations. Work to ensure that 100 percent of IDA investment projects initiated after July 1, 2004, and DPOs for which Concept Review takes place on or after September 1, 2004, include such frameworks. • Monitor and target the quality at entry of IDA operations and the share of IDA operations that successfully achieve their development outcomes; work to improve the share of project ICRs with average satisfactory outcome ratings and satisfactory data on project outcomes; work to decrease the number of multi-year problem projects; foster a 'culture of results' at both the country-level and among IDA management and staff; and monitor progress on selected aggregate project outputs in four sectors: health, education, transport and water.	• Results Based CASs: a total of 16 completed by end FY05; a total of 30 completed by FY06; a total of 45 completed by FY07 • QAG Quality At Entry Assessment • QAG Quality At Entry Assessment • ICRs • OED reviews of ICRs • Up front specification of Results Agreements in staff performance review system	Ongoing Annual Annual Ongoing Ongoing Ongoing

Objectives	Recommendations/Actions	Product	Target Date
	• Complement these data with summary data on disbursement lags by sector and themes, and distinguish between IDA grants and loans in all reports on these indicators. • Play a leadership role in the global partnership for statistical capacity-building. Continue support for the PARIS21 consortium, intensify support within CASs and projects for national statistical capacity-building, and work in partnership to implement the global action plan to strengthen statistical systems, including household surveys. • Strengthen the results focus of CASs and IDA operations to increase support to countries for building capacity to manage for results and to help ensure that core development outcomes are regularly monitored. • Work together with other development partners to continue to harmonize results reporting requirements around national monitoring and evaluation systems for implementation of poverty reduction strategies.	• Organizational Effectiveness and Internal Budget Process Reform Reviews • PARIS21 • CASs • International Household Survey Network forum • Board report • International Household Survey Network forum • Trust Fund for STATCAP • PARIS21 • 2nd High Level Forum on Harmonization and Alignment of Aid Effectiveness (co-sponsored and organized by World Bank)	Ongoing Ongoing Annual Ongoing March 2005
E. WORKING TOGETHER AT THE COUNTRY LEVEL			
Align and Harmonize Donor Assistance	• Work with OECD-DAC and non-DAC donors and development partners to build a better harmonized development assistance system with lower transaction costs, based on a common framework of results, alignment of donor efforts, and stronger and more transparent financial management and capacity in IDA countries. • Submit to the Executive Directors of the Association (i) a monitoring framework for harmonization, including a series of key indicators drawing on the DAC High Level Forum and (ii) baselines established by the Association for such indicators. • Submit to Executive Directors and Deputies a status report on the implementation of the above framework in monitoring the appropriate indicators, based on the baselines established by the Association for these indicators.	• 2nd High Level Forum on Harmonization and Alignment of Aid Effectiveness (co-sponsored and organized by World Bank) • Coherence, Coordination and Cooperation Report Update • Board report • Board report • Harmonization Indicators Report for IDA countries	March 2005 March 2005 Mid-Term Review Mid-Term Review July 2006

Objectives	Recommendations/Actions	Product	Target Date
	• Adopt CAS guidelines providing that the CAS should include: ➢ a discussion of the role of development partners, donor coordination mechanisms, and enabling measures to improve country-level harmonization of donor procedures. ➢ information on the role of each donor and the sectors or thematic areas in which each is active. ➢ indicators for progress on harmonization during the CAS period	• CAS Guidelines document	July 2005
	• Work with donors to strengthen the PRS, and increase countries' ability to take charge of the implementation and evaluation of these strategies, by strengthening public financial management systems and promoting a stronger link of the PRS to national decision-making and budgetary processes. ➢ Strengthen the realism and country ownership of PRSPs by linking them more closely to countries' budget processes, and encouraging consideration of PRSPs by national legislative bodies. ➢ Undertake more upstream analytical work and follow-up advice, particularly in the area of public finance. ➢ Encourage the consideration of PRSPs by national legislative bodies to further strengthen country ownership.	• PRSPs • JSAs of PRSPs • ESW, ARPP, CAS • ESW Progress Report	Ongoing Ongoing Mid-Term Review
	➢ Carry out more work jointly with the recipient government and other donors, share the results of this work as widely as possible, increase use of analysis produced by other agencies, and report on progress.	• Joint PSIAs, CEAs, CFAAs, CPARs, PERs • ESW Progress Report • Review of incentives for collaboration	Ongoing Mid-Term Review
	• When the reforms supported by development policy operations provided by IDA are expected to have significant distributional impacts, assess these impacts through poverty and social impact analysis (PSIA) or other analytical studies. Base these assessments on analysis undertaken by the borrowing country, other development agencies, civil society organizations, or the Bank's own work. Where the Bank undertakes these assessments, invite the borrower and other donors active in the country to participate as fully engaged partners.	• Analytical studies including poverty and social impact analyses	Ongoing
	• Adopt regional Key Performance Indicators (KPIs) measuring progress on harmonization: ➢ Number and percentage of country analytical work undertaken jointly with one or more donors ➢ Percentage of annual SWAps and development policy operations using a policy framework coordinated with other donors Modify these indicators over time, following recommendations from the High Level Forum	• New KPI Scheme	July 2005

Objectives	Recommendations/Actions	Product	Target Date
LICUS, Small and Vulnerable States	• Develop creative approaches to, and increase provision of analytical support to small and fragile states, which generally do not have a PRSP or a substantial lending program. • Provide analytical support to respond to the needs of small or fragile countries that do not have full or formal PRSPs. • Modify IDA allocation formula to increase base amount available to all IDA countries to SDR3.3 million. • Discuss with UNDP on strengthening collaboration in post-conflict countries.	• ESW • Senior Level Forum: Development Effectiveness In Fragile States • LICUS Implementation Progress Report • Report on status of discussions	Ongoing January 13-14 2005 Annual Mid-Term Review
Regional Programs	• Continue to provide analytical and financial support to regional programs, in particular regional infrastructure, with due regard for country ownership. • Support initiatives aimed at facilitating deeper regional economic integration, such as the NEPAD initiative. • Consult with the RMDBs to enhance cooperation, to avoid overlap and to ensure that each institution's programs are based on its comparative advantage. • Support programs at the national and regional levels that increase harmonization and donor coordination, and help build implementation capacity. • Review experience under the pilot program of regional integration projects.	• PRSP, ESW, individual operations • MDB Progress Report • MDB Working Groups • RMDB Consultations (VP-level) • Review of regional projects	Ongoing March '05; Annual Ongoing Annual Mid-Term Review
HIPC INITIATIVE			
	• Closely link HIPC debt relief with countries' poverty reduction efforts. • Report periodically to donors on the status of their contributions to the HIPC Trust Fund.	• PRSP and CAS processes	Ongoing

ANNEX 3

INTERNATIONAL DEVELOPMENT ASSOCIATION
BOARD OF GOVERNORS
(Draft)

Resolution No. _____

Additions to Resources: Fourteenth 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, 2005 to June 30, 2008 (the "Fourteenth Replenishment") in the amounts and on the basis set out in the report of the IDA Deputies, "Additions to Resources: Fourteenth Replenishment, Working Together to Achieve the Millennium Development Goals" (the "Report"), approved by the Executive Directors on [March 10,] 2005, 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 Fourteenth 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 Heavily Indebted Poor Countries ("HIPC") Debt Initiative as established in 1996 and enhanced in 1999;

(G) Provision is made for the payment of additional subscriptions and contributions contingent upon progress on specified measures;

(H) It is desirable to authorize the Association to provide financing in the form of grants and guarantees in addition to loans; and

(I) It is desirable to administer any remaining funds from the replenishment authorized by Resolution No. 204 of the Board of Governors of the Association (the "Thirteenth Replenishment") as part of the Fourteenth Replenishment.

NOW THEREFORE THE BOARD OF GOVERNORS HEREBY ACCEPTS the Report as approved by the Executive Directors, **ADOPTS** 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 as specified for each such member in Columns (2) (3) (4) (5) and (9) of Table 1 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 (9)of Table 1 attached to this Resolution.

(ii) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional contingent subscriptions and contributions from Contributing Members in the amounts and as specified in Column (4) of Table 1 attached to this Resolution (a "Contingent Contribution").

(b) The Association is authorized to accept additional resources from any member for which no contribution is specified in Table 2 attached to this Resolution and additional resources from Contributing Members incremental to the amounts specified for each such member in Column (12) of Table 1 attached to this Resolution;

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

(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.

(e) It is confirmed that, in the absence of the express statement contained in paragraph 1(d) of this Resolution in the authorizing resolutions for the ninth through the thirteenth replenishments of the resources of the Association, the rights and obligations of the Association and Contributing Members in respect of such authorized subscriptions and contributions will be as provided in paragraph 1(d) of this Resolution.

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 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 HIPC Transfer Contribution, as defined and specified in paragraph 9(a) of this Resolution.

(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 a qualified instrument of commitment in a form acceptable to the Association ("Qualified Instrument of Commitment"); such member 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.

(c) When a Contributing Member agrees to pay part of its subscription and contribution as a Contingent Contribution, it will so specify in its Instrument of Commitment or Qualified Instrument of Commitment and will stipulate which of the conditions set out in the Schedules to Attachment I to this Resolution will apply to its Contingent Contribution.

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 Fourteenth Replenishment shall not have become effective by December 15, 2005, 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 16, 2007; and January 15, 2008; provided that:

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

(ii) if the Fourteenth Replenishment shall not have become effective by December 15, 2005, payment of the first such installment may be postponed by the member for not more than 31 days after the date on which the Fourteenth 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 Fourteenth 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 Contingent Contribution, will pay to the Association its contingent contribution at the same time as payment of the next annual installment following the date of fulfillment of the conditions specified in its Instrument of Commitment, 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 non-negotiable, 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, 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) Members will denominate the resources to be made available pursuant to this Resolution in SDRs, the currency of the member, 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 2001 -2003, as determined by the Association as of the date of adoption of this Resolution, its subscription and contribution will be denominated in SDRs.

(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.

6. **Effective Date.**

(a) The Fourteenth 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 SDR 7,353 million shall have deposited with the Association Instruments of Commitment, Qualified Instruments of Commitment or HIPC Transfer Notifications (as defined in paragraph 9 (b) of this Resolution), provided that this date shall be not later than December 15, 2005, 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 Fourteenth Replenishment, the Association may deem, prior to the Effective Date, one third of the total amount of each subscription and contribution for which an Instrument of Commitment has been deposited with the Association, or for which a HIPC Transfer Notification (as defined in paragraph 9(b) of this Resolution) has been received by the Association, as an "Advance Contribution", unless the Contributing Member specifies otherwise in its Instrument of Commitment or HIPC Transfer Notification.

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

(c) The terms and conditions applicable to contributions to the Fourteenth 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 Fourteenth 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 other than Contingent 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, 2006, and (iii) the third installment will become available from July 1, 2007.

(b) Contingent Contributions will become available for commitment by the Association for financing to eligible recipients when and to the extent they

are paid to Association in accordance with paragraphs 3 and 4 of this Resolution.

(c) The Association shall promptly inform Contributing Members if a member that has deposited a Qualified Instrument of Commitment and whose subscription and contribution represents more than 20 percent of the total amount of the resources to be contributed pursuant to this Resolution has not unqualified at least 66 percent of the total amount of its subscription and contribution (excluding the amount of any Contingent Contribution) by January 16, 2007, or 31 days after the Effective Date, whichever is later, and the total amount thereof by January 15, 2008, or 31 days after the Effective Date, whichever is later.

(d) Within 31 days of the dispatch of notice by the Association under subparagraph (c), each other Contributing Member may notify the Association in writing that the commitment by the Association of the second installment of such member's subscription and contribution shall be deferred while, and to the extent that, any part of the subscription and contribution referred to in subparagraph (c) remains qualified; during such period, the Association shall make no financing commitments to eligible recipients in respect of the resources to which the notice pertains unless the right of the Contributing Member is waived pursuant to subparagraph (c).

(e) The right of a Contributing Member under subparagraph (d) may be waived in writing, and it shall be deemed waived if the Association receives no written notice pursuant to such subparagraph within the period specified therein.

(f) 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 Fourteenth 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 "HIPC Additional Contribution") or (ii) through a contribution to the HIPC Debt Initiative Trust Fund (the "HIPC Trust Fund") administered by the Association (a "HIPC Transfer Contribution").

(b) Contributing Members making a HIPC Transfer Contribution will either (i) enter into a Contribution Agreement with the Association as administrator of the HIPC Trust Fund; or (ii) for Contributing Members that are already current contributors to the HIPC Trust Fund, send to the Association a notice of additional contribution, (each constituting a "HIPC Transfer Notification"). Such HIPC Transfer Notification will provide for

a contribution to be made to the HIPC Trust Fund in the amount set forth in Column (9)of Table 1 to this Resolution to be payable in three equal annual installments no later than 31 days after the Effective Date, January 16, 2007, and January 15, 2008; provided that the Association and each Contributing Member may agree to earlier payment.

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

10. **Authorization of Grants.** The Association is hereby authorized to provide financing under the Fourteenth Replenishment in the form of grants.

11. **Authorization of Guarantees.** The Association is hereby authorized to provide financing under the Fourteenth Replenishment in the form of guarantees.

12. **Administration of IDA13 Funds under the Fourteenth Replenishment.**

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

(b) Pursuant to Article V, Section 2(a)(i) of the Articles, the Association is authorized to use the funds referred to in paragraph 12(a) above, and funds derived therefrom as principal, interest or other charges, to provide financing in the forms of grants and guarantees under the terms, conditions and policies applicable under the Fourteenth Replenishment.

13. **Allocation of Voting Rights under Fourteenth Replenishment.** Voting rights calculated on the basis of the current voting rights system will be allocated to members for subscriptions under the Fourteenth 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 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-4 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 HIPC Transfer Contribution will be allocated a proportionate share of the subscription votes specified for such member in Column b-3 of Table 2 from time to time and at least annually following payment of any amount of its HIPC Transfer Contribution to compensate the Association for forgiveness of debt under the HIPC Debt Initiative.

(d) Each Contributing Member that has made a Contingent Contribution will be allocated subscription votes at the time and to the extent of payments made in respect of its related subscription and contribution.

(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 the dates specified in paragraph 3(b) of this Resolution 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, the number of subscription votes allocated from time to time to such member under this Resolution in respect of the Fourteenth Replenishment will be reduced in proportion to the shortfall in such payments, but any such votes will be reallocated when the shortfall in payments causing such adjustment is subsequently made up.

Table 1: Contributions to the Fourteenth Replenishment

Contributing Members	Basic Contributions Share (1)	Basic Contributions SDR Million (2)	Supplemental SDR Million (3)	Incentive SDR Million (4)	IDA13 Grants SDR Million (5)	IDA13 Grants Share (6)	Sub-total Contributions SDR Million (7)	Sub-total Contributions NC million (8)	HIPC Costs SDR Million (9)	HIPC Costs Share (10)	HIPC Costs NC Million (11)	**Total Donor Contributions SDR Million (12)**	**Total Donor Contributions Share (13)**	**Total Donor Contributions NC Million (14)**	FX Rates (NC/SDR) (15)	Currency of Denomination (16)
Australia	1.46%	182.50			6.86	1.46%	189.36	389.16	16.94	1.46%	34.80	**206.30**	**1.46%**	**423.96**	2.05508	AUD
Austria	1.56%	195.00			3.67	0.78%	198.67	239.71	9.05	0.78%	10.92	**207.71**	**1.47%**	**250.63**	1.20662	EUR
Barbados	0.002%	0.25			0.01	0.002%	0.26	0.76	0.02	0.002%	0.07	**0.28**	**0.002%**	**0.82**	2.91294	BBD
Belgium	1.55%	193.75			7.29	1.55%	201.04	242.57	17.98	1.55%	21.70	**219.02**	**1.55%**	**264.27**	1.20662	EUR
Brazil 8/	0.61%	76.24			2.87	0.61%	79.11	348.71	7.08	0.61%	31.19	**86.19**	**0.61%**	**379.90**	4.40788	BRL
Canada	3.75%	468.75			17.63	3.75%	486.38	949.50	48.02	**4.14%**	93.75	**534.40**	**3.78%**	**1,043.25**	1.95219	CAD
Czech Rep.	0.05%	6.25			0.24	0.05%	6.49	249.17	0.58	0.05%	22.29	**7.07**	**0.05%**	**271.46**	38.42273	CZK
Denmark 8/	1.35%	169.06			7.43	1.58%	176.49	1,583.94	18.33	1.58%	164.49	**194.81**	**1.38%**	**1,748.43**	8.97486	DKK
Finland	0.60%	75.00			2.82	0.60%	77.82	93.90	6.96	0.60%	8.40	**84.78**	**0.60%**	**102.30**	1.20662	EUR
France 6/	7.20%	900.00			28.20	6.00%	928.20	1,119.98	76.79	**6.62%**	92.66	**1,004.99**	**7.11%**	**1,212.64**	1.20662	EUR
Germany 7/	7.96%	995.34			48.41	10.30%	1,043.75	1,043.75	119.48	10.30%	119.48	**1,163.23**	**8.23%**	**1,163.23**	1.00000	SDR
Greece	0.12%	15.00			0.56	0.12%	15.56	18.78	1.51	**0.13%**	1.82	**17.07**	**0.12%**	**20.60**	1.20662	EUR
Hungary	0.06%	7.50			0.28	0.06%	7.78	2,350.29	0.81	**0.07%**	245.33	**8.59**	**0.06%**	**2,595.61**	302.12551	HUF
Iceland	0.04%	5.00	0.72		0.19	0.04%	5.91	624.66	0.46	0.04%	49.06	**6.37**	**0.05%**	**673.72**	105.73084	ISK
Ireland 8/	0.37%	46.79	8.29		0.85	0.18%	55.93	67.48	2.09	0.18%	2.52	**58.01**	**0.41%**	**70.00**	1.20662	EUR
Israel	0.07%	8.93			0.47	0.10%	9.40	62.31	1.16	0.10%	7.69	**10.56**	**0.07%**	**70.00**	6.62946	ILS
Italy	3.80%	475.00			17.86	3.80%	492.86	594.69	44.08	3.80%	53.19	**536.94**	**3.80%**	**647.88**	1.20662	EUR
Japan	11.75%	1,468.71			75.20	16.00%	1,543.92	247,796	185.60	16.00%	29,789	**1,729.52**	**12.24%**	**277,585**	160.49845	JPY
Korea	0.91%	113.75			4.28	0.91%	118.03	200,044.69	10.56	0.91%	17,891.43	**128.58**	**0.91%**	**217,936.12**	1694.90614	KRW
Kuwait	0.14%	17.50			0.66	0.14%	18.16	7.83	1.62	0.14%	0.70	**19.78**	**0.14%**	**8.54**	0.43148	KWD
Luxembourg	0.18%	22.15			0.47	0.10%	22.62	27.29	1.28	**0.11%**	1.54	**23.89**	**0.17%**	**28.83**	1.20662	EUR
Mexico 8/	0.05%	6.25			0.24	0.05%	6.49	108.32	0.58	0.05%	9.69	**7.07**	**0.05%**	**118.00**	16.7026	MXN
Netherlands	2.80%	350.00			12.22	2.60%	362.22	437.06	30.16	2.60%	36.39	**392.38**	**2.78%**	**473.45**	1.20662	EUR
New Zealand	0.12%	15.00			0.56	0.12%	15.56	35.56	1.51	**0.13%**	3.45	**17.07**	**0.12%**	**39.01**	2.28505	NZD
Norway	1.68%	210.09			7.14	1.52%	217.23	2,184.07	19.49	**1.68%**	195.93	**236.72**	**1.68%**	**2,380.00**	10.05411	NOK
Poland	0.03%	3.75			0.14	0.03%	3.89	3.89	0.38	**0.03%**	0.38	**4.28**	**0.03%**	**4.28**	1.00000	SDR
Portugal	0.20%	25.00			0.94	0.20%	25.94	31.30	2.55	**0.22%**	3.08	**28.49**	**0.20%**	**34.38**	1.20662	EUR
Russian Federation 1/	0.14%	17.00	21.70		0.38	0.08%	39.07	39.07	0.93	0.08%	0.93	**40.00**	**0.28%**	**40.00**	1.00000	SDR
Saudi Arabia	0.22%	27.80			1.83	0.39%	29.64	43.38	4.52	0.39%	6.62	**34.16**	**0.24%**	**50.00**	1.46365	USD
Singapore	0.14%	17.50			0.66	0.14%	18.16	45.30	1.62	0.14%	4.05	**19.78**	**0.14%**	**49.35**	2.49485	SGD
Slovak Republic 6/	0.01%	1.72			0.05	0.01%	1.76	2.13	0.12	0.01%	0.14	**1.88**	**0.01%**	**2.27**	1.20662	EUR
Slovenia	0.03%	3.75			2/		3.75	4.52	0.35	0.03%	0.42	**4.10**	**0.03%**	**4.94**	1.20662	EUR
South Africa	0.08%	10.00			0.38	0.08%	10.38	98.37	0.93	0.08%	8.80	**11.30**	**0.08%**	**107.17**	9.48079	ZAR
Spain	2.20%	275.00			8.46	1.80%	283.46	342.03	23.08	**1.99%**	27.85	**306.54**	**2.17%**	**369.88**	1.20662	EUR
Sweden	2.96%	370.49	140.29	22.63	12.31	2.62%	545.72	6,029.60	33.52	**2.89%**	370.40	**579.24**	**4.10%**	**6,400.00**	11.04887	SEK
Switzerland	2.21%	276.25			11.42	2.43%	287.67	421.05	28.19	2.43%	41.26	**315.86**	**2.24%**	**462.31**	1.46365	USD
Turkey 1/ 9/	0.09%	11.25			0.42	0.09%	11.67	11.67	1.04	0.09%	1.04	**12.72**	**0.09%**	**12.72**	1.00000	SDR
United Kingdom 5/	12.14%	1,517.03		123.82	*47.66 3/*	10.14%	1,732.53	1,325.17	129.80	**11.19%**	104.83	**1,862.34**	**13.18%**	**1,430.00**	0.80761	GBP
United States	12.95%	1,619.23			94.56	20.12%	1,713.79	2,508.40	233.39	20.12%	341.60	**1,947.19**	**13.78%**	**2,850.00**	1.46365	USD
Venezuela 1/	0.03%	3.75			0.14	0.03%	3.89	3.89	0.35	0.03%	0.35	**4.24**	**0.03%**	**4.24**	1.00000	SDR
Sub-total	81.63%	10,203.34	170.99	146.45	425.74	90.58%	10,990.54		1,082.92	93.36%		**12,073.46**	**85.45%**			
Funds from accelerated encashment	1.44%	179.64					179.64					**179.64**	**1.27%**			
Structural financing gap	16.94%	2,117.02			*44.02 3/*	9.37%	1,799.58		77.08	6.64%		**1,876.66**	**13.28%**			
Total	100.00%	12,500.00	170.99	146.45	469.76	99.95% 4/	12,969.76		1,160.00	100.00%		**14,129.76**	**100.00%**			

1/ Contributions of countries with an average inflation rate exceeding 10% over the 2001-2003 period would be denominated in SDRs.
2/ New donor in IDA14.
3/ The United Kingdom financing of IDA13 foregone charges plus the structural gap (total of SDR 91.68 million) is part of its IDA13 contribution.
4/ Based on IDA13 burden shares; total is less than 100 percent due to Argentina not contributing to IDA13.
5/ The United Kingdom will also provide the World Bank with a further SDR 309.56 million (equivalent to GBP 250 million) during the IDA14 period to be used in responding to the challenge of scaling up development assistance to meet the MDGs. The modalities of this contribution will be defined in consultation with Bank Management.
6/ Encashment currency to be determined.
7/ Additional contribution possible according to budgetary cycle 2006.
8/ Subject to final approval.
9/ Indicative only.
NOTE: This table does not reflect possible further accelerations of donor encashments nor possible upward adjustments of contributions.

Table 2: Subscriptions, Contributions and Votes
(Amounts in USD Equivalent)

Part I	*Current Status (before IDA14)*					*Additional Votes Stemming from IDA14*				*Status Including IDA14 Adjustment*				*Adjusted Voting Power*				
Member	Subscriptions Carrying Votes (a-1)	Contributions (a-2)	Total Cumulative Resources (a-3)	Subscription Votes (a-4)	Total Voting Power % (a-5)	IDA14 Resources (b-1)	Total Subscription Votes (b-2)	Of which: Subs.Votes on HIPC (b-3)	Membership Votes (b-4)	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	28,673,302	2,175,306,398	2,203,979,700	156,342	1.08%	301,948,856	14,638	1,202	3,300	2,505,928,556	1.88%	29,039,252	2,476,889,304	170,980	1.88%	33,900	204,880	1.07%
AUSTRIA	7,940,938	955,861,072	963,802,010	68,369	0.57%	310,475,293	18,575	809	3,300	1,274,277,302	0.96%	8,405,313	1,265,871,989	86,944	0.95%	33,900	120,844	0.63%
BELGIUM	13,898,982	1,984,907,819	1,998,806,801	141,788	1.00%	320,563,877	16,463	1,352	3,300	2,319,370,678	1.74%	14,310,557	2,305,060,121	158,251	1.74%	33,900	192,151	1.00%
CANADA	57,008,091	5,528,703,772	5,585,711,863	396,230	2.47%	782,173,096	38,252	3,438	3,300	6,367,884,959	4.77%	57,964,391	6,309,920,568	434,482	4.77%	33,900	468,382	2.44%
DENMARK	13,900,914	1,685,232,779	1,699,133,693	120,630	0.87%	285,139,776	14,857	1,398	3,300	1,984,273,469	1.49%	14,272,339	1,970,001,130	135,387	1.49%	33,900	169,287	0.88%
FINLAND	6,172,251	818,412,265	824,584,516	58,493	0.51%	124,091,591	6,235	512	3,300	948,676,107	0.71%	6,328,126	942,347,981	64,728	0.71%	33,900	98,628	0.51%
FRANCE	80,352,703	8,306,974,266	8,387,326,969	594,966	3.61%	1,470,956,541	77,666	5,935	3,300	9,858,283,510	7.39%	82,294,363	9,776,989,157	672,632	7.39%	33,900	706,532	3.68%
GERMANY	90,881,230	13,765,994,098	13,856,875,328	982,956	5.86%	1,702,561,590	78,667	8,080	3,300	15,559,436,917	11.66%	92,847,905	15,466,589,012	1,061,623	11.66%	33,900	1,095,523	5.71%
GREECE	3,814,540	69,958,271	73,772,812	5,233	0.21%	24,987,433	1,505	133	3,300	98,760,245	0.07%	3,852,165	94,908,079	6,738	0.07%	33,900	40,638	0.21%
ICELAND	190,650	38,125,924	38,316,574	2,718	0.19%	9,326,378	533	39	3,300	47,642,951	0.04%	203,975	47,438,976	3,251	0.04%	33,900	37,151	0.19%
IRELAND	4,131,750	198,063,446	202,195,196	14,343	0.26%	84,911,157	5,246	189	3,300	287,106,352	0.22%	4,262,900	282,843,452	19,589	0.22%	33,900	53,489	0.28%
ITALY	32,844,173	5,546,106,123	5,578,950,296	395,750	2.46%	785,892,231	38,524	3,163	3,300	6,364,842,527	4.77%	33,807,273.00	6,331,035,254	434,274	4.77%	33,900	468,174	2.44%
JAPAN	80,692,583	21,776,008,041	21,856,700,624	1,550,434	9.14%	2,720,505,684	126,473	13,572	3,300	24,577,206,307	18.41%	83,854,408.00	24,493,351,899	1,676,907	18.41%	33,900	1,710,807	8.92%
KUWAIT	5,448,090	723,026,191	728,474,281	51,675	0.48%	28,953,924	4	-	3,300	757,428,205	0.57%	5,448,190	751,980,015	51,679	0.57%	33,000	84,679	0.44%
LUXEMBOURG	612,255	83,139,801	83,752,056	5,941	0.21%	34,971,266	2,160	115	3,300	118,723,322	0.09%	666,255	118,057,067	8,101	0.09%	33,900	42,001	0.22%
NETHERLANDS	41,134,177	4,011,657,000	4,052,791,177	287,490	1.84%	574,306,987	28,218	2,169	3,300	4,627,098,164	3.47%	41,839,627	4,585,258,537	315,708	3.47%	33,900	349,608	1.82%
NEW ZEALAND	278,652	156,845,538	157,124,190	11,146	0.24%	25,669,590	1,326	117	3,300	182,793,780	0.14%	311,802	182,481,978	12,472	0.14%	33,900	46,372	0.24%
NORWAY	11,339,287	1,683,461,045	1,694,800,332	120,223	0.87%	346,473,930	19,054	1,569	3,300	2,041,274,262	1.53%	11,815,637	2,029,458,625	139,277	1.53%	33,900	173,177	0.90%
PORTUGAL	4,459,828	97,861,863	102,321,691	7,258	0.22%	41,702,316	2,569	230	3,300	144,024,007	0.11%	4,524,053	139,499,954	9,827	0.11%	33,900	43,727	0.23%
RUSSIA	2,318,016	264,442,413	266,760,429	18,923	0.29%	58,546,000	3,273	76	3,300	325,306,429	0.24%	2,399,841	322,906,588	22,196	0.24%	33,900	56,096	0.29%
SLOVENIA	12,992,537	-	12,992,537	922	0.18%	5,998,038	374	32	3,300	18,990,575	0.01%	13,001,887	5,988,688	1,296	0.01%	33,900	35,196	0.18%
SOUTH AFRICA	12,355,847	119,356,216	131,712,063	9,343	0.23%	16,545,100	773	63	3,300	148,257,162	0.11%	12,375,172	135,881,990	10,116	0.11%	33,900	44,016	0.23%
SPAIN	16,732,098	1,017,558,965	1,034,291,063	73,369	0.60%	490,220,257	30,649	2,308	3,300	1,524,511,320	1.14%	17,498,323	1,507,012,997	104,018	1.14%	33,900	137,918	0.72%
SWEDEN	19,837,235	3,574,032,363	3,593,869,598	254,936	1.65%	867,480,815	49,463	2,863	3,300	4,461,350,413	3.34%	21,073,810	4,440,276,603	304,399	3.34%	33,900	338,299	1.76%
SWITZERLAND	12,529,839	1,821,884,996	1,834,414,835	130,127	0.93%	462,307,025	26,579	2,372	3,300	2,296,721,860	1.72%	13,194,314	2,283,527,546	156,706	1.72%	33,900	190,606	0.99%
UNITED ARAB EMIRATES	10,729	5,189,119	5,199,848	619	0.01%	-	-			5,199,848	0.00%	10,729	5,189,119	619	0.01%	748	1,367	0.01%
UNITED KINGDOM	178,473,466	9,853,602,337	10,032,075,803	711,638	4.29%	2,725,809,007	158,835	11,071	3,300	12,757,884,810	9.56%	182,444,341	12,575,440,469	870,473	9.56%	33,900	904,373	4.71%
UNITED STATES	446,622,762	28,573,869,950	29,020,492,712	2,058,607	12.07%	2,850,000,000	115,923	13,896	3,300	31,870,492,712	23.88%	449,520,837	31,420,971,875	2,174,530	23.88%	33,000	2,207,530	11.51%
Subtotal Part I	**1,185,646,925**	**114,835,582,070**	**116,021,228,995**	**8,230,369**	**52.33%**	**17,452,517,755**	**876,834**	**76,699**	**89,100**	**133,473,746,750**	**100.00%**	**1,207,567,775**	**132,266,178,975**	**9,107,203**	**100%**	**914,248**	**10,021,451**	**52.24%**
Subtotal Part II	**582,545,231**	**3,700,216,987**	**4,282,762,218**	**3,999,008**	**47.67%**									**4,452,935**	**100%**	**4,708,500**	**9,161,435**	**47.76%**
Grand Total	**1,768,192,156**	**118,535,799,057**	**120,303,991,213**	**12,229,377**	**100.00%**									**13,560,138**	**100%**	**5,622,748**	**19,182,886**	**100.00%**

Notes:

Current Status (a-1) to (a-5). 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 Thirteenth 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 Fourteenth Replenishment, this is included in column (b-1) for Part I countries, and for Part II countries in column (e-5).

Table 2: Subscriptions, Contributions and Votes
(Amounts in USD Equivalent)

Part II	*Current Status (before IDA14)*					*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA14 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)	Total Voting Power % (a-5)	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)	Of which: Subs. Votes on HIPC (e-3)	Contributions (e-4)	Total Additional Resources (e-5)	Subscription Votes (F-1)	as % of part II (F-2)	Membership Votes (F-3)	Total Votes (F-4)	Total Voting Power % (F-5)
AFGHANISTAN	1,494,467	0	1,494,467	9,857	0.23%	25,964	1,039	3,300	0.23%	0	0	0	0	0	10,896	0.24%	33,900	44,796	0.23%
ALBANIA	345,369	0	345,369	2,442	0.19%	6,432	257	3,300	0.19%	0	0	0	0	0	2,699	0.06%	33,900	36,599	0.19%
ALGERIA	5,954,399	0	5,954,399	38,929	0.40%	102,543	4,102	3,300	0.40%	0	0	0	0	0	43,031	0.97%	33,900	76,931	0.40%
ANGOLA	9,321,288	0	9,321,288	60,864	0.53%	160,322	6,413	3,300	0.53%	0	0	0	0	0	67,277	1.51%	33,900	101,177	0.53%
ARGENTINA	27,942,784	105,775,581	133,718,365	199,163	1.32%	524,613	20,985	3,300	1.33%	0	0	0	0	0	220,148	4.94%	33,900	254,048	1.32%
ARMENIA	626,237	0	626,237	4,283	0.20%	11,283	451	3,300	0.20%	0	0	0	0	0	4,735	0.11%	33,900	38,635	0.20%
AZERBAIJAN	1,069,627	0	1,069,627	7,185	0.22%	18,926	757	3,300	0.22%	0	0	0	0	0	7,942	0.18%	33,900	41,842	0.22%
BAHAMAS, THE	561,990	1,191,336	1,753,326	3,690	0.19%	9,720	389	3,300	0.20%	0	0	0	0	0	4,079	0.09%	33,000	37,079	0.19%
BANGLADESH	7,949,063	0	7,949,063	51,944	0.48%	136,824	5,473	3,300	0.48%	0	0	0	0	0	57,416	1.29%	33,900	91,316	0.48%
BARBADOS	443,932	195,426	639,358	2,923	0.19%	7,699	308	3,300	0.19%	692	28	2	405,236	413,627	3,259	0.07%	33,900	37,159	0.19%
BELIZE	300,349	0	300,349	2,126	0.19%	5,598	224	3,300	0.19%	0	0	0	0	0	2,349	0.05%	33,900	36,249	0.19%
BENIN	743,623	0	743,623	5,023	0.21%	13,232	529	3,300	0.21%	0	0	0	0	0	5,553	0.12%	33,900	39,453	0.21%
BHUTAN	79,042	0	79,042	690	0.18%	1,818	73	3,300	0.18%	0	0	0	0	0	763	0.02%	33,900	34,663	0.18%
BOLIVIA	1,568,950	0	1,568,950	10,359	0.24%	27,275	1,091	3,300	0.24%	0	0	0	0	0	11,450	0.26%	33,900	45,350	0.24%
BOSNIA & HERZEGOVINA	10,088,564	0	10,088,564	7,477	0.22%	19,700	788	3,300	0.22%	0	0	0	0	0	8,265	0.19%	33,900	42,165	0.22%
BOTSWANA	245,096	1,522,810	1,767,906	1,895	0.19%	5,000	200	3,300	0.19%	0	0	0	0	0	2,095	0.05%	33,900	35,995	0.19%
BRAZIL	28,943,810	422,346,916	451,290,726	226,692	1.49%	597,125	23,885	3,300	1.49%	214,157	8,566	703	125,335,672	126,146,954	259,143	5.82%	33,900	293,043	1.53%
BURKINA FASO	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
BURUNDI	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
CAMBODIA	1,512,698	0	1,512,698	10,068	0.24%	26,525	1,061	3,300	0.24%	0	0	0	0	0	11,129	0.25%	33,900	45,029	0.23%
CAMEROON	1,494,447	0	1,494,447	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
CAPE VERDE	123,583	0	123,583	987	0.18%	2,600	104	3,300	0.18%	0	0	0	0	0	1,091	0.02%	33,900	34,991	0.18%
CENTRAL AFRICAN REP.	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
CHAD	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
CHILE	5,218,027	0	5,218,027	34,194	0.37%	90,075	3,603	3,300	0.37%	0	0	0	0	0	37,797	0.85%	33,900	71,697	0.37%
CHINA	44,899,905	0	44,899,905	299,833	1.91%	789,775	31,591	3,300	1.91%	0	0	0	0	0	331,424	7.44%	33,900	365,324	1.90%
COLOMBIA	5,354,206	26,659,258	32,013,464	39,627	0.41%	104,375	4,175	3,300	0.41%	0	0	0	0	0	43,802	0.98%	33,900	77,702	0.41%
COMOROS	123,583	0	123,583	987	0.18%	2,600	104	3,300	0.18%	0	0	0	0	0	1,091	0.02%	33,900	34,991	0.18%
CONGO, DEM. REP. OF	4,465,393	0	4,465,393	29,291	0.35%	77,150	3,086	3,300	0.35%	0	0	0	0	0	32,377	0.73%	33,900	66,277	0.35%
CONGO, REP. OF	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
COSTA RICA	300,069	0	300,069	2,100	0.19%	5,525	221	3,300	0.19%	0	0	0	0	0	2,321	0.05%	33,900	36,221	0.19%
COTE D'IVOIRE	1,494,447	0	1,494,447	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
CROATIA	23,720,989	0	23,720,989	17,292	0.28%	45,550	1,822	3,300	0.28%	0	0	0	0	0	19,114	0.43%	33,900	53,014	0.28%
CYPRUS	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
CZECH REPUBLIC	5,377,849	37,639,166	43,017,014	37,016	0.39%	97,500	3,900	3,300	0.39%	17,472	699	57	10,225,715	10,340,687	41,615	0.93%	33,900	75,515	0.39%
DJIBOUTI	241,813	0	241,813	1,764	0.19%	4,650	186	3,300	0.19%	0	0	0	0	0	1,950	0.04%	33,900	35,850	0.19%
DOMINICA	123,583	0	123,583	987	0.18%	2,600	104	3,300	0.18%	0	0	0	0	0	1,091	0.02%	33,900	34,991	0.18%
DOMINICAN REPUBLIC	597,295	68,614	665,909	4,116	0.20%	10,850	434	3,300	0.20%	0	0	0	0	0	4,549	0.10%	33,900	38,449	0.20%
ECUADOR	965,537	0	965,537	6,471	0.21%	17,060	682	3,300	0.21%	0	0	0	0	0	7,153	0.16%	33,900	41,053	0.21%
EGYPT, ARAB REP. OF	7,533,766	0	7,533,766	50,186	0.47%	132,200	5,288	3,300	0.47%	0	0	0	0	0	55,474	1.25%	33,900	89,374	0.47%
EL SALVADOR	447,527	23,707	471,234	3,076	0.19%	8,100	324	3,300	0.19%	0	0	0	0	0	3,400	0.08%	33,900	37,300	0.19%
EQUATORIAL GUINEA	478,040	0	478,040	3,307	0.20%	8,700	348	3,300	0.20%	0	0	0	0	0	3,655	0.08%	33,900	37,555	0.20%
ERITREA	138,518	0	138,518	1,090	0.18%	2,875	115	3,300	0.18%	0	0	0	0	0	1,205	0.03%	33,900	35,105	0.18%
ETHIOPIA	744,024	23,707	767,731	5,033	0.21%	13,250	530	3,300	0.21%	0	0	0	0	0	5,563	0.12%	33,900	39,463	0.21%
FIJI	832,529	0	832,529	5,624	0.21%	14,825	593	3,300	0.21%	0	0	0	0	0	6,217	0.14%	33,900	40,117	0.21%
GABON	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
GAMBIA, THE	399,718	0	399,718	2,792	0.19%	7,350	294	3,300	0.19%	0	0	0	0	0	3,086	0.07%	33,900	36,986	0.19%
GEORGIA	1,025,212	0	1,025,212	6,893	0.22%	18,160	726	3,300	0.22%	0	0	0	0	0	7,619	0.17%	33,900	41,519	0.22%
GHANA	3,489,242	0	3,489,242	22,873	0.31%	60,260	2,410	3,300	0.31%	0	0	0	0	0	25,283	0.57%	33,900	59,183	0.31%
GRENADA	137,155	0	137,155	1,035	0.18%	2,725	109	3,300	0.18%	0	0	0	0	0	1,144	0.03%	33,900	35,044	0.18%
GUATEMALA	596,317	0	596,317	4,082	0.20%	10,750	430	3,300	0.20%	0	0	0	0	0	4,512	0.10%	33,900	38,412	0.20%
GUINEA	1,494,447	0	1,494,447	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
GUINEA-BISSAU	210,581	0	210,581	1,513	0.19%	3,975	159	3,300	0.19%	0	0	0	0	0	1,672	0.04%	33,900	35,572	0.19%
GUYANA	1,201,854	0	1,201,854	8,018	0.22%	21,125	845	3,300	0.22%	0	0	0	0	0	8,863	0.20%	33,900	42,763	0.22%
HAITI	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%

Table 2: Subscriptions, Contributions and Votes
(Amounts in USD Equivalent)

Part II	*Current Status (before IDA14)*					*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA14 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)	Total Voting Power % (a-5)	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)	Of which: Subs. Votes on HIPC (e-3)	Contributions (e-4)	Total Additional Resources (e-5)	Subscription Votes (f-1)	as % of part II (f-2)	Membership Votes (f-3)	Total Votes (f-4)	Total Voting Power % (f-5)
HONDURAS	447,241	0	447,241	3,070	0.19%	8,075	323	3,300	0.19%	0	0	0	0	0	3,393	0.08%	33,900	37,293	0.19%
HUNGARY	11,219,796	62,659,198	73,878,994	78,701	0.63%	207,300	8,292	3,300	0.63%	21,681	867	82	12,688,783	12,917,764	87,860	1.97%	33,900	121,760	0.63%
INDIA	60,446,431	0	60,446,431	422,799	2.62%	1,113,700	44,548	3,300	2.62%	0	0	0	0	0	467,347	10.50%	33,900	501,247	2.61%
INDONESIA	16,394,423	0	16,394,423	106,960	0.79%	281,750	11,270	3,300	0.79%	0	0	0	0	0	118,230	2.66%	33,900	152,130	0.79%
IRAN, ISLAMIC REP. OF	6,709,190	0	6,709,190	43,881	0.43%	115,575	4,623	3,300	0.43%	0	0	0	0	0	48,504	1.09%	33,900	82,404	0.43%
IRAQ	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
ISRAEL	2,550,628	28,382,863	30,933,491	18,878	0.29%	49,725	1,989	3,300	0.29%	26,277	1,051	115	15,378,575	15,454,577	21,918	0.49%	33,900	55,818	0.29%
JORDAN	447,241	0	447,241	3,070	0.19%	8,075	323	3,300	0.19%	0	0	0	0	0	3,393	0.08%	33,900	37,293	0.19%
KAZAKHSTAN	2,265,936	0	2,265,936	14,990	0.26%	39,475	1,579	3,300	0.26%	0	0	0	0	0	16,569	0.37%	33,900	50,469	0.26%
KENYA	2,485,545	0	2,485,545	16,351	0.27%	43,075	1,723	3,300	0.27%	0	0	0	0	0	18,074	0.41%	33,900	51,974	0.27%
KIRIBATI	93,870	0	93,870	789	0.18%	2,075	83	3,300	0.18%	0	0	0	0	0	872	0.02%	33,900	34,772	0.18%
KOREA	2,870,561	459,247,076	462,117,637	54,433	0.49%	143,375	5,735	3,300	0.49%	329,543	13,182	1,082	192,865,464	193,338,382	73,350	1.66%	33,900	107,250	0.56%
KYRGYZ REPUBLIC	596,263	0	596,263	4,074	0.20%	10,725	429	3,300	0.20%	0	0	0	0	0	4,503	0.10%	33,900	38,403	0.20%
LAO PEOPLE'S DEM. REP.	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
LATVIA	847,636	0	847,636	5,722	0.21%	15,075	603	3,300	0.21%	0	0	0	0	0	6,325	0.14%	33,900	40,225	0.21%
LEBANON	670,822	0	670,822	4,588	0.20%	12,075	483	3,300	0.20%	0	0	0	0	0	5,071	0.11%	33,900	38,971	0.20%
LESOTHO	241,813	0	241,813	1,764	0.19%	4,650	186	3,300	0.19%	0	0	0	0	0	1,950	0.04%	33,900	35,850	0.19%
LIBERIA	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
LIBYA	1,494,447	0	1,494,447	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
MACEDONIA, FYR	4,442,002	0	4,442,002	3,411	0.20%	8,975	359	3,300	0.20%	0	0	0	0	0	3,770	0.08%	33,900	37,670	0.20%
MADAGASCAR	1,494,446	0	1,494,446	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
MALAWI	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
MALAYSIA	3,725,430	0	3,725,430	24,414	0.32%	64,300	2,572	3,300	0.32%	0	0	0	0	0	26,986	0.61%	33,900	60,886	0.32%
MALDIVES	49,542	0	49,542	500	0.18%	1,325	53	3,300	0.18%	0	0	0	0	0	553	0.01%	33,900	34,453	0.18%
MALI	1,289,180	0	1,289,180	8,553	0.23%	22,525	901	3,300	0.23%	0	0	0	0	0	9,454	0.21%	33,900	43,354	0.23%
MARSHALL ISLANDS	20,228	0	20,228	314	0.18%	825	33	3,300	0.18%	0	0	0	0	0	347	0.01%	33,900	34,247	0.18%
MAURITANIA	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
MAURITIUS	1,276,867	35,560	1,312,427	8,533	0.23%	22,475	899	3,300	0.23%	0	0	0	0	0	9,432	0.21%	33,900	43,332	0.23%
MEXICO	13,279,023	154,647,039	167,926,062	105,648	0.79%	278,275	11,131	3,300	0.79%	17,164	687	56	10,045,248	10,340,687	117,466	2.64%	33,900	151,366	0.79%
MICRONESIA, FED. ST. OF	35,067	0	35,067	413	0.18%	1,100	44	3,300	0.18%	0	0	0	0	0	457	0.01%	33,900	34,357	0.18%
MOLDOVA	833,181	0	833,181	5,639	0.21%	14,850	594	3,300	0.21%	0	0	0	0	0	6,233	0.14%	33,900	40,133	0.21%
MONGOLIA	345,377	0	345,377	2,442	0.19%	6,425	257	3,300	0.19%	0	0	0	0	0	2,699	0.06%	33,900	36,599	0.19%
MOROCCO	5,218,027	0	5,218,027	34,194	0.37%	90,075	3,603	3,300	0.37%	0	0	0	0	0	37,797	0.85%	33,900	71,697	0.37%
MOZAMBIQUE	2,027,180	0	2,027,180	13,348	0.25%	35,150	1,406	3,300	0.25%	0	0	0	0	0	14,754	0.33%	33,900	48,654	0.25%
MYANMAR	2,989,120	0	2,989,120	19,681	0.29%	51,850	2,074	3,300	0.29%	0	0	0	0	0	21,755	0.49%	33,900	55,655	0.29%
NEPAL	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
NICARAGUA	447,241	0	447,241	3,070	0.19%	8,075	323	3,300	0.19%	0	0	0	0	0	3,393	0.08%	33,900	37,293	0.19%
NIGER	743,623	0	743,623	5,023	0.21%	13,225	529	3,300	0.21%	0	0	0	0	0	5,552	0.12%	33,900	39,452	0.21%
NIGERIA	4,965,530	0	4,965,530	32,483	0.36%	85,575	3,423	3,300	0.36%	0	0	0	0	0	35,906	0.81%	33,900	69,806	0.36%
OMAN	449,827	1,031,863	1,481,690	3,168	0.20%	8,350	334	3,300	0.20%	0	0	0	0	0	3,502	0.08%	33,900	37,402	0.19%
PAKISTAN	14,981,929	118,533	15,100,462	100,354	0.76%	264,350	10,574	3,300	0.76%	0	0	0	0	0	110,928	2.49%	33,900	144,828	0.75%
PALAU	33,000	0	33,000	330	0.18%	875	35	3,300	0.18%	0	0	0	0	0	365	0.01%	33,900	34,265	0.18%
PANAMA	36,361	0	36,361	466	0.18%	1,200	48	3,300	0.18%	0	0	0	0	0	504	0.01%	33,900	34,404	0.18%
PAPUA NEW GUINEA	1,276,356	0	1,276,356	8,521	0.23%	22,450	898	3,300	0.23%	0	0	0	0	0	9,419	0.21%	33,900	43,319	0.23%
PARAGUAY	447,241	0	447,241	3,070	0.19%	8,075	323	3,300	0.19%	0	0	0	0	0	3,393	0.08%	33,900	37,293	0.19%
PERU	2,619,144	0	2,619,144	17,290	0.28%	45,550	1,822	3,300	0.28%	0	0	0	0	0	19,112	0.43%	33,900	53,012	0.28%
PHILIPPINES	7,451,707	180,180	7,631,887	48,843	0.46%	128,650	5,146	3,300	0.46%	0	0	0	0	0	53,989	1.21%	33,900	87,889	0.46%
POLAND	45,125,647	33,780,771	78,906,418	299,752	1.91%	789,575	31,583	3,300	1.91%	9,326	373	34	5,458,283	6,267,184	331,708	7.45%	33,900	365,608	1.91%
RWANDA	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
SAMOA	137,155	0	137,155	1,035	0.18%	2,725	109	3,300	0.18%	0	0	0	0	0	1,144	0.03%	33,900	35,044	0.18%
SAO TOME & PRINCIPE	108,791	0	108,791	891	0.18%	2,350	94	3,300	0.18%	0	0	0	0	0	985	0.02%	33,900	34,885	0.18%
SAUDI ARABIA	16,163,936	2,204,390,720	2,220,554,656	497,946	3.06%	1,311,625	52,465	3,300	3.06%	83,050	3,322	440	48,606,325	50,000,000	553,733	12.44%	33,900	587,633	3.06%
SENEGAL	2,485,545	0	2,485,545	16,351	0.27%	43,075	1,723	3,300	0.27%	0	0	0	0	0	18,074	0.41%	33,900	51,974	0.27%
SIERRA LEONE	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
SINGAPORE	533,664	18,901,594	19,435,258	4,536	0.20%	11,944	478	3,300	0.20%	49,368	1,975	162	28,892,613	28,953,924	6,989	0.16%	33,000	39,989	0.21%

Table 2: Subscriptions, Contributions and Votes (Amounts in USD Equivalent)

Part II	*Current Status (before IDA14)*					*Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power*				*Additional Resources Provided under IDA14 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)	Total Voting Power % (a-5)	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)	Of which: Subs. Votes on HIPC (e-3)	Contributions (e-4)	Total Additional Resources (e-5)	Subscription Votes (F-1)	as % of part II (F-2)	Membership Votes (F-3)	Total Votes (F-4)	Total Voting Power % (F-5)
SLOVAK REPUBLIC	2,727,314	11,953,920	14,681,235	18,996	0.29%	50,025	2,001	3,300	0.29%	4,606	184	11	2,695,568	2,750,198	21,181	0.48%	33,900	55,081	0.29%
SOLOMON ISLANDS	137,155	0	137,155	1,035	0.18%	2,725	109	3,300	0.18%	0	0	0	0	0	1,144	0.03%	33,900	35,044	0.18%
SOMALIA	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
SRI LANKA	4,478,627	0	4,478,627	29,320	0.35%	77,225	3,089	3,300	0.35%	0	0	0	0	0	32,409	0.73%	33,900	66,309	0.35%
ST. KITTS & NEVIS	197,300	0	197,300	1,463	0.19%	3,850	154	3,300	0.19%	0	0	0	0	0	1,617	0.04%	33,900	35,517	0.19%
ST. LUCIA	226,707	0	226,707	1,651	0.19%	4,350	174	3,300	0.19%	0	0	0	0	0	1,825	0.04%	33,900	35,725	0.19%
ST. VINCENT & GRENADINES	108,702	0	108,702	887	0.18%	2,325	93	3,300	0.18%	0	0	0	0	0	980	0.02%	33,900	34,880	0.18%
SUDAN	1,494,447	0	1,494,447	9,856	0.23%	25,950	1,038	3,300	0.23%	0	0	0	0	0	10,894	0.24%	33,900	44,794	0.23%
SWAZILAND	478,176	0	478,176	3,309	0.20%	8,725	349	3,300	0.20%	0	0	0	0	0	3,658	0.08%	33,900	37,558	0.20%
SYRIAN ARAB REP.	1,407,049	0	1,407,049	9,315	0.23%	24,525	981	3,300	0.23%	0	0	0	0	0	10,296	0.23%	33,900	44,196	0.23%
TIMOR-LESTE	426,575	0	426,575	2,724	0.19%	7,175	287	3,300	0.19%	0	0	0	0	0	3,011	0.07%	33,000	36,011	0.19%
TAJIKISTAN	562,446	0	562,446	3,803	0.20%	10,025	401	3,300	0.20%	0	0	0	0	0	4,204	0.09%	33,900	38,104	0.20%
TANZANIA	2,485,545	0	2,485,545	16,351	0.27%	43,075	1,723	3,300	0.27%	0	0	0	0	0	18,074	0.41%	33,900	51,974	0.27%
THAILAND	4,478,128	0	4,478,128	29,320	0.35%	77,225	3,089	3,300	0.35%	0	0	0	0	0	32,409	0.73%	33,900	66,309	0.35%
TOGO	1,127,358	0	1,127,358	7,512	0.22%	19,775	791	3,300	0.22%	0	0	0	0	0	8,303	0.19%	33,900	42,203	0.22%
TONGA	108,702	0	108,702	887	0.18%	2,325	93	3,300	0.18%	0	0	0	0	0	980	0.02%	33,900	34,880	0.18%
TRINIDAD & TOBAGO	1,998,703	0	1,998,703	13,200	0.26%	34,775	1,391	3,300	0.26%	0	0	0	0	0	14,591	0.33%	33,900	48,491	0.25%
TUNISIA	2,236,511	0	2,236,511	14,779	0.26%	38,925	1,557	3,300	0.26%	0	0	0	0	0	16,336	0.37%	33,900	50,236	0.26%
TURKEY	8,766,697	119,658,578	128,425,274	68,023	0.57%	179,175	7,167	3,300	0.57%	31,444	1,258	103	18,402,618	18,613,237	76,448	1.72%	33,900	110,348	0.58%
UGANDA	2,485,545	0	2,485,545	16,351	0.27%	43,075	1,723	3,300	0.27%	0	0	0	0	0	18,074	0.41%	33,900	51,974	0.27%
UKRAINE	9,269,616	0	9,269,616	58,797	0.61%	154,875	6,195	3,300	0.62%	0	0	0	0	0	64,992	1.46%	33,900	97,892	0.51%
UZBEKISTAN	1,823,060	0	1,823,060	12,105	0.25%	31,875	1,275	3,300	0.25%	0	0	0	0	0	13,380	0.30%	33,900	47,280	0.25%
VANUATU	285,601	0	285,601	2,031	0.19%	5,350	214	3,300	0.19%	0	0	0	0	0	2,245	0.05%	33,900	36,145	0.19%
VENEZUELA	17,794,307	9,782,572	27,576,879	117,957	0.86%	310,700	12,428	3,300	0.86%	10,063	402	33	5,883,659	6,204,412	130,787	2.94%	33,900	164,687	0.86%
VIETNAM	2,236,511	0	2,236,511	14,779	0.26%	38,925	1,557	3,300	0.26%	0	0	0	0	0	16,336	0.37%	33,900	50,236	0.26%
YEMEN, REPUBLIC OF	2,374,119	0	2,374,119	14,180	0.26%	37,350	1,494	3,300	0.26%	0	0	0	0	0	15,674	0.35%	33,900	49,574	0.26%
YUGOSLAVIA, FED REP OF	29,448,242	0	29,448,242	21,417	0.30%	56,425	2,257	3,300	0.30%	0	0	0	0	0	23,674	0.53%	33,900	57,574	0.30%
ZAMBIA	3,978,044	0	3,978,044	26,130	0.33%	68,825	2,753	3,300	0.33%	0	0	0	0	0	28,883	0.65%	33,900	62,783	0.33%
ZIMBABWE	6,084,696	0	6,084,696	39,682	0.41%	104,525	4,181	3,300	0.41%	0	0	0	0	0	43,863	0.99%	33,900	77,763	0.41%
Subtotal Part II	**582,545,231**	**3,700,216,987**	**4,282,762,218**	**3,999,088**	**47.67%**	**10,533,342**	**421,334**	**458,700**	**47.68%**	**814,835**	**32,594**	**2,882**	**476,882,757**	**481,731,635**	**4,452,935**	**100%**	**4,708,500**	**9,161,435**	**47.76%**
Subtotal Part I	**1,185,646,925**	**114,835,582,070**	**116,021,228,995**	**8,230,369**	**52.33%**										**9,107,203**	**100%**	**914,248**	**10,021,451**	**52.24%**
Grand Total	**1,768,192,156**	**118,535,799,057**	**120,303,991,213**	**12,229,377**	**100.00%**										**13,560,138**	**100%**	**5,622,748**	**19,182,886**	**100.00%**

Notes:

Current Status *(a-1) to (a-5): 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 Thirteenth 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 Fourteenth Replenishment, this is included in column (b-1) for Part I countries, and for Part II countries in column (e-5).

Additional Resources Provided under IDA14 in SDRs or Freely Convertible Currencies: The amounts shown in column (e-5) represent the additional resources provided under the Fourteenth Replenishment by Part II members in SDRs or freely convertible currencies, *as set out in Table 1. 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 April 1 to September 30, 2004 (1.46365).* These amounts are divided into subscriptions carrying votes (columns (e-1) and (e-1)) and contributions (column (e-4)).

Attachment I

INTERNATIONAL DEVELOPMENT ASSOCIATION
ADDITIONS TO RESOURCES: FOURTEENTH REPLENISHMENT

INSTRUMENT OF COMMITMENT

Reference is made to Resolution No. ____ of the Board of Governors of the International Development Association entitled "Additions to Resources: Fourteenth Replenishment", which was adopted on _____, 2005 ("the Resolution").

The Government of _____ **HEREBY NOTIFIES** the Association pursuant to paragraph 2 of the Resolution that it will make the _____[71/] authorized for it in accordance with the terms of the Resolution in the amount of _____[72/73].

_____ _____[74/]

(Date) *(Name and Office)*

71/ *This form of Instrument of Commitment may be used for a Contributing Member's regular contribution and any HIPC Additional Contribution, either under separate instruments or combined. Contributing Members fill in the words "subscription and contribution" for both regular contributions and HIPC Additional Contributions; and Subscribing Members fill in the word "subscription" only.*

72/ *Pursuant to paragraph 5(a) of the Fourteenth 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, 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.*

73 *For additional contingent contributions, add the following text " The Government of _____ **HEREBY NOTIFIES** the Association pursuant to paragraph 2(c) of the Resolution that it will make an additional subscription and contribution [with respect to fiscal year 2006 in the amount of _____, contingent upon the actions set forth in Schedule A hereto]; and an additional subscription and contribution with respect to fiscal year 2007 in the amount of _____, contingent upon the actions set forth in Schedule B hereto."*

74/ *The instrument is to be signed on behalf of the member by a duly authorized representative.*

Schedule A to Attachment I

Progress by September 2005

- Introduction by the Association of regional Key Performance Indicators measuring progress on harmonization, including:
  - number and percentage of IDA country analytical work undertaken jointly with one or more donors.
  - percentage of annual IDA-financed SWAps and Development Policy operations using a policy framework coordinated with other donors.
- Introduction by the Association of Country Assistance Strategy (CAS) guidelines providing that the CAS should include:
  - a discussion of the role of development partners, donor coordination mechanisms and enabling measures to improve country-level harmonization of donor procedures.
  - information on the role of each donor and the sectors or thematic areas in which each is active.
  - indicators for progress on donor harmonization during the CAS period.
- Review by the Executive Directors of the Association of the recommendations of the 2005 Review of World Bank Conditionality.

Schedule B to Attachment I

Progress by IDA14 Mid-term Review

- Review by the Executive Directors of the Association of (i) a monitoring framework for harmonization including a series of key indicators drawing on the results of the DAC High Level Forum (HFL-2) and (ii) baselines established by the Association for such indicators; and adoption by the Association of such monitoring framework.

- Determination by the Executive Directors of the Association that satisfactory progress has been made against the baselines established for such harmonization indicators.

- Determination by the Executive Directors of the Association that satisfactory progress has been made in implementing the recommendations in the 2005 Review of World Bank Conditionality.

ANNEX 4

DOCUMENTS PROVIDED FOR THE IDA14 REPLENISHMENT MEETINGS[75]

February 18-20, 2004 – Paris, France

Discussion Papers:

Further Options for IDA13 Grant Financing (January 2004)
IDA's Performance-Based Allocation System: Update on Outstanding Issues (February 2004)
Proposed Timeline for the IDA14 Process (February 2004)
IDA14 Replenishment Priorities: Proposed Special Themes (February 2004)
Initial Draft Part 1 of the Deputies' Report for IDA14 (February 2004)
Modalities of IDA13 Grant Financing: Technical Note (March 2004)

Background and Technical Notes:

Debt Relief for the Poorest: An OED Review of the HIPC Initiative (May 2003)
Toward Country-Led Development: A Multi-Partner Evaluation of the Comprehensive Development Framework (June 2003)
2002 Annual Review of Development Effectiveness (by OED) (April 2003)

July 9-11, 2004 – Hanoi, Vietnam

Discussion Papers:

IDA13 Results-Measurement System: Spring 2004 Update (May 2004)
Debt Sustainability and Financing Terms in IDA14 (June 2004)
Financing Requirements from IDA for Poor Countries during IDA14 (June 2004)
IDA Results Measurement System: Recommendations for IDA14 (June/July 2004)
Country Policy and Institutional Assessments: An External Panel Review - Panel Recommendations and Management (June 2004)

Background and Technical Notes:

IDA14 Opinion Leaders Consultation: Summary of Discussions (July 2004)

October 4-6, 2004 – Washington DC, United States

Discussion Papers:

Growth in IDA Countries (September 2004)
Debt Sustainability and Financing Terms in IDA14: Technical Analysis of Options and Issues (September 2004)
IDA's Performance-Based Allocation System: IDA Rating Disclosure and Fine-tuning the Governance Factor (September 2004)
Strengthening the Private Sector in IDA14 (September 2004)

---

[75] In addition, a number of background notes and tables on financial issues were circulated to Deputies over the course of the Replenishment discussions.

Working Together at the Country Level: The Role of IDA (September 2004)

HIPC Papers:

Heavily Indebted Poor Countries (HIPC) Initiative: Status of Implementation (August/September 2004)

Background and Technical Notes:

Increasing Aid Effectiveness and the Role of IDA: Lessons from the Vietnam Experience (Joint Japan/UK paper for IDA14) (September 2004)

December 12-13, 2004 – Athens, Greece

Discussion Papers:

Strengthening the Private Sector in IDA Countries: World Bank Group's Collaboration with External Partners (November 2004)
Aid Delivery in Conflict-Affected IDA Countries: The Role of the World Bank (November 2004)
Indicators on Aid Harmonization and Alignment (November 2004)
Strengthening the Private Sector in IDA Countries: Status of World Bank Group Collaboration (November 2004)
Financing Framework for IDA14: Pending Issues (November/December 2004)
Measuring Results: Improving National Statistics in IDA Countries (November/December 2004)
Debt Sustainability and Financing Terms in IDA14: Further Considerations on Issues and Options (November/December 2004)
Supporting Small and Vulnerable States (December 2004)

February 22, 2005 – Washington DC, United States

Discussion Papers:

Update on Developments since the Athens Meeting (February 2005)

Background and Technical Notes:

World Bank Response to the Tsunami Disaster (January 2005)

Chairman's Summaries of IDA14 Replenishment Meetings

IDA14 Replenishment Meeting – February 18-20, 2004 – Paris (February 2004)
IDA14 Replenishment Meeting – July 9-11, 2004 – Hanoi (July 2004)
IDA14 Replenishment Meeting – October 4-6, 2004 – Washington, DC (October 2004)
IDA14 Replenishment Meeting – December 13-14, 2004 – Athens (December 2004)
IDA14 Replenishment Meeting – February 22, 2005 – Washington, DC (February 2005)