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Multilateral development aid

Assessing the major replenishments of 2016

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Abstract: This survey of the 2016 replenishments of three multilateral development bank soft funds and of the Global Fund for AIDS, TB and Malaria shows that a significant re-set of the multilateral development finance system is taking place, with grant funding from traditional donors generally in decline (the Global Fund is an exception), but with the accessing of the 'hidden equity' in soft loan-based funds offering a large increase in such funding (most notably in the World Bank's soft fund, the International Development Association). 'Graduation' of countries away from eligibility for highly concessional multilateral finance is also changing the context. This paper underlines the need for more consideration of these wider structural issues.

Keywords: aid, multilateral finance, traditional and emerging donors, development, replenishments
JEL classification: F35, F53, F63, O19, P45

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1 Introduction

Three years ago, I wrote an assessment of the major multilateral replenishments of 2013 (the soft funds of the World Bank and the African Development Bank, and the Global Fund for AIDS, TB and Malaria). This concluded that:

- The replenishments showed continued commitment by traditional donors to these institutions even at a time of particular budgetary stringency. However, with the exception of the Global Fund, there was little evidence of an overall rise in support from these donors.
- Progress in engaging major 'emerging economies' in support of these funds had been depressingly limited over the previous six years, due to the lack of evolution not least of governance systems, but also in 'voice' more broadly. The large co-financing agreements by China with established international financial institutions, and the establishment of the New Development Bank, however, demonstrated the ready availability of funding from such countries on terms suitable for countries graduating from heavy reliance on very soft loans and grants. I argued that traditional MDBs needed to look carefully at their competitiveness with leaner official suppliers of loan finance.
- The MDB soft funds had a degree of resilience in the increasing flow of repayments on past loans and a gradually shrinking client base. This was opening up new avenues for more efficient use of scarce donor-supplied capital. (I referred here to the Asian Development Bank's plan to merge its soft fund into the institution's overall balance sheet and the African Development Bank's opening of hard-window lending for specific investments by creditworthy soft fund borrowers.)
- Concentration of MDB soft funds on the more fragile states was increasing.
- The Global Fund, while in principle in a more vulnerable position in the absence of reflows, appeared to have a secure funding base, even if it was mainly still too dependent on traditional official donors. I looked ahead to the first funding round for the Green Climate Fund as a test of the support for further such large Special Purpose Funds.
- The balance between general-purpose and special-purpose multilateral funds had evolved in favour of the latter over the previous fifteen years (including the growth of special-purpose 'non-core' trust funds at the MDBs). I argued that both types of fund had their place, but for aid-dependent countries too large a share of special-purpose funding did not sit easily with local ownership. A 'think twice' approach to proposed new Special Purpose Funds therefore remained appropriate (Manning 2014: 33–34).

The next rounds of the same three major replenishments came to completion between September and December 2016. However, the renewal of this three-year cycle coincided with that of two significant four-year cycles. The first was the replenishment of the other significant MDB soft fund, that of the Asian Development Bank (AsDB)—of particular interest in 2016, as it reflected the major change in financing structure to which I had referred in the conclusions above. The second was the US Presidential election cycle, which resulted in the removal of the administration that had negotiated the replenishments of 2016, and replaced it with a new administration with potentially very different approaches to at least some forms of multilateral development finance.

This new paper takes advantage of this unusual constellation of events not just to review the conclusions of this earlier study but to reflect more widely on the state of multilateral development finance against the background of the universal commitment to the Sustainable Development

Goals (SDGs) in September 2015, and the progress of the new set of development finance institutions initiated by the BRICS and by China since 2013.

This paper is organized as follows:

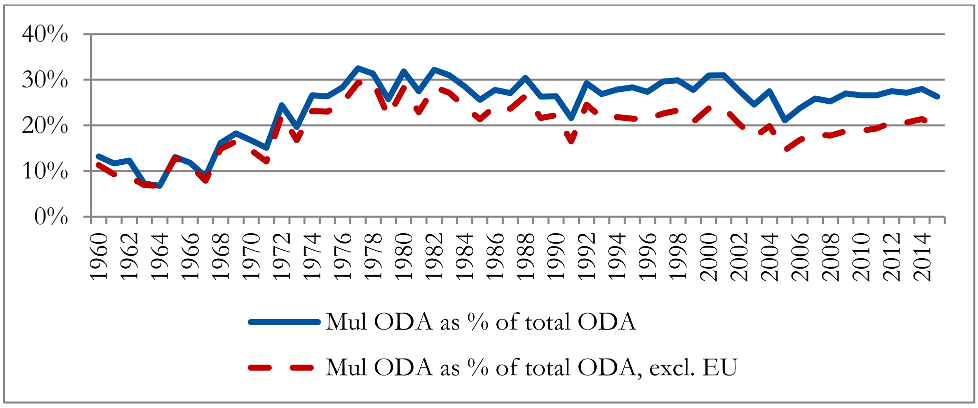
Section 2 gives some basic facts and figures about the multilateral aid system. Section 3 describes the outcome of the major replenishments completed in 2016, including that of the Asian Development Fund. Section 4, which takes account of developments to July 2017, looks at what not only the replenishments but also other relevant discussions—not least in the United States—tell us about how donors are approaching the funding of multilateral development aid. Section 5 considers the implications of the replenishments and these subsequent decisions for key multilateral agencies (not just the four major funds replenished in 2016) and for the future of their funding. Section 6 concludes that we are seeing a re-set of the multilateral development finance system which raises important issues for all the stakeholders in the system, and suggests some issues for further consideration.

The paper makes use of a database showing contributions to the four replenishments, as well as the replenishment of the Global Alliance for Vaccines and Immunization in January 2015, and the initial funding round of the Green Climate Fund in November 2014, both of which are among the largest international funding initiatives. This database, entitled 'Pledges to major multilateral replenishments, 2007–16', is available online as a Main spreadsheet.xlsx. My thanks are due to all six organizations for providing me with up-to-date information on the pledges received.

2 Brief survey of multilateral aid

Overall, multilateral institutions receive about 20 per cent of official development assistance as core funding (i.e. funds whose use is fully controlled by the institution). This proportion was much lower in the early 1960s, rose to a peak of nearly 30 per cent in the second half of the 1970s, and then trended downwards to about the turn of the Millennium, since when there has been some increase, now apparently flat-lining at around 20 per cent (Figure 1).[1]

Figure 1: Gross multilateral ODA provided by DAC member countries as a share of total ODA, 1960–2015



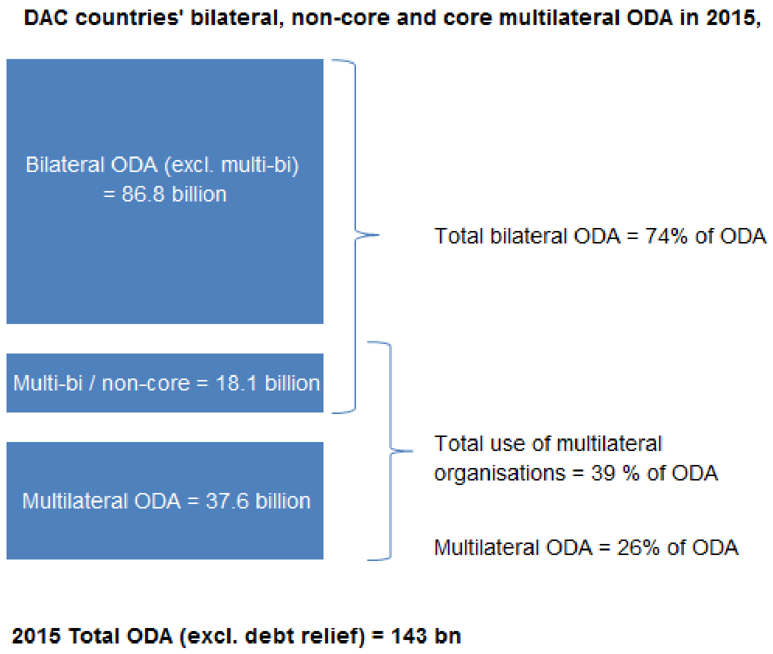
Source: OECD/DAC.[2]

[1] This excludes the European institutions, whose inclusion would take the figure to about 27 per cent.

[2] Provided for the author by OECD (3 May 2017).

Donor use of the multilateral system is, however, a good deal larger than these figures suggest, since many governments use multilateral institutions as vehicles for the delivery of various kinds of aid on terms or objectives set by the donor. These 'multi-bi flows' account for some 13 further percentage points of total official development assistance from traditional donors, as Figure 2 shows. (These figures include the European institutions as multilateral organizations.)

Figure 2: Composition of gross ODA to and through multilateral organizations (gross disbursements, constant prices, US$bn, 2015)



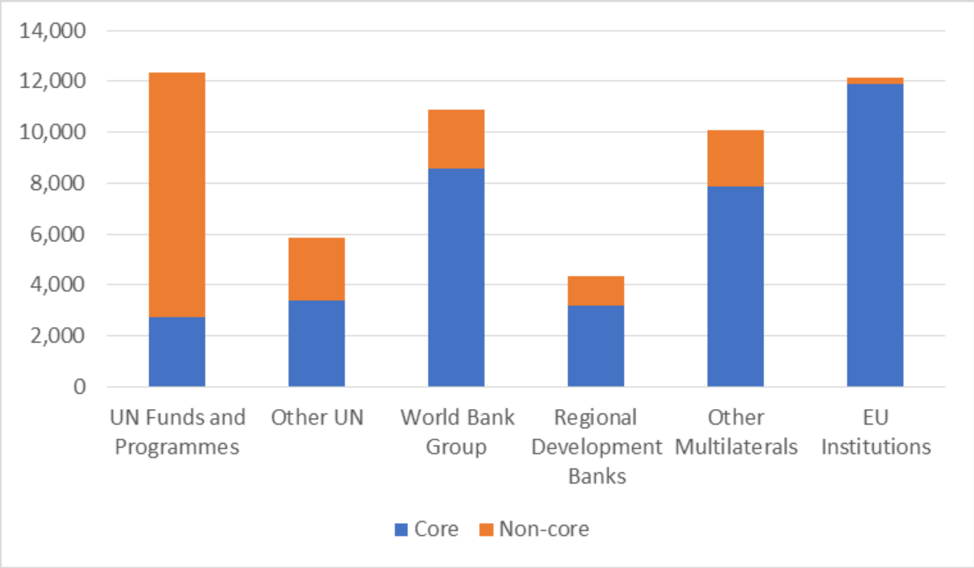
Source: OECD/DAC (2015, fig. 0.1).[3]

The balance of core and 'multi-bi' funding varies significantly among the various groups of multilateral institutions, as shown in Figure 3.

Table A1 shows the outflows (net disbursements) of concessional aid from the core resources of the main multilateral agencies reporting to the OECD, therefore excluding multi-bi aid, over the years 2013–15. This shows that the World Bank's International Development Association (IDA) is by a long way the largest multilateral provider (excluding the institutions of the European Union), and that the soft funds of the African, Asian, and Inter-American Development Banks are also among the larger providers. UN agencies, many of which concentrate on technical assistance, disburse in general far less, though, as Figure 3 shows, many of them also disburse a good deal of multi-bi aid—for example, for humanitarian purposes. Of the UN funds and programmes, only UNICEF disbursed over US$1bn from its own resources. Among the various 'special-purpose' concessional funding agencies reporting to the OECD, the Global Fund for AIDS, TB and Malaria (Global Fund) and the Global Alliance for Vaccination (GAVI) are by some way the largest.

[3] Updated for the author by OECD (3 May 2017).

Figure 3: Core/non-core financing in different groups of institutions (US$m, 2015)



Source: OECD/DAC (2015, fig. 0.3).[4]

There are very many more multilateral agencies and funds than are shown in Appendix A, but the large majority of them are small. In this paper, I concentrate on the four large funds replenished in 2016, while broadening the discussion later to refer to other major groups. I do not attempt any overall assessment of the effectiveness of multilateral agencies, or of the system (a word sometimes thought to imply more coherence than actually exists) as a whole.[5] However, the multilateral agencies are certainly in aggregate very significant in the overall effort to use concessional funds to promote development in line with the SDGs and to respond to humanitarian emergencies.

3 The four major replenishments of 2016: a brief account

Against this background, this section gives a brief overview of the four major replenishments completed in 2016. In order of their completion, these were:

Institution	Replenishment number	Completion[6]
Asian Development Fund	12	May 2016
Global Fund for AIDS, TB and Malaria	5	September 2016
African Development Fund	14	December 2016
International Development Association	18	December 2016

Since the three MDB soft fund replenishments share certain characteristics, I start with these, and end with the Global Fund. In each case, I organize the overview by considering the process; the policies and priorities; the extent of actual and expected change of the client population

[4] Updated for the author by OECD (3 May 2017).

[5] For further information on effectiveness issues, see the UNU-WIDER 'ReCom' (Research and Communication on Foreign Aid) research programme at http://recom.wider.unu.edu.

[6] The month given is that of the final replenishment meeting. It is normal that some pledges will be delayed beyond this date. Account is taken in the text and in the linked spreadsheet 'Pledges to major multilateral replenishments, 2007–16' of subsequent pledges where known.

(graduation); financing issues, distinguishing between donor contributions and other resources; and overall commitment levels resulting from the replenishment.

3.1 Exchange rates

Before proceeding with the analysis of the replenishments, it is useful to address one cross-cutting issue that affects all of them, that of exchange rates.

Funds use different units of account, typically Special Drawing Rights (SDRs) for most MDB soft funds and the US$ for most other international agencies, including the Global Fund.[7] Countries budget in their own currencies, so that maintenance of contributions in donor currency terms (often seen as the 'default option') may deliver more or less funding in the unit of account used by the fund depending on how donor currencies move against it. In 2016, the US$ was notably stronger against most other donor currencies than had been the case three years previously and, given the weighting of the US$ within the SDR basket, most donor currencies were also lower than in the previous replenishment against the SDR as well.

As a result—seen most clearly in the IDA replenishment, where IDA management targeted maintenance of donor contributions in donor currency terms—the 'default option' was likely to produce a reduction of funding in terms of the unit of account of each replenishment. Whether this in turn means a decline in the real value of the replenishment depends of course on the basket of goods and services purchased by each fund.

A further complication is that each replenishment uses a certain 'reference period' for calculating the exchange rates to be used for establishing the so-called 'burden share' of each donor. Different approaches have been taken over the years to establishing this. GAVI, for example, used for its latest (2015) replenishment forecasts of currency values over the period of the replenishment. IDA and the African Development Fund (AfDF) used a six-month period during 2016, and the Asian Development Fund (AsDF) used a two-month period in late 2015.

For the Global Fund, management decided to dampen the effect of the relatively recent sharp rise of the US$ by setting a rate for the 2016 replenishment that used the average rate of donor currencies against the US$ over the full period of the previous replenishment rather than the rate reflecting a shorter period prior to the pledging date.[8] The outcome of GF5 therefore cannot be directly compared with those of the MDB soft funds. It also means that the 'replenishment dollars' cannot be used as the basis for Global Fund commitments without taking a view on the actual dollar value of the basket of currencies delivered by donors. This does not, however, impact on the real value of Global Fund commitments so long as the goods and services financed have themselves become cheaper in US$ terms.

In the analysis of donor contributions in Section 4, I concentrate on the contributions in terms of the unit of account of each fund, mentioning exchange rate effects where these are significant.

3.2 MDB soft funds: process

MDB soft fund replenishments have worked to a consistent formula over many years. The institution makes a case for funding, often suggesting a number of alternative scenarios for the

[7] However, the Asian Development Fund (AsDF) uses the US$.

[8] The Global Fund had used a six-month reference period during the year of negotiation in its earlier replenishments. The Green Capital Fund also used such a period for its initial funding round.

scale of operations. The donors, a majority usually from Finance Ministries but in a significant number of cases Foreign or (Germany and UK) Development Ministries, are convened as 'Deputies'. They use the process to urge specific policies and priorities: for the use of funds, for the financial model to be adopted, and often for broader but related institutional reform.[9] The process ends with a pledging session and the production of a Deputies' Report, which is then submitted to the board and governors of the institution in question and formally adopted. This brings the process into the governance system of the institution, but in essence the donors determine the main directions of the report in consultation with management.

Over the years, some changes have been made to the model, notably by having representation, now on a significant scale, from the end-user governments of the soft funds (fourteen governments in the case of IDA18; four for AfDF14) and, in the case of IDA, also by reaching out to civil society.[10] In most cases the meetings are chaired by an independent coordinator.[11] IDA management has always chaired the meetings, but for IDA18 an independent co-chair was appointed, Ms Dédé Ekoue, former Minister of Planning and Development of Togo.

3.3 MDB soft funds: policies and priorities

While the circumstances of each institution are specific, the fact that in almost every case the same donor institution is participating in every replenishment[12] means that there is a good deal of commonality in the issues under discussion. Thus in all three replenishments particular attention was paid to issues around gender, climate change, fragile and conflict-affected states (FCAS), governance and institutional capacity, and private sector development. In addition:

- The AsDF12 report pays particular attention to food security, regional public goods, and disaster preparedness and response (with set-asides of some US$200m for each of the latter). There is a linked initiative supported by Japan for regional health security.
- The AfDF14 Report is built around the new President's 'High Fives' (covering energy, agriculture, industrialization, regional integration, and social progress).
- The IDA18 report has a particular focus on jobs and economic transformation, including an important initiative to encourage greater support overall for FCAS, including by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), and a large expansion in expenditure on refugee-related activities, as well as risk mitigation financing aimed at preventing a deterioration into fragility.

In each case, these issue-based discussions either fall within, or look forward to the evolution of, policy issues under the purview of the Board and Governors of the institution.

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[9] It is worth noting that Deputies used to concentrate their attention on financial issues, but that 'after the end of the Cold War, the scope and depth of policy influence by IDA Deputies had expanded and deepened', thus arguably usurping the policy-setting role of the Executive Directors (Xu Jiajun 2017).

[10] For example, through the IDA Forum, which 'brings together Bank staff, IDA Deputies, and leaders from civil society, foundations, think tanks, faith-based organizations and borrower countries to exchange views on IDA's role in implementing the SDGs, scaling up resources in fragile situations, and the role of partnerships. It is held during the World Bank Group (WBG) Spring and Annual meetings.' (IDA18 Deputies' Report).

[11] The author was Coordinator for AfDF13 and 14.

[12] China is an exception, the Ministry of Finance representing China in the Banks from which China is a borrower (IBRD and AsDB, and now also AIIB and the NDB) and the People's Bank of China in other MDBs, including the African Development Bank.

Each Deputies' Report highlights the importance of achieving development results, typically through a 'results matrix' with monitorable indicators of progress at country level and of the outputs or results to which the replenishment is designed to contribute. Similarly, each has a list of actions designed to improve the effectiveness of the institution (this area often being where the more delicate discussions take place on what is proper for Deputies, as opposed to Boards, to determine). In the IDA18 case, for example, there are some thirty monitorable indicators of these effectiveness actions, from the time taken from Project Concept Note to first disbursement to the percentage of projects with beneficiary feedback at the design stage.

It is interesting to see how, over a period, quite significant changes are stimulated by the replenishment process. A good example is the tension between rewarding performance and addressing state fragility. In line with the much-cited paper by Paul Collier and David Dollar (1999), donors have over the years encouraged a detailed set of performance indicators as a basis for the allocation of MDB soft funds, with the World Bank's Country Policy and Institutional Assessment (CPIA) as the typical model.[13] However, there have always been arguments about the respective weights to be given to performance and 'need', the latter based on poverty levels, population size, etc.; and since 9/11 in particular this dialectic has been reinforced by concerns about the wider risks to the international community of state fragility and about the particular need for post-conflict assistance. In some cases, this has been mediated by set-asides, for example a specific allocation for Afghanistan and Timor Leste under the AsDF (the latter now wound up as the country has progressed) and the Transition Support Facility, which supports FCAS under the AfDF. In IDA, the weighting for performance was reduced in IDA17 and again in IDA18. At the same time, minimum annual allocations, which are not performance-related, have been rising: in AfDF from SDR3m to SDR5m under AfDF13; in AsDF from US$3m to US$6m under AsDF12; and in IDA from SDR3m to SDR4m under IDA17 and to SDR15m under IDA18—a significant amount for small IDA-eligible countries.

The result of these various adaptations is that the share of FCAS in each of the three soft funds is rising, in some cases quite quickly. Thus in IDA18, the average increase in commitments to FCAS is likely to increase by 100 per cent over the level of IDA17[14], whereas other borrowers (still, however, accounting for 65 per cent of IDA resources) can expect increases on average of some 40 per cent.

3.4 MDB soft funds: changes in the client population

MDB soft funds have always set eligibility limits for governments, based in the main on per capita income, though sometimes with special treatment also for small states.[15]

[13] See Xu Jiajun (2017) for an account of the US pressure for a stronger and more transparent performance-based system in IDA in the late 1990s.

[14] The Deputies' Report states that this is to be achieved by '(i) increasing the poverty orientation of the regular Performance-Based Allocation (PBA) system by reducing the Country Performance Rating (CPR) exponent from 4 to 3; (ii) increasing the annual minimum base allocation from SDR4 million to SDR15 million; (iii) eliminating the Multilateral Debt Relief Initiative (MDRI) netting out; (iv) eliminating the grant discount; (v) continuing the implementation of the exceptional Turn-around Regime (TAR); and (vi) providing exceptional Risk Mitigation support to Guinea, Nepal, Niger, and Tajikistan for the IDA18 period.'

[15] IDA, for example, has since 1985 'accorded special treatment to small island economies which have per capita incomes above the IDA eligibility cut-off but have no or very limited creditworthiness, which limits or precludes access to IBRD borrowing' (IDA14). Under IDA18 the same credit terms (ten-year grace, forty-year maturity) are being extended to small IDA-eligible states with populations of under 1.5 million.

As a result, economic growth works to reduce the number of governments eligible for such financing over time, though there have been significant moments when economic reversals have drawn countries that had 'graduated' back under the relevant limits (e.g. Indonesia after the Asian financial crisis of 1997).

The graduation process has been particularly significant for IDA, which has seen both China (with effect from IDA fiscal year 1999) and India (from 2014, though with transitional support on special—harder—terms also under IDA17) receive their final IDA credits, shrinking the number of people in IDA-eligible countries by over 1 billion in each case.[16]

This process continued in the latest replenishments, with Bolivia, Sri Lanka, and Viet Nam (total population 123 million in 2015, nearly 10 per cent of the population of IDA countries following India's graduation) graduating from IDA, and Sri Lanka and Viet Nam also from AsDF. There are no current graduates from AfDF.

In 2012 the 'Future of IDA' Working Group, established by the Center for Global Development, forecast that by 2025 more than 80 per cent of remaining IDA recipients (twenty-five out of an assumed thirty-one) would be African and that countries currently defined as fragile or post-conflict would account for eighteen of the thirty-one (CGD 2012). This forecast continues to look reasonable, though clearly actual progress depends on the many factors that affect the growth of average incomes per head across countries.

Of course, countries graduating from IDA are still relatively poor, and typically have a substantial proportion of their population living in extreme poverty, the more so where there is significant income inequality. Under IDA18, the three graduating countries will benefit from a special allocation of two-thirds of their IDA17 allocation from IDA18 resources on (harder) IBRD terms, in line with the treatment for India under IDA17. In addition, Deputies agreed to postpone until the Mid-Term Review a decision on whether the three countries would be required to implement the 'acceleration clause' in their credit agreements, under which IDA has the power to require faster repayments from countries that have graduated.

3.5 MDB soft funds: financing issues

A major change from all MDB soft fund replenishments before 2013 has been the attention paid recently to new financing options, deriving from the fact that all three soft funds have had as their primary instrument long-term soft loans (often called 'credits' to distinguish them from hard-window lending).[17]

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[16] Neither China nor India borrowed from the AsDF (by self-denying ordinance, as both would have been eligible at the relevant time).

[17] Following on from the debt crises affecting many soft-fund clients (the Heavily Indebted Poor Countries (HIPCs)) around the turn of the century, and pressure from the US administration, all three soft funds significantly increased the provision of grants for their less creditworthy clients. (The US administration, also concerned to maintain donor influence on IDA management, indeed sought to have 50 per cent of IDA commitments in grant form. After negotiation with other donors, this was scaled back to 18–21 per cent for IDA13, and donors agreed to compensate the IDA for the income forgone (see Xu Jiajun 2017: 200–04).) The proportion of grant financing is particularly high for the AfDF (the working assumption is 37 per cent under AfDF14) but significant also for IDA. For the AsDF, country allocations of grant aid are expected to be around US$1.7bn under AsDF12, slightly over half of which is for Afghanistan. Excluding Afghanistan's special allocation, which is kept constant, the increase in grant assistance amounts to 130 per cent for small island economies and 94 per cent overall. However, grants will remain a very small

Donor loans

It was agreed in IDA17 that IDA could accept a proportion of its donor funding in very soft loans as well as in grants. This was made possible by IDA's growing income, arising from continuing graduation and from lending at rates significantly harder than standard IDA terms to graduating countries; and to some other countries under the Scale-up Facility—see Section 5. Five countries (China, France, Japan, Saudi Arabia, and the United Kingdom) took up this possibility, providing some SDR3.3bn in total. The grant element of these loans was calculated as SDR0.6bn, and it is this element that counts for burden sharing. The balance (SDR2.7bn) also enhances the commitment level of the replenishment, though reducing future net returns, as the loans have to be repaid. It is therefore a form of front-loading. Apart from the modest eventual returns to the donor, an attraction to some donors of the provision of soft loans is that the national budget may have to bear only the cost of subsidizing the interest on government borrowing, rather than the full cost of the contribution.[18]

For IDA18, the number of countries using the loan option remained at five (the loan providers being, in order of magnitude, Japan, the United Kingdom, France, Belgium, and Saudi Arabia), and these 'Concessional Partner Loans' increased to SDR3.7bn, with a grant element of SDR0.9bn. For reasons discussed below, the AsDF did not move to the use of donor loans. For AfDF14, a policy very similar to that of IDA was adopted, but taken up by only one country (France), for a face value of SDR180m, with a grant element of SDR116m. It was enhanced by a second loan option, in this case resulting from the fact that internally generated resources for AfDF14 were forecast to be unusually low, but to rise quite sharply from AfDF16, not least as a result of hardening of lending terms agreed under AfDF13. The option in question was a 'bridge loan', whereby a donor could lend money to the AfDF, to be repaid over a minimum term of twenty years, with a ten-year grace period, at a nominal interest rate, thus smoothing out forecasted resources of the Fund, and in particular enhancing the commitment capacity of AfDF14. Two donors—Japan (SDR500m) and India (SDR11m)—provided bridge loans under AfDF14. The total (SDR691m) was thus relatively modest.

These loan options therefore appear to be useful but not transformational for the two institutions.

Accessing 'hidden equity'

The second way in which the predominantly loan basis of the MDB concessional funds became important in the 2016 replenishments was the recognition that the stream of future repayments of loans was a real asset, able to support borrowing on terms that would be sustainable so long as enough grant resources could be obtained in the future from donors. In other words, there was 'hidden equity' in the MDB soft funds that had not been tapped.

One may ask why this source of finance was not tapped earlier. The answer is not fully clear, but the feasibility of borrowing against future loan repayments is enhanced by the scale of outstanding lending, the track record of regular repayment, and the economic progress of the borrowers. The first and third of these factors have moved positively since the Millennium (the MDB soft funds

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part of overall AsDB assistance, since the Bank expects to supply US$13bn of concessional and US$15bn of regular hard-window lending to recipients of its concessional resources during the AsDF12 period.

[18] This is the case for France, for example, but not for the United Kingdom, where the utility of the loan option was tapping into funds considered as capital rather than recurrent funding under the budget of the Department for International Development (DFID).

have always had a strong track record of repayment as preferred creditors). The increasing squeeze on donor budgets since the banking crisis has in addition provided an important 'push factor'.

The driver for innovation was the **Asian Development Bank** (AsDB), which was looking to optimize its scarce capital resources. The legal structure of the Bank facilitated a full merger of the soft fund into the overall balance sheet of the Bank, and on 1 January 2017, the AsDB transferred AsDF loans and other assets totalling US$30.8bn to its Ordinary Capital Resources (OCR), increasing its capital at a stroke from US$17.2bn to US$48.0bn. Because of the evidently higher risk attached to a future repayment stream as compared with paid-in and callable capital[19], the equity-to-loan ratio was increased from 26.9 per cent to 53.6 per cent. This still made possible an expected increase in the AsDB's annual loan and grant approvals from US$13.5bn in 2014 to US$20bn in 2020, while reducing the requirement for donor contributions (still in grant form, as part of the restructuring, and now all to be used for grant finance) from some US$1.2bn a year under AsDFXI to some US$0.6bn a year under AsDF12.[20] This dramatic change was of course facilitated by the rising incomes of the Regional Member Countries borrowing from the AsDF and by progress on graduation to hard-window loans.

It is worth noting here that, following the AsDB's initiative, the Inter-American Development Bank (IADB) completed a similar merger of its concessional Fund for Special Operations (FSO) into its capital, also on 1 January 2017. Because the FSO was much smaller than the AsDF relative to the Bank's overall capital, this merger had a smaller, though still useful, effect on the IADB's finances.

The tapping of the hidden equity of the soft funds became a central issue also for **IDA18**, whose client population included important upwardly mobile countries in Asia and elsewhere, including graduating countries such as India and Viet Nam.

Here the route was rather different, in two respects. First, because IDA is legally an entity separate from the International Bank for Reconstruction and Development (IBRD), a merger of equity would have required complex re-negotiation of the structure of both institutions. Instead, it was agreed that IDA would borrow in its own name.[21] Second, donor contributions (as shown below) declined only modestly in SDR terms, enabling IDA to access the market on AAA terms for over SDR15bn of borrowing, an amount not far short of the SDR16.5bn of new donor grant and grant-equivalent contributions set out below.

By contrast, the **AfDF14** negotiations did not include any proposal for market borrowing. The legal position made this impossible without a change in the Articles; and donors were looking to IDA to advance along the path to borrowing before considering the issue for the AfDB (much as had been the case with the opening to concessional loans from donor governments). This was one of the major factors in the very different outcomes for the IDA and AfDF negotiations, discussed below.

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[19] Defaults on soft loans have, however, been very low historically—not surprisingly in view of the preferred creditor status of the MDBs, and the fact that defaults prevent access to new concessional borrowing from them.

[20] To signal the change in structure, the AsDF changed its numbering system from Roman to Arabic for AsDF12.

[21] An alternative option for transferring IDA's assets to the IBRD was considered (which would have achieved results similar to a merger). However, this option had serious governance implications, and therefore reaching agreements on this option was not considered possible within the IDA18 replenishment negotiations timeframe. Deputies agreed that this option could still be discussed in the future.

Internal resources

For the **AsDF**, the capital merger meant that the large repayments on earlier loans (some US$7bn in AsDFXI) would now flow to the Bank, so that internal resources (income on cash balances) would now be very small. This was partially offset by an increase in grant transfers from the Bank, expected to be of the order of US$1bn over the replenishment period, more than double the level of transfers under AsDFXI.

For **IDA**, internal resources remained on a rapidly increasing course, rising from nearly SDR10bn in IDA16 and 17 to an estimated SDR14.2bn under IDA18. Here, however, transfers from the IBRD and IFC would be cut from the previous level of around SDR2bn to around SDR0.5bn. As the IBRD and IFC are becoming capital-constrained (see below), this is a useful, if marginal, way of substituting IDA capital for IBRD and IFC capital.

By contrast, internal resources for **AfDF**, already down from SDR2bn under AfDF11 and 12 to SDR1bn in AfDF13, were expected to fall, even after taking account of the effect of bridge loans, to just over SDR0.6bn, with a modest further SDR0.1bn from transfers from the Bank.

Donor contributions

The degree of dependence on donor resources varies very significantly between MDB soft funds, donors accounting for almost 80 per cent of AfDF14, but only about a third[22] of IDA18. (The figures for AsDF are not comparable, due to its change to a grants-only fund.) Table A2 lists the top ten donors to each MDB soft fund replenishment (and the Global Fund) since 2007, with a full listing in the spreadsheet of pledges.

Since **AsDF12** had been converted into a grants-only operation, the requirement for donor contributions was more or less half that of AsDFXI. The outcome was in fact a reduction of just over 45 per cent, from US$4.6bn to US$2.5bn.

European donors on average reduced their contribution by over half. Of the other DAC members, the US, Canada, Korea, and the largest single donor, Japan[23], all reduced their contributions by a little under a half; Australia by just over a third; and New Zealand by about three-quarters.

By contrast, regional members that are not members of the DAC *increased* their collective contribution by almost 70 per cent from US$108m in AsDFXI to US$180m in AsDF12, with China more than doubling its contribution to US$100m, and India (US$42m) and Indonesia (US$14m) contributing for the first time. Total non-DAC contributions rose from 2 per cent to 7 per cent of total contributions.

As mentioned above, for **IDA18**, management's goal was that on average donors would maintain their contributions in national currency terms, recognizing that this would mean a modest overall decline in terms of the SDR (which is the basis of IDA accounting). This goal was achieved, with the majority of IDA donors maintaining their contributions in national currencies and total donor contributions (in terms of grants plus grant element of concessional donor loans) falling by just under 5 per cent in SDR terms from SDR17.3bn in IDA17 to SDR16.5bn in IDA18.

[22] 31 per cent excluding payments under the MDRI; 36 per cent including MDRI payments.

[23] In Japan's case, the figures include a special allocation of US$53m for regional health projects.

European donors reduced their contributions in SDR terms by over 11 per cent in total, and Canada and Australia, both with currencies severely lower against the SDR, by 17–18 per cent; but Japan's contribution (unchanged in yen) was all but maintained in SDR terms, that of the US (unchanged in US$) went up by 7.5 per cent, and Korea's increased by 13 per cent.

Countries from outside the DAC and EU raised their contributions by 21 per cent, the most notable increase coming from China (up from SDR199m to SDR428m). India, which had made its initial contribution under IDA17, made a similar contribution of SDR130m to IDA18. Iran (SDR21m) made its first contribution since IDA16, and Algeria and Pakistan made their first ever contributions (SDR18m each). Pakistan, with Nigeria (SDR11m), contributed as a country still in receipt of IDA support. The number of non-DAC contributors to IDA is gradually increasing (twelve in IDA15, eighteen in IDA16, nineteen in IDA17, and twenty-one in IDA18). There is also some 'churn'. Kazakhstan and, more significantly, Mexico, which had pledged to contribute SDR67m to IDA17 and a comparable amount also to IDA16, dropped from the list of notional contributors. In addition, Brazil's contribution, which had been as much as SDR123m in IDA15, fell from SDR66m to IDA17 to SDR17m to IDA18, and South Africa's from SDR20m to SDR8m, no doubt in each case reflecting economic pressures.

The experience of **AfDF14** is of more concern, with donor contributions, which had held up in the previous replenishment, falling by 12 per cent overall in SDR terms.

European donors reduced their contributions on average by just over 15 per cent in SDR terms, the main falls coming from the UK (still the largest contributor, but down by 27 per cent from SDR612m under AfDF13 to SDR445m), two Scandinavian countries (Norway down by over 20 per cent and Finland by over 50 per cent), and Belgium (down by over 35 per cent). In the cases of the UK and Belgium, these were much larger proportionate cuts than the same donors made to IDA. These sharp falls were to an extent offset by increases in national currency terms from countries such as France, Germany, Italy, and Austria. Luxembourg made its first contribution (SDR10m) as a new Fund member.

Among other DAC members, a fall from Canada (in SDR, though an increase in national currency terms) was offset by modest rises in SDR terms from the US, Japan, and Korea, limiting the overall decline from traditional donors to just over 12 per cent.

Disappointingly, the number of non-DAC contributors stayed at just eight countries, as for the previous two replenishments, and their total contributions fell at about the same rate as those of traditional donors. China, with SDR86m, was by far the largest single contributor, as for all recent replenishments, but the size of its contribution in SDR terms has hardly changed since AfDF11 in 2007—a dramatic contrast to its position in the other two MDB replenishments. India's contribution crept up marginally to SDR13m, including the grant element of its bridge loan, but South Africa halved its contribution to SDR8m, and Brazil made no pledge. Turkey, a new Fund member, contributed just SDR1m.

3.6 MDB soft funds: outcome

The outcomes of both the AsDF and the IDA replenishments were very much in line with the scenarios put forward by management in the negotiations.

For **AsDF12**, management put forward a proposed operational programme for concessional assistance countries in October 2015. This envisaged grants increasing from US$1.8bn in AsDFXI to US$2.2bn in AsDF12 (a 21 per cent increase), concessional loans increasing from US$9.3bn to US$13.2bn (42 per cent) and market-based loans (both sovereign and non-sovereign lending) from

US$13.5bn to US$15.1bn (12 per cent). Management also sought additional grant allocations for contingencies and the disaster response facility (US$0.65bn), administrative expenses of US$0.27bn, and US$0.46bn for the TA Special Fund: a total for grants of US$3.56bn. The outcome fully met this requirement, with donor grant contributions of US$2.55bn and internal resourcing and transfers of US$1.22bn, making a total of US$3.77bn.

For **IDA18**, management put forward to the Deputies' meeting on 21–24 June 2016 in Nay Pyi Taw a paper entitled 'The Demand for IDA18 Resources and the Strategy for their Effective Use'[24], which proposed four scenarios: low, 'base', and two versions of a high scenario, all based on a significant increase over the SDR37.2bn commitment level of IDA17. The low scenario called for total resources of SDR46.5bn, the base scenario SDR53.5bn, and the high scenarios SDR57.1bn. The outcome fully matched the base scenario at SDR53.5bn, over 40 per cent above the level of IDA17.

The comparison with IDA15 in 2007 is perhaps even more telling. Donor contributions were almost identical in cash terms in 2007 and 2016 at SDR16.5bn[25]; but with the rising stream of repayments and now also the market borrowing, the total value of the replenishment nearly doubled from SDR27.3bn in 2007 to SDR53.5bn in 2016, to a target population virtually halved by India's graduation. IDA has never been so important—for so few recipients.

By contrast, the **AfDF14** negotiations delivered a replenishment whose value reached SDR4.2bn against SDR4.8bn in AfDF13 and SDR5.8bn in AfDF12. This was well below even management's lower case. While the decline from AfDF12 to 13 was driven by rapidly declining internal resources, the further decline in AfDF14 largely reflected the SDR0.4bn reduction in donor contributions. While this was undoubtedly in part caused by the decline of many key donor currencies against the SDR, it is noteworthy that, overall, traditional donors cut their contributions more sharply than those to IDA and that non-DAC donors also cut their contributions by a similar overall percentage, while increasing them to both IDA and the AsDF.

Global Fund for AIDS, TB and Malaria

The Global Fund, like most Special Purpose Funds[26], operates a grants-in-grants-out model, with no scope for internal financial engineering of the type undertaken by the AsDF and IDA, or for taking contributions in loan form, as with IDA and the AfDF. It therefore depends on its ability to secure and renew donor grant support on a regular basis.

The Fund has been highly successful in this endeavour, not only during the relatively rapid expansion of donor finance in the first decade of the century, but also in 2010 and 2013, against a more difficult funding environment.

Global Fund: process

The Global Fund uses a simpler model of replenishment discussions than those of the MDB soft funds. While the latter involve three (or, for IDA, traditionally four) meetings of Deputies, the Fund has a major opening event at which it presents its 'investment case', and a high-profile

[24] IDA paper 106193, 31 May 2016.

[25] They had reached all-time highs of SDR17.6bn and SDR17.3bn in the two intervening replenishments (see spreadsheet 'Pledges to major multilateral replenishments, 2007–16'.

[26] The Green Climate Fund is an important exception, offering loans as well as grant finance.

pledging meeting, usually held in a supportive donor capital. For the Fifth Replenishment, the opening meeting was in Tokyo in December 2015, and the pledging meeting in Montreal in September 2016. This schedule also permits the Fund's (non-resident) Board to assess any issues of concern to themselves at an intervening Board meeting (in this case in April 2016).

A feature that strongly marks out the Global Fund from the MDB soft funds (and indeed from many Special Purpose Funds) is the well-coordinated system of Fund advocates in countries around the world, including all significant donor countries. This serves both to help define issues and to maintain pressure on donor governments to deliver positive support for the replenishment.

A final important point is that Fund management decided, after a history of bidding for considerably more funding than was actually delivered[27], to aim for a replenishment of US$13bn, little more than the US$12.4bn actually achieved in 2013. As in 2013, this was supported by a careful discussion with the key technical agencies monitoring the three diseases of HIV/AIDS, TB and malaria (UNAIDS, STOP TB, and Roll Back Malaria), leading to an agreed position on the overall needs and what contribution the Global Fund could reasonably be expected to make, taking account both of the epidemiology and of the gradual increase in countries' ability to finance their own costs.[28]

Taken together with the decision on valuation of currencies against the dollar, this meant that the Global Fund was seeking a rather small increase in donor financing in national currency terms.

A final feature that distinguishes the Global Fund from the MDB soft funds (and indeed most Special Purpose Funds) is the significance of donations from private sources, whether from foundations, companies, activist groups, or the general public. While the Bill and Melinda Gates Foundation (BMGF) is by far the largest non-official contributor, there is a large, disparate, and growing range of non-official donors, who are in part represented on the Board (by seats for foundations and the private sector) but in large measure contacted directly in the course of each replenishment exercise.

Global Fund: policies and priorities

The process described above does not produce a 'policy manual' on the lines of an MDB Deputies' Report, but the opening and closing meetings are important in emphasizing key policy issues that donors want the Fund to address.

As with the soft funds, these include concerns about gender equality and children at risk from the three diseases, but also about marginalized populations more widely, notably in the area of HIV/AIDS, where 'key populations' constitute both a highly vulnerable and potentially a high-transmission group often ignored by governments, who may often see them as politically unattractive recipients of public support. This links into more focus on a human rights-based approach to the design and delivery of interventions. At the Montreal meeting, two high-level

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[27] Notably in the 2010 replenishment, when the Fund included a high case scenario of US$20bn, and achieved a replenishment of around half that sum. In 2013, a scenario of US$15bn was put forward.

[28] The bid for US$13bn was based on analysis showing that 'this level of investment, combined with significant increases in domestic financing, with other external funding remaining steady, and with advances in implementation, would reach 80 percent of the total need projected by partners.' (Global Fund for AIDS, TB and Malaria 2016).

panels addressed issues around women, girls, youth, and the marginalized, in the context of the call to 'Leave no-one behind' that was central to the SDGs.

One longstanding set of issues, sharpened by the Ebola emergency in West Africa, has been the role of the Fund in supporting health systems. This dialogue seems to have reached a large measure of consensus that the Fund should indeed be supporting health systems, but in a way that is also linked to progress in reducing morbidity and mortality from the three diseases. This includes, for example, assistance with procurement and supply management, finance, risk management, and quality assurance.

More recently, the priority given in the SDGs to Universal Health Coverage has also raised issues about the financing of health sectors as a whole, including the role of insurance systems (which in some cases do, and in others do not, include cover for HIV, for example). The Global Fund's role as a major financier of interventions linked to the three major infectious diseases, and as the largest international health-based fund, is obviously highly relevant to the operationalization of Universal Health Coverage in the countries which it supports.

Global Fund: changes in the client population

Graduation is an issue for the Global Fund as for the MDB soft funds. Over the years, the Global Fund has developed and refined a model that calibrates its programmes to national income levels on the one hand and disease prevalence on the other.

Its current policy, agreed in April 2016[29], states that countries become ineligible for funding for a specific disease component if:

1. they move to high income status;
2. they move to upper-middle income status and the disease burden for the disease component in question is low or moderate; or
3. the disease burden for a component decreases to low or moderate in a country classified as upper-middle income.[30]

In total, twenty-four countries are projected to transition in at least one component by 2025, with thirteen countries projected to transition fully away from Global Fund financing. The Global Fund strongly advises countries to start transition planning ten years before they are expected to lose eligibility; and it permits 'transition funding' for priority transition needs for disease components that become ineligible from one allocation period to the next unless a country moves to high income status (as above, with specific arrangements for G20 and countries joining the OECD DAC).

Global Fund: financing issues and outcome

As pointed out above, the Global Fund's ability to make commitments depends on its income from donors, particularly when the interest rate environment severely limits income from its cash balances. It was therefore an excellent achievement to see donor income rise by 4 per cent above the level of the 2013 replenishment in 'replenishment dollars', equivalent to a near maintenance in

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[29] Global Fund for AIDS, TB and Malaria (2016).

[30] Specific arrangements also apply to G20 countries, which are more restrictive, and to countries that become members of the OECD Development Assistance Committee, which then automatically lose eligibility.

current dollar terms at a time of dollar strength against most of the currencies of the official contributors. The outcome was almost exactly in line with what the Global Fund had sought.

Significant increases from Canada, the European Commission, Germany, Italy, Norway, and the UK more than offset cuts by contributors such as Denmark, Netherlands, and Sweden. Along with increases from other contributors, this enabled the US contribution (capped by legislation at 33 per cent) to rise by almost US$200m. There is a group of EU/DAC donors that did not contribute to the replenishment, including Austria, Finland (since GF3), Greece, and Spain (since GF2), as well as Central and Eastern European DAC members.

The Global Fund has found it harder to attract significant funding from governments outside the DAC, and indeed such contributions in GF5 fell by some US$50m from the level of GF4. A principal reason for this was the ending of Russian contributions, which had been significant when Russia was a GF recipient (US$141m to GF2; US$60m to GF3 and 4). China and India stepped up their modest contributions, as did Kuwait, and Qatar made its first contribution (US$10m). But perhaps the most interesting development has been the growth in contributions from sub-Saharan Africa: twelve countries contributing to GF5, compared with one, four, and six in previous replenishments. The overall amounts are modest, Nigeria (US$10m), Kenya, and South Africa (US$5m apiece) being the largest contributors, but it shows a stronger centre-of-government interest in the Global Fund in sub-Saharan Africa.

The Global Fund also receives funding from private sources, and this grew significantly in GF5, from US$678m to US$834m. A higher contribution by the BMGF (up from US$500m to US$600m) was the largest single element of the increase, but, encouragingly for the longer term, the rate of increase of contributions from other private actors was over 30 per cent, compared with the 20 per cent increase by BMGF. Large increases were made by the Tahir Foundation (US$10 in GF4, US$45m in GF5) and Comic Relief (up from US$5m to US$13m). The branding vehicle [Product]RED, under which companies contribute up to 50 per cent of their profits on items with 'RED' branding to the Global Fund, continues to bring in some US$100m to each replenishment. Perhaps most encouraging of all is the number and total size of small private donors, who collectively provided US$39m to GF5, compared with US$5m in GF4.

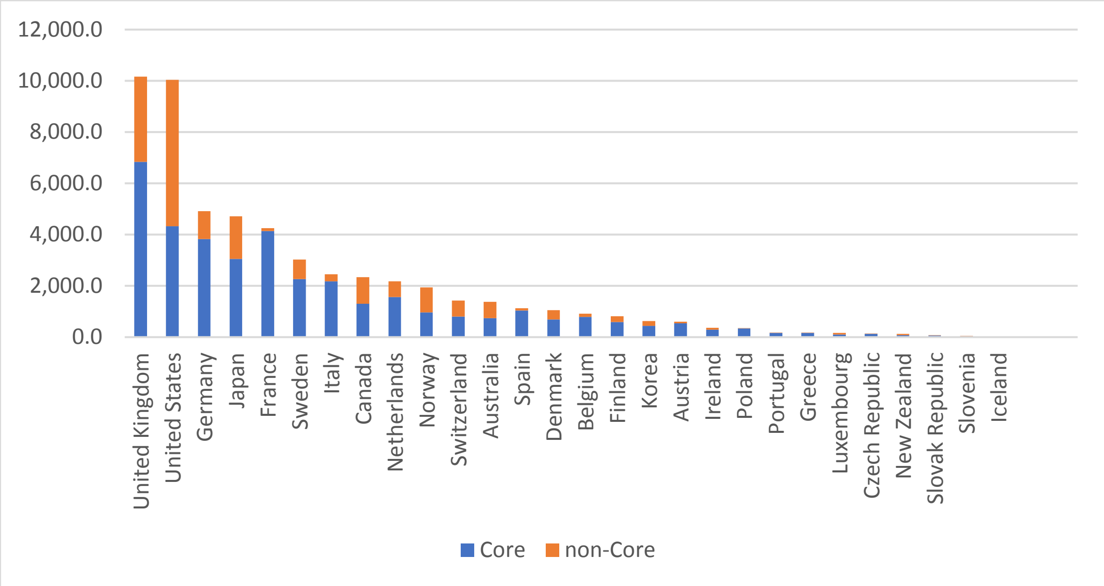
The strong private sector stream of funding is some modest protection against the Fund's high level of dependence on relatively few major donors. The top ten account for some 90 per cent of GF funding (see Figure 5).

4 What can we learn about the contributors?

In this section, I look at what the major replenishment exercises of 2016 can tell us about the approach of contributors to key multilateral agencies, including examining what can be deduced as at mid-2017 about the emerging approaches of major contributors that have had recent elections and changes of government. Detailed figures by donor and replenishment are in the associated spreadsheet.

As background, Figure 4 shows the scale of individual multilateral contributions, core and multi-bi, by the various members of the OECD DAC. For the purposes of this paper, the core contributions are the more important, and these are dominated by the G7, Sweden, and Netherlands. (Note, however, that the inclusion of the EU institutions in the table overstates the relative share of EU members in the financing of multilaterals other than the EU institutions.)

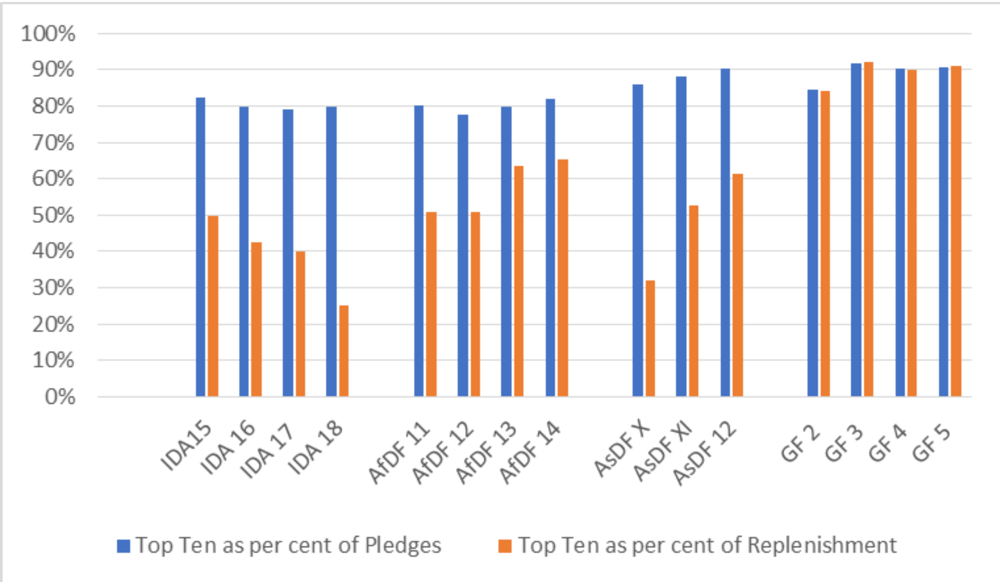
Figure 4: Core/non-core contributions by DAC members to multilateral agencies (including EU institutions) (US$m, 2015)



Source: OECD/DAC (2015: Fig. 0.5).[31]

Figure 5 adds the dimension of dependence of the four funds surveyed on the ten largest contributors. The underlying data on which this chart is based are in Table A1.

Figure 5: Changes in relative dependence on ten largest donors, 2007–16



Source: Author's calculations based on Table A1.

This chart shows that for IDA and AfDF, the top ten contributors regularly provide some 80 per cent of all contributions, with even higher percentages for AsDF (driven by Japan's traditionally very large share) and the Global Fund (with the very large US share). More significant, perhaps, is the decreasing dependence of IDA, and the increasing dependence of the AfDF, on the major

[31] Updated for the author by OECD (3 May 2017).

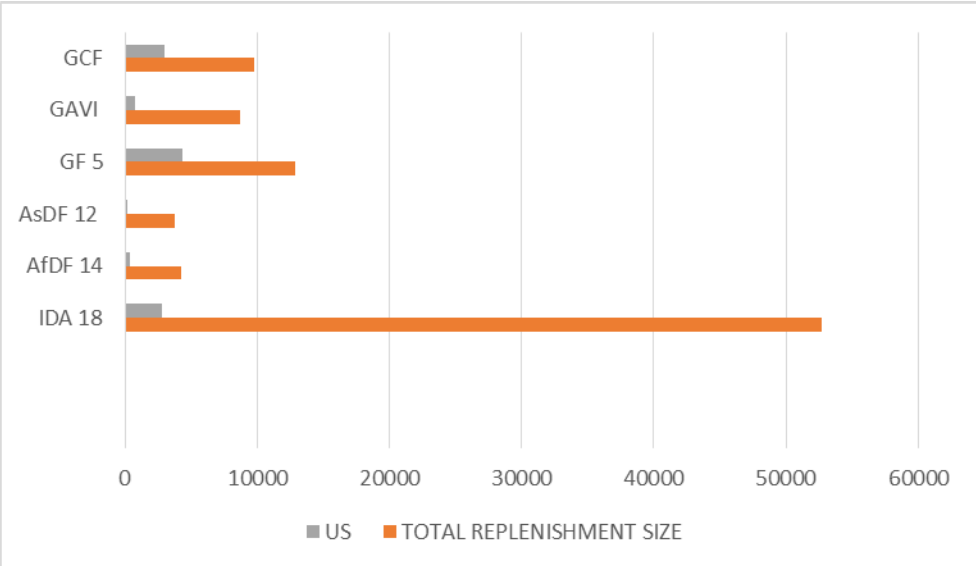
contributors, due in each case to significant changes in internal resources and, in the case of IDA, in planned borrowing. The rising 'dependence' of the AsDF on contributors reflects its switch to a grants-only fund, and is therefore less significant. The importance of the major donors to the Global Fund, with its absence of internally generated resources, stands out clearly.

It is therefore important to survey the position of the main donors on the basis of their contributions to recent replenishments.

4.1 DAC countries

For the 2016 replenishments, the **United States** was among the more positive contributors, and increased its contributions in the currencies of the replenishments to IDA, the AfDF, and the Global Fund. For IDA and the AfDF, this was facilitated by the strength of the dollar against the SDR. Delivery of the pledges, made by the previous administration, will turn on the views of the new administration and in particular on the decisions of Congress. The administration has proposed an overall cut to the budget that finances the MDB soft funds, though Secretary of the Treasury Steven Mnuchin was notably positive about IDA in his speech to the IMF/IBRD Development Committee in April 2017 (US Treasury 2017). Very importantly, the fact that IDA18 is dependent on donor funds only for about a third of its resources means that the US share of the total is only about 5 per cent, so that even a 20 per cent cut in the US contribution would equate in round numbers to only a 1 per cent reduction in IDA commitment authority (see Figure 6, which shows the degree of dependence of various funds on the United States). The administration has indicated that within a planned reduction of other aid programmes it intends to stand by the pledge to the Global Fund, which has traditionally also had strong support in Congress. It seems, however, that many other multilateral agencies will be faced with major cuts in US contributions, subject to the Congressional process[32].

Figure 6: US share of major multilateral funds, latest replenishment (US$m for GCF, GAVI, GF5 and AsDF12; SDRm for AfDF14 and IDA18)



Source: Author's calculations based on Table A1.

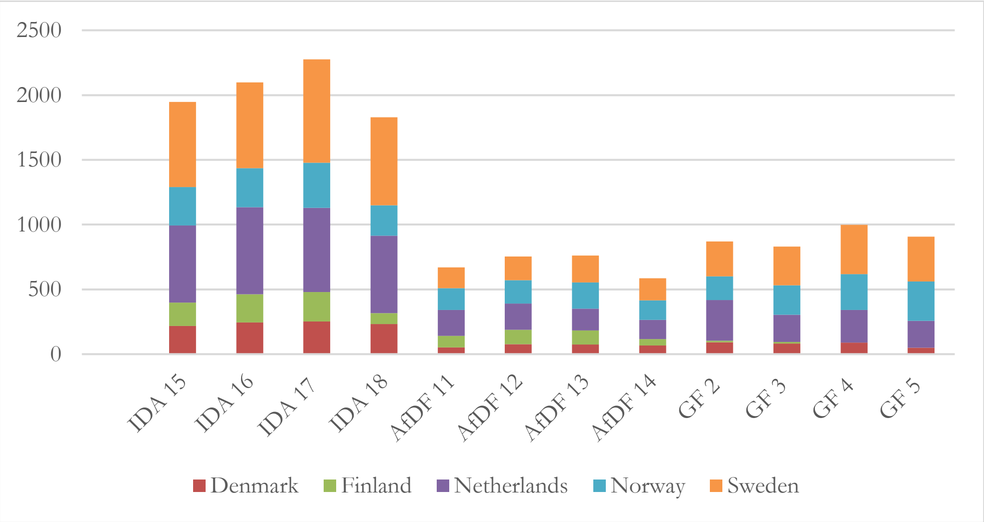
[32] For example, the administration has made clear its intention not to continue with the US$3bn pledge to the Green Climate Fund, of which US$1bn has been disbursed to date.

The **United Kingdom**, the largest single donor to the previous IDA and AfDF replenishments, remained in that position despite cutting its contributions in SDR terms by 9 per cent for IDA and by a remarkable 27 per cent for AfDF. While there were reasons for an overall reduction—not least because of the pressures on the DFID budget from the post-Brexit decline in sterling against the euro, which affects the sterling costs of the DFID's contributions to EU programmes—the difference in the UK's approach between the two institutions is striking. The UK, however, increased its contribution to the Global Fund, to which it had become the second largest contributor in GF4. Looking ahead, the UK's ability to maintain its traditionally very strong multilateral investments seems likely to be affected by a gradual shift within its 0.7 per cent commitment away from DFID-led programmes, and by the lower value of sterling. If the UK were to stop its contributions to EU-based programmes after Brexit, this could free up some space for other multilateral aid, but it is too soon to speculate usefully on this point.

France and **Germany**, the two other largest EU contributors, made small increases in euro terms in their contributions to IDA, translating into similar modest proportional cuts in SDR terms, and both of them more or less maintained their contributions to the AfDF. In the case of the Global Fund, France (traditionally a very strong supporter of the Fund, and still the third largest contributor) cut its contribution slightly, and Germany made an increase, facilitated by a large increase in its 'Debt to Health' programme, which enables the Fund to benefit from the proceeds of debt write-off. Overall, Germany has impressively protected its ODA programmes from the costs of its major expenditure on ODA-eligible refugee costs; for France, President Macron has committed himself to the 0.7 per cent target, but it is too early to judge what this may mean in practice.

The **Scandinavian countries** and **Netherlands**, traditionally major funders of the multilateral system, have in the recent past either cut total ODA (Denmark, Finland, Netherlands) or are accommodating large-scale refugee spending and experiencing declines in the strength of their currencies (Norway, Sweden): their contributions to the 2016 replenishments registered a marked fall in the currencies of the replenishments, with the single exception of Norway's contribution to the Global Fund, which rose from US$277m to US$304m. It seems unlikely that the reductions will be reversed any time soon. As Figure 7 shows, the decline from this group as a whole is significant.

Figure 7: Scandinavian/Netherlands contributions to IDA, AfDF, and Global Fund, 2007–13 (SDRm for IDA/AfDF; US$m for Global Fund)



Source: Author's calculations from the spreadsheet 'Pledges to major multilateral replenishments, 2007–16'.

While **Italy** and **Spain** maintained their IDA contributions in euro terms, the longer-term effects of economic pressures in Southern Europe are evident in that their contributions in SDR terms are respectively 40 per cent and over 60 per cent lower than to IDA15 in 2007. However, while Spain made no pledge to AfDF13 and has yet (July 2017) to announce pledges to AfDF14 and AsDF12, Italy maintained its contribution to the AfDF at virtually the same level in SDR terms as for all the replenishments since 2007. Italy also increased its Global Fund contribution from US$136m to US$175m (Spain has not contributed since GF2 in 2007). Future multilateral aid from both countries depends crucially on wider economic considerations.

Completing the circuit of the large and medium-sized European donors, **Austria**, **Belgium**, and **Switzerland** show for the most part quite consistent patterns, with similar percentage reductions to AsDF12 and a build-up of IDA and (for the most part) AfDF contributions from 2007 to 2013. Austria's contribution to IDA17 is, however, being boosted considerably by a one-off voluntary contribution on top of its burden share. If this is left out of account, Austria marginally increased its IDA contribution in euros to IDA18, while Belgium kept its euro contribution at the same level, translating into an 8 per cent reduction in SDR terms. Switzerland, largely unaffected by currency movements against the SDR, reduced its IDA contribution by 11 per cent, and its AfDF contribution by 14 per cent. However, Austria and Belgium took different approaches to the latest AfDF replenishment. Austria more or less maintained its contribution, while Belgium reduced its contribution by just over a third.

Ireland (not a member of the AfDB) was another Eurozone country to maintain its IDA contribution in euros.

For the Global Fund, Belgium, Ireland, and Switzerland registered slight reductions from their previous funding levels, while Austria remained one of the few high-income OECD countries not to contribute. Mention should also be made of the significant role of the **European Commission** in contributing to the Global Fund: its contribution rose from US$502m to US$593m.

Japan, over the past few replenishments a very steady and important contributor (and by far the largest contributor to the AsDF), slightly reduced its contribution to IDA and slightly increased its contribution to the AfDF in SDR terms, while keeping its contributions to the Global Fund level in US$ terms. Japan seems strongly committed to maintaining its position as a major contributor to the major multilateral funds.

Canada and **Australia**, both affected by weaker currencies, both reduced contributions to IDA in SDR terms but increased contributions to the Global Fund, Canada by a substantial 16 per cent in US$ terms. Canada also reduced its contribution in SDR, though not in national currency terms, to the AfDF (Australia is not a member of the AfDB). As noted above, Australia cut its contribution to the AsDF by a good deal less than the donor average. Overall, Canada seems the more likely to sustain its multilateral aid in the next few years, given the planned further reductions in Australian ODA.

4.2 Non-DAC countries

Non-DAC contributors are highly diverse, and are discussed here in broad regional groupings.

Overall, **China** is in a league of its own as a contributor to MDB soft fund replenishments, and the scale of its increased funding to IDA and the AsDF, highlighted earlier, is particularly noteworthy. It carries through China's commitment under the agreement between Presidents Xi and Obama of September 2015 whereby, among other things, the US would deliver on IMF voting reform and China play a positive role in replenishments of the existing MDB soft funds.[33] In the latest replenishments, China accounted for SDR428m of the total SDR1,037m from non-DAC members in IDA18, for US$100m of US$183m for AsDF12, and for SDR86m of SDR135m for AfDF14 (though here its contribution has remained in the range SDR84–90m since 2007—a marked contrast to the rapid growth of its contributions to the other two soft funds). In IDA and AsDF, China is now a significant contributor, even though its role in the creation of the New Development Bank and in particular the Asian Infrastructure Investment Bank is probably even more influential. In the Global Fund, China is a much more modest contributor, even in relation to the other non-DAC countries, contributing US$18m out of US$107m from these countries to GF5.

India, long the largest single borrower from IDA, made its first contribution as a graduating country under IDA17 (SDR133m), a figure it more or less replicated in IDA18, involving a 7 per cent increase in rupee terms. Similarly, AsDF12 saw India's first ever contribution to that fund (US$42m). For the AfDF, it delivered a very modest increase, from SDR12m to SDR13m. India increased its contribution to the Global Fund more sharply, from US$14m to US$20m, now slightly surpassing China, and seems likely to remain a modest though gradually increasing contributor to selected multilateral funds.

Indonesia was the third largest Asian contributor, outside the Middle Eastern countries, to IDA18, with a major increase from SDR12m to SDR59m, and fourth largest to AsDF12, where it recorded a first ever contribution of US$14m, just behind Hong Kong, China on US$17m.

Singapore, a steady contributor to IDA at something over SDR30m to recent replenishments, was the only Asian contributor outside the Middle East to provide over SDR20m to one or more of the replenishments. However, **Brunei**, **Hong Kong, China**, **Malaysia**, **Pakistan**, **Philippines**, **Taipei, China**, and **Thailand** all made contributions to at least one of the replenishments. This group is not yet contributing at a level that would significantly change the funding dynamics of international agencies, but it clearly has potential for gradual increases over time.

In the Middle East, **Saudi Arabia** remained the most prominent contributor. It increased its IDA contribution from SDR78m to SDR83m (no change in national currency terms), but cut its contributions to both AfDF14 (from SDR23m to SDR13m) and GF5 (from US$25m to US$15m). **Kuwait** marginally increased funding to IDA to SDR42m (again with no change in national currency terms) and kept its AfDF contribution level, but tripled its contribution to the Global Fund to US$6m. The only other Middle Eastern country to contribute over SDR20m to a replenishment was **Iran** (SDR21m to IDA18), with **Algeria**, **Israel**, and **Turkey** also contributing a little under SDR20m to IDA. There seems little prospect of any significant increase to multilateral funds from these sources in the near future.

In Eurasia, **Russia** has been a consistent contributor to IDA, though its contribution to IDA18 fell from SDR127m to SDR95m, no doubt affected significantly by currency movements. As noted above, Russia ceased to contribute to the Global Fund. Nor is Russia a member of the AfDB.

[33] 'China and the United States reaffirm the importance of the MDBs in meeting the needs of the poorest countries through robust financial contributions to the International Development Association, Asian Development Fund, and African Development Fund. China is to meaningfully increase its contributions to the MDB concessional windows, consistent with its capacity.' (People's Republic of China 2015).

In the Western hemisphere, contributions to IDA slumped to their lowest level for years, a mere SDR25m, compared with SDR134m, SDR214m, and SDR141m in the previous three replenishments. **Brazil**, still the largest contributor, committed SDR17m (down from SDR123m to IDA15), and **Argentina** SDR6m, a sizeable increase on its pledge to IDA17 but down from SDR45m in IDA16. Not a single Latin American country contributed to the other major replenishments of 2016.

Finally, as noted in the previous section, private philanthropic contributions grew significantly in GF5, and no doubt have some potential for other Special Purpose Funds. However, the base is very small (leaving the BMGF on one side as *sui generis*, less than 2 per cent of the total resources of the replenishment), so that large percentage increases will not of themselves substitute for any significant pull-back by major official donors.

4.3 Conclusion

The data used throughout this paper are in current prices. Even though inflation was generally low over the period 2007–16, the real value of recent pledges is overstated by the use of current prices. Overall, this survey strongly suggests that **declines in real terms (and indeed also in current prices) in multilateral contributions from traditional donors as a group will continue, and that despite the growing role of China and India they will not be balanced by increases from non-DAC donors or, where relevant, the private sector**.

5 What can we learn about the institutions?

The product of the 2016 replenishments and the emerging picture of the approach of the new US administration to multilateral aid amount, to my mind, to a significant re-set of the multilateral development system, of which the major features are

- a probably deepening scarcity of grant funding;
- a large relative strengthening of the position of loan-based funds, notably IDA, driven by rising internal resources and the ability to borrow against future repayments;
- a significant increase of the flow of multilateral development funding into FCAS, raising issues around absorptive capacity;
- continued graduation of less fragile traditional ODA recipients to greater reliance on less concessional assistance, with implications for communities hitherto the focus of concessional aid;
- increased pressures on the 'old' MDBs and their private sector windows to economize on their capital, and to find new ways of crowding in private finance, partly compensated for by the substantial flow of capital into new MDBs.

5.1 A probably deepening scarcity of grant funding

While the successful outcome of the Global Fund's replenishment may suggest that grant-based funds can also prosper, this seems an over-optimistic conclusion. The Global Fund benefits from an unusually committed and vocal set of advocates in almost all potential donor countries: very few international funds have such a degree of support, though the Global Fund offers lessons in how to develop this.

The survey of donors in the previous section suggests a significantly tougher funding environment. Of the two largest funders of the multilateral system, the US is clearly set on a more critical overall stance towards multilateral aid (though the Global Fund and GAVI both seem likely to be relatively well protected by both the administration and Congress); and the UK, having reached the 0.7 per cent target, will have an ODA budget whose growth will track the relatively low annual increments to be expected in the UK's GNI. In addition, sterling has fallen in value since the Brexit vote, and DFID's share of the ODA budget seems likely to fall further, thus almost certainly reducing the overall level of the budget from which almost all the UK's multilateral contributions are likely to come. Reductions from some Northern European countries, which have traditionally been major supporters of multilateral aid, also seem unlikely to be reversed given other pressures.

Non-DAC donors have been very modest funders of any multilateral concessional or grant windows outside the MDB system. Despite continued commitments from major donors like Canada, France, Germany, and Japan, all of whom have shown encouraging staying power as major contributors, **one may expect a significant squeeze on most grant-based channels, except perhaps those engaged in humanitarian aid**.

This seems likely to affect two sets of institutions in particular:

1. The UN Development Agencies

There are over 30 agencies that participate in the 'UN Development Group'. Almost all of them operate a 'grants-in-grants-out' model, and hence depend very largely on official contributions (two exceptions are IFAD, with a business model much more like that of the MDB soft funds, and UNICEF, with its long and robust tradition of voluntary contributions). Many of these institutions are already dependent on 'multi-bi' financing (where donors specify the purpose of the funds), and decisions on such financing are often ad hoc and unpredictable. Table A1 shows the very small scale of UN agency core-funded concessional flows, with only UNICEF (US$1.4bn), UNRWA (US$0.8bn), and WHO (US$0.7bn) delivering in excess of US$0.5bn net from such funding in 2015.[34] Ongoing UN reform efforts seem so far to have been modest in ambition and in results. The case for a hard look at the future of the UN system for supporting development in its members is stronger than ever, especially given the ambition of the SDGs with their many targets.

2. Special Purpose Funds outside the UN system

There has been a large increase in the number of such funds over the past 20 years in particular. They are almost all set up on a 'grants-in-grants-out' model.[35] Very few have gone to large scale[36], but some are important in their field. Some have more or less formal replenishment exercises. Three possible directions of travel for some of them in a constrained environment may be

- to rationalize and merge funds with related purposes;
- to work more closely with IDA in particular; and

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[34] IFAD delivered a little over US$0.5bn gross, but loan repayments reduced its net disbursements to US$0.3bn.

[35] The Green Climate Fund is an exception, since it offers loans, but its internally generated resources from repayments will be very small for a couple of decades.

[36] Table A1 shows only the Global Fund (US$3.2bn), GAVI (US$1.7bn), and the Global Environment Facility (US$0.8bn) as disbursing over US$0.5bn in 2015.

- to focus their efforts on marginalized communities and under-served groups in society, rather than to aspire to be nationwide deliverers of services.

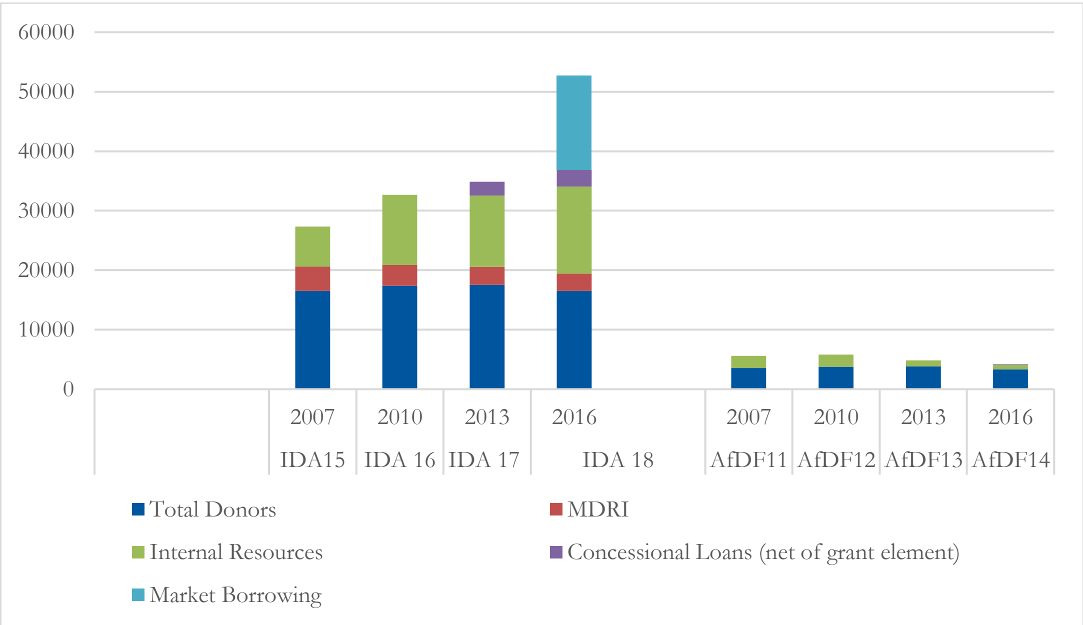
5.2 A large relative strengthening of the position of loan-based funds

The largest single consequence of the 2016 replenishments is **the increase in commitment authority available to IDA (and to a lesser extent the AsDB)**. As explained above, this consequence is not significantly vulnerable to subsequent changes in donor administrations.

IDA is—and has traditionally been—by some distance the largest multilateral supplier of official development assistance. Its recent net disbursement levels (Table A1) are over a third of all the multilateral aid reported to the OECD (excluding the European Union). Its gross disbursements (some US$13bn a year) are an even larger proportion. It will now be stepping up its annual commitment levels to about US$25bn a year, which in turn will translate into much higher disbursement levels than in the past. Its share of multilateral concessional disbursements (again excluding the European Union) could rise to 50 per cent or more.

As noted above, there is a particularly marked contrast in replenishment outcomes between IDA and the AfDF. The cumulative effect of changes in the last four replenishments of IDA and the AfDF is set out in Figure 8. As it also increases the share of its commitments going to eligible countries in sub-Saharan Africa as clients in Asia and Latin America graduate, IDA will be in a position to make perhaps seven times the AfDF's commitments to Africa over the three-year period of each current replenishment.[37] This is a remarkable outcome, and very different from the relative position of the World Bank and Regional Development Banks in either Asia or Latin America.

Figure 8: IDA and AfDF: total replenishment resources, 2007–16, SDRm



Source: Author's calculations from the spreadsheet 'Pledges to major multilateral replenishments, 2007–16'.

[37] This calculation assumes that something like 55 per cent of IDA18 will go to countries also eligible for funding from AfDF14.

While one would expect the AfDB to move towards some means of leveraging future repayments to the AfDF, the degree of scale-up that this would permit will be much less significant than for IDA, since AfDF borrowers are in general poorer than IDA borrowers, with much less graduation in prospect. IDA will remain the 'big hitter' among MDB soft funds in Africa for the foreseeable future.

5.3 A significant increase of the flow of multilateral development funding into fragile and conflict-affected states

With IDA set to double annual commitments to FCAS, the AsDB also stepping up commitments sharply, and the AfDF at least maintaining current commitment levels, **overall MDB commitments to this group will increase significantly over the period to 2020**. With many bilateral donors also prioritizing countries in this group, some FCAS will very likely find themselves constrained less by finance than by absorptive capacity, though additional donor funding will be very timely for those facing lower commodity earnings. **There is an obvious need to improve delivery of external assistance in accordance with locally owned strategies** along lines advocated by the 'G7+' group of countries[38], and this should be a major focus of the Global Partnership for Effective Development Cooperation, and for in-country donor groups. **Only strong buy-in from IDA will, however, make such progress a reality.**

5.4 Continued graduation of less fragile traditional ODA recipients to greater reliance on less concessional assistance

The increase in IDA funding for remaining IDA-eligible countries that are not considered as fragile or conflict-affected is useful (on average +40 per cent), but a good deal less than for FCAS, and the access to soft loan finance from the AfDF for non-fragile borrowers is likely to fall for the second successive replenishment. Both the World Bank (with the IDA's Scaling-up Facility established in 2016) and the AfDB (with its revised lending policy of 2015) are enabling the more creditworthy soft fund-eligible countries to access harder loans for high-priority projects in addition to their grant and highly concessional credit allocations. The World Bank is also, under its 'cascade' approach, encouraging countries at all levels of income to look at ways of attracting private finance for the more financially viable investments, with a view to concentrating scarce official capital on activities that cannot attract such funding. Thus, **even for countries eligible for concessional windows, greater access to less concessional capital from various sources is increasingly part of the mix**.

This situation is of course repeated, but more starkly, for countries which actually graduate from concessional assistance. The greatly increased resources available to IDA have enabled it to smooth somewhat the transition for the latest graduates, by not (at least at this stage) requiring them to accelerate repayment of IDA credits, which the World Bank is entitled to do, and by allowing them special transitional access to IDA funds on IBRD terms to offset any danger of a decreasing amount of access to World Bank resources as a whole. Similarly, the AsDB, following its merger of the soft and hard windows, has the resources to smooth the transition process for its own graduates from concessional borrowing. As noted above, graduation is not an imminent issue for the AfDB.

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[38] The G7+ is a voluntary association of countries that are or have been affected by conflict and are now in transition to the next stage of development. See g7plus.org.

Many low and lower-middle income countries have of course already been making increasing use of semi-concessional loan finance (not least from China[39]) or bond market finance in addition to resources from the traditional MDBs. Managing external debt finance is therefore a key task for this group of countries. Borrowing on appropriate terms for economically viable activities is a normal part of successful development. However, some countries have borrowed too much in recent years on terms harder than can be sustained and/or for activities with inadequate rates of return.

Special Purpose Funds, with no mechanism for graduating clients from one form of finance to another, face in some ways a more difficult issue around graduation/transition. As explained above, the Global Fund has had to consider its own strategy carefully, particularly in respect of marginalized 'key populations', such as drug users or other groups with particularly high transmission rates of HIV. Governments of transitioning countries may (as has proved to be the case in some countries of the Former Soviet Union) be reluctant to spend their own funds on populations that are seen as politically unattractive recipients of public funds. As another example, GAVI subsidizes the introduction of more up-to-date vaccines, which usually implies an increase in overall spending on vaccination. As countries transition, the sustainability of these enhanced packages of vaccine provision can come into question. GAVI has therefore developed a transition policy that kicks in at a level determined by income per head, but whose pace also reflects vaccine coverage.

It is reasonable enough that as countries become richer, they should finance more of their own service provision, and indeed this is largely what happens. The international community needs, however, to think through more carefully how these transitions can be managed effectively. In particular, there can be a tension between donor priorities, which are typically quite influential in the more aid-dependent countries, and the priorities of the host government, which will in the end prevail as countries become less dependent on aid-supported finance. **Special-purpose funds (which are almost by definition a manifestation of the priorities of the donors that fund them) in particular need to have in place strategies likely to smooth such transitions, and to encourage sustainable support for those who have benefitted from their interventions**.

5.5 Increased pressures on the 'old' multilateral development banks and their private sector windows to economize on their capital

Finally, recent developments have put into stronger relief **the likely difficulty of any increase in subscribed capital for the traditional MDBs in the near future**. These include G20 work on 'balance sheet optimization' over the past couple of years, and the clear statement by US Treasury Secretary Mnuchin to the IMF/IBRD Development Committee in April 2017 that the US will not support an early capital increase for the World Bank.[40]

Accessing hidden equity in soft funds can be seen as one practical way in which the MDBs are responding to this pressure. The major reduction in planned transfers from the IBRD and IFC to IDA under IDA18 is another such response, facilitated by IDA's new access to borrowing in its own name. However, many other options for 'stretching' the balance sheets of the institutions

[39] Annual international lending by the China Development Bank (CDB) has exceeded US$20bn on average over the past seven years (Economist Intelligence Unit 2016); and the Chinese Export-Import Bank (EXIM) has been also lending on market-based and semi-concessional terms on a similar scale.

[40] 'We believe that more can be done to optimize the World Bank's balance sheet to avoid a precipitous decline in lending, and we look forward to discussing a full suite of options at a later date. For this reason, we do not view the original schedule for considering the Bank's capital position as necessary or realistic.' (US Treasury 2017).

exist. A particularly neat initiative has been the swapping of assets between several MDBs (notably the IADB and AfDB) in order to prevent too large an exposure to particular borrowers, thus enabling lending to such borrowers to be maintained. As another example, China has co-invested foreign exchange funds with the Inter-American and African Development Banks (US$2bn apiece) and with the IFC (US$3bn), following the procedures of the institutions. The IFC has more recently used a similar model to bring in US$500m from the insurance company Allianz as a passive co-investor in new business, in this case with the IFC taking the junior tranche and a guarantee from the Swedish aid agency SIDA. There are potentially also options at the other end of the project cycle for selling off equity stakes or later maturities of loans more aggressively. There would seem to be scope for developing a more standardized 'asset class' by greater cooperation among the various MDBs in this direction. To be sustainable, however, all such approaches must allow the institution to maintain its (normally AAA) credit rating. **We may expect further ideas to be developed for the stretching of balance sheets, even though increases in capital subscriptions are themselves a particularly cost-effective way for governments to leverage private funds into development purposes at scale.**[41]

As one demonstration of this, **new capital is in fact already flowing into the wider MDB system** as a result of the establishment of the New Development Bank, with initial subscribed capital of US$50bn subscribed equally by Brazil, China, India, Russia, and South Africa (initially with a remit to lend to these countries, but with statutes that permit wider coverage in principle[42]), and the Asian Infrastructure Investment Bank (AIIB), with planned subscribed capital of US$100bn from a large group of both DAC members and other Asia/Pacific countries (77 members approved as at May 2017), with China having just over a quarter of the votes and contributing a third of the capital. So these two institutions are bringing in US$150bn of new capital into the broader MDB system, of which China is contributing some US$43bn (and of course the US zero). This capital will enhance MDB lending to Asia and the BRICS in particular. Likely levels of annual commitments by the AIIB are around US$4–5bn[43], for example, compared with over US$10bn by the AsDB.

Both institutions are building their project pipelines, and in many cases are doing so by co-financing with established MDBs. Because in each case 20 per cent of their capital is paid-in (a much larger share than in most established MDBs), they are highly liquid and do not need to tap bond markets immediately.

The likely delay in enhancing the capital base of the established MDBs, of particular relevance to the AfDB and the World Bank, is therefore likely to be partially compensated for by greater use of their balance sheets to crowd in private finance, and by the additional funds flowing through the two new China-based international development banks.

[41] See Humphrey (2017) for a review of the various options.

[42] The NDB Articles provide for potential membership by all members of the United Nations (who may join as either borrowing or non-borrowing members), subject to such terms and conditions as the Bank may specify, and subject to the original members retaining at least 55 per cent of the votes in the institution. No one new member can hold more than 7 per cent of the votes, and non-borrowing members in aggregate are limited to 20 per cent of the voting power.

[43] Economist Intelligence Unit (2016).

6 Conclusion

The multilateral development finance system should be seen as one part of the wider picture of financing the outcomes set out in the Sustainable Development Goals (SDGs). Clearly, across the world, most progress towards the SDGs will be driven by private sector activity and by public programmes financed from taxation. However, for almost all low income countries, a significant number of lower-middle income countries, and a few other vulnerable middle income countries, as well as for marginalized communities in many other lower-middle and middle income countries, international support on concessional terms has been and remains an important source of support. Within that, multilateral development institutions (and not least the four institutions replenished in 2016) are very significant contributors.

What the replenishments of 2016 and the wider issues discussed above show is a notable re-set of the multilateral development finance system, which raises important issues for all the stakeholders in the system.

On the side of **funding**:

- Multilateral contributions by traditional donors can be expected to continue their recent decline, and this decline will not be matched by foreseeable increases from either non-traditional contributors or (where relevant) the private sector.
- For most multilateral loan-based funds, the decline will, however, be offset (and in some important cases, such as IDA, more than offset) by the use of 'hidden equity' in these funds.
- Overall, therefore, and despite the relative success of the Global Fund in its 2016 replenishment, grant-providing agencies will become less significant relative to loan-based agencies, and to IDA in particular.

Changes are also continuing among **beneficiaries** of the multilateral system. Substantial further graduation from eligibility for MDB soft funds and grant finance from some major Special Purpose Funds will take place between now and 2030. Indeed major countries like Nigeria and Pakistan may be expected to reach relevant IDA thresholds shortly. This process—desirable in principle—needs careful attention if the needs of poorer and marginalized communities, traditionally benefiting from international support, are to be safeguarded. Management of transition and exit will be important.[44] The graduation process also throws up opportunities for recycling the value of future streams of repayments beyond the steadily diminishing number of soft fund recipients.

Meanwhile, the focus on fragile and conflict-affected states, demanded by donors in the various replenishments, needs to be balanced by attention to absorptive capacity and effectiveness of the management of substantially larger aid flows to these countries. This should be a focus for the Global Partnership for Effective Development Co-operation in particular, with the MDBs as key partners.

Finally, on the side of the **agencies** themselves, grant-based agencies need to position themselves for the generally diminished amount of donor funding. Among these:

[44] For a still relevant evaluation of exit, see Slob and Morten Jerven (2008).

- **UN agencies** in particular need to demonstrate their continuing relevance and to deliver on reforms, especially in the light of the SDGs, which far exceed the ambition of the MDGs.
- **Special Purpose Funds** also need to consider their positioning in this new environment: some rationalization may be appropriate, and they need to consider how to work with providers of 'horizontal' funding, notably with IDA and some other partners within the MDB system with enhanced ability to finance relevant development inputs. The health sector is an interesting test case here, with some Special Purpose Funds, such as the Global Fund and GAVI, in a relatively strong position, but with some others in a weaker position, and with major issues to address around the financing of health systems and universal health access.

While the **MDB system** will continue to benefit from the 'hidden equity' in soft loan funds, the substantial increase in the proportion of MDB soft funding for Africa from IDA in comparison with the AfDF is an aspect of the replenishments of 2016 that needs more consideration by donors to the two institutions as they look ahead to the next replenishment round in 2019.

Finally, the wider MDB system seems likely to be constrained for some time by the reluctance of some traditional donors, not least the United States, to contemplate new capital injections. However, this will be somewhat alleviated by the start-up of the two[45] new China-based international development banks and by new approaches to crowding in private finance in ways consistent with the maintenance of credit ratings.

[45] The Shanghai Cooperation Organization, which brings together China, Russia, several Central Asian countries, and, most recently, India and Pakistan, has also agreed to establish a new development bank.

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Appendix A: Tables

Table A1: Net concessional multilateral disbursements

	Current US$ million (excludes multi-bi)		
	2013	2014	2015
Adaptation Fund	7	13	0
African Development Bank	143	137	124
African Development Fund	2180	1904	2059
Arab Bank for Economic Development in Africa	81	56	71
Arab Fund (AFESD)	387	358	55
AsDB Special Funds	1004	1477	1446
Caribbean Development Bank	65	87	29
Climate Investment Funds	151	350	411
Council of Europe Development Bank	117	69	43
EU Institutions	15646	16389	13546
Food and Agriculture Organisation	452	N/A	N/A
Global Alliance for Vaccines and Immunization	1544	1415	1725
Global Environment Facility	752	841	813
Global Fund	3946	2847	3172
Global Green Growth Institute	16	16	9
IDB Special Fund	1930	1719	1793
IFAD	433	320	313
IMF (Concessional Trust Funds)	620	180	503
International Atomic Energy Agency	79	74	64
International Development Association	8172	10262	10055
International Labour Organisation	298	223	286
Islamic Development Bank	80	70	49
Montreal Protocol	37	45	45
Nordic Development Fund	28	26	12
OPEC Fund for International Development	213	260	170
OSCE	134	131	115
UN Peacebuilding Fund	43	64	71
UNAIDS	246	239	241
UNDP	465	459	420
UNECE	14	14	14
UNEP	N/A	N/A	125
UNFPA	354	339	313
UNHCR	417	480	461
UNICEF	1230	1295	1395
UNRWA	539	680	771
WFP	364	309	286
World Health Organization	474	471	664
Total net Multilateral disbursements	42664	43621	41669

Note: N/A = not available

Source: Data from OECD.

Table A2: Top ten pledges to major multilateral replenishments, 2007–16

International Development Association (IDA)				
	SDR million			
Donor	IDA15 2007	IDA16 2010	IDA17 2013	IDA18 2016
EU				
France	1296	1128	1134	1072
Germany	1424	1448	1396	1287
Italy	758	529	495	456
Netherlands	596	671	649	598
Spain	626	681	N/A	N/A
Sweden	657	664	798	680
UK	3006	2696	3115	2863
Other Europe				
Switzerland	N/A	N/A	531	472
US/CAN AUS				
US	2430	2713	2569	2761
Canada	798	909	904	741
JAP/KOR				
Japan	1994	2442	2310	2276
Total, top ten contributors	13585	13881	13902	13206
Total pledges	16513	17372	17563	16537
Total replenishment	27313	32672	34863	52737
Top ten as % of pledges	82%	80%	79%	80%
Top ten as % of replenishment	50%	42%	40%	25%

African Development Fund (AfDF)				
	SDR million			
Donor	AfDF11 2007	AfDF12 2010	AfDF13 2013	AfDF14 2016
EU				
France	403	356	364	356
Germany	400	400	403	404
Italy	195	194	202	197
Netherlands	201	201	167	149
Sweden	161	185	207	172
UK	547	572	612	445
Other Europe				
Norway	167	180	202	150
US/CAN AUS				
US	307	381	386	411
Canada	212	216	214	179
JAP/KOR				
Japan	261	275	293	303
Total, top ten contributors	2854	2960	3040	2766
Total pledges	3565	3797	3815	3374
Total replenishment	5628	5804	4791	4234
Top ten as % of pledges	80%	78%	80%	82%
Top ten as % of replenishment	51%	51%	64%	65%

Asian Development Fund (AsDF)			
		US$ million	
Donor	AsDFX 2008	AsDFXI 2012	AsDF12 2016
EU			
France	160	129	57
Germany	222	194	87
Italy	138	92	48
Netherlands	N/A	81	N/A
Spain	129	N/A	N/A
UK	221	315	166
US/CAN AUS			
US	461	360	190
Canada	207	193	102
Australia	299	523	337
JAP/KOR			
Japan	1612	2035	1126
Korea	154	168	89
Non-DAC			
China	N/A	N/A	100
Total, top ten contributors	3603	4090	2302
Total pledges	4191	4646	2546
Total replenishment	11283	7749	3764
Top ten as % of pledges	86%	88%	90%
Top ten as % of replenishment	32%	53%	61%

Global Fund for AIDS, TB and Malaria				
	US$ million			
Donor	GF2 2007	GF3 2010	GF4 2013	GF5 2016
EU				
European Commission	414	437	502	593
France	1246	1398	1468	1347
Germany	879	833	910	998
Italy	460	N/A	N/A	N/A
Netherlands	313	N/A	N/A	N/A
Spain	602	N/A	N/A	N/A
Sweden	N/A	298	381	347
UK	571	848	1637	1711
Other Europe				
Norway	N/A	228	277	304
US/CAN AUS				
US	2766	3680	4107	4300
Canada	414	533	612	721
JAP/KOR				
Japan	625	579	800	800
Private sector				
Bill and Melinda Gates Foundation	N/A	450	500	600
Total, top ten contributors	8290	9284	11194	11721
Total pledges	9824	10135	12409	12923
Total replenishment	9824	10135	12409	12923
Top ten as % of pledges	84%	92%	90%	91%
Top ten as % of replenishment	84%	92%	90%	91%

Note: N/A = not available

Source: Spreadsheet 'Pledges to major multilateral replenishments, 2007-16'.

Appendix B: List of abbreviations

AfDB	African Development Bank
AfDF	African Development Fund
AIDS	Acquired Immune Deficiency Syndrome
AIIB	Asian Infrastructure Investment Bank
AsDB	Asian Development Bank
AsDF	Asian Development Fund
BMGF	Bill and Melinda Gates Foundation
BRICS	Brazil, Russia, India, China, South Africa
CDB	Caribbean Development Bank
CGD	Center for Global Development
CPIA	Country Policy and Institutional Assessment
CPR	Country Performance Rating
DAC	(OECD) Development Assistance Committee
DFID	(UK) Department for International Development
EU	European Union
EXIM	Export Import Bank (of China)
FCAS	Fragile and Conflict-affected States
GAVI	Global Alliance for Vaccines and Immunization
GCF	Green Climate Fund
HIV	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction and Development
IADB	Inter-American Development Bank
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MIGA	Multilateral Investment Guarantee Agency
NDB	New Development Bank
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PBA	Policy-based Aid
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
SIDA	Swedish International Development Agency
SUF	Scaling-up Facility
TAR	Turn-around Regime
TB	Tuberculosis
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNICEF	UN International Children's Emergency Fund
UNRWA	UN Relief and Works Agency
US	United States of America
UNAIDS	United Nations AIDS programme
UNU-WIDER	United Nations University World Institute for Development Economics Research
WBG	World Bank Group (includes IBRD, IDA, IFC and the Multilateral Investment Guarantee Agency)
WHO	World Health Organization