Innovating IDA’s work

The International Development Association (IDA) provides grants and zero-to low-interest loans to the poorest countries to help boost their economic growth, reduce inequalities and improve people’s living conditions.

3 INNOVATIONS FOR IDA18

The IDA18 package for 2018-2020 is the largest in its nearly 60-year history. It introduces three innovations that will help IDA countries on a path to achieving the Sustainable Development Goals (SDGs).

1. **Private Sector Window**
   - Common challenges limiting private sector growth, especially in fragile and conflict-affected countries:
     - **Infrastructure**: Financing gaps estimated at $100 billion a year
     - **Jobs**: Lack of funding for small and medium enterprises limits growth and job creation
     - **Local currency**: Lack of affordable long-term local currency financing
     - **Risks**: War, currency fluctuations and debt deter growth of reinsurance in fragile markets
   - Scale up private sector investments in the poorest and most fragile countries with IFC’s Risk Mitigation Facility and MIGA’s Guarantee Facility
   - Allow for high-impact investments to create markets and pave the way for others in finance, infrastructure, technology and much more
   - Maximizing finance for development:
     - + $400m
     - + 5-15%
     - + $4-6b

2. **Sub-Window for Refugees**

3. **Hybrid Financial Model**

2018

$75b

2020

PRIVATE SECTOR WINDOW
SUB-WINDOW FOR REFUGEES

Refugee-hosting countries need support to:

- Mitigate shocks caused by an influx of refugees
- Create opportunities and sustainable solutions for refugees and host communities
- Strengthen Preparedness for increased or potential new refugee flows

IDA18 will provide:

$2 billion for hosting refugees low-income countries

Criteria:
1. 25,000 refugees, or 0.1% of the country’s overall population is refugees
2. Adherence to agreed upon international framework for the protection of refugees
3. Long-term strategy that benefits refugees and host communities

HYBRID FINANCIAL MODEL

For first time in its nearly 60-year history, IDA debuted in the global capital markets:

New triple-A rated investment opportunity for impact investors supplies donor financing and enables IDA to scale up its support toward achieving the SDGs

Focus on concessional financing is retained by blending donor funds with market borrowings

Every $1 of donor contributions mobilizes $3 of IDA18 financing

Sources