

EXPLANATORY MEMORANDUM TO
THE INTERNATIONAL DEVELOPMENT ASSOCIATION (FIFTEENTH
REPLENISHMENT) ORDER 2008

2008 No. 2090

1. This explanatory memorandum has been prepared by the Department for International Development and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The proposed Order permits the Secretary of State to make a further contribution of £2,134,000,000 to the International Development Association pursuant to arrangements that have been made between the International Development Association and Her Majesty's Government in accordance with Resolution No. 219 of the Board of Governors of the Association on April 23 2008.

2.2 Additionally, the Order permits the Secretary of State to make payment of sums required to redeem any non-interest bearing and non-negotiable notes or other obligations that may be issued or created by him as a result of the arrangements that are to be made by the Government of the United Kingdom and the Association regarding the payments totalling £2,134,000,000.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The proposed Order is being made to enable the Secretary of State to contribute further (the UK has contributed to the previous fourteen replenishments) to the International Development Association¹. The purpose of this further contribution, together with contributions pledged by other donors, is to provide the International Development Association with commitment capacity for lending on highly concessional terms and to provide grants to the poorest countries in the world over the period, 2008-2011. This Order is made under section 11 of the International Development Act 2002 which permits the Secretary of State to make relevant payments to multilateral development banks where the Government of the United Kingdom is bound to make such a payment, but that in order to make a payment he must make an order, which has Treasury approval and a draft of which has been approved by the House of Commons.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

¹ The previous contribution was authorised by S.I 2006/1071

6. European Convention on Human Rights

Douglas Alexander, the Secretary of State for International Development has made the following statement regarding Human Rights:

In my view the provisions of the International Development Association (Fifteenth Replenishment) Order 2008 are compatible with the Convention rights.

7. Policy background

7.1 The Department for International Development is responsible for leading the United Kingdom's contribution to promoting development and the reduction of poverty. The Department's overall objective is the elimination of world poverty. This objective was set out in the 1997 White Paper "Eliminating World Poverty: A Challenge for the 21st Century", and reaffirmed in the 2000 White Paper "Eliminating World Poverty: Making Globalisation Work for the Poor". In 2006, the Department published its third White Paper "Eliminating World Poverty: Making Governance Work for the Poor" which reiterated this objective which set out the forward agenda for the Department over the next five years. The Department delivers its international development funds through a combination of bilateral programmes, and contributions to various international financial institutions, such as the International Development Association.

7.2 The International Development Association is part of the World Bank Group. It aims to help the poorest countries reduce poverty by providing grants and "credits". "Credits" are loans at zero interest with a 10-year grace period and maturities of 35 to 45 years. Its policy framework focuses on macroeconomic growth; social sector support; protecting the environment for sustainable development; fostering recovery in post-conflict countries; and promoting trade and regional integration.

7.3 The other organisations that make up the World Bank Group are the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). The overarching goal of the Group is to reduce poverty and improve living standards by supporting sustainable growth and investment in people. The UK has an approximate shareholding in the World Bank of 5%.

7.4 International Development Association replenishments are generally at three-year intervals. The United Kingdom's contributions to the last five replenishments have been as follows:

Eleventh (interim) replenishment (1997)	£177.7 million
Eleventh replenishment (1998)	£299.2 million
Twelfth replenishment (2000)	£511.3 million
Thirteenth replenishment (2002)	£964.8 million
Fourteenth replenishment (2006)	£1,430.0 million

7.5 As stated above, the purpose of the present Order is to enable the Government to make a contribution to the fifteenth replenishment of the International Development Association of sums totalling £2,134 million. This amount was reached through negotiations with the International Development Association's Board of Governors.

7.6 The Association adopted the Fifteenth Replenishment Resolution (Resolution No.219) on 23 April 2008. (A copy of Resolution No. 219 has been laid in the House of Commons library). In accordance with Resolution No. 219 the United Kingdom's contribution will be made in the form of non-negotiable, non-interest bearing promissory notes expressed in pounds sterling and encashable on demand. In addition, the Resolution requests adjustments to the UK Instrument of Commitment for payments to the International Development Association under the Multilateral Debt Relief Initiative. Authorisation for the payments to be made under these adjustments will be sought under a separate Order, the International Development Association (Multilateral Debt Relief Initiative) (Amendment) Order 2008 at or around the same time as this Order.

8. Impact

8.1 An Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies

9. Contact

9.1 Further information concerning the proposed instrument can be obtained from Carl Kalapesi at the Department for International Development via e-mail (c-kalapesi@dfid.gov.uk) or telephone (020 7023 1134).

Department for International Development
May 2008