



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 11, 2009

S. 954

World Bank International Development Association Replenishment Act of 2009

*As ordered reported by the Senate Committee on Foreign Relations
on May 5, 2009*

SUMMARY

S. 954 would authorize the appropriation of \$3.7 billion for the United States' share of the fifteenth general replenishment of the resources of the International Development Association (IDA-15). That replenishment agreement covers the three-year-period ending in June 2011.

The bill also would authorize the appropriation of up to \$356 million to meet potential shortfalls in the U.S. commitment to compensate the International Development Association (IDA) for debts cancelled under the Multilateral Debt Relief Initiative (MDRI) during the IDA-15 replenishment period.

CBO estimates that implementing S. 954 would cost about \$2.6 billion over the 2010-2014 period, assuming appropriation of that amount. (The Congress has already appropriated \$1.1 billion for fund replenishment in 2009.) Enacting the bill would not affect direct spending or revenues.

S. 954 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 954 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					2010-2014
	2010	2011	2012	2013	2014	2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a						
Fifteenth Replenishment of the International Development Association						
Estimated Authorization Level	1,320	1,319	0	0	0	2,639
Estimated Outlays	1,196	1,319	124	0	0	2,639
Multilateral Debt Relief Initiative						
Estimated Authorization Level	0	0	5	0	0	5
Estimated Outlays	0	0	5	0	0	5
Total Changes						
Estimated Authorization Level	1,320	1,319	5	0	0	2,644
Estimated Outlays	1,195	1,319	129	0	0	2,644

a. The Congress appropriated \$1,115 million for a contribution to the International Development Association (IDA) for fiscal year 2009, enacted in the Omnibus Appropriations Act, 2009 (Public Law 111-8) on March 11, 2009. CBO assumes there would be no additional funding for the IDA for this year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 954 will be enacted before June 30, 2009, that the estimated amounts will be appropriated each fiscal year, and that outlays will follow historical spending patterns for U.S. contributions to IDA.

Fifteenth Replenishment of the International Development Association

S. 954 would authorize the appropriation of \$3.7 billion for contributions to IDA-15. The 15th replenishment was agreed to in December 2007, committing the United States and other donors to contribute a total of \$25.1 billion to IDA.

Based on information from the Department of the Treasury, CBO expects that the U.S. commitment to IDA-15 would be funded with appropriations over fiscal years 2009 through 2011. The Omnibus Appropriations Act, 2009 (Public Law 111-8) provided a total of \$1,115 million for IDA. The Treasury Department has indicated that it has used \$49 million of this amount to clear arrears to IDA-14, and that it plans to provide the remaining \$1,066 million for the first installment to IDA-15. CBO further expects that the remaining authorized amounts of \$2,639 million for IDA-15 would be provided in

two installments of about \$1,320 million a year in 2010 and 2011. We estimate that making those contributions would cost \$2,639 million over the 2010-2014 period.

Multilateral Debt Relief Initiative

S. 954 also would authorize the appropriation of up to \$356 million to meet potential shortfalls in the U.S. commitment to compensate IDA for debts cancelled under the MDRI during the IDA-15 replenishment period.

The Treasury Department has indicated that it expects to fund most or all of the United States' MDRI commitment of \$356 million for IDA-15 by accelerating the encashment (payment) schedule for U.S. replenishment payments to IDA-15. Under the department's plan, those payments would be completed in four years—by 2012—rather than the nine years that would otherwise be allotted. Based on a formula negotiated with IDA, those early payments would earn credits towards the U.S. MDRI commitment because of the additional interest IDA would earn. Based on information provided by the Treasury Department on this early encashment income, CBO estimates that additional appropriations would be required to meet the U.S. MDRI commitment. Assuming appropriation and accelerated encashment of the estimated amounts over the 2009-2012 period, CBO estimates that authorizing such appropriations would cost about \$5 million in 2012.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 954 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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