EXPLANATORY MEMORANDUM TO

THE INTERNATIONAL DEVELOPMENT ASSOCIATION (SIXTEENTH REPLENISHMENT) ORDER 2011

2012 No. 492

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.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 The proposed Order permits the Secretary of State to make a further contribution of £2,664 million to the International Development Association (hereafter "IDA") pursuant to arrangements that have been made between the IDA and Her Majesty's Government in accordance with Resolution No. 227 of the Board of Governors of the Association on 26 April 2011.

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

3.1 None

4. Legislative context

4.1 The proposed Order is being made to enable the Secretary of State to contribute further to the IDA (the UK has contributed to the previous fifteen replenishments). The purpose of this further contribution, together with contributions pledged by other donors, is to provide the IDA with commitment capacity for lending on highly concessional terms and to provide grants to the poorest countries in the world over the period, 2011-2014. 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.

6. European Convention on Human Rights

Andrew Mitchell, 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 (Sixteenth Replenishment) Order 2011 are compatible with the Convention rights.

7. Policy background

7.1 IDA is part of the World Bank Group. It aims to help the poorest countries reduce poverty by providing grants and highly concessional loans (no or low interest rates and long grace and maturity periods). 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.

7.2 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 the 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. IDA plays an important role in helping the world meet the Millennium Development Goals (MDGs).

7.3 IDA replenishments are generally at three-year intervals. The United Kingdom's contributions to the last six 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
Fifteenth replenishment (2008)	£2,134.0 million

7.4 The Association adopted the Sixteenth Replenishment Resolution (Resolution No. 227) on 26th April 2011. A copy of Resolution No. 227 has been laid in the House of Commons library. In accordance with Resolution No. 227 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.

8. Consultation Outcome

8.1 Not relevant in the context of this instrument.

9. Guidance

9.1 Not relevant in the context of this instrument.

10. Impact

10.1 An Impact Assessment has not been prepared for this instrument because there is no impact on business, charities or voluntary bodies in the United Kingdom.

11. Regulating small business

11.1 The legislation does not apply to small business in the United Kingdom.

12. Monitoring and review

12.1 The World Bank provides annual reports and accounts in September, including on IDA. The reports are based on the World Bank's own evaluation of its performance. In addition, the World Bank's activities are independently evaluated by the Independent Evaluation Group (IEG). The World Bank's financial data is audited by an external and independent auditor.

12.2 The UK is represented on the Board of Governors by the Secretary of State for International Development, Andrew Mitchell. Our Executive Director at the World Bank Group also oversees the use of IDA resources.

12.3 The World Bank has agreed to report against a Results Measurement System that sets out what we can expect IDA 16 to deliver, both in terms of development impact and improvement s in operational performance. DFID monitor IDA's performance as part of its continuous engagement with the World Bank. A Logical Framework to monitor progress against a set of performance indicators will be available on DFID's public website. This annual review will be available on DFID's public website.

13. Contact

13.1 Further information concerning the proposed instrument can be obtained from Siobhan Clifford at the Department for International Development via email: (s-clifford@dfid.gov.uk) or telephone (020 7023 0547).