



**AN BILLE UM CHOMHLACHAS FORBARTHA
IDIRNÁISIÚNTA (LEASÚ) 2003
INTERNATIONAL DEVELOPMENT ASSOCIATION
(AMENDMENT) BILL 2003**

EXPLANATORY MEMORANDUM

Summary

The Bill is designed to enable the Government to make a total payment of €50,000,000 to the Thirteenth Replenishment of the International Development Association (IDA 13). As on previous occasions, the Bill amends the International Development Association Acts 1960 to 1999, to allow the payment to be made to the Association.

The International Development Association (IDA)

IDA is the “soft” loan arm of the International Bank for Reconstruction and Development (The World Bank). Established in 1960, IDA provides highly concessional financial resources to low-income countries to help them reduce poverty and achieve faster, more environmentally sustainable, broad based growth. It is the single largest source of concessional financial assistance to the world’s poorest countries. In the fiscal year 2002 IDA assistance was provided to countries that have a per capita income of less than \$875 per annum.

IDA helps the world’s poorest countries reduce poverty by providing “credits”, which are loans at zero interest with a 10-year grace period and maturities of 35 to 40 years. These countries face complex challenges in striving for progress toward the Millennium Development Goals set out and agreed at the Monterrey Conference on Financing for Development held in March 2002. They must, for example, respond to the competitive pressures as well as opportunities of globalisation, arrest the spread of HIV/AIDS, provide clean water and basic education and very often deal with conflict and its aftermath.

The mission of the International Development Association is to support efficient and effective programmes to reduce poverty and improve the quality of life in its poorest member countries. IDA helps build the human capital, policies, institutions and physical infrastructure needed to bring about equitable and sustainable growth. IDA’s goal is to reduce the disparities across and within countries, to bring more people into the economic mainstream and to promote equitable access to the benefits of development.

IDA is among the key multilateral institutions involved in this work and is specifically charged with responsibility for poverty reduction and the promotion of growth and development. Today,

nearly 3 billion people live on less than \$2 a day and 1.1 billion people on less than \$1 a day.

Thirteenth Replenishment of IDA

IDA obtains its resources in a number of ways, the main one being three-yearly replenishments (grant contributions) provided by wealthier countries. Ireland joined the Association on its foundation in 1960. IDA 13 is the latest replenishment.

The proposals approved by the Board of Governors of the Association for the 13th Replenishment provide commitment authority totalling SDR¹ 18 billion (\$23 billion) which will be disbursed to IDA members over three years. The vast bulk of these funds will be provided by the advanced industrial economies. Cash payments under the replenishment will arise over a period of up to six years beginning in 2003.

As a member of the Association, Ireland is expected to contribute to the periodic replenishments. A contribution of €50,000,000 is proposed for the Thirteenth Replenishment. Ireland's contributions to the International Development Association are accountable as part of Ireland's official development assistance programme. Traditionally Ireland has been a strong supporter of IDA. That support is based, to a large extent, on the close similarity between IDA's main objectives and the priorities of our own Development Cooperation Programme. The Thirteenth Replenishment will bring Ireland's total contribution to IDA to some US\$200 million.

Sections in the Bill

Section 1 of the Bill amends section 3 of the International Development Association Act 1960, as amended by subsequent legislation, by the insertion of a new subsection (2)(o) and (p) which provides for the contribution to the Thirteenth Replenishment of a sum not exceeding €50,000,000.

Section 2 of the Bill contains the short title and collective citation.

*An Roinn Airgeadais,
Meán Fómhair, 2003.*

¹Special Drawing Right, the official unit of account of the International Monetary Fund and World Bank.