WHO WE ARE

The International Development Association (IDA), a part of the World Bank, plays a pivotal role in assisting low-income countries. It complements the World Bank’s original lending arm, the International Bank for Reconstruction and Development (IBRD), which supports middle-income countries.

Established in 1960, IDA aims to reduce poverty by providing grants and low-interest loans, also known as “credits.” Approximately half of the countries get all or most of their resources on grant terms, which do not require repayment. These grants are intended for low-income countries at a higher risk of debt distress and other vulnerabilities.

IDA supports a range of development activities that provide the necessary resources for the world’s poorest countries to fight poverty, boost economic growth, and improve living conditions for millions of people on a livable planet. IDA is one of the largest sources of assistance for the world’s 75 poorest countries and is the largest source of essential social services in these countries.

IDA helps countries on a sustainable path toward funding their own development. Thirty-six countries have graduated from IDA, including China, India, Indonesia, South Korea, and Turkey. Many have returned to IDA as donors, and they include some of the world’s most dynamic economies. When recipient countries graduate and later return as donors, it marks an important milestone for IDA, international development, and the fight against poverty. The journey of these countries is a testament to the effectiveness of IDA’s approach.

Key IDA achievements from FY12-FY23

- 1,180.6 million people received essential health services
- 91.5 million people connected to new or improved electricity service
- 117.5 million people received access to an improved water source
WHAT WE DO

IDA is a multi-issue institution that addresses complex global challenges and supports countries in improving their development outcomes, making it a valuable partner.

IDA provides financing for development projects in various sectors, such as agriculture, business climate improvements, clean water and sanitation, essential health services, institutional reforms, infrastructure, and primary education. IDA’s unique country-led approach helps advance gender equality, economic growth, job creation, higher incomes, and better living conditions.

IDA provides a substantial and stable source of funding that IDA countries can rely on to fund their development priorities. Part of the funding comes from contributing partners, as IDA provides an efficient channel for directing development assistance to the poorest countries.

IDA is a crucial partner both during and after severe crises and emergencies through tools like its Crisis Response Window (CRW) during natural disasters, pandemics, and economic crises. The CRW also offers Early Response Financing (ERF) to address slower-onset crises early and strengthen resilience to future shocks. It helps prevent crises or mitigate their economic and social impact.

The CRW supported countries during severe crises, such as the West African Ebola response in 2014, the Nepal earthquake in 2015, the Regional drought and food insecurity in East Africa and the Middle East in 2017, and the emergency response to COVID-19 in 2020.

IDA has other tools to address various urgent or acute needs. For instance, the Window for Host Communities and Refugees (WHR) helps eligible host countries create meaningful, longer-term development opportunities for refugees and host populations. Similarly, the Fragility, Conflict and Violence (FCV) Envelope provides financing to countries facing acute FCV risks.

IDA helps countries with debt issues, and its Sustainable Development Finance Policy (SDFP) improves debt transparency, management, and fiscal sustainability.

IDA provides financing, analytical studies, and advisory services to support policies to reduce poverty. It advises governments on ways to broaden economic growth and protect people with low incomes from financial shocks.

Targeted Support for Extreme Poverty
2/3 of the global extreme poor, or about 500 million people, live in IDA countries.

Sustainable Development Path
Since IDA’s inception 36 countries have graduated and no longer rely on IDA support.

A Focus on Africa
2/3 of IDA financing to boost economic growth and build human capital.
WHAT IDA OFFERS

Access to Critical Resources
$93 billion commitment for IDA20 to scale up development investments.

Leadership on Global Challenges
IDA brings global reach, partnerships, and expertise across all sectors and regions.

Private Sector Mobilization
IDA catalyzes the private sector to offer new and creative solution.

Transparency and Accountability
Top ranking in 2022 Aid Transparency Index (Publish What You Fund).

Hybrid Financial Model
In 2018, IDA entered the capital market to stretch its resources.

Value for Money
For every $1 that donors contribute, it is leveraged to $3.5 of financing support.
HOW DOES IDA WORK?

Representatives of IDA donor governments and borrower countries convene every three years to replenish IDA’s resources and review its policy framework. They also ensure that IDA’s policy and financing frameworks are responsive to each country’s needs. IDA supports its operations using the replenished funds, resources from the Bank, repayments, and funds acquired from the capital markets.

How IDA funds are allocated

IDA countries have significant needs for concessional funds. Therefore, IDA must decide how to allocate scarce resources among eligible countries. Allocation decisions are based on various criteria, such as a country’s income level, performance record in managing economies, and ongoing IDA projects. In addition, countries are assessed based on their implementation of policies that promote economic growth and reduce poverty.

To be eligible for funds, countries must first meet the following criteria:

- Relative poverty defined as GNI per capita must be below an established threshold (updated annually). In fiscal year 2024, this was $1,315.

- Lack creditworthiness to borrow on market terms and therefore need concessional resources to finance the country’s development program.

How IDA funds are allocated

With IDA’s support and technical assistance, the recipient government implements the project with safeguard policies and fiduciary controls in place. The implementing agency reports regularly on project activities and prepares status reports. IDA monitors the project’s progress and outcomes to measure its effectiveness.

The outcomes are then compared to expected results. The information gained is often used to determine what additional government measures and capacity improvements are necessary to sustain the benefits obtained from the project.

The Bank’s Independent Evaluation Group evaluates approximately 25% of projects (about 70 annually) to measure outcomes against original objectives, sustainability, and institutional development impact.
Countries implement with IDA’s support and oversight

Implement

Project progress and impact on beneficiaries

Monitor

Results at an aggregate level

Measure

Outcomes against the original objectives and sustainability of results

Evaluate
WHY INVEST IN IDA?

IDA is the most effective instrument for driving RESULTS in low-income countries.

IDA brings about transformational changes in the lives of people through:

**Impact**

IDA has a decades-long record of lifting millions of people out of poverty and helping them become self-sufficient. 36 countries graduated, and many returned as donors.

**Access**

IDA’s country-based model strengthens governments’ capacity to implement projects. Countries benefit from IDA’s experience working with various stakeholders.
Money
IDA turns each $1 of donor contributions into $3.5 to offer concessional loans and grants.

Climate
IDA works for a world free of poverty on a livable planet. It is the largest financier of climate projects for low-income countries.

Policy
IDA combines global knowledge and trusted partnerships to drive sustained policy outcomes that transform societies and economies.

Trust
IDA, with its 60+ year track record of transparency, is a safe repository for leveraging donor funds to reshape the development landscape.
WHY IDA?

• IDA acts as the “first mover” to tackle complex development challenges. IDA rallies others for the common good and creates a more secure world for the poorest.

• IDA provides leadership. IDA is the first major development partner to operate in post-conflict and crisis environments, providing significant support where risk mitigation is essential.

IDA offers global solutions. Many of the world’s problems require collaboration between multiple countries and organizations. IDA facilitates exchanging knowledge among diverse industries, governments, partners, and institutions to address complex global issues.

• IDA’s convening power is unmatched by any other development organization. It offers global reach, customized solutions, cross-sectoral knowledge, and innovative financial instruments with operational and implementation expertise.

• IDA is transformational. IDA has transformed development by introducing innovative solutions, including agricultural advancements in the 1970s, pioneering work in debt relief, and eliminating river blindness.

• IDA is a steadfast partner. IDA works with countries on emerging issues or areas where others can’t or won’t, emphasizing long-term growth and ensuring sustained results beyond media attention.

• IDA delivers for the poorest. IDA brings dignity and a better quality of life by providing millions of impoverished individuals access to clean water, electricity, and sanitation.

• IDA makes the world a better place for girls and women. IDA aims to eradicate gender discrimination by promoting girls’ education, facilitating women’s access to finance for small businesses, and ultimately improving the economic prospects of families and communities.

• IDA provides global public goods. IDA provides development data, global business standards, safeguards for the environment, and risk management of pandemics and financial contagions.

• IDA takes an inclusive approach to development. It fosters an environment that promotes positive change and jump starts private sector investments.

• IDA delivers and measures results. IDA is the first multilateral development institution to establish a framework for tracking collective outcomes, which has become a model for similar organizations worldwide.

• IDA is also a global leader in transparency. It undergoes the most rigorous independent evaluations of any international organization.

In an environment where donor finances are constrained, donors must better use multilateral channels, and IDA is a leader among them.

The 2022 Aid Transparency Index ranked IDA second out of 50 of the world’s major development agencies. IDA has been in the highest category since the index was first published in 2010.
-20.52 million tCO₂eq / year  
net reduction in Greenhouse Gas Emissions

4.67 Gigawatts  
generation capacity of renewable energy

10.83 million people  
provided with new/improved electricity service

23.88 million people  
benefited from social safety net programs

14.86 million people  
provided with access to improved sanitation services

8.23 million people  
provided with access to improved water sources

72.13 million people  
received essential health, nutrition, and population services

39.59 million  
women and children received basic nutrition services

20.76 million  
children immunized

212 million  
COVID-19 vaccine doses administered

38 percent  
climate co-benefits in IDA-supported operations

2.63 million  
farmers adopting improved agricultural technology

$7.90 billion  
private capital mobilized by WBG in IDA countries
IDA has used its Results Measurement System (RMS) for over twenty years to evaluate its effectiveness in achieving desired outcomes. Over time, the RMS has evolved into a comprehensive accountability framework that tracks and communicates the results achieved. RMS is periodically updated to incorporate lessons learned from implementation. It also provides a snapshot of IDA’s organizational and operational effectiveness and allows IDA to inform donors about the impact of their contributions. IDA works because thirty-six countries no longer need IDA’s resources, and many have returned as donors. Here are a few important results IDA achieved in FY23.

**How do we know IDA works?**

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- 4.08 million people provided with access to clean cooking
- 66.86 million people provided with enhanced access to broadband internet
- 4.67 million people provided with enhanced access to transportation
- 11.74 million people benefited from job-focused interventions
- 8.01 million people have access to improved urban living conditions
- 6.48 million people have access to financial services
- 48 countries institutionalized disaster risk reduction as a national priority
- 13 countries completed Country Climate Development Reports
- 35 countries countries publishing annual and timely public debt reports

Between 1963 and 2011, IDA yielded a median of 18% return on project investment. 77% of projects have yielded greater than 10%, which is considered a standard for development project investments.
THE PATH AHEAD FOR IDA

The world’s poorest countries are experiencing significant setbacks in achieving the World Bank’s goal of “creating a world free of poverty on a livable planet.” For the first time in a generation, global poverty is on the rise. Without comprehensive support and remediation, temporary losses in many IDA countries may become permanent.

**Aid Landscape**

The global financing landscape has become more complex and fragmented in the last two decades. The proliferation has created hurdles for developing countries, which must deal with multiple agencies with competing interests. This trend has also decreased concessional financing and grants, particularly for countries in debt and fragile situations.

Official development assistance (ODA) will remain the most important source of external funding for IDA countries, but ODA volumes have been trending down. Domestic resource mobilization will be essential, but more is needed to offset the shortfalls in ODA. Making more innovative use of this concessional finance is critical for catalyzing and leveraging more public and private sector capital to support the SDGs.

Today, more than ever in recent history, governments face scrutiny. They are under tremendous pressure to show results for each dollar of public funds spent—especially amid mounting fiscal pressures brought about by the conflict in Ukraine and the lingering effects of the pandemic.

**A New Chapter in Development Financing**

In 2016, IDA received its first-ever public credit rating of Aaa/AAA and is the world’s only AAA-rated multilateral development bank. To stretch its resources to meet developing countries’ needs, IDA has adopted a new hybrid financial model. In 2018, it entered the global capital market. By blending its resources and capital market debt, IDA significantly increased financial support to IDA countries. This unique model enables it to achieve excellent value from donor resources.

**Private Sector Window**

IDA introduced the Private Sector Window (PSW) to encourage private sector investment and de-risk high development impact projects in fragile markets. PSW catalyzes the private sector to introduce new and creative development solutions in the most vulnerable countries. Each dollar of the PSW has mobilized $5.2 of additional private sector investment, resulting in new financing for low-income countries.

**Sustainable Development Finance Policy**

The rising debt levels in IDA countries have put their development goals at risk. To tackle this issue, IDA has introduced the Sustainable Development Finance Policy (SDFP). The objective of SDFP is to strengthen debt and fiscal policies and promote sustainable development financing. It encourages reforms in debt transparency and management, tackling challenges systematically and proactively over a medium to long-term horizon.

**IDA Offers the Best Solution**

These innovations showcase IDA’s ability to adapt to the constantly changing development finance landscape. IDA has also demonstrated an extraordinary capacity to grow and innovate, listen to countries’ needs, and incorporate lessons learned into better project designs to deliver robust development outcomes for people most in need.

A robust IDA21 ➤ A world free of poverty on a livable planet
The International Bank for Reconstruction and Development (IBRD), better known as the World Bank, was established in 1944 to help Europe recover from World War II devastation. The success of this enterprise highlighted the need for a new organization that would provide financing to low-income countries on more flexible terms than traditional IBRD loans were able to offer.

As early as 1949, a report from the United Nations (U.N.) proposed a new international organization called the United Nations Economic Development Administration (UNEDA) under the auspices of the U.N. In the 1950s, the U.S. government-supported establishing a program to lend to poor countries on concessional terms with the backing of multilateral donors.

**HISTORY**

**Monroney Resolution**

As the initiative gained considerable momentum, it received support from Democratic Senator Mike Monroney of Oklahoma, who was interested in providing soft-loans for developing nations with the World Bank as the dispenser of the aid. Monroney submitted a U.S. Senate Resolution 264 that called for a study on establishing an International Development Association. It came to be known as the Monroney Resolution.

**Articles of Agreement for IDA**

After the resolution passed in the U.S. Senate in 1958, the U.S. government welcomed the proposal of a development association housed in the World Bank. After consultations, the Bank’s Board of Governors at its Annual Meeting in 1959 approved a United States resolution calling on the Bank’s Executive Directors to draft the Articles of Agreement for IDA.

Before the end of January 1960, the Bank had circulated the Articles of Agreement for members ratification and received approval from member countries, including the U.S. under President Dwight D. Eisenhower.

**Launch of IDA**

With initial funding of $912.7 million, IDA was launched on September 24, 1960, with 15 signatory countries - Australia, Canada, China, Germany, India, Italy, Malaysia, Norway, Pakistan, Sudan, Sweden, Thailand, United Kingdom, United States, and Vietnam. Within its first eight months of launch, IDA had 51 members and allocated credits worth $101 million to four countries. In 1961, Honduras became the first country to receive an IDA credit—a $9 million grant for a highway development.

IDA has grown to include 174 member countries and has become the primary concessional lending source to 75 of the world’s poorest countries. Thirty-seven countries have graduated, and many have gone on to become IDA donors.