IDA Directive

Recommitment of IDA Resources

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Content
Requirements for recommitment of cancelled IDA resources.

Applicable to
IDA

Issuer
Vice President, OPSVP

Sponsor
Director, OPSPQ; Director, IDA Mobilization and IBRD Corp Finance, DFCII
SECTION I – PURPOSE AND APPLICATION

1. This Directive sets out the requirements for recommitment of IDA resources cancelled from credits, grants, and guarantees.

2. This Directive applies to IDA.

SECTION II – DEFINITIONS AND ACRONYMS

As used in this Directive, the capitalized terms and acronyms have the meaning set out below:

1. **Additional Financing**: means Additional Financing as defined in Bank Policy, “Investment Project Financing” and in Bank Policy, “Program-for-Results Financing”.

2. **Blend Country**: means a country determined: (a) by IDA to be eligible for IDA Credits; and (b) by IBRD to be creditworthy for borrowing IBRD loans.

3. **Blend Terms**: means terms on which IDA makes IDA Credits to Blend and gap countries.

4. **Cancelled IDA Credit/Grant Balances**: means amounts of IDA Credits or Grants that are cancelled from ongoing IPF, DPF and PforR operations financed from IDA Concessional Core Allocation or from an IDA window.

5. **Cancelled IDA Guarantee Balances**: means amounts of IDA Guarantees that are cancelled from ongoing IPF and DPF operations financed from IDA Concessional Core Allocation or from an IDA window (i) prior to signing of the guarantee agreement at the Member Country’s request or as a result of IDA withdrawing the offer of the IDA Guarantee, and (ii) after signing of the guarantee agreement, in accordance with such agreement.

6. **Cancelled IDA Balances**: means Cancelled IDA Credit/Grant Balances and Cancelled IDA Guarantee Balances.

7. **CAT DDO**: means Deferred Drawdown Option for Catastrophic Risks, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60).

8. **Closing Date**: means the date after which IDA may stop accepting withdrawal applications under the IDA credit or grant and cancel any undisbursed balance.

9. **CMU**: means Country Management Unit.

10. **CRW**: means Crisis Response Window.

11. **DFCII**: means Development Finance Corporate IDA & IBRD.

12. **DPF**: means Development Policy Financing, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60).

13. **Fiscal Year**: means the twelve (12) month period commencing on July 1 of a calendar
year and ending on June 30 in the succeeding calendar year.

14. **General IDA Pool**: means the general pool of IDA’s resources that are available for commitment.

15. **Guarantee Effectiveness Date**: means the date on which an IDA Guarantee becomes effective, as defined and specified in the guarantee agreement.

16. **Hard Terms**: means terms on which IDA made credits available to Blend Countries (excluding Small Island Economies) prior to July 1, 2017 from IDA’s ‘hard-term’ lending window which was financed through the charge-related portion of the volume discount on IDA Grants.

17. **IBRD**: means International Bank for Reconstruction and Development.


19. **IDA Concessional Core Allocation**: means IDA resource allocations to IDA eligible countries, based on the PBA or through any exceptional allocation regime, as applicable.

20. **IDA Concessional Credit**: means an IDA credit on concessional terms as described in Section III.2.a. of the Bank Policy, "Financial Terms and Conditions of Bank Financing”.

21. **IDA Credit**: means an IDA Concessional Credit or an IDA Non-concessional Credit, as applicable.

22. **IDA Grant**: means financing provided by IDA on the terms described in Section III.2.b of the Bank Policy, "Financial Terms and Conditions of Bank Financing”.

23. **IDA Guarantee**: means a Guarantee provided by IDA on terms as described in Section III.3 of the Bank Policy, "Financial Terms and Conditions of Bank Financing”.

24. **IDA Non-concessional Credit**: means an IDA Credit provided under the Scale-Up Facility or on Transitional Support Terms, on the terms described in Section III.2.c of the Bank Policy, "Financial Terms and Conditions of Bank Financing”.

25. **IPF**: means Investment Project Financing, as defined in Bank Policy, “Investment Project Financing”.


27. **PBA**: means performance-based allocation.

28. **PforR**: means Program-for-Results Financing, as defined in Bank Policy, “Program-for-Results Financing”.

29. **Refugee Sub-window or RSW**: means the IDA window for projects that qualify for financing per the criteria stipulated in Annex 5 of the IDA18 Deputies Report “Additions to IDA Resources: Eighteenth Replenishment. Towards 2030: Investing in Growth, Resilience and Opportunity”. 
30. **Regional Program**: means the IDA program for projects that qualify for regional financing per the criteria stipulated in Annex 5 of the IDA18 report entitled “The Demand for IDA18 Resources and the Strategy for their Effective Use”.

31. **Scale-Up Facility or SUF**: means the scale-up facility for IDA18 referred to in Annex 6 of the IDA18 Deputies Report “Additions to IDA Resources: Eighteenth Replenishment. Towards 2030: Investing in Growth, Resilience and Opportunity”.

32. **WFA**: means World Bank Group Finance and Accounting.

**SECTION III – SCOPE**

1. To enhance flexibility in the restructuring of ongoing IDA-financed operations while maintaining IDA’s financial sustainability, eligible Cancelled IDA Balances are available for recommitment for other purposes either to provide Additional Financing for ongoing operations or for new financing that is consistent with the World Bank’s strategy in support of the country.

2. **Eligibility.** Cancelled IDA Credit/Grant Balances are eligible for recommitment if cancelled prior to the Closing Date. Cancelled IDA Guarantee Balances are eligible for recommitment if cancelled prior to the Guarantee Effectiveness Date.

   a. **IDA-eligible Countries.** Countries defined as IDA-eligible in Annex 2 of the Bank Directive, “Financial Terms and Conditions of Bank Financing” at the time of recommitment in a given Fiscal Year are eligible to recommit Cancelled IDA Balances. Recommitment may be made up to June 30 of the last year of the IDA replenishment cycle within which the cancellation is effective.

   b. **IDA Graduates.** IDA graduates, including those receiving IDA transitional support, are eligible to recommit Cancelled IDA Balances within two replenishment cycles following a country’s graduation (or at the end of the period during which a country had access to IDA transitional support).\(^1\) These countries can recommit within the same Fiscal Year before June 30 within which the cancellation is effective.

   Cancelled IDA Balances that have not been recommitted are returned to the General IDA Pool.

3. **Balances Ineligible for Recommitment.** The following Cancelled IDA Balances are not eligible for recommitment:

   a. Cancelled IDA Balances from financing to countries eligible for IDA on an exceptional basis.

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\(^1\) For countries graduated at the end of IDA14-IDA17 (Albania, Angola, Armenia, Azerbaijan, Bolivia, Bosnia and Herzegovina, Georgia, India, Sri Lanka and Vietnam) the two-replenishment cycle period starts from FY21.
b. Cancelled IDA Credit/Grant Balances cancelled on or after the Closing Date, with the exception of Cat DDO (see paragraph 5(b)).

c. Cancelled IDA Guarantee Balances cancelled on or after the Guarantee Effectiveness Date.

d. Cancelled IDA Balances that arise from: (i) suspension; (ii) misprocurement; or (iii) fraud and corruption.

e. Cancelled IDA Balances financed from the CRW.

Cancelled IDA Balances that are ineligible for recommitment are returned to the General IDA Pool.

4. Recommitments.

a. **IDA Concessional Core Allocations.** Cancelled IDA Balances financed from the country’s IDA Concessional Core Allocation, including balances in support of IDA Regional Program-supported operations and RSW-supported operations, are available for recommitment for other purposes in the same country.

b. **IDA Windows.** Cancelled IDA Balances from operations supported by the IDA Regional Program, RSW and SUF are available for recommitment within the same region as follows:

i. **IDA Regional Program.** Cancelled IDA Balances from regional components of IDA Regional Program-supported operations are available for recommitment only to regional components of eligible new regional operations within the same region.

ii. **Refugee Sub-Window.** Cancelled IDA Balances from RSW components of IDA operations are available for recommitment only to RSW components of eligible new RSW-supported operations within the same region.

iii. **Scale-Up Facility.** Cancelled IDA Balances financed from the SUF are available for recommitment only for eligible SUF-supported operations on applicable SUF terms within the same region.

5. Special Considerations.

a. **IDA Guarantees.** Of the amount of Cancelled IDA Guarantee Balances, only the share of such balance financed from the country’s IDA Concessional Core Allocation can be recommitted. When a guarantee is financed by the SUF, the total cancelled amount can be recommitted in accordance to the rules applicable to Cancelled IDA Balances financed from the SUF described in paragraph 4 b(iii) above.

b. **Cat DDO.** Cat DDO IDA Balances that are undrawn at the expiration of the deferral period or cancelled can be recommitted as follows: (i) if financed by IDA Concessional Core Allocation, the portion of undrawn or cancelled Cat DDO IDA Balances can be fully recommitted to the same country; or (ii) if financed by the SUF, the amount can be
recommitted in accordance with the rules applied to Cancelled IDA Balances financed by the SUF described in paragraph 4 b(iii).

c. **Single Currency Financing.** IDA offers single currency credits and guarantees that may be denominated in U.S. dollars, pounds sterling, yen, or euros.

   i. For single currency IDA Concessional Credits and IDA Guarantees provided on concessional terms, the amount available for recommitment is based on the SDR equivalent of the cancelled amount. The SDR equivalent of a cancelled credit or guarantee originally approved in a single currency is calculated by applying the exchange rate between SDR and the single currency as of the cancellation date. If recommitment is in single currency, the amount of the new single currency credit or guarantee is set based on the exchange rate between SDR and the single currency of the new credit or guarantee at the time of approval.

   ii. For single currency IDA Non-concessional Credits and IDA Guarantees provided on non-concessional terms, the amount available for recommitment is based on the U.S. dollar equivalent of the cancelled amount. The U.S. dollar equivalent of a cancelled credit or guarantee is calculated by applying the exchange rate between U.S. dollars and the single currency as of the cancellation date. If recommitment is in another single currency, the amount of the new single currency credit or guarantee is set based on the exchange rate between U.S. dollar and the other single currency of the new credit or guarantee at the time of approval.

6. **Financing Terms.** For IDA-eligible countries: the financing terms applicable to the recommitted funds are those for which the country is eligible in the Fiscal Year during which the funds are recommitted. For IDA graduates, including those receiving IDA transitional support: (a) Cancelled IDA Balances from IDA Concessional Credits and credits on Hard Terms can be recommitted on Blend Terms; (b) Cancelled IDA Balances from IDA Non-concessional Credits can be recommitted on IDA Non-concessional Credit lending terms.

7. **Monitoring.** WFA makes available to DFCII cancellation reports. To assist CMUs in making decisions on recommitments, WB system-based information on cancellations eligible for recommitments by country is provided by DFCII. The CMUs monitor the funds available for recommitment.

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**SECTION IV – WAIVER**

The provisions of this Directive may be waived in accordance with the Bank Policy, “Operational Policy Waivers”, and the Bank Procedure, “Operational Policy Waivers and Waivers of Operational Requirements”.

**SECTION V – EFFECTIVE DATE**

This Directive is effective as of the date on its cover page.

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2 Related to recommitment of cancelled funds from IDA windows where historic data of financing source breakdown is limited, DFCII will make its best effort to help the CMUs allocate funds into appropriate IDA window pool.
SECTION VI – ISSUER
The Issuer of this Directive is the Vice President, OPCS.

SECTION VII – SPONSOR
The Sponsors of this Directive are the Director, DFCII and Director, OPSPQ.

SECTION VIII – RELATED DOCUMENTS

2. Bank Policy, “Program-for-Results Financing”.

Questions regarding this Directive should be addressed to the Operations Help Desk.