Ireland’s Participation in the International Monetary Fund and the World Bank
Annual Report 2021

Prepared by the International Finance and Climate Division, Department of Finance
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In accordance with Section 10 of the Bretton Woods Agreements (Amendment) Act, 1999, I am pleased to present to Dáil and Seanad Éireann the Annual Report of Ireland’s Participation in the International Monetary Fund and the World Bank for the year 2021. This Report summarises the major developments at the IMF and the World Bank over 2021 and outlines Ireland’s participation as a member of both Institutions.

After the unprecedented disruption and devastation to lives and livelihoods caused by the Covid-19 pandemic in 2020, we started to see the roots of recovery taking hold in 2021. The focus internationally shifted from crisis response and vaccine rollout to recovery, with the Bretton Woods Institutions at the forefront of the global effort to support those countries most heavily impacted by the crisis.

However, just as the economic impact of the pandemic was unequivocally asymmetric, the recovery has been similarly uneven. The demands on government spending necessitated by the pandemic, supply chain disruptions, and growing inflationary pressures have made the road to recovery more challenging for many countries. Recognising the need for a strong multilateral response, both the IMF and the World Bank took a number of exceptional actions to curtail the worst effects of the pandemic and to accelerate the global recovery from the crisis.

In August 2021, the IMF’s Board of Governors approved a general allocation of Special Drawing Rights (SDRs), equivalent to US$650 billion. This general allocation, the fourth in the history of the IMF and the largest to date, provided vital liquidity to many developing countries as the newly issued SDRs could be used to support pandemic response and recovery, reduce public debt and increase external reserves. However, one drawback of the general allocation was the fact that the distribution of SDRs did not necessarily reflect individual countries’ reserve needs. I therefore welcome the work being done by the IMF to develop options for the voluntary channelling of SDRs from wealthier countries to poorer and more vulnerable members.

On the World Bank side, financial support totalling US$157 billion has been provided since the start of the pandemic to help governments and the private sector navigate through the crisis. In addition to these efforts, an exceptional decision was made to bring forward the replenishment of the International Development Association (IDA) –
the World Bank’s fund for the world’s poorest countries – by one year. The Twentieth Replenishment of IDA (IDA20), which concluded in December 2021, secured a record US$93 billion financing package to help low-income countries respond to the Covid-19 crisis and work towards a greener, more resilient, and inclusive recovery. I am proud that Ireland committed almost €106 million in funding to this replenishment, representing our largest ever pledge to IDA.

In 2021, the IMF-World Bank Spring Meetings and Annual Meetings took place virtually and in hybrid format due to the ongoing Covid-19 restrictions. During the Spring Meetings, I had the honour of participating in the IMF’s ‘Debate on the Global Economy’ alongside the Managing Director of the IMF, the Chair of the US Federal Reserve and the Director General of the World Trade Organisation. I also had the opportunity to address the Annual Meetings, in my capacity as President of the Eurogroup, speaking on the topic of ‘Euro Area Recovery from Covid-19’.

We approach 2022 with cautious optimism that the roots of recovery are resilient and inclusive and that vital coordinated action between international partners, facilitated by multilateral institutions such as the IMF and the World Bank, will continue to bear fruit.

Mr Paschal Donohoe T.D.

Minister for Finance
Introduction

The International Monetary Fund (IMF/"the Fund") and the World Bank were established in July 1944 at an international conference which was convened in the town of Bretton Woods, New Hampshire, USA. The conference was attended by representatives of forty-five countries and its goal was to establish a framework for economic cooperation and development that would lead to a more stable and prosperous global economy. While this goal remains central to both institutions, their work is constantly evolving in response to new economic developments and challenges.

The IMF promotes international monetary cooperation and provides policy advice, technical assistance and loans to help countries build and maintain, or restore, strong economies. The mandate of the World Bank is to promote long-term economic development and poverty reduction by providing technical and financial support to help countries reform particular sectors or implement specific projects.

Ireland joined the IMF and the World Bank in 1957 as part of a process of deepening its engagement and integration with the global economy. The legislation governing Ireland’s membership of the institutions is the Bretton Woods Agreements Act, 1957, which has been amended on a number of occasions.

This Annual Report on Ireland's participation in the IMF and the World Bank, which covers the period from 1 January 2021 to 31 December 2021, has been prepared in accordance with Section 10 of the Bretton Woods Agreements (Amendment) Act, 1999. The Report summarises the major developments at the IMF and the World Bank in 2021. It sets out the details of Ireland’s participation as a member and reports on past and present goals and strategic actions which guide Ireland’s relationship with both institutions.

Further details on the structures, working arrangements, resourcing and work of the IMF and the World Bank are set out at Appendices A and B of this Report. It should be noted that the World Bank today is in fact made up of five component organisations collectively known as the World Bank Group (WBG).
1 The International Monetary Fund in 2021

Through its core activities of lending, policy advice and capacity development, the International Monetary Fund (IMF/"the Fund") continues to play a lead role in safeguarding financial stability and fostering international economic cooperation. In 2021, the IMF’s work focused on activities of most importance to the Fund’s members as they began to recover from the Covid-19 crisis:

- Sharing best practices in the design and implementation of macroeconomic policies and health measures to limit scarring from the pandemic, support the recovery of the global economy, and counter growing divergences within and between countries;
- Promoting global cooperation to expedite universal vaccination, stem the spread of the pandemic and limit health and economic divergences;
- Providing policy advice to support a more resilient and inclusive future, including domestic resource mobilisation, digital transformation, and climate adaptation and mitigation; and
- Supporting members to reduce debt vulnerabilities, increase debt transparency and debt management capacity, and improve the architecture for sovereign debt resolution.

Further information on the role and governance of the IMF is set out in Appendix A.

1.1 IMF Lending

As member countries encounter balance of payments problems, the IMF makes financing available under specific programmes and conditions. These IMF programmes and associated loans help countries to continue paying for vital imports and undertaking external transactions while correcting the underlying economic problems in order to restore the conditions for sustainable economic growth.

In 2021, the Fund continued to provide financial support to its membership to accelerate progress towards an inclusive and sustainable recovery from the pandemic, while highlighting the need for global access to vaccinations to prevent further divergences across and within
countries. The IMF’s ‘regular’ lending peaked at just over SDR 171.4 billion at 31 December 2021, with the overall stock of outstanding loans totalling more than SDR 89.5 billion.¹

Concessional lending to low-income countries under the Poverty Reduction and Growth Trust (PRGT) helped to support the recovery of the most vulnerable Fund members from the Covid-19 crisis, with over SDR 18 billion provided in 2021. In addition, three additional tranches of debt service relief under the IMF’s Catastrophe Containment and Relief Trust (CCRT) were approved by the Executive Board in 2021, with grants totalling approximately SDR 256 million disbursed to eligible countries during the year.

1.2 Economic Surveillance

The IMF monitors the economic and financial policies of its 190 member countries. This takes the form of bilateral surveillance – regular country missions to highlight risks to stability and advice on required policy adjustments – and multilateral surveillance, via monitoring of global economic and financial developments as well as overseeing the international monetary system.

In 2021, the IMF concluded a comprehensive review of its surveillance activities to ensure that the Fund’s policy advice continues to evolve with the changing macroeconomic landscape. The ‘Comprehensive Surveillance Review’ (CSR) provides the strategic direction for the Fund’s surveillance work for the years 2021 to 2030. The Review outlined four key surveillance priorities, which should better position the Fund to provide policy advice to help member countries to confront the challenges posed by the emerging macro-financial landscape.

The key priorities that will guide IMF surveillance, as outlined in the CSR, are:

- confronting risks and uncertainties;
- pre-empting and mitigating adverse spillovers;
- fostering economic sustainability; and
- providing unified policy advice to member countries.

These priorities aim to strengthen Fund surveillance by making it more timely, topical, targeted and interconnected.

Like every IMF member, Ireland receives a bilateral mission every year from the Fund - the Article IV Review - for which a report is subsequently published. Ireland’s 2021 Article IV

¹ The SDR serves as the unit of account of the IMF and some other international organisations. Its value is based on a basket of five currencies—the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling. The value of the SDR is determined daily based on market exchange rates.
consultation took place virtually in April and May 2021. Additional information on Ireland’s 2021 Article IV Mission is provided in Section 2.

The IMF also carries out specialised detailed assessments of financial stability - ‘Financial Stability Assessment Program’ or FSAP - for a number of systemically important countries on a five-year cycle. Ireland, as a country with a ‘systemically important financial system’, is subject to an FSAP every five years. Ireland is currently undergoing an FSAP which is due to conclude in the first half of 2022 and will be followed by a report to the IMF Executive Board.

Like other surveillance activities, the FSAP framework is also reviewed by the Fund on a regular basis to ensure that the assessment process continues to evolve with the changing global financial stability landscape. A periodic review of the FSAP was presented to the IMF Executive Board in May 2021. The review made several recommendations in relation to:

- the FSAP scoping methodology;
- adapting quantitative tools; and
- integrating the FSAP with other IMF surveillance products.

The review also proposed increasing the number of jurisdictions which participate in the FSAP every five years from twenty-nine to thirty-two.

1.3 Multilateral Surveillance

The IMF produces a wide variety of research on, and is a global leader in the assessment of, major economic and financial issues.

The Managing Director’s Global Policy Agenda (GPA) provides an assessment of the global economy and sets the high-level priorities for the Fund each year. In her October 2021 GPA, Managing Director Kristalina Georgieva cautioned that urgent policy action would be needed to control the pandemic, limit scarring, and transform the global economy. The Managing Director also warned that despite unprecedented monetary, fiscal and financial support, pandemic-induced divergences across countries were persisting, driven by stark differences in access to vaccines and policy space. Global cooperation to expedite universal vaccination would thus be critical in order to limit health and economic divergences. The GPA highlighted the key priorities of the IMF to:

- vaccinate the world population;
- calibrate policies to support an inclusive and sustainable recovery; and
• accelerate the transformation of the global economy to achieve a greener and more digital recovery.

The best-known publications of the Fund under its multilateral surveillance programme are the biannual so-called ‘Flagship documents’ which provide important economic forecasting and policy guidance: the World Economic Outlook; the Fiscal Monitor; and the Global Financial Stability Report.

The World Economic Outlook (WEO) is published in April and October each year. In the October 2021 WEO, global growth was projected at 5.9 per cent in 2021, 0.1 percentage point lower than forecast in the July 2021 update. The downward revision for 2021 reflected a downgrade for advanced economies, in part due to supply disruptions; and for low-income developing countries, largely due to worsening pandemic dynamics.

The October WEO highlighted the risks to the economic outlook as a result of rising inflation while also reinforcing the importance of vaccinating the global population. Global growth was expected to slow to 4.9 per cent in 2022 as a result of persistent price pressures caused by elevated food prices, lagged effects of higher oil prices, and exchange rate depreciation lifting the prices of imported goods.

Beyond 2022, global growth was projected to gradually slow to about 3.3 per cent over the medium term. Advanced economy output was expected to exceed pre-pandemic projections in the medium-term, while emerging markets and developing economies were expected to experience persistent output losses due to slower vaccine rollouts and generally less policy support than advanced economies.

The Fiscal Monitor (FM), published in October 2021, noted the impact that unprecedented fiscal support and vaccination, especially in advanced economies, has had in saving countless lives and facilitating an economic rebound. Overall, fiscal deficits were expected to fall by about 2 percentage points of GDP in 2021, on average. Deficits were projected to decrease further by almost 3 percentage points in 2022 and return to their pre-pandemic levels by 2026. Global government debt was expected to remain at record-high levels – close to, but below, 100 per cent of GDP – in 2021 and to decrease slightly through 2026. The FM emphasised the need to implement fiscal discipline and to strengthen the credibility of public finances as a means of reducing fiscal deficits and stabilising debt levels.
The Global Financial Stability Report (GFSR), published in October 2021, concluded that financial stability risks arising from the Covid-19 pandemic had so far been contained, reflecting ongoing policy support and a rebound in the global economy in 2021. However, the GFSR noted that the optimism that propelled markets earlier in 2021 had faded on growing concerns about the strength of the global recovery and as ongoing supply chain disruptions intensified inflation concerns. Looking forward, the GFSR highlighted the role that the global investment fund sector could play to support the urgently needed transition to a green economy. It also discussed the rapid growth of the crypto asset ecosystem, which presents both opportunities and challenges to the financial stability system.

1.4 Capacity Development

The IMF is uniquely positioned to support its membership with its global reach, institutional experience and policy expertise. The Fund provides capacity development – hands-on technical assistance, policy-oriented training, and peer-learning opportunities – so that countries can build sustainable and resilient institutions that can weather external shocks. Capacity development focuses on the IMF’s core areas of expertise and helps countries tackle cross-cutting issues, such as income inequality, gender equality, corruption and, increasingly, climate change.

In 2021, the Fund’s capacity development continued to respond to the difficult circumstances presented by Covid-19 while also stepping up work on medium-term agendas to build stronger institutions for a more sustainable and resilient recovery. The IMF’s tailored capacity development responded to member countries’ critical needs by supporting financial and monetary stability and by focusing on key issues such as:

- modernising monetary and exchange rate frameworks and policies;
- strengthening financial systems and supervision;
- supporting sustainable financial inclusion;
- enhancing public debt management; and
- supporting sovereign debt market development.

In the fiscal year ending 30 June 2021, the IMF had provided technical advice, training and peer learning totalling just over US$250 million. Notably, there was a 736 per cent increase in
climate-related capacity development spending in the fiscal year 2021, reflecting the Fund’s commitment to further integrate climate considerations into all aspects of its core activities.

1.5 Policy Issues

The IMF’s work agenda in 2021 shifted from emergency pandemic response towards helping to lay the conditions for a swift and strong global economic recovery. By focusing on more resilient and inclusive growth, the Fund aimed to limit scarring from the pandemic and counter growing divergences across and within countries.

1.5.1 GENERAL SDR ALLOCATION

On 23 August 2021, the largest allocation of Special Drawing Rights (SDRs) in history, equivalent to US$650 billion, came into effect. The SDR allocation was made to IMF member countries in proportion to their existing quotas in the Fund. Ireland, with an IMF quota share of 0.72 per cent, received roughly €4 billion (SDR 3.3 billion) which was added to the State’s external reserves, managed by the Central Bank of Ireland.

The allocation of SDRs provided additional liquidity to the global economic system – supplementing countries’ foreign exchange reserves and reducing their reliance on more expensive domestic or external debt. Although it is at the discretion of individual member countries on how best to utilise their share of SDRs, the IMF has encouraged members with strong external positions to voluntarily channel SDRs to the poorest, most vulnerable nations. By the end of 2021, several member countries had pledged to lend a total of US$15 billion in SDRs to the IMF’s Poverty Reduction and Growth Trust (PRGT) which provides highly concessional loans to low-income countries.

1.5.2 COVID-19 PANDEMIC

By the end of 2020 and throughout 2021, the Fund’s pandemic response had evolved from immediate crisis support to focus increasingly on recovery, emphasising the importance of:

- vaccinating the world population;
- calibrating policies to limit scarring and counter growing divergences; and
- accelerating the transformation of the global economy to achieve a more inclusive, greener, and digital recovery.

By September 2021, the IMF had provided financial assistance of US$118 billion to eighty-seven member countries to deal with the ongoing challenges associated with the pandemic. The Fund has also continued to engage with other international financial institutions and international bodies, including the G20 and G7, to mobilise resources to help countries address the ongoing health emergency and reduce vaccine and economic inequalities.

The IMF is a member of the Multilateral Leaders Task Force, created in June 2021, to facilitate coordination among international partners and to amplify the impact of the collective efforts of the Fund, the World Bank, the World Health Organisation and the World Trade Organisation in responding to the pandemic.

Together with the World Bank, the IMF provided vital technical support to the G20-Paris Club Debt Service Suspension Initiative (DSSI) which has helped the poorest countries by suspending debt service and freeing up scarce money to be used to mitigate the human and economic impact of the Covid-19 crisis. In total, US$12.9 billion was provided in debt service relief under the DSSI since its establishment in May 2020.

1.5.3 CLIMATE CHANGE

Climate change mitigation is primarily a global policy challenge in need of policy coordination. As such, the IMF plays an active role in helping its members to address climate-related challenges by offering tailored policy advice in the areas of mitigation, adaptation and the transition to a low-carbon economy.

In 2021, the Fund provided practical, country-specific guidance on climate mitigation strategies, including carbon pricing and fossil fuel subsidy reforms. Climate-related issues and policies are also being more systematically integrated into the Fund’s surveillance. The IMF is committed to enhancing and scaling up the coverage of climate adaptation and resilience-building as part of its annual Article IV reviews for each member country, as well as for countries subject to an FSAP. This has allowed the Fund to provide more granular and tailored advice to member countries in tackling macroeconomic and financial policy challenges related to climate change.

Work is also being advanced on assessing the financial stability implications of climate risks, including through the facilitation of more harmonised data and disclosures; the classification of approaches to align investments with sustainable goals; and an assessment of how central
banks should respond to climate risks. The IMF continues to work closely with the World Bank and other institutions to improve access to climate data through the G20 Data Gaps Initiative.

1.5.4 DEBT RELIEF

The Covid-19 pandemic pushed global debt to new heights. Against this backdrop of elevated debt levels, the IMF continued to take a leading role, together with the World Bank, on fostering debt transparency and supporting countries in strengthening their capacity to report and manage their public debt. The Fund’s analytical work has helped to identify sovereign debt risks and provide policy advice on how to address these risks at an early stage. Technical support has also been provided to member countries to formulate effective debt management strategies and develop local currency bond markets in order to promote a prudent debt structure and build resilience to withstand economic shocks.

The IMF has also been directly involved in several debt relief initiatives. In 2021, the governing bodies of the IMF and the World Bank determined that Sudan had taken the necessary steps to begin receiving debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC framework allows creditors to provide debt relief to the world's poorest and most heavily indebted countries to restore debt sustainability, thereby reducing the constraints on economic growth and poverty reduction imposed by unsustainable debt service burdens. Under the HIPC Initiative, Ireland, together with the majority of Fund members, participated in the clearance of Sudan’s arrears to the IMF in 2021. The Minister for Finance agreed to the transfer of Ireland’s share of two IMF accounts (approximately SDR 5.7 million or €6.78 million in total) to provide debt relief for Sudan.

In 2021, the IMF Executive Board approved several extensions of debt relief under the Catastrophe Containment and Relief Trust (CCRT). The CCRT enables the IMF to deliver grants to eligible low-income countries to cover their IMF debt service obligations in the wake of catastrophic natural disasters and during major global public health emergencies. The CCRT support covers the repayment of total debt service falling due to the IMF over six months, with potential extensions, up to a maximum of a full two years. The fifth tranche of debt service relief, up to 13 April 2022, was approved by the Executive Board in December 2021. This final round of grants is estimated to take the total debt service relief provided by the CCRT during the Covid-19 crisis to approximately SDR 690 million (just under US$1 billion).

The IMF also played a supportive role in the implementation of the Debt Service Suspension Initiative (DSSI) which expired on 31 December 2021. Together with the World Bank, Fund staff provided technical support to the DSSI, working to promote the initiative to eligible
countries and also monitoring the use of the resources released by the DSSI to address the pandemic shock.
2 Ireland’s Participation in the International Monetary Fund in 2021

2.1 Constituency Office

The current 190 country membership of the IMF is represented at the Executive Board by twenty-four Constituency Offices, each headed by an Executive Director (EDs). There are seven single-country EDs and seventeen multi-country Constituencies.

Ireland is a member of the Canada-Ireland-Caribbean Constituency. The Constituency has a full-time Canadian ED and a full-time Irish Alternate Executive Director (AED). Feargal O’Brolchain (Department of Finance) serves in the AED role and represented the Constituency at the IMF Executive Board following the departure of Louise Levonian, the Canadian ED, in July 2021. The Constituency Office is assisted by a small number of Advisors and administrative staff based in Washington D.C., including one Irish Advisor - Paul Mooney (Department of Finance), appointed in January 2019. Both the Irish AED and the Advisor were nominated by the Minister for Finance in his capacity as Ireland’s Governor of the IMF. Gabriel Makhlouf, the Governor of the Central Bank of Ireland, serves as Ireland’s Alternate Governor at the IMF.

The ED and AED, together with the Advisors, represent the interests of the twelve-country Constituency at the Board. This involves dealing bilaterally with all the country authorities; ensuring that bilateral surveillance meets the standards and expectations of IMF policy advice; reviewing and updating Fund policy advice in a wide range of areas; and overseeing the governance of the IMF. The Irish AED and Advisor are also responsible for ensuring that all issues of relevance to Ireland, between the Irish authorities, IMF staff and management, are managed appropriately.

Ireland’s quota or shareholding at the IMF stood at SDR 3,449.9 million at end-2021 and our voting share is 0.71 per cent.

2 Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines
2.2 Annual and Spring Meetings 2021

Together with the World Bank Group (WBG), the IMF holds Spring (April) and Annual (October) Meetings every year. Due to the Covid-19 pandemic, the 2021 Spring Meetings and Annual Meetings both moved to a virtual or hybrid format. The Spring Meetings and related events took place virtually from 5 to 11 April 2021. The Minister for Finance, Paschal Donohoe, T.D., attended a range of virtual meetings as part of the IMF-WBG Spring Meetings programme, including the IMFC Plenary meeting, the Early Warning Exercise and the IMF Managing Director’s meeting with European policymakers. The Minister also participated in the Fund’s ‘Debate on the Global Economy’ in his capacity as President of the Eurogroup (PEG), together with the Managing Director of the IMF, the Chair of the US Federal Reserve and the Director General of the World Trade Organisation, discussing the global economic outlook and the policy challenges and risks arising from the pandemic.

The Minister attended the IMF-WBG Annual Meetings, which took place from 11 to 17 October, remotely. In his PEG capacity, the Minister delivered a speech on the ‘Euro Area Recovery from Covid-19’ as part of the Governor’s Talk programme. Together with Mia Mottley, Prime Minister of Barbados, Minister Donohoe co-Chaired the third meeting of the Ireland-Caribbean Roundtable on the margins of the 2021 Annual Meetings to discuss issues of mutual interest to Ireland and our Caribbean partners.

At both the Annual and Spring Meetings, officials from the Department of Finance, the Department of Foreign Affairs and the Central Bank of Ireland attended a range of virtual meetings, representing Ireland’s views and discussing the evolving Covid-19 pandemic and the appropriate policy responses to ensure an inclusive and sustainable recovery.

2.3 Article IV Review

The IMF’s standard surveillance tool is the Article IV Review, so-called because it is required by Article IV of the Fund’s Articles of Agreement. Ireland is normally examined on a standard twelve-month cycle. The 2021 IMF Article IV Mission took place virtually over a two week period from Monday, 26 April to Friday, 7 May. During the Article IV, the IMF Mission Team for Ireland reviews the country’s economic and financial developments and engages directly with various Government officials and representatives from the public and private sectors.
The IMF published its annual Staff Report for Ireland’s Article IV Consultation in June 2021. The Report concluded that the Government’s swift and comprehensive policy response to Covid-19 was effective in mitigating the impact of the crisis and in protecting households and businesses, while also noting the pandemic’s highly asymmetric impact on the economy. It identified risks to the economic outlook stemming from uncertainties surrounding new Covid-19 variants, post-Brexit trade arrangements, and likely changes in international taxation.

2.4 New Arrangements to Borrow (NAB)

The IMF’s New Arrangements to Borrow (NAB) is a credit arrangement between the IMF and a group of economically-strong members and institutions to provide resources to the Fund when these are needed to forestall or cope with an impairment of the international monetary system. As such, the NAB provides the main supplement to quota subscriptions as a source of Fund resources.

In January 2020, the IMF’s Executive Board approved a doubling of the NAB resources from SDR 182 billion to SDR 365 billion (approximately US$ 497 billion) for a new NAB period from 2021 to 2025. NAB participants were required to complete the necessary domestic approval procedures to give effect to the newly expanded NAB by 31 December 2020.

Having previously indicated our willingness to join the NAB in 2010, prior to our entry into an IMF-EU Programme, Ireland confirmed its intention to formally adhere to the 2020 NAB Decision. Ireland's participation in the NAB requires primary legislation and the necessary legislative procedures to facilitate Ireland’s adherence to the NAB are underway and expected to be completed in 2022. Once enacted, this legislation will provide for Ireland's credit commitment under the NAB of up to €2.4 billion.

2.5 Joint EU-IMF Financial Assistance Programme for Ireland

On 28 November 2010, the Irish Government agreed to a programme of financial support for Ireland: (i) from the European Union through the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM); (ii) through bilateral loans from the UK, Sweden and Denmark; and (iii) from the IMF, on the basis of specified programme conditions. The overall EU-IMF programme of financial support for Ireland amounted to €85
billion. Of this amount, the IMF provided a three-year Extended Fund Facility (EFF) arrangement for approximately €22.5 billion; €17.5 billion was provided from Ireland’s own resources; with the balance provided by European Union sources.

In the period December 2014 to March 2015, Ireland’s National Treasury Management Agency (NTMA) repaid SDR 15.7 billion (just over €18 billion) of IMF programme-related loans. This represented 81 per cent of Ireland’s original IMF loan. On 20 December 2017, the NTMA completed the early repayment of the full outstanding IMF loan facility and the bilateral loans from Sweden and Denmark. In March 2021, the NTMA also completed the repayment of Ireland’s bilateral loan from the UK.

With the IMF, Swedish, Danish and UK loans now fully repaid, the remaining programme-related debt is as follows:

- European Financial Stabilisation Mechanism (EFSM): €22.5 billion
- European Financial Stability Facility (EFSF): €18.4 billion

As is normal IMF policy, post-programme monitoring (PPM) has applied to Ireland following our exit from the EU-IMF financial assistance programme in 2013. Following the early repayment of programme-related IMF loans, the IMF no longer undertakes PPM missions to Ireland. However, it was agreed that the IMF participate in the winter Post Programme Surveillance (PPS) reviews of the European Commission and the European Central Bank until the end of the IMF’s originally envisaged PPM period (December 2021).

The IMF participated in the fifteenth PPS Review Mission in September 2021, marking the Fund’s final visit as part of its PPM for Ireland. While the IMF did not prepare a PPM report or assessment paper at the conclusion of the Mission, it was involved in discussions around recent economic and policy developments, an examination of Ireland’s macroeconomic conditions at the time of the visit as well as an assessment of Ireland’s debt sustainability.

The European Commission subsequently published its Staff Report on 24 November 2021. Prepared against the backdrop of the Covid-19 pandemic, the fifteenth PPS Report noted that while the impact of the pandemic on Ireland’s general government balance and public debt was significant, the risks for Ireland’s capacity to service the EFSM and EFSF debt remained low.
3 The World Bank in 2021

3.1 Organisation and Objectives

The World Bank Group (WBG) is made up of five institutions which share a common commitment to reduce poverty, increase shared prosperity, and promote sustainable growth and development:

- The International Bank for Reconstruction and Development (IBRD), which gives long-term development loans;
- The International Development Association (IDA), which provides concessional financing to the poorest countries;
- The Multilateral Investment Guarantee Agency (MIGA), which provides companies operating in developing countries with risk insurance;
- The International Finance Corporation (IFC), which invests in the private sector in developing countries; and
- The International Centre for Settlement of Investment Disputes (ICSID), which facilitates the settlement of investment disputes between foreign investors and host states.

Further information on these institutions is set out in Appendix B.

The WBG’s activities are directed towards the achievement of strategic ‘Twin Goals’ by 2030:

- Ending extreme poverty by decreasing the percentage of people living on less than US$1.90 a day to no more than 3 per cent; and
- Promoting shared prosperity by fostering the income growth of the bottom 40 per cent for every country.

3.2 Fiscal Year 2021 (1 July 2020 to 30 June 2021)

For the fiscal year (FY) ending 30 June 2021, the WBG committed just under US$99 billion in loans, grants, equity investments and guarantees to its members and private businesses:

- IBRD commitments totalled US$30.5 billion, an increase of 7 per cent compared to FY20;
• IDA commitments totalled US$36 billion, an increase of 19 per cent compared to FY20;
• IFC provided US$31.5 billion in financing, including US$23.3 billion in long-term finance and US$8.2 billion in short-term finance; and
• MIGA issued almost US$5.2 billion in risk and credit enhancement guarantees underpinning various investments.

In the first six months of FY 2022 (01 July 2021 to 31 December 2021) the scale of the commitments was as follows:

• In the IBRD, commitments during this period were US$10.1 billion, US$0.3 billion lower compared with the same period in FY 21;
• IDA commitments totalled US$11.4 billion during this period, of which US$9 billion were under Investment Project Financing, US$1.2 billion were under Development Policy Financing and the remainder were grants; and
• IFC provided just under US$8 billion in long-term financing (of which US$4.4 billion was mobilised from other investors) and US$4.5 billion in short-term financing, with total combined financing in the order of US$12.5 billion.

3.3 IDA20 Replenishment

An IDA replenishment, during which donors to IDA pledge their contributions, usually takes place every three years. However, to accelerate financing commitments for the world’s poorest countries in order to contain the impacts of the Covid-19 pandemic and lay the groundwork for recovery, stakeholders consented to frontload the Nineteenth Replenishment (IDA19) and start the Twentieth Replenishment (IDA20) cycle a year early. This decision meant that the IDA20 replenishment was advanced by one year to cover the period from 1 July 2022 to 30 June 2025.

The overarching theme of IDA20 is “Building Back Better from the Crisis – Toward a Green, Resilient and Inclusive Future”. The new IDA20 policy architecture builds on the strong foundation of IDA19, with enhancements to make IDA20 even more ambitious and fit for the evolving challenges. The policy and financial package was designed to help countries recoup their development losses due to the impact of Covid-19, and recover lost ground toward the 2030 Agenda3 with a focus on a green, resilient and inclusive future.

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3 In September 2015, UN Member States adopted the 2030 Agenda for Sustainable Development, an ambitious global blueprint to achieve a better and more sustainable future for all. Made up of 17 goals and 169 targets which are integrated
The Special Themes of IDA20 – which include Climate Change; Jobs and Economic Transformation (JET); Gender and Development; Fragility, Conflict and Violence (FCV); and Human Capital – were closely aligned with the objectives set out in ‘A Better World: Ireland’s Policy for International Development’. The IDA20 policy platform also reflected Ireland’s priorities in relation to Africa, as outlined in ‘Ireland’s Strategy for Africa to 2025’, and Ireland’s efforts to support Small Island States, as articulated in ‘Ireland’s Strategy for Partnership with Small Island Developing States’.

Negotiations on the IDA20 replenishment, which began in February and concluded in December 2021, resulted in a US$93 billion package being mobilised – the largest ever in IDA’s sixty-one year history. The financing blended US$23.5 billion of contributions from forty-eight high and middle-income donors with financing raised in the capital markets, repayments, and the World Bank’s own contributions.

Ireland pledged approximately €106 million to IDA20, our largest ever contribution to an IDA replenishment. This contribution represents an increase of over 4 per cent on our commitment of €101.6 million to the previous replenishment (IDA19) and was indicative of Ireland’s ongoing strong support for IDA’s work and policy objectives. Ireland’s contribution will be encashed over nine years commencing in 2023 and will be credited towards the Government’s commitment to increase development spending to 0.7 per cent of Gross National Income by 2030.

### 3.3 Policy Issues

#### 3.3.1 COVID-19 RESPONSE

Following the global outbreak of Covid-19 in March 2020, the WBG mounted the largest crisis response in its history to help over a hundred low and middle-income countries fight the health, economic and social impacts of Covid-19. The efforts focussed on four critical areas:

- saving lives;
- protecting the poor and vulnerable;
- supporting business growth and job creation; and
- rebuilding in better ways.

and indivisible, the SDGs are intended to balance the economic, social and environmental dimensions of sustainable development.
During the fifteen-month period from April 2020 through June 2021, the World Bank Group deployed over US$157 billion to help governments and the private sector in developing countries.

World Bank financing to governments included:

- Commitments of US$53.3 billion from IDA, WBG’s fund for the poorest countries
- Commitments of US$45.6 billion from IBRD, to middle and low-income countries

IFC and MIGA private sector financing included:

- US$42.7 billion from IFC, to private companies and financial institutions
- US$7.6 billion in gross issuance of MIGA guarantees

As the crisis evolved, the focus shifted to the rollout of vaccines and supporting the pathways to broader recovery.

3.3.2 VACCINE ROLLOUT

The WBG supports the fair, broad distribution of safe and effective Covid-19 vaccines to developing countries in order to save lives, bring the pandemic under control and strengthen recovery. In June 2021, the WBG increased the amount of financing available to help countries purchase and deploy safe and effective vaccines by US$8 billion. This brought the amount of financing made available by the WBG to US$20 billion in total. The package enabled countries to procure vaccines through COVAX or other approved sources and to finance related activities to support the deployment and strengthening of health systems, such as medical supplies and personal protective equipment, vaccine cold chains, worker training, data and information systems, and communications that promote vaccine acceptance.

By December 2021, the WBG had committed US$7.5 billion to support vaccine rollout for sixty-seven countries, and financed and supported the procurement of over 300 million doses for developing countries. Through the IFC’s Global Health Platform, a further US$4 billion was made available to provide critically needed equipment and supplies.

The World Bank collaborated with a broad range of global partners – including the Gavi, the Global Fund, UNICEF, the Coalition for Epidemic Preparedness Innovations, and the World Health Organisation (WHO) – to ensure fair access to Covid-19 vaccines and help developing countries prepare for vaccine deployment. The WBG supported multilateral efforts – such as the Access to Covid-19 Tools Accelerator (ACT-A) and COVAX, its vaccine pillar – to
accelerate development, production, and fair access to Covid-19 tests, treatments, and vaccines.

In June 2021, the WBG convened a Multilateral Leaders Task Force with the IMF, the WHO, and the World Trade Organisation to advance delivery of Covid-19 vaccines, therapeutics, and diagnostics to developing countries. These efforts included a global database and country dashboards to monitor gaps and support faster and more targeted progress. The Bank also partnered with the African Union to support the Africa Vaccine Acquisition Trust to purchase and deploy Covid-19 vaccines for up to 400 million people across Africa.

3.3.3 DEBT SUSTAINABILITY
Rising indebtedness had begun to resurface as a risk across emerging and developing economies even prior to the Covid-19 crisis, with sovereign debt in the world’s poorest countries increasing to dangerously high levels. Resolving and managing these debt levels is essential to ensure an equitable recovery from the crisis.

The WBG also helps developing countries to sustainably manage debt through the implementation of the Bank’s Sustainable Development Finance Policy (SDFP) which incentivises IDA-eligible countries to implement country specific ‘Performance and Policy Actions’ around debt transparency, fiscal sustainability and debt management.

The WBG also supported the implementation of the G20’s Debt Service Suspension Initiative (DSSI) and the Common Framework (CF) which supports closer coordination of official bilateral creditors in the restructuring of unsustainable debt burdens.

3.3.4 CLIMATE CHANGE & CLIMATE FINANCE
The WBG is the largest multilateral provider of climate finance for developing countries. In fiscal year 2021, climate finance totalled over US$26 billion.

The objective of the new WBG Climate Change Action Plan, which was launched in June 2021, was to integrate climate considerations into development efforts, with a focus on greenhouse gas reduction and successful adaptation. The commitments in the Action Plan included:

- 35 per cent of WBG financing will have climate co-benefits over the following five years;
- 50 per cent of IDA and IBRD climate financing will support adaptation and resilience;
- World Bank financing will be aligned with the goals of the Paris Agreement (as of 1 July 2023);
85 per cent of Board-approved real sector operations for IFC and MIGA to be aligned starting 1 July 2023, reaching 100 per cent as of 1 July 2025; and
increased focus on supporting growth while aiming to reduce emissions, adapt to climate change, build resilience and protect natural resources, including biodiversity.

The World Bank also committed to:

- accelerate the phasing out of coal, as well as accelerated energy transitions towards renewables;
- expand climate diagnostics (including the Country Climate and Development Reports, which will include macro considerations in collaboration with the IMF);
- focus on five ‘Key System Transitions’ (Energy, Food, Cities, Transport, and Manufacturing).
- support all countries who seek assistance achieving their ‘National Development Commitments’ (NDC) and ‘Long-Term Strategies’ (LTS), which inform ‘Country Partnership Frameworks’;
- provided technical assistance to countries on carbon pricing; and
- implement a new ‘Resilience Rating System’ that measures both the resilience of a project’s design and how it is expected to perform given climate risks.
4 Ireland’s Participation in the World Bank in 2021

4.1 Constituency Office

The organisations that make up the World Bank Group (WBG) are effectively owned by the governments of member countries which have the ultimate decision-making power on all matters including policy, financial and membership issues. Member countries govern the Group’s organisations through the Boards of Governors and the Boards of Executive Directors. At the Board of Governors level, the Minister for Finance is the Governor for Ireland at the World Bank, and the Alternate Governor is the Secretary General of the Department of Finance.

Ireland is a member of the Canada-Ireland-Caribbean Constituency. Until July 2021, Louise Levonian (Canada) was the Executive Director (ED) representing Ireland’s Constituency. Donna Harris (Guyana), the Constituency’s Alternate Executive Director (AED), served on the Executive Board from July 2021 following the ED’s departure.

As well as the ED and AED, the Constituency has a team of Advisors, two of whom are Irish – Anne Marie McKiernan (Central Bank of Ireland) has served as a Senior Advisor since September 2020 and Sarah Hunt (Department of Foreign Affairs) has served as Advisor since early 2019. These appointments, for a three-year term, are made by the ED of the Constituency on the basis of a nomination by the Minister for Finance.

In addition to their contribution to the effective governance of the WBG, the Irish Advisors also have specific responsibilities for highlighting Ireland’s positions on WBG policies and projects; promoting Irish initiatives within the Bank; and helping to communicate the work of the WBG within Ireland. They liaise closely with the Irish authorities, in particular the Department of Finance, the Department of Foreign Affairs and Enterprise Ireland.

Ireland’s current voting power at the Bank is 0.35 percent.

4 Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines
4.2 Annual and Spring Meetings 2021

The Minister for Finance, Paschal Donohoe, T.D., attended the virtual Spring and Annual Meetings in April and October 2021 respectively. On the margins of the 2021 Annual Meetings, Minister Donohoe co-Chaired a third meeting of the Ireland-Caribbean Roundtable where he signalled Ireland’s reengagement with the Caribbean Catastrophe Risk Insurance Facility (CCRIF), announcing an additional contribution of €1 million to the facility.

During the meeting, participants discussed the impacts of Covid-19 on the region; Ireland’s Small Island Developing States (SIDS) strategy; the effect of climate change on the Caribbean region; as well as EU-Caribbean relations with Caribbean Ministers and representatives from Ireland’s shared Constituencies in the World Bank and the IMF.

4.3 Ireland’s Contributions to World Bank Trust Funds

Ireland, principally through the Department of Foreign Affairs, contributes to a number of targeted World Bank Trust Funds.

**Africa Fragility Initiative (AFI):** The AFI is a five-year advisory programme to support the growth and development of the private sector in thirty-two fragile African countries. Ireland provided €300,000 in funding to the initiative in 2021 to support the AFI in enabling more private sector investments in markets where the cost of doing business is high and where numerous operational challenges inhibit private sector activity.

**Global Partnership for Education (GPE):** The GPE is a multi-stakeholder partnership and fund that aims to strengthen education systems in developing countries to increase the number of children in school and learning. The Partnership places specific emphasis on girls’ access to quality education. Under its new strategy, GPE2025, the GPE supports governments to make transformational changes in their education systems to respond to the learning crisis and the impact of Covid-19, addressing the key bottlenecks to progress on education and learning and building strong and resilient education systems.

In 2021, the GPE disbursed over US$4 billion in grant funding reaching seventy partner countries. During its 2021 replenishment, the GPE secured over US$4 billion in pledges for 2021-2025. Ireland pledged €60 million and contributed US$10 million to the GPE Fund in 2021.
Following World Bank Board approval of an expansion of the geographic scope of the GPE Fund to include West Bank and Gaza, the World Bank has established a ‘West Bank and Gaza Sub-account’ to receive funds to support a West Bank and Gaza Thematic Programme.

**Least Developed Countries Fund (LDCF):** The LDCF was established to assist Least Developed Countries (LDCs) to carry out preparation and implementation of effective national adaptation plans and programmes to address the impacts of climate change. The LDCF is the only financial instrument under the United Nations Framework Convention on Climate Change (UNFCCC) specifically targeted at supporting LDCs. The Fund has three strategic objectives:

- promote innovation and technology transfer for climate change adaptation to reduce vulnerability and increase resilience;
- mainstream climate change adaptation and resilience for systemic impact; and
- foster enabling conditions for effective and integrated climate change adaptation.

The LDCF falls under the Global Environmental Facility (GEF), but the World Bank operates as Trustee to the entire financial operations of the GEF, including the LDCF. Ireland has been a strong supporter of the LDCF since at least 2011, consistent with our approach to prioritise the needs of LDCs in international climate action.

**Ethiopia Productive Safety Net Programme (PSNP):** The PSNP addresses recurring humanitarian need and extreme poverty in Ethiopia. The programme provides cash and/or food transfers to millions of extreme poor and highly vulnerable people every year; builds community assets and rehabilitates the degraded environment; and includes a smaller livelihoods component that supports income generation.

Over the past year, the programme has faced implementation challenges due to the conflict in northern Ethiopia. PSNP operations were suspended in Tigray region and were limited in Amhara and Afar regions where an assessment of the impact of the conflict are ongoing.

In 2020, Ireland provided €10 million to the PSNP pooled fund as well as €270,000 to the WBG to support the PSNP Donor Coordination Team. Ireland did not contribute to the PSNP in 2021, but instead reallocated funds towards the humanitarian response due to escalating needs.
Ethiopia Social Accountability Programme (ESAP) Phase 3 Multi-Donor Trust: The objectives of the ESAP Trust Fund is to support the strengthening of the social accountability system and mechanisms for enhanced service delivery in Ethiopia. Ireland contributed €1 million to ESAP Phase 3 in 2021.

The third phase of the programme will expand the benefits of social accountability to a growing number of citizens by increasing the coverage by 42 per cent. This phase will achieve its objectives by:

- expanding the uptake of social accountability tools;
- supporting the strengthening and embedding of social accountability tools and approaches at federal and subnational level; and
- ensuring effective and efficient project management, coordination and knowledge management.

The Covid-19 pandemic and conflict has significantly limited the capacity of ESAP’s local partners to implement social accountability activities and as a result the programme time period has been extended by one year to 2024.

Ethiopia Reform Support Multi-Donor Trust Fund (MDTF): The MDTF provides technical assistance to implement the country’s economic reform agenda, which aims to transform the economy and boost long-term growth by opening the private sector for competition; reforming the State-owned enterprise sector; and improving fiscal sustainability. It includes significant support to build the country’s capacity to carry out environmental, social, poverty and gender impact assessments on policies and projects and complement existing initiatives by development partners, including the World Bank’s Second Growth and Competitiveness programme.

Ireland contributed €497,500 in 2020. While Ireland made no contribution in 2021 due to implementation and absorption challenges, the Department of Foreign Affairs remains actively engaged with the fund.

The Partnership for Support to the Implementation of Uganda’s National Development Plan III Multi-Donor Trust Fund: This Trust Fund is a key instrument for donor coordination and aid effectiveness in the Republic of Uganda. The objectives of the Trust Fund are to support the Republic of Uganda’s ministries, departments and agencies to implement the country’s development strategy to support growth and sustainable exit from aid and to support
development of the third National Development Plan in 2021. On behalf of Ireland, the Department of Foreign Affairs contributed €25,000 towards the Trust Fund in 2020.

The Free Education project (FREE) in Sierra Leone Multi-Donor Trust Fund (MDTF): The main education donors in Sierra Leone (EU, UK, World Bank and Ireland) established this MDTF to support the Government of Sierra Leone’s commitment to provide free, quality education for all children at primary and secondary level. The goal of the FREE project is to improve management of the education system, teaching practices, and learning conditions at primary and junior secondary level in Sierra Leone. Ireland contributed €1 million towards the Trust Fund in 2021.

Consultative Group on International Agricultural Research (CGIAR): The CGIAR is the global consortium for agricultural research and innovation for development, coordinating with other relevant bodies including the International Fund for Agricultural Development (IFAD), the World Bank and the UN Food and Agriculture Organisation (FAO). Combining approximately fifteen research centres with a global reach, CGIAR engages in developing countries with governments, development partners and national research institutes to respond to the demand for scientific innovations for food, land and water systems.

The new ONE CGIAR 2030 Strategy, together with a wide-ranging governance reform, is now well advanced and will become fully operational in 2022. The Strategy covers all research for development programming across CGIAR. The CGIAR 2030 Strategy will be delivered through three-year Investment Plans, which will frame CGIAR work supported by pooled funding of thirty-one large CGIAR Initiatives. Ireland provided €3m in funding to CGIAR at the central level in 2020.

Global Programme for the Blue Economy (PROBLUE) Trust Fund: This multi-donor Trust Fund, established in 2018, is supported by twelve donors and administered by the World Bank. PROBLUE supports the development of integrated, sustainable, and healthy marine and coastal resources in Least Developed Countries (LDCs) and Small Island Developing States (SIDS). PROBLUE is organised around four pillars, focused on:

- improved fisheries governance;
- marine litter and pollution management;
- blueing oceanic sectors; and
- integrated seascape management.
While these four pillars are used to organise the programme’s priorities and financials, PROBLUE takes an integrated approach and does not consider sectors in isolation. PROBLUE is also focused on several crossing-cutting themes, including gender equality, climate change adaptation and resilience, and private sector engagement. In 2021, PROBLUE supported thirty-one new activities totalling US$17.5 million across more than twenty countries. This brought the Trust Fund’s portfolio to a total of US$60.3 million. Ireland contributed €700,000 to PROBLUE in 2021.

**Sudan Transition and Recovery Trust Fund (STARS):** STARS is a multi-donor Trust Fund created to support Sudan’s economic and peacebuilding transition. Ireland is one of fourteen donors (including the EU) and is represented on the Technical Committee and Partnership Council (PC) for the Fund. Ireland contributed US$500,000 to the STARS Trust Fund in 2020. A central focus of Irish funding is the Sudan Family Support Programme (SFSP), which is focussed on mitigating the economic impacts of necessary economic and structural reforms on vulnerable families. As of 25 October 2021, operations and disbursements have been suspended until further notice in light of the military coup. Up to that point, approximately 9.3 million beneficiaries (2.7 million families) had enrolled and 4.7 million beneficiaries (1.4 million families) had received support in the form of cash transfers.

**Green Climate Fund (GCF):** The GCF is a global fund created to support the efforts of developing countries to respond to the challenge of climate change. It was set up by the 194 countries who are parties to the UN Framework Convention on Climate Change (UNFCCC) in 2010 and is the principal financial mechanism under the Paris Agreement. The World Bank serves as interim trustee for the GCF. As an operating entity of the Financial Mechanism of the UNFCCC, the GCF is mandated to encourage a “shift towards low-emission and climate-resilient development pathways” by “channelling new, additional, adequate, and predictable financial resources to developing countries”. The aim is to deliver equal amounts of funding to mitigation and adaptation.

From 2016 to 2019, Ireland provided an annual contribution of €2 million to the GCF. Ireland has doubled this annual contribution to the Fund for the first replenishment period 2020 to 2023, to provide a total of €16 million over this period with €4 million paid in both 2020 and 2021. This is managed by the Department of Environment, Climate and Communications.
Adaptation Fund (AF): The AF, established under the Kyoto Protocol of the UNFCCC, finances projects and programmes that help vulnerable communities in developing countries adapt to climate change. Initiatives are based on country needs, views and priorities. The AF is financed in part by Government and private donors, and also from a 2 per cent share of proceeds of Certified Emission Reductions (CERs) issued under Kyoto Protocol mechanisms. It is particularly popular with smaller developing country parties, who are represented on its Board and who see the size and scale of the projects funded by the AF as being appropriate to their immediate adaptation needs.

Ireland, through the Department of Environment, Climate and Communications, made a contribution of €300,000 to the AF each year from 2017 to 2020. Ireland has committed to provide at least €10 million in support for the period 2021 and 2022 with €5 million provided in 2021.

Ireland’s contribution to the GCF and AF are in line with Ireland’s commitment to reach €175 million in international climate finance by 2020. This target was reached in 2018, and there has been a steady increase in Ireland’s international climate finance from over €69 million in 2017, €80 million in 2018 and over €93 million in 2019.

4.4 Global Environment Facility (GEF)

The GEF, a fund for international cooperation, was established in 1991. It is jointly administered by the United Nations and the World Bank, with the latter being the GEF Trustee. The GEF provides financing to developing countries for the incremental costs of projects that produce global environmental benefits in the areas of climate change, international waters, chemicals and waste, land degradation and biodiversity. The GEF serves as the financial mechanism for many multilateral environmental agreements, including the UNFCCC and the Minamata Convention on Mercury. The GEF also provides support for the Montreal Protocol on Substances that Deplete the Ozone Layer and for activities concerning management of chemicals and relating to international waters. To date, the GEF has provided more than US$21.1 billion in grants and mobilised an additional US$114 billion in co-financing for more than 5,000 projects in 170 countries.

The GEF has 184 member countries who are referred to as Participants. They are represented on the GEF Council by thirty-two constituencies (fourteen for developed countries, sixteen for developing countries, and two for economies in transition) each one having a Council Member
and an Alternate Council member. Ireland, represented by the Department of Environment, Climate and Communications sits on a constituency with Greece, Portugal and Spain.

Ireland’s contribution to the GEF in the latest four-year commitment from 2018 is €5.73 million, with €1.43 million provided under this commitment in November 2021. Discussions are ongoing for GEF-8 multiannual funding commitment for the period 2022-2025. Ireland expects to continue to provide funding to GEF.

4.5 Doing Business Report

In September 2021, WBG management decided to discontinue the Doing Business Report. Announcing the cessation of the Report the Bank commented:

“After data irregularities on Doing Business 2018 and 2020 were reported internally in June 2020, World Bank management paused the next Doing Business report and initiated a series of reviews and audits of the report and its methodology. In addition, because the internal reports raised ethical matters, including the conduct of former Board officials as well as current and/or former Bank staff, management reported the allegations to the Bank’s appropriate internal accountability mechanisms.

After reviewing all the information available to date on Doing Business, including the findings of past reviews, audits, and the report the Bank released today on behalf of the Board of Executive Directors, World Bank Group management has taken the decision to discontinue the Doing Business report.”

However, the Doing Business website continues to be publicly available as an archive of knowledge and data.

Launched in 2002, the Doing Business project provided objective measures of business regulations and their enforcement. The project looked at domestic small and medium-size companies and measured the rules affecting them throughout their lifecycles. The first Doing Business report, published in 2003, covered five indicator sets and 133 economies. The final study, published in 2019, covered eleven indicator sets and 190 economies.

A related project, Subnational Doing Business, was designed to capture differences in local business regulations and their enforcement across locations in a single economy. Since 2005,
Subnational Doing Business has benchmarked almost 600 locations in more than eighty economies, including Ireland.

It is anticipated that a new mechanism to measure the business enabling environment in economies worldwide will be designed and developed by the WBG in due course.

4.6 Human Capital Project

Ireland became a member of the World Bank’s ‘Human Capital Project’ (HCP) Country Network in 2019. The HCP supports a variety of case studies – ‘Building Human Capital: Lessons from Country Experiences’ – that examine the policies, programmes and practices that governments have used to achieve their human capital goals and identify lessons for other countries. Sharing lessons among countries of all income levels is an important element of the HCP and the network of peer learning, including this series of case studies, aims to support this objective.

In August 2021, the World Bank released Ireland’s Case Study – ‘Ireland’s Human Capital: the contribution of education and skills development in economic transformation’. The case study examines the role of educational policy and practice on Ireland’s economic, social, technological, occupational, cultural transformation over the last sixty years and extracts key lessons from the Irish experience of education to be shared with other members of the HCP Country Network. Officials from the Department of Education and the Department of Further and Higher Education, Research, Innovation and Science led on the Irish authorities’ contribution to the case study with close engagement from Department of Finance officials and Ireland’s representatives in the World Bank.
5 Exchequer Payments and Financial Activities

5.1 Bretton Woods Institutions - 2021 Exchequer Payments and Receipts

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Enabling Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA 17 Replenishment</td>
<td>10.17</td>
<td>Development Banks Act, 2005</td>
</tr>
<tr>
<td>IDA 18 Replenishment</td>
<td>11.34</td>
<td>Development Banks Act, 2005</td>
</tr>
<tr>
<td>IDA 19 Replenishment</td>
<td>3.15</td>
<td>Development Banks Act, 2005</td>
</tr>
<tr>
<td>IFC 2018 Capital Increase</td>
<td>3.629&lt;br&gt;(^6)</td>
<td>International Finance Corporation Act, 1958</td>
</tr>
<tr>
<td>Total</td>
<td>34.62</td>
<td></td>
</tr>
</tbody>
</table>

\(^5\) This figure is approximate as the IBRD 2018 capital increase was paid in US$ (US$ 3,768,637.40 in GCI and US$ 1,226,134.14 in SCI).

\(^6\) This figure is approximate as the IFC 2018 capital increase was paid in US$ (US$ 828,500 in GCI and US$ 1,281,000 in SCI).

Under the Bretton Woods Agreements Acts, the Central Bank of Ireland ("the Central Bank") is the fiscal agent for the Minister for Finance and, in this capacity, it is responsible for conducting financial transactions with the IMF. The transactions with the IMF are recorded in the Central Bank’s financial statements. The majority of IMF financial transactions are conducted through the IMF’s General Resource Account (GRA) and the Special Drawing Rights (SDR) Department.

5.2.1 IMF GENERAL RESOURCES ACCOUNT (GRA)

The activities carried out during the period 1 January 2021 to 31 December 2021 are set out in Table 1. IMF holdings of Ireland’s Own Currency of SDR were SDR 2.64 billion at 31 December 2021, remaining unchanged from 31 December 2020.

| Table 1. IMF Holdings of Ireland’s Own Currency (SDR equivalent) |
|----------------------|----------------------|
| 31 December 2021     | 31 December 2020     |
| SDR 2,643,122,520    | SDR 2,643,122,520    |

5.2.2 SPECIAL DRAWING RIGHTS (SDR) ACCOUNT

SDR holdings are recorded as an asset on the Central Bank’s balance sheet and net cumulative SDR allocations are recorded as a liability. The IMF pays interest to members when their SDR holdings are above their net cumulative SDR allocations; conversely, it levies a charge when members’ SDR holdings are less than their net cumulative SDR allocations. Ireland’s SDR holdings (of SDR 4.05 billion on 31 December 2021) were less than the net cumulative SDR allocations (of SDR 4.08 billion), so a net charge of SDR 59,457 was levied in 2021, as shown in Table 2.

The significant increase in Ireland’s SDR holdings is due to the IMF’s general SDR allocation equivalent to US$650 billion which took place in August 2021. Under this allocation, Ireland received approximately SDR 3.37 billion, raising our holdings to SDR 4.05 billion.

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IMF members’ financial relations with the Fund are largely reflected in the General Resources Account (GRA). Members pay a subscription (quota) to the IMF, with 25 per cent payable in SDRs or freely usable currency, and the remainder payable in the member’s own currency.
Ireland received remuneration of SDR 486,517 on its ‘Reserve Tranche Position’ (RTP) in 2021. The RTP is the difference between Ireland’s IMF quota in 2021 (SDR 3,449.9 million) and the IMF’s holdings of Ireland’s Own Currency, excluding holdings that reflect the use of IMF credit (SDR 2.64 billion on 31 December 2021) – this amounted to SDR 806.8 million on 31 December 2021 which is shown in Table 3. The RTP remained unchanged from 2020.

### Table 2. SDR Holdings and Net Charge Levied (SDR)

<table>
<thead>
<tr>
<th>31 December 2021</th>
<th>31 December 2020</th>
<th>Net Charge Levied in 2021 (charge less interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,051,284,500</td>
<td>679,296,468</td>
<td>59,457</td>
</tr>
</tbody>
</table>

### Table 3 – Reserve Tranche Position at the IMF and Remuneration (SDR)

<table>
<thead>
<tr>
<th>31 December 2021</th>
<th>31 December 2020</th>
<th>Remuneration Received in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>806,777,480</td>
<td>806,777,480</td>
<td>486,517</td>
</tr>
</tbody>
</table>
Appendix A: Further Information on the IMF

Role of the IMF

The IMF is a cooperative intergovernmental institution and its stated objectives are to:

- Provide a forum for cooperation on international monetary problems;
- Facilitate the growth of international trade, thus promoting job creation, economic growth, and poverty reduction;
- Promote exchange rate stability and an open system of international payments; and
- Lend countries foreign exchange when needed, on a temporary basis and under adequate safeguards, to help them address balance of payments problems.

Current IMF membership stands at a near-global 190 countries. On joining the IMF, each member country is assigned a quota, based broadly on its relative size in the world economy, which represents its subscription of capital to the IMF. Members’ quotas, in addition to providing the IMF with the financial resources it needs to lend to members in financial difficulty, are a factor in determining members’ representation on the Executive Board and their voting power in the IMF.

Governance Structure of the IMF

The organisational chart on page 38 shows the basic structure of the IMF as of 30 April 2021. The Board of Governors, on which each member country has a representative (in Ireland’s case, the Minister for Finance), is the highest decision-making body of the IMF. The Governors meet formally once a year at the Board of Governor’s meeting held as part of the joint Annual Meetings of the IMF and World Bank. The Annual Meetings usually include two days of plenary sessions, during which Governors consult with one another and present their country’s views on current issues in international economics and finance. During the Annual Meetings, the Board of Governors also makes decisions on how current international monetary issues should be addressed and approve corresponding Resolutions.
In practice, the greater part of the decision-making is entrusted by Governors to the Executive Board consisting of twenty-four Executive Directors (EDs) based in Washington D.C. The Executive Board takes care of the day-to-day business of the IMF and meets several times a week. The Board is structured on a Constituency basis, with most EDs representing a number
of countries. The views of member countries are fed into the Board through the Constituency Offices.

The views of members are also made known to two committees at Ministerial level which meet twice a year (at the Spring and Annual Meetings) and which are also structured on a Constituency basis - the International Monetary and Financial Committee (IMFC)\(^8\) and the Development Committee (DC)\(^9\), which is a joint committee of the IMF and the World Bank. The IMFC discusses matters of common concern affecting the international economy and also advises the Fund on the direction of its work. The DC advises the IMF and World Bank on issues related to economic development in emerging and developing countries. At the end of the Meetings, each Committee issues a joint Communiqué summarising its views. The IMFC Communiqué provides guidance for the IMF’s work programme during the six months leading up to the next Spring or Annual Meetings.

\(^8\) The IMFC has twenty-four members who are central bank governors, ministers, or others of comparable rank and who are usually drawn from the governors of the Fund’s 190 member countries. Membership of the IMFC is determined by a member’s quota, with the size and the composition of the IMFC mirroring that of the IMF Executive Board. Ireland is not a member of the IMFC.

\(^9\) The DC has twenty-five members (usually Ministers of Finance or Development) who together represent the full membership of the IMF and World Bank. They are appointed by each of the countries, or groups of countries, represented on the Boards of Executive Directors of the Bank and Fund. Ireland is not a member of the DC.
Appendix B: Further Information on the World Bank

The World Bank Group

The World Bank is made up of five component organisations known as the World Bank Group (WBG) as shown in the diagram below:

Source: MIGA 2021 Annual Report
International Bank for Reconstruction and Development (IBRD)

The IBRD was established in 1944 as the original institution of the WBG. The range of IBRD involvements in developing countries is extensive. Because of the diverse needs of its clients, the Bank customises its products to the particular requirements of each country. The IBRD aims to reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable and equitable development through loans, guarantees, risk management products, and analytical and advisory services.

The capital increase for the IBRD, agreed as part of the 2018 WBG Capital Package, was approved by the Board of Governors in 2019. Ireland completed the subscription process in June 2019 and made the first capital increase payment in November that year. As of 31 December 2021, Ireland’s paid-in capital stood at US$65.3 million, and our shareholding in the IBRD stands at 0.35 per cent.

International Development Association (IDA)

IDA was established in 1960 as the WBG’s agency for concessional financial assistance to the poorest of the world’s developing countries. It contributes to development by supporting projects that improve living standards and by promoting equitable access to the benefits of economic growth. IDA is the world’s largest source of concessional financing to the developing world. It provides long-term loans at zero interest to the poorest countries to reduce poverty and improve quality of life. In recent years, IDA has offered interest-free loans to countries at risk of debt distress for terms of 20, 35 and 40 years.

IDA eligibility is based on an assessment of an individual country’s per capita income (less than US$1,185 per annum for the fiscal year ending 30 June 2021). The amount of IDA assistance available to a country depends on certain performance factors which are assessed annually.

IDA is funded largely by contributions from the governments of its richer member countries. Additional funds come from the IBRD’s and IFC’s income, and from borrowers’ repayments of earlier IDA credits. Donors typically meet every three years to replenish IDA funds and review policies.

Ireland joined IDA in 1960. The total value of Ireland’s IDA subscriptions and contributions as of 30 June 2021 was US$938.89 million.10 Our support for IDA is mainly in the form of

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10 This figure for Ireland’s subscriptions and contributions, as at 30 June 2021, is taken from the IDA Financial Statements for FY2020 (p.69). The capital is based on Instruments of Commitment (IoCs) and the receipt of payments moves the values from receivables to cash.
contributions to periodic replenishments of IDA resources. As part of the most recent replenishment (IDA20), which was brought forward by one year due to the Covid-19 pandemic, an extensive round of policy consultation with IDA management and representatives of donor governments and borrower countries took place over the course of 2021. Ireland pledged almost €106 million at the final IDA20 meeting in December 2021, to be paid over the course of nine years commencing in 2023.

**International Finance Corporation (IFC)**

The IFC was established in 1956 to encourage private sector activity in developing countries. The IFC’s objective is to foster sustainable economic development in developing countries by financing private sector investment, mobilising private capital in local and international financial markets and providing advisory and risk mitigation services to business and governments. It is the largest multilateral financial institution investing in private enterprises in emerging markets, with activities in 103 countries. Ireland joined the IFC in 1958.

The capital increase for the IFC, agreed as part of the 2018 WBG Capital Package, was authorised by the Board of Governors and became effective on 16 April 2020. As at 31 December 2021, Ireland’s subscription to the IFC’s capital totals US$14.055, all of which is paid-in.

**Multilateral Investment Guarantee Agency (MIGA)**

The MIGA was established in April 1988 and provides non-commercial guarantees (insurance) for foreign direct investment in developing countries. It addresses concerns about the investment environment and perceptions of risk, which often inhibit investment, by providing political risk insurance. The MIGA’s guarantees offer investors protection against non-commercial risks such as expropriation, currency inconvertibility, breach of contract, war and civil disturbance. The MIGA also provides advisory services to help countries attract and retain foreign investment; mediates investment disputes to keep current investments intact and to remove possible obstacles to future investment; and disseminates information on investment opportunities to the international business community.

Ireland has been a member of the MIGA since its establishment in 1988 and ratified the MIGA Convention on 5 July 1989. Ireland’s shareholding on 30 June 2021 stood at 650 shares, representing total subscribed capital of US$7.033 million, US$1.335 million of which is classified as paid-in capital, with the remainder being subject to call.\(^\text{11}\)

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\(^\text{11}\) Of the US$1.3 million paid-in capital, US$0.9 million was paid in cash, with the remainder lodged in the form of a promissory note at the time of the initial capital subscription. While this is recorded by MIGA as paid-in capital, events have
International Centre for the Settlement of Investment Disputes (ICSID)

ICSID is an international institution sponsored by the World Bank and founded in 1966. It was designed to facilitate the settlement of investment disputes between foreign investors and host states. It encourages foreign investment by providing neutral international facilities for conciliation and arbitration of investment disputes, thereby helping foster an atmosphere of mutual confidence between states and foreign investors. Many international agreements concerning investment refer to ICSID’s arbitration facilities. ICSID also conducts research and publishing activities in the areas of arbitration law and foreign investment law.

Ireland signed the Convention establishing ICSID in 1966 and ratified it in 1980 with the passing of the Arbitration Act, 1980. The Minister for Finance, as Governor of the WBG for Ireland, is an ex-officio member of the Administrative Council of ICSID. There is no direct subscription or contribution to ICSID whose expenses are met from IBRD resources. ICSID maintains a Panel of Conciliators and a Panel of Arbitrators to service proceedings under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. Ireland, as a member of ICSID, designates four persons to each Panel. The Department of Finance consults closely with the Department of Enterprise, Trade and Employment on issues relating to the ICSID.

As of 3 September 2021, 164 States were signatories to the ICSID Convention. Of these, 156 States are ICSID Contracting States by virtue of their having deposited instruments of ratification, acceptance or approval of the ICSID Convention.

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been overtaken by the 1998 capital increase and in reality, it is highly unlikely that any cash payment will have to be made on foot of the promissory note.
# Appendix C: Ireland’s Voting Record in 2021

## International Monetary Fund - Boards of Governors

<table>
<thead>
<tr>
<th>Date</th>
<th>Resolution</th>
<th>Ireland’s Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 August 2021</td>
<td>Allocation of Special Drawing Rights for the Eleventh Basic Period</td>
<td>Approve</td>
</tr>
<tr>
<td>4 August 2021</td>
<td>To conduct the official business of the Fund without meeting in person at the Annual Meetings</td>
<td>Approve</td>
</tr>
<tr>
<td>8 July 2021</td>
<td>Remuneration for Executive Directors and Alternate Executive Directors</td>
<td>Approve</td>
</tr>
<tr>
<td>20 September 2021</td>
<td>To approve the official business of the Fund without meeting in person at the Annual Meetings</td>
<td>Approve</td>
</tr>
</tbody>
</table>

## World Bank Group - Boards of Governors

<table>
<thead>
<tr>
<th>Date</th>
<th>Resolution</th>
<th>Institution</th>
<th>Ireland’s Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 May 2021</td>
<td>Amendment of Regulation 7(2) of the ICSID Administrative and Financial Regulations (to facilitate voting through electronic or postal means)</td>
<td>ICSID</td>
<td>Approve</td>
</tr>
<tr>
<td>17 May 2021</td>
<td>Amendment of the By-Laws of IBRD (to facilitate voting through electronic or postal means)</td>
<td>IBRD</td>
<td>Approve</td>
</tr>
<tr>
<td>17 May 2021</td>
<td>Amendment of the By-Laws of IFC (to facilitate voting through electronic or postal means)</td>
<td>IFC</td>
<td>Approve</td>
</tr>
<tr>
<td>17 May 2021</td>
<td>Amendment of the By-Laws of MIGA (to facilitate voting through electronic or postal means)</td>
<td>MIGA</td>
<td>Approve</td>
</tr>
<tr>
<td>4 August 2021</td>
<td>Transfer from Surplus to the IBRD Fund for Innovative Global Public Goods Solutions</td>
<td>IBRD</td>
<td>Approve</td>
</tr>
<tr>
<td>26 August 2021</td>
<td>Direct Remuneration of Executive Directors and their Alternates</td>
<td>IBRD</td>
<td>Abstain from Voting</td>
</tr>
<tr>
<td>20 September 2021</td>
<td>Reclassification of the Republic of Estonia</td>
<td>MIGA</td>
<td>Approve</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
<td>Organization</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>6 December 2021</td>
<td>Transfer from Surplus to Replenish the Trust Fund for Gaza and the West Bank</td>
<td>IBRD</td>
<td>Approve</td>
</tr>
</tbody>
</table>
## Appendix D: Ireland’s Shareholding and Voting Power in IBRD, IDA, IFC and MIGA

### Ireland’s Capital Subscription as at 30 June 2021

<table>
<thead>
<tr>
<th></th>
<th>IBRD</th>
<th>IDA</th>
<th>IFC</th>
<th>MIGA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(US$ millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital subscription</strong></td>
<td>1,017.8</td>
<td>–</td>
<td>–</td>
<td>7.033</td>
</tr>
<tr>
<td><strong>Amount paid in and committed</strong></td>
<td>65.3</td>
<td>938.89</td>
<td>14.055</td>
<td>1.335</td>
</tr>
<tr>
<td><strong>Uncalled Portion</strong></td>
<td>952.5</td>
<td>–</td>
<td>–</td>
<td>5.698</td>
</tr>
<tr>
<td><strong>Subscription share (%)</strong></td>
<td>0.34</td>
<td>N/A</td>
<td>0.07</td>
<td>0.37</td>
</tr>
<tr>
<td><strong>Voting power (%)</strong></td>
<td>0.35</td>
<td>0.38</td>
<td>0.09</td>
<td>0.40</td>
</tr>
</tbody>
</table>

**NOTES:**
Figures are from the 2021 financial statements and annual reports for the IBRD, IDA, IFC and MIGA respectively.
IDA figure represents Ireland’s cumulative contributions.
### Appendix E: Ireland’s Quota at the IMF

<table>
<thead>
<tr>
<th></th>
<th>Quota share (%)</th>
<th>Quota subscription (SDRs millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-2008 Quota</td>
<td>0.385</td>
<td>838.4</td>
</tr>
<tr>
<td>Post 2008 Reform Quota (i.e. Pre 2010 Quota Reform)</td>
<td>0.528</td>
<td>1,257.60</td>
</tr>
<tr>
<td>Post-2010 Quota Reform</td>
<td>0.723</td>
<td>3,449.90</td>
</tr>
</tbody>
</table>