



Policy demands with respect to the 15th replenishment of IDA

The Halifax Initiative Coalition supports a full replenishment of the International Development Association, in addition to the debt cancellation commitments made by Canada at Gleneagles.

However, we also call on the Canadian government to work for the adoption at the World Bank of the following reforms by the end of IDA 14 in June 2008:

- A plan to phase out Bank support to fossil fuel operations by the end of IDA 15 and to significantly increase support for renewable energy and energy efficiency. Between FY2005 and FY2006, World Bank (IBRD and IDA) support for fossil fuels increased by US\$312 million, up 307% from the previous year. Overall Bank Group support was up US\$418 million, a 93% increase. This is especially disturbing in light of growing concerns within Canada and globally around the climate change crisis.
- A “medium term” strategy for the World Bank Group that includes substantial changes to voice and vote, and the current selection process for the head of the Bank, as a first step towards democratizing these institutions. In principle, Canada supports an open, transparent and merit-based selection process, and has been supportive of efforts to increase the voice and vote of developing countries in the Bank. We would like to see the government put this principle into practice.
- An independent review of the International Development Association to consider how it might be brought under the auspices of the United Nations, and made more accessible to and representative of the interests of borrowing countries. Attention should also be paid to measures that would allow IDA to act with greater autonomy from donors and the World Bank. Among other things, the review might consider how to enhance the current governance structure within IDA, increase country ownership and improve system-wide coherence.

The Canadian government should be accountable to Parliament for its strategy, and the concrete measures it took, to advance these reforms during IDA negotiations, and on the final outcome of the process.

With respect to the current IDA negotiations, Canada should:

- 1) Call on the Bank to institutionalize mechanisms for the effective participation of IDA-eligible Southern governments, elected officials and representatives from Southern civil society at all future IDA discussions. These Southern representatives should be involved in the assessment of, and decision-making around, the final terms of future IDA replenishment agreements.
- 2) Call for an end to all formal and informal economic, social and political policies imposed on countries as a condition of IDA loans, and instead advocate for a borrower-lender relationship based on mutually agreed arrangements that help to guarantee respect for shared obligations under international human rights law and probity in public financial management.
- 3) Call for more resources to be redirected from the Bank’s internal research arm towards research and statistical capacity-building in developing countries. This would enhance the ability of countries to

identify in-country needs, to determine the most appropriate domestic policies for addressing these needs, and to better monitor the development outcomes of IDA-funded programs.

- 4) Call for an independent review of the performance based allocation system under IDA, with the full participation of recipient Southern governments. This should look to reduce reliance on policy performance and the CPIA, in favour of a more balanced system that includes a focus on development outcomes, as well as on the enabling conditions that are required to satisfy needs identified by governments, the poor and marginalized citizens in these countries.

Parallel to the negotiations, and in the interests of promoting the harmonization of aid policies, Canada should:

- 1) Conduct a full public review of the conditions that it attaches to its own bilateral lending programs.
- 2) Conduct a full public review of whether Canada's involvement in the World Bank Group is the most effective means of allocating its resources, and based on the findings, consider allocating these resources elsewhere.