Africa Group 1 Constituency
23rd Statutory Meeting

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Operating in an evolving global aid/financing architecture

- Aid fragmentation
- Proliferation of aid providers
- Growing focus on global and regional public goods
- ODA to MICs > LDCs since 2000
- Increase in private sector financial flows
Decreasing levels of concessionality...

PPG External Debt Composition in IDA Countries
(share in total PPG external)

- Multilateral
- Bilateral concessional
- Bilateral other
- Bonds
- Commercial Banks
- Other Private Creditors
... and rising debt vulnerabilities

Risk of External Debt Distress in IDA Countries
(percentage share)

Risk of External Debt Distress in the Africa Group 1 Constituency*
(percentage share)

Source: World Bank-IMF DSA Database as of January 2022; Debt Management Monitor, 2021; and World Bank-IMF DSA reports
*Excluding Botswana, Eswatini, Namibia and Seychelles as they are not LIC-DSA countries.
Fragile and Conflict Situations countries harder hit by pandemic, face persistent unrest, violence, and displacement

GDP per Capita Growth (in annual %)

Number of Conflict Events: Violence against civilians

Fragile and conflict affected situations  World

FY22 FCS Countries
Climate change, poverty, and inequality are defining challenges of our time

- Climate impacts undermine development gains and disproportionately affect the poorest and most vulnerable within IDA countries.
- More than 100 million people living in IDA countries will be pushed into extreme poverty due to climate change by 2030.
- Over the last decade, IDA countries have been hit by nearly eight times as many natural disasters relative to the 1980s, resulting in a three-fold increase in economic damage.
- Small Island Developing States (SIDS), and Fragile and Conflict-affected Situations (FCS) countries face high climate risk.

The world’s poorest countries are the lowest emitters but are most impacted by climate change.
Already a cross-cutting priority, drought and the effects of war in Ukraine highlight the urgency and relevance of Crisis Preparedness.

**IDA20 offers**

Enhanced toolkit to embed crisis preparedness in core IDA operations

- **Strong analytics** – including new Crisis Preparedness Gap Assessment – to improve understanding of crisis risks, advance preparedness agenda, and inform programing.
- **Effective instruments** including contingent financing tools such as CERCS for investment financing and CAT-DDOs for development policy financing.
- **Intensified tracking and reporting** responding to the building back better priority among IDA partners.

**OPPORTUNITY:** Build resilience against successive shocks by collaborating to improve crisis preparedness frameworks.
Increasing financing volumes call for strong implementation capacity

IDA’s Undisbursed Balances, FY06-FY22 (to date)
The IDA20 policy package builds on key innovations

✓ **GREEN**
  Ambitious climate and biodiversity package; Paris alignment; increased co-benefits; green financing.

✓ **RESILIENT**
  Enhanced support to crisis preparedness and response; vaccines, therapeutics, and diagnostics; debt management; FCV.

✓ **INCLUSIVE**
  Human Capital as new Special Theme; target support to the poorest and most vulnerable; close gender gaps; disability; narrow digital divide.
Sustainable Development Finance Policy

IDA20 highlights on SDFP

- Prevent non-concessional borrowing breaches
- Prioritize debt transparency and data accuracy
- Provide strong incentives for debt management capacity and transparency embedded in IDA20
- Enhance cooperation with the IMF
- Coordinate with partners

Program of Creditor Outreach

Debt Sustainability Enhancement Program
The IDA20 financing package will ensure that IDA Clients have the resources they need to respond to the pandemic and build back better and greener.

<table>
<thead>
<tr>
<th>In US$ billion</th>
<th>Original IDA19 in nominal terms</th>
<th>IDA20</th>
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<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
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<tr>
<td>Total (I + II + III)</td>
<td>82.0</td>
<td>93.0</td>
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<tr>
<td>Of which, concessional resources</td>
<td>73.8</td>
<td>84.3</td>
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<tr>
<td>I. IDA Country Allocations</td>
<td>60.5</td>
<td>62.8</td>
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<tr>
<td>Of which, FCV envelope (estimates)</td>
<td>7.5</td>
<td>8.8</td>
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<td>Memo items:</td>
<td></td>
<td></td>
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<tr>
<td>I-a. Regular Term Financing</td>
<td>60.5</td>
<td>54.0</td>
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<tr>
<td>I-b. Shorter Maturity Loans (SMLs) (concessional)</td>
<td>0.0</td>
<td>8.8</td>
</tr>
<tr>
<td>II. IDA Windows</td>
<td>20.5</td>
<td>30.2</td>
</tr>
<tr>
<td>1. Regional Window</td>
<td>7.6</td>
<td>7.9</td>
</tr>
<tr>
<td>2. Host Communities &amp; Refugees Window</td>
<td>2.2</td>
<td>2.4</td>
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<tr>
<td>3. Crisis Response Window</td>
<td>2.5</td>
<td>3.3</td>
</tr>
<tr>
<td>4. Scale-up Window (SUW)</td>
<td>5.7</td>
<td>14.1</td>
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<tr>
<td>4-a. Regular SUW (non-concessional)</td>
<td>5.7</td>
<td>6.3</td>
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<tr>
<td>4-b. SUW-SML (concessional)</td>
<td>0.0</td>
<td>7.8</td>
</tr>
<tr>
<td>5. Private Sector Window (non-concessional)</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
<td>III. Arrears Clearance</td>
<td>1.0</td>
<td>0.0</td>
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| Memo: | | |
| Total SMLs (PBA + SUW) | 0.0 | 16.6 |
| Grant element ($) | 43.7 | 48.1 |
| Grant element: Concessional IDA (%) * | 59.3% | 57.1% |
| Grant element: Overall Replenishment (%) ** | 55.0% | 53.2% |

- **11% increase** in Concessional IDA in real terms
- **5x higher** per capita allocations for Small States compared to non-Small States
- **17% increase** to FCV, largely via the FCV envelope
- **4% increase** in Regional Window
- **8% increase** in support to refugees and host communities
- **31% increase** for crisis response

* Includes SUW-SMLs (concessional) ** Excludes PSW
***Rounded after proportional adjustments.
Thank you!