

DELIVERING AN AMBITIOUS REPLENISHMENT FOR AFRICA'S DEVELOPMENT

We commend your leadership and commitment to addressing our continent's pressing challenges. As we approach the significant gathering of the IDA for Africa Heads of State Summit in Nairobi, we share this memorandum with you and other Heads of States to unlock an ambitious IDA21 replenishment to support Africa's vital development priorities.

The continent has continued to face economic challenges from the COVID-19 pandemic and its aftershocks, the conflict between Russia and Ukraine, and the impacts of climate change. Recovery has been sluggish, held back by limited fiscal capacity, retreating external financing and investment, falling foreign reserves, and escalating debt servicing expenses. Tightening liquidity crunches and elevated borrowing costs from capital markets have pushed many nations into significant debt distress and macroeconomic instability. We are off-track at the mid-point of the Sustainable Development Goals and a world free of poverty, hunger and the threat of climate is out of sight.

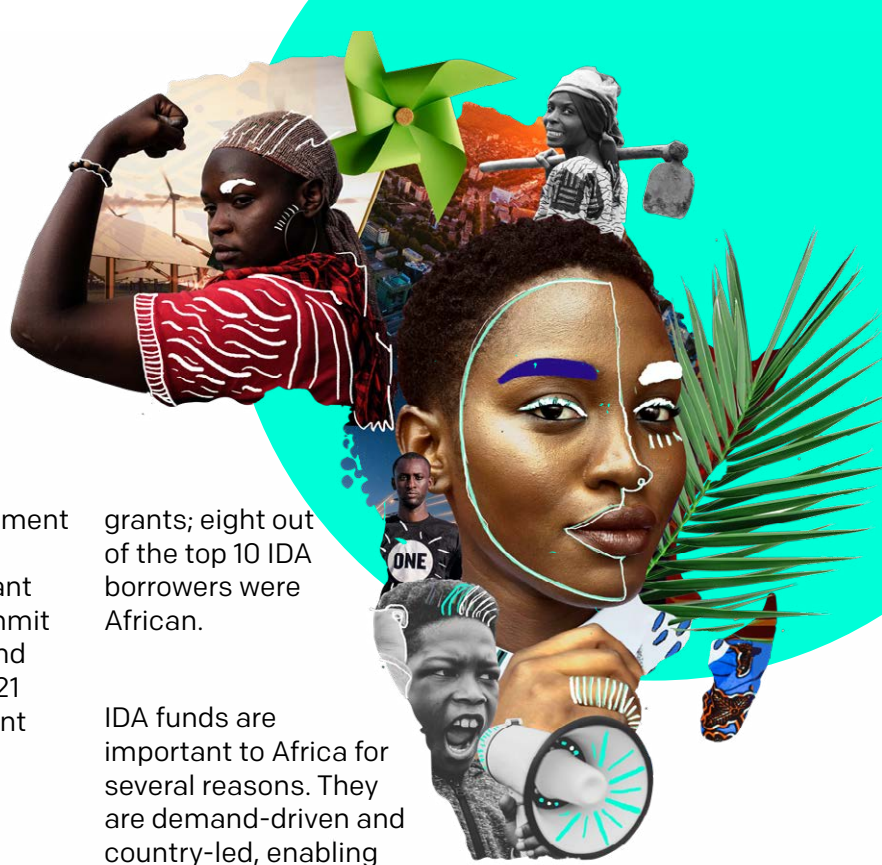
A demand for an ambitious World Bank's International Development Association (IDA) — the world's largest source of affordable finance for developing countries— is critical for aiding vulnerable African countries in their recovery from current challenges and supporting their development priorities.

IDA is the largest provider of concessional finance to Africa. An investment in IDA is an investment in Africa's future. More than half of IDA countries are in Africa. In the most recent fiscal year, Africa received 75% (\$25.8 billion) of total IDA commitments and over 86% of IDA

grants; eight out of the top 10 IDA borrowers were African.

IDA funds are important to Africa for several reasons. They are demand-driven and country-led, enabling African countries to finance their development priorities and take the lead in implementing their projects. The concessional nature of IDA funding makes it a lifeline for countries facing debt vulnerabilities, particularly in a rising interest rate environment. Given that more than half of IDA recipients are either in debt distress or at high risk of distress, IDA serves as their main and most reliable source of patient capital and grant. IDA's responsiveness to crises further sets it apart. In the face of challenges like the COVID-19 pandemic and the Russia-Ukraine war, IDA has swiftly increased financing by frontloading, re-purposing, and flexibly deploying resources in response to these shocks. For donor countries, IDA has a strong return on investments, with each dollar invested resulting in \$3.5 return. Amid the global economic downturn, it is critical for donor countries to recognize the value of IDA and the jeopardy posed by a lack of sufficient replenishment.

Furthermore, for a successful replenishment, we need African governments to recommit to strong accountability for all resources, international and domestic. This commitment should encompass increased citizen engagement and oversight, robust anti-corruption efforts, and improved public-service delivery processes. Demonstrating such accountability will build the confidence of donor countries, encouraging them to make generous contributions to IDA21 replenishment.



The need for firm and vocal Heads of State and Ministers of Finance to champion and reflect the efficacy of IDA is needed now more than ever.

WE URGE YOU AND OTHER HEADS OF STATE TO:

1

MAKE AN EXPLICIT CALL FOR AN IDA21 REPLENISHMENT SUBSTANTIAL ENOUGH TO PUT IDA ON TRACK TO TRIPLE ITS FINANCING BASKET TO \$279 BILLION BY 2030, in line with recommendations by the G20 Independent Experts Group. This should include specific requests for OECD DAC countries to increase their commitments towards IDA and for diversification of the IDA donor pool (including solidarity contributions from borrowing countries). A significant IDA21 replenishment is needed to build and sustain IDA's equity so it can meet the growing demand for grants from debt-distressed countries, many of which are in Africa.

2

CLEARLY OUTLINE A SET OF POLICY PRIORITIES AND REFORMS FOR IDA, in the final communique from the summit as was done in the Abidjan Declaration ahead of the IDA20 replenishment. This will help ensure that IDA is able to meet the most urgent concessional financing needs of African countries in an effective and efficient way over the next three years. Our consortium of civil society organizations and think tanks are at your disposal to provide technical support in this regard.

3

COMMIT TO INCREASE CITIZEN PARTICIPATION IN THE DEPLOYMENT OF MORE TRANSPARENT FUNDS WITHIN AFRICAN COUNTRIES. For example, models like the Global Fund for AIDS, TB, and Malaria's Country Coordinating Mechanisms, or the World Bank's own Citizens' Engagement and Social Accountability models, can be adapted and scaled up to engage citizens in ensuring funds are deployed more efficiently. This provides a strong incentive to increase the call for funds and confidence in how Africans deploy the funds.

4

INSIST THAT IDA BECOMES A MORE EFFECTIVE DRIVER OF ECONOMIC TRANSFORMATION. While IDA's sector-specific results in Africa have been impressive and life-altering for millions of people, they have not yet added up to systemic change at the scale needed to support African countries' pathway out of poverty, economic independence, and transformation. With most African countries lagging on their transformation journey, as evidenced by an average score of just 30.3 out of 100 on the African Transformation Index, it will be critical for IDA to focus more on supporting the foundational systems and economic structures needed for long-term development.

5

URGE IDA TO WORK ACROSS BORDERS AND TAKE ADVANTAGE OF THE AFRICA CONTINENTAL FREE TRADE AREA. There is an unprecedented opportunity with the implementation of the AfCFTA to address Africa's long-standing jobs challenge through well thought-out multi-country and cross-regional IDA projects that help build African value chains.

6

MAKE A POWERFUL AND PERSUASIVE CASE FOR IDA DONORS TO INCREASE THEIR COMMITMENTS THROUGHOUT THIS YEAR'S IDA21 REPLENISHMENT PROCESS, INCLUDING THROUGH SHARING EXAMPLES OF IDA'S IMPORTANCE AND IMPACT IN RESPECTIVE AFRICAN COUNTRIES. Evidence driven, robust and sustained engagement on IDA, including at the highest political levels during bilateral and multilateral convenings this year, will be integral to pave the way towards a successful replenishment.

7

SEND A STRONG MESSAGE TO THE WORLD BANK AND ITS MAJOR SHAREHOLDERS THAT FOOD AND NUTRITION, SMALLHOLDER AGRICULTURE AND FOOD SYSTEMS TRANSFORMATION SHOULD BE AT THE HEART OF IDA21. In addition, African Heads of State should urge the World Bank to increase the pace of disbursements given the ongoing food and nutrition security crisis and extraordinary needs countries still face.

8

CAPITALIZE ON AU MEMBERSHIP IN THE G20 TO PUT IDA ON THE AGENDA OF ALL G20 CONVENINGS AND TO CHAMPION CALLS FOR FAIRER GOVERNANCE STRUCTURES WITHIN MULTILATERAL DEVELOPMENT BANKS THAT REFLECT AFRICA'S GROWING IMPORTANCE. This includes advocating for increased representation in decision-making bodies and processes as well as inclusive and merit-based leadership selection procedures.