



**IDA18**

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**Comments Received from the Public Posting  
of the IDA18 Draft Deputies' Report**

**November 2016**

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## **I. Bank Information Center**



### **Bank Information Center Comments on the Draft IDA18 Deputies' Report**

November 11, 2016

We welcome the improvements to many of the IDA18 policy commitments and indicators made in the draft Deputies' Report since the special theme papers were drafted. For example, the doubling of the number of forest policy notes to be developed; language on integrating forests into national development agendas and the acknowledgement of the unique role of forests in providing both adaptation and mitigation benefits.

IDA18 could be more effective in achieving its goals by acknowledging the dependence of many of the world's poorest people on forests and land and by investing in measures to protect forests and secure land tenure for forest-dependent communities. IDA's policy framework should specifically commit to protecting forests and supporting forest-dependent communities by recognizing such commitments as cost-effective and critical means of achieving goals set out by IDA18, the SDGs, (I)NDCs, and the Bank's twin goals. The absence of any reference to securing land tenure for forest dependent communities is of particular concern given the proven contribution of secure land tenure to combating climate change, protecting forests, and alleviating poverty.

#### **Recommendations Related to the Climate Change Special Theme:**

Addressing the large share of emissions from land use in IDA countries should be a central focus of this theme in IDA18. The link between land use and climate change is not made clear enough in the current draft report and could be strengthened by acknowledging the importance of reducing deforestation and protecting forests in the removal of greenhouse gases (GHGs) from the atmosphere, in conserving and increasing carbon stocks, and increasing resilience to climate change. This special theme should also recognize the importance of secure land tenure for forest-dependent communities in mitigating emissions from land use through forest protection and in increasing climate resilience. Also, the link between climate change and the SDGs should specifically reference SDG 15<sup>1</sup> by addressing emissions from land use and deforestation as well as acknowledging the role of forests and

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<sup>1</sup> See text of Sustainable Development Goal 15 at <https://sustainabledevelopment.un.org/sdg15>.

land as climate change adaptation solutions.

The references to (I)NDCs in the Draft Report are welcome, but should be made more explicit to recognize the demonstrated demand by borrowers for protecting forests as a means of mitigating carbon emissions. Over 90% of (I)NDCs made this link, and while the Draft Report references this interest from borrowers and states that IDA will continue to “work on innovative solutions for forest-based low carbon development” with the IFC and various trust funds, IDA18 should include stronger and more specific commitments to reduce impacts on forests caused by its investments in other sectors. Furthermore, IDA18 should go beyond supporting the objectives of Sustainable Energy for All to include the objectives of the New York Declaration on Forests,<sup>2</sup> which include cutting natural forest loss in half by 2020, among others. This strategic alignment would help align IDA18 with the demand expressed in IDA country (I)NDCs.

#### Recommendations Related to the Governance Special Theme:

The importance of secure land tenure for poverty alleviation is completely missing from the report and should be added under both the governance and gender special themes, in line with the SDGs. While we agree that fiscal management is a central tenet of good governance, it should be considered just one of many important issues under this special theme, which should also include land tenure reform. Accordingly, we suggest adding the following bullet points under “E. Governance,” on page ix:

- Participants recommend expanding the definition of asset ownership to include land tenure of forest-dependent communities, women and smallholder farmers in line with the SDGs.
- Participants recommend adding a link to the climate change special theme on the importance of securing land tenure for forest-dependent communities in mitigating emissions from land use through forest protection and in increasing climate resilience.

The only mention of land use outside of the climate change special theme is in reference to Fragile and Conflict States (FCS) and reducing land use conflicts in FCS. This absence is surprising, since the Bank has previously acknowledged the importance of this issue in the context of its annual conference on Land and Poverty.<sup>3</sup> Global agreement on the importance of good governance of land tenure was achieved at the FAO in 2012, with the ratification of the

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<sup>2</sup> Forests: Action Statements and Action Plans, New York Declaration on Forests (2014), *available at* <http://www.un.org/climatechange/summit/wp-content/uploads/sites/2/2014/07/New-York-Declaration-on-Forest-%E2%80%93-Action-Statement-and-Action-Plan.pdf>.

<sup>3</sup> See, e.g., comments from World Bank 16th Annual Conference on Land and Poverty (2015), <http://www.worldbank.org/en/news/feature/2015/04/23/data-and-analysis-for-more-secure-land-rights-better-land-use-and-shared-prosperity>.

Voluntary Guidelines on the Responsible Governance of Tenure.<sup>4</sup> While land sector reforms are challenging, they can contribute to improving the overall quality of governance in a country. Mainstreaming a responsible governance approach to these reforms is essential.

With respect to citizen engagement, we welcome the promising commitments in the draft Deputies Report to enhance the Bank's efforts in this area under the governance special theme. However, the indicator included in the Draft Report only tracks projects with a beneficiary feedback indicator at the design phase, and should be revised to measure the share of new projects that track whether beneficiary feedback was in fact incorporated into project implementation. To satisfy the indicator, the project should be required to track:

- 1) the ways that input from citizens was acted upon and communicated back to citizens
- 2) input incorporated during project implementation,
- 3) feedback from ordinary citizens, not ministry employees, consultants, etc., and
- 4) engagement with direct and indirect beneficiaries.

These recommendations serve to strengthen the positive commitments and indicators in the draft IDA18 Deputies Report to further align IDA18 commitments with some of the root causes of poverty—including the absence of land tenure, and degraded natural forests. Ensuring that these issues are included in IDA18 commitments and indicators is cost-effective and ultimately will help IDA18 achieve its goals.

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<sup>4</sup> Voluntary Guidelines on the Responsible Governance of Tenure: Of Land, Fisheries and Forests in the Context of National Food Security (2012), <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>.

## II. Conservation International



### Conservation International Comments on the IDA 18 Deputies' Report

#### General

- Theme: We appreciate that “Investing in Growth, Resilience and Opportunity” as an overall theme captures the need “to mitigate the adverse impacts of climate change and fragility on development and encourages actions to foster growth, equality and better governance so that poverty can be reduced and prosperity shared by all.”
- While this is appropriate for IDA, it is essential to bear in mind the Bank’s commitment to achieve its goals “in a sustainable manner.” This concept is referenced and para. 39 addresses “linkages to SDGs,” but it deserves to be further integrated. Sustainability is central to the SDGs and it should be to IDA; without it, achievements are short-lived and economic transformation will remain incomplete. Sustainability needs to be mainstreamed across IDA themes, i.e. by addressing underlying conditions, such as tenure insecurity and environmental degradation, that hold back growth & opportunity and undermine resilience.
- Finance: We are pleased to learn that IDA has received a AAA credit rating and is successfully raising money on capital markets; expanding IDA’s capacity this way will benefit all IDA countries.

-- We also support IDA’s increased funding for FCS, although targeting a fixed percentage increase is not ideal. The main criteria should be 1) responsiveness to critical needs, and 2) addressing drivers of fragility, bearing in mind the role of climate change and environmental degradation in expanding the scope of fragile places and exacerbating the already fragile, with such impacts falling especially on the poor. In this light, we welcome continuation of special allocations under the Turn-Around Regime based on countries’ commitment to addressing drivers of fragility.

- Objective: We support the overall objective to help borrowing countries deliver on (I)NDCs, SDGs and World Bank’s twin goals of ending poverty and promoting shared prosperity in line with national development priorities. That said, IDA18 could be more effective in achieving these goals by acknowledging the dependence of many of the world’s poor on nature and achieving sustainability through nature-based approaches. Furthermore, IDA18 could acknowledge that there is borrower demand for these types of approaches as identified in borrower country NDCs and national policy. Specifically
  - IDA’s policy framework could benefit from increased commitment to conserving forests and sustainable land use by recognizing them as cost-effective and critical means for achieving resilience and other IDA18 goals. Nature-based solutions such as ecosystem-based adaptation should be fully integrated to address both climate change mitigation and adaptation while achieving co-benefits. There should be a target for projects with identified co-benefits and these co-benefits should be

articulated.

- The absence of any reference to securing land tenure for smallholder farmers, indigenous communities, and other forest-dependent communities is a particular concern given the potential of these groups both to sustainably improve agricultural productivity and to effectively conserve natural forests that provide multiple values (carbon storage, climate & water regulation, soil production & retention, water filtration & regulation, biodiversity habitat, recreational opportunity and cultural heritage) that underpin sustainable development..
- “Migration Lens.” This lens makes sense provided it looks not only at the migration phenomenon, but also its drivers, including environmental degradation and conflict over resources such as water and land, and seeks to address these.

**Jobs and Economic Transformation:** The commitments in this area are surprising in their lack of consideration of the role of male and female smallholders (farmers, pastoralists, forest keepers, fishers who manage areas of up to 10 hectares), who manage 80% of the farmland in sub-Saharan Africa and Asia, provide up to 80% of the food supply in those regions, and whose households comprise 1.5 billion people.

-- Ending poverty and achieving economic transformation in these areas requires addressing the underlying conditions that have impeded agricultural productivity growth: the lack of secure land tenure for men and women, of equitable and adequate access to credit or insurance<sup>i</sup>, of equitable and adequate extension services, and of equitable and adequate electricity. While IDA18 may not address all of these, it should acknowledge their role, and where possible include them, especially those such as land tenure that also fit under other special themes (governance, gender equality), and look for creative solutions to improve growth, resilience and opportunity, such as off-grid electric.

**Jobs Diagnostics:** This tool/work-stream should also consider that many people (and particularly women) remain *outside* the formal economy, often because of the lack of clear ownership rights for land or resources; economic transformation needs to address this issue.

**Gender and Development:** We strongly welcome this theme overall and in particular the data collection on employment and assets as a first step toward assuring women’s (equal) rights to asset (including land) ownership. This theme could be further strengthened by adding a commitment to support women’s equal rights to asset ownership—including land, in line with SDG 5. Women smallholder farmers play a crucial role in agriculture globally and empowering them is not only as gender/rights issue, but an economic transformation issue.<sup>ii</sup> Save for a text box on climate change, there is a lack of reference to the importance of gender-differentiated uses of, needs for, and ability to control, natural resources, a critical component for progress on this theme.

**Climate Change:** We strongly welcome the continuation of this theme from IDA17 and in particular the commitment to deepen the mainstreaming of climate change and disaster risk management into Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs). The commitment to the Sustainable Energy for All objectives is also welcome; however, alongside this, SDG 13 (with targets for mitigation, awareness-raising and finance as

well as adaptation) and IDA countries' NDCs deserve at least equal commitment of IDA support.

The importance of improved coastal and land management, given the dependence of the poor on the land, its role in resilience, and the large share of emissions from land use in IDA countries, means that land use and management should be a central piece of this theme in IDA18. The link between land and climate change is weak in the current draft report; it could be strengthened by ensuring that the critical role of reducing deforestation and protecting forests<sup>iii</sup> (especially coastal) for increasing resilience to climate change, for removing greenhouse gases (GHGs) from the atmosphere, and for conserving and increasing carbon stocks, is included. This special theme should include mention of the link with *secure and equitable land tenure* as an important step to sustainable land use, to mitigating emissions from through forest protection, and to increase climate resilience.

Also, the link between climate change and the SDGs should go beyond sustainable energy to include SDG 15 on forests by addressing emissions from land use and deforestation as well as acknowledging the potential of ecosystems and land as climate change adaptation solutions<sup>iv</sup>. Furthermore, the fact that virtually all forested countries mentioned protecting forests as a means of mitigating carbon emissions in their NDCs should be mentioned. For example, on page 35 it is mentioned that land use emissions were mentioned in NDCs, but this is weaker than the claim that was made in the Climate Change special theme paper, which stated: "Increased emissions because of deforestation and degradation was also highlighted as a problem in 90 percent of the NDCs and efforts are being made to reverse it."<sup>v</sup>

Concerning specific targets--

Integrating resilience measures: These should include 1) measures to sustain or restore "green infrastructure" that offers disaster risk reduction along with climate mitigation and other co-benefits, and 2) both social and ecological components, recognizing that gender and other factors determine communities' resilience.

Climate-smart agriculture investment plans, programmatic forest policy notes: These commitments are very welcome and a positive start for work in the agriculture, forestry and other land use (AFOLU) sector, recognizing that this accounts for some 30% of GHG emissions (higher in many IDA countries), and offers a cost-effective path to resilience, relative to built infrastructure, along with multiple co-benefits. Accordingly, WBG should (further) develop and start implementing at least a) one operation based on the plans and b) one on the notes.

Use of Development Policy Operations (DPOs) that support climate co-benefits: This should include support for economy-wide carbon pricing and low carbon development strategies reflecting the social cost of carbon.

Renewable energy: This should be adapted to national and local circumstances; for example, distributed off-grid and evolving technologies, such as solar thermal, may be the most cost-effective and sustainable way to deliver energy service, especially for rural populations.



Additionally, we note positive aspects of the Bank's FY2016-20 [Forest Action Plan](#) (FAP) that deserve to be reflected/integrated in IDA:

- "Reporting on results related to forests" was identified as a weakness in the 2013 IEG report. IDA should remedy this with an indicator on annual deforestation impacts from WBG-supported projects.

- Research demonstrating that local ownership of forests and community-based forest management (including indigenous ownership and reserves) improve forest protection and management as well as reduce poverty<sup>vi</sup> should be referenced in, and reinforced by, IDA18, both in the climate and governance special themes.

The FAP aligns itself with other international agreements on forests, and IDA should do the same:

- The Bonn Challenge that aims to restore 150 million hectares of deforested and degraded lands by 2020 is within the timeframe of IDA18, and therefore should be supported with a strict commitment to reduce deforestation.

- The 2014 New York Declaration on Forests that issued a call to cut natural forest loss in half by 2020 and end it by 2030 is also within the timeframe of IDA18 and should be supported in IDA18 with a strict commitment to reduce deforestation.

- The 2015 Paris Agreement that encourages action to reduce emissions from deforestation<sup>vii</sup> is also within the timeframe of IDA18, and should be supported in IDA18 with a strict commitment to reduce deforestation.

### **Governance and Institutions:**

- Carbon pricing, ideally through a carbon tax collected at the source/entry point and reflecting the social cost of carbon, is an administratively easy and economically efficient way to achieve DRM, and combined with removal of fuel subsidies, can create fiscal space to reduce other (unpopular) taxes so that such measures, when combined, achieve broad political support. Moreover, as a leader in carbon pricing the Bank can use its expertise to benefit its IDA clients.

- While fully welcoming this theme, we note the importance of tenure security as a foundation of good governance is completely missing from these recommendations. This is surprising, since the Bank has done excellent work on this issue<sup>viii</sup>. Land is well [recognised](#) (FAO, 2009) as an important governance issue. Recent studies<sup>ix</sup> have found the importance of properly defined land rights, for example, for agricultural sector investments in adapting to climate change.

While land sector reforms are indeed challenging, many can contribute to improving the overall quality of governance in a country and can, at times, contribute to other themes such as gender equality & development. Mainstreaming a governance approach to these reforms is essential.

The Bank has recognized that innovations in technology and open data can help improve land governance at scale; it remains key to achieving the Bank's twin goals in a sustainable manner.

- Given the World Bank's leadership in Natural Capital Accounting (NCA), and the importance of natural capital for many IDA countries, WBG should add a goal for IDA to support one IDA or transition country to integrate NCA into its System of National Accounts.

**Adjustments to Volumes and Terms of IDA Assistance:** We agree with such a commitment in principle. Given variable exchange rates (and perhaps SDR baskets), it might be prudent to establish these targets as percentages within the CRW or IDA replenishment rather than as number targets.

## SPECIFIC COMMENTS

### A. KEY TRENDS IN THE GLOBAL ECONOMY AND AID LANDSCAPE.

Para. 11: It's important that small islands (or Great Ocean States, as some prefer to be called) are recognized here, given their unique vulnerability to climate change impacts, which underscores the importance of timely action.

Para. 18: These pressures underscore the need for solutions that account for the role of such (natural) resources, especially in the lives of the poor, many of whom depend on them for their livelihoods. About three in four poor people live in rural areas, where they depend on natural resources for their livelihoods, and about 90 percent of them depend on forests for at least some part of their income. See "Issues in Poverty Reduction and Natural Resource Management," USAID, 2006: <https://www.usaid.gov/sites/default/files/documents/1862/issues-in-poverty-reduction-and-natural-resource-management.pdf>.

Para. 21: We appreciate the recognition of the global public goods agenda as a global concern, including for IDA countries.

Para. 35: These commitments to help IDA countries manage their natural and social capital to deliver green, inclusive, and resilient growth, and to implement their (I)NDCs under COP21, are important and welcome. Indeed, they are central to achieving the goals of IDA18 since such capital, and robust implementation of NDCs, are foundations for sustainable development.

Para. 39: We strongly agree on the importance of ensuring that IDA is well-positioned to support the poorest countries achieve the SDGs.

Para. 42: To fulfill the mandates of Sendai framework, it is important to remember the guiding principle that "addressing underlying disaster risk factors is more cost-effective than primary reliance on post-disaster response and recovery, and contributes to sustainable development," and "addressing climate change as one of the drivers of disaster risk represents an opportunity to reduce disaster risk in a meaningful and coherent manner."

Box 1: We welcome the recognition of the importance of the Bank's strategic partnerships in the Climate Change Special Theme, including in forests and agriculture. At the same time, financing for REDD+ /AFOLU remains far below its potential to deliver mitigation and other benefits. Halting tropical deforestation and degradation and allowing tropical forests to continue

sequestering carbon and re-growing at current rates can provide at least 30% of all mitigation action needed to limit global warming to 2°C<sup>x</sup>, yet these sectors receive far less than this proportion of total mitigation financing (estimates range from 2-15%, depending on whether the amounts counted are those disbursed or committed), and for many countries the amount of

funding on the table is not large and/or predictable enough to increase their efforts to implement REDD+ or change the politics of forest protection.<sup>xi</sup>

Para. 49: We welcome and agree with these guiding principles, in particular the focus on SDG indicators and commitments including COP21.

Para. 58: We would underscore that ending poverty and achieving economic transformation requires addressing the underlying conditions that have impeded agricultural productivity growth among smallholder farmers, pastoralists, forest dwellers, and fishers: the lack of secure land tenure for men and women, of equitable and adequate access to credit or insurance, of equitable and adequate extension services, and of equitable and adequate electricity.

Box 3: This again underscores that a key path to ending poverty and achieving economic transformation requires addressing the underlying conditions that have impeded agricultural productivity growth among smallholder farmers, as well as pastoralists, forest dwellers, and fishers: the lack of secure land tenure for men and women, of equitable and adequate access to credit or insurance, of equitable and adequate extension services, and of equitable and adequate electricity.

Para. 77: Such disasters are often magnified by environmental degradation, and preventing such degradation in the course of development is much more cost-effective than repairing misguided development.

-- This makes clear the importance of abatement (mitigation) to reduce vulnerability and protect development gains. While the IDA countries have no moral burden in this regard, and indeed there is a strong economic justice argument for transfers), it is in their self-interest to pursue mitigation strategies, especially those that provide adaptation (resilience) and other co-benefits. Nature-based solutions such as REDD+ and ecosystem-based adaptation offer a low-cost option in many circumstances to achieve such outcomes.

-- Equally (or even more) at risk are small island developing states, which is why these remain part of IDA.

Para. 78: This is especially true for small island developing states, although they face physical limits in their options for reducing vulnerability, e.g. to sea-level rise.

Para. 79: Nature-based solutions are an ideal way to do this since they incorporate improved management of natural resources on which the poor depend.

Para. 80: Agreed. The reality of resource-scarcity heightens the importance of applying integrated adaptation and mitigation solutions such as are afforded by forest conservation (REDD+) and climate smart agriculture, especially where these deliver co-benefits such as protection from storms, water filtration and storage, biodiversity conservation, and cultural value.

Para. 81: Carbon pricing that eliminates fossil fuel subsidies (as a first step) and reflects the social cost of carbon as a final goal can help address all three (policy, technology and finance) challenges, although resilience and sectoral issues such as land use will require further action.

-- We strongly welcome the recognition of the importance of these areas of action [climate-smart agriculture, forests, deforestation, and land restoration]. The Bank itself has documented the value of these areas in [Convenient Solutions to an Inconvenient Truth: Ecosystem-Based Approaches to Climate Change](#) (2010). Given their value, it's also important to build on the readiness and other early efforts the Bank has supported to date. As [Convenient Solutions](#) noted (pp. 87-89):

“the Bank could, and should, support a stronger focus on ecosystem management as part of an explicit response to climate change, including the following:

- Protecting terrestrial, freshwater, and marine ecosystems and ecological corridors to conserve terrestrial and aquatic biodiversity and ecosystem services
- Integrating protection of natural habitats into strategies to reduce vulnerability and disaster risks (including protection from natural hazards such as floods, cyclones, and other natural disasters)
- Scaling up country dialogue and sector work on valuation of ecosystem services and the role of natural ecosystems, biodiversity, and ecosystem services in underpinning economic development
- Emphasizing the linkages between protection of natural habitats and regulation of water flows and water quality for agriculture, food security, and domestic and industrial supplies
- Scaling up investments for protected areas and natural ecosystems linked to sector lending, such as infrastructure, agriculture, tourism, water supply, fisheries, and forestry
- Promoting greater action on management of invasive alien species, which are linked to land degradation and have a negative impact on food security and water supplies
- Emphasizing the multiple benefits of forest conservation and sustainable forest management (carbon sequestration, water quality, reduction of the risks from natural hazards, poverty alleviation, and biodiversity conservation)
- Promoting investments in natural ecosystems as a response to mitigation (avoided deforestation) and adaptation (wetland services)
- Integrating indigenous crops and traditional knowledge on agro-biodiversity and water management into agricultural projects as part of adaptation strategies
- Promoting more sustainable natural resource management strategies linked to agriculture, land use, habitat restoration, forest management, and fisheries
- Developing new financing mechanisms and integrating ecosystem benefits into new adaptation and transformation funds
- Using strategic environment assessments as tools to promote protection of biodiversity and ecosystem services
- Monitoring investments in ecosystem protection within mainstream lending projects and documenting good practices for dissemination and replication
- Developing new tools to measure the benefits of integrated approaches to climate change (ecosystem services, biodiversity conservation, carbon sequestration, livelihood co-benefits, and resilience).”

Para. 82: Indeed, integrating climate analysis and solutions in the diagnostic and planning phases is key in effectively addressing climate challenges. Countries with climate-vulnerable and poor people need to find ways to achieve climate-resilient societies and economies while addressing both current increased climatic variability and future climate change. As noted by

the International Institute for Environment and Development, mainstreaming countries' climate efforts within existing development planning, priorities and capacities helps governments cope in a country-driven process that evolves from and is embedded in, existing development planning systems, capacity and priorities.<sup>xiii</sup>

Para. 85: We strongly welcome the commitments here. Participants should further ensure that sufficient levels of finance are provided and mobilized for nature-based solutions to climate change (including REDD+, blue carbon and EbA), in proportion to the benefits that these solutions provide. By this measure, such solutions have to date been significantly underfunded. We propose the following agriculture and forestry agenda:

1. **Ambitiously decrease emissions and increase sequestration from the land sector.** The land sector amounts to almost a quarter of global emissions (higher proportionately in IDA countries), and has a high sequestration potential that can contribute even more to mitigation.
2. **Adequately incentivize actions in the land sector.** Incentives to reduce emissions and increase sequestration in the land sector will vary under different national circumstances. In some countries, incentives will be generated when the land sector is included in economy-wide emissions reductions contributions (e.g. in INDCs or NDCs). In many developing countries, additional economic incentives, including from IDA, will be necessary to achieve the mitigation potential of the land sector. Incentives for the land sector should include access to results-based financing, including carbon markets, as a means to increase the scale of emissions reductions.
3. **Coordinate with other sectors** including power and mining to address deforestation and forest degradation effectively and therefore to secure sustainable finance for REDD+ implementation. Since these sectors generally attract much higher levels of private and public investment than forestry, even a small part of this finance linked to national REDD+ strategies would go a long way towards emission reductions from the forest sector.
4. **Achieve positive environmental and social outcomes from actions in the land sector.** Actions in the land sector can reinforce socioeconomic and biophysical objectives, such as on human rights, biodiversity, and food security. Efforts should aim to support the transition to low-carbon economies, and maximize the synergistic link between adaptation and mitigation, as appropriate to domestic and local circumstances.

Para. 86: The climate-related commitments here are very welcome. We suggest adding that all IDA operations, especially those identified as drivers of deforestation (agriculture, energy, mining, and transport), be screened for direct and indirect impacts on deforestation.

-- The drafting of 10 programmatic policy notes is a very positive commitment and should be built on by further integrating IDA-supported actions for forest conservation that achieves climate mitigation and co-benefits.

-- We welcome GHG accounting and shadow carbon price for all operations in significant sectors, and encourage the extension of this commitment wherever the political economy is favorable to effective carbon pricing reflecting the full social cost of carbon.

Para. 99: We agree this theme is truly cross-cutting. We suggest adding secure and equitable land tenure for forest-dependent communities and smallholder farmers as an important measure for sustainable governance and institutions in the natural resource sector. It also can underpin efforts to reduce resource-driven conflict and mitigate emissions from land use.

Para. 101: We certainly support this line of work, and note that mitigating illicit financial flows should include systematic efforts to end illegal land uses—mining, extractives, illegal logging, and poaching of wildlife.

Para. 106, Strengthening Domestic Resource Mobilization: In addition to this assistance, the Bank should enable implementation of carbon and other pollution taxes reflecting the full social costs of these externalities (the polluter pays principle) in at least five IDA countries both for (economically and administratively efficient) DRM and to achieve social and environmental goals, e.g. improved health and sustainability.

### **Results Measurement System for IDA18 (Additional Monitorable Actions)**

- **Jobs and Economic Transformation** - Proposed actions under objective "Supporting job creation through economic transformation" should provide necessary measures (e.g. screening projects for direct impacts contributing to deforestation; farmers adopting best management practices as well as improved agricultural technology) to support sustainable growth in agri-business sector to ensure that growth does not entail conversion of natural forest and landscapes. (pg. 70)
- **Climate Change** - Proposed actions should include that all IDA operations be screened for direct and indirect impacts on deforestation. The drafting of 10 programmatic policy notes is a very welcome commitment and should be built on by further integrating IDA-supported actions for forest conservation that achieves climate mitigation and co-benefits.
- **Governance and Institutions** – We propose integrating natural capital valuation and nature-based solutions into national development planning, as cost-effective ways toward sustainable economic development. We propose objectives be expanded beyond supporting institutional capacity-building to respond to pandemics, and prioritize cost-effective nature-based preventive measures against disease outbreaks and spread of disease vectors (e.g. to reduce effects of forest fragmentation, spread of disease vectors and local populations, i.e. Ebola).

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<sup>i</sup> Although at initial stages, weather index insurance programs are taking off as a more promising way to adapt to extreme weather conditions than selling assets, digging wells which drain water tables, or queuing up for food aid after disaster strikes. See "Using Weather Index Insurance to Improve Relief Efforts in the Event of Drought in Mexico" in [Climate-Smart Agriculture A Call to Action](#), World Bank, 2011.

<sup>ii</sup> See Women in Informal Employment: Globalizing and Organizing (WIEGO) [Poverty & Growth Linkages](#).

<sup>iii</sup> See "[We'll Always Have Paris—But Let's Not Forget Forests at Marrakech Climate Talks](#)," 11/1/16 by Frances Seymour, Center for Global Development, Washington, DC.

<sup>iv</sup> <https://sustainabledevelopment.un.org/sdg15>

<sup>v</sup> <http://documents.worldbank.org/curated/en/661931467989537070/pdf/106108-BR-IDA-SecM2016-0108-PUBLIC.pdf>

<sup>vi</sup> See [Securing Rights, Combating Climate Change](#): How Strengthening Community Forest Rights Mitigates Climate Change, Caleb Stevens, Robert Winterbottom, Jenny Springer, Katie Reyter; World Resources Institute, 2014.

<sup>vii</sup> More than 90 countries identified the need to address forest and land use changes in their Nationally Determined Contributions to address climate change.

<sup>viii</sup> The Bank's 16th annual [Conference on Land and Poverty](#) (2015) highlighted a number of lessons learned. While a narrow technocratic approach that fails to fully account for associated political economy issues may be ineffective, there are good practices to achieve land governance across multiple domains:

- **New Technologies:** These help to document rights to family and community lands held by traditionally disenfranchised people such as forest communities, slum dwellers, and pastoralists by enabling participatory mapping and local negotiation over rights, including with investors.
- **Clear Documentation and Improved Land Management:** These can improve tenure security, reduce disputes, assist planning, and help assess the tax gap. Also, where appropriate, disposal of public land through transparent means such as auctions can allow proceeds to benefit all rather than a few well-connected individuals.
- **Participatory Processes:** These can be incorporated into the assessment of a country's [land governance](#) compared to global best practice. These assessments then feed into country strategies, allow monitoring using administrative [data](#), and provide a basis for field [experiments](#) and new ways of combining spatial, administrative, and household data to put in place policies to reduce sprawl and increase density.
- **Supply Chain Monitoring:** Enhanced abilities to monitor throughout the supply chain allow agribusinesses, traders, processors, and consumer goods firms to make better sourcing decisions, disclose information to document compliance with global goals such as pledges for 'zero deforestation', and manage risk in a way that facilitates global capital flows into regions and sectors traditionally considered too [risky](#).
- **Administrative Data:** Better use of administrative data by governments can assist in monitoring the extent and impact of [large-scale land acquisition](#). Making this information available through national reporting systems can also help investors make better-informed decisions. This requires combining records and administrative data to better assess potential benefits from land taxes, push towards tenure regularization, and capture land value increases that can be used for investment in public infrastructure and services.
- **Data Revolution:** The data revolution can be harnessed to create approaches to land governance [monitoring](#) that combine surveys, administrative data, and global tools such as the [Doing Business indicators](#) to allow low-cost, high-frequency monitoring of gender-disaggregated data that stakeholders can draw on to track progress.

These innovations share several elements: they put a strong focus on data to measure progress, they place a premium on open standards and interoperability to make information available to interested parties and feed into country strategies that build on evidence-based discourse, and they use real-time impact evaluations to revise and refine policy reforms.

<sup>ix</sup> See *Adaptive Investment in Coping with Climate Change in China: Do Land Property Rights Matter?*, Paper prepared for presentation at the "2016 World Bank Conference On Land And Poverty" The World Bank - Washington DC, March 14-18, 2016, Yangjie Wang, Xiaohong Chen, and Jikun Huang; Business School, Central South University, China; [yangjie.wang@csu.edu.cn](mailto:yangjie.wang@csu.edu.cn).

<sup>x</sup> See: (a) McKinsey & Company. 2009. Pathways to a low-carbon economy. McKinsey & Company; (b) Le Quere, C., et al. 2013. Global Carbon Budget 2013. *Earth Syst. Sci. Data Discuss.*, 6, 689–760 (averaged for 2003–2012); (c) Grace, J., et al. 2014. Perturbations in the carbon budget of the tropics. *Global*

Change Biology (data from 2005–2010); (d) Houghton, R.A. 2013. The emissions of carbon from deforestation and degradation in the tropics: past trends and future potential (data from 2000–2005), Carbon Management.

<sup>xi</sup> Page 24, [\*The Impacts of International REDD+ Finance\*](#), Donna Lee and Till Pistorius, September 2015, Climate and Land Use Alliance.

<sup>xii</sup> A framework for mainstreaming climate resilience into development planning, Mousumi Pervin, Shahana Sultana, Am Phirum, Isatou F. Camara, Vincent M. Nzau, Vanhthone Phonnasane, Pasalath Khounsly, Nanki Kaur and Simon Anderson, IIED Working Paper, Climate Change, November 2013.



### III. Global Integrity

Dear World Bank colleagues and IDA Deputies,

We would like to provide some brief feedback on the [IDA-18 Deputies report](#), building on our engagement with the World Bank about the World Development Report over the past few months (see our blogposts [here](#), [here](#) and [here](#)).

Our main point is that we think it would be very strange - particularly now that the WDR has been discussed at the World Bank Board - for the IDA paper not to draw on the WDR's analysis of the role that adaptive programming can play in addressing implementation gaps, and the political dynamics of governance reform.

We welcome the fact that "Participants requested IDA to plan for the operationalization of WDR 2017 focused on reducing implementation gaps and enabling adaptive approaches", but the associated commitment is very weak and could be easily strengthened in two main ways.

- First, there should be a specific reference to "adaptive programming" rather than the all-too-vague "adaptive approaches".
- Second, the IDA Deputies Report should galvanize ambition in terms of operationalizing the World Development Report, both in terms of substance, and in terms of timing.
  - On substance, the IDA Deputies Report should draw on the World Bank's initial thinking about how to operationalize the WDR, including by building on existing experience with adaptive programming in fragile and conflict-affected states.
  - On timing, a vague commitment to have another look in two years' time is seriously disappointing.

Thanks for the opportunity to comment. We look forward to staying engaged as the World Bank - with the support and encouragement of IDA donors - leads the way in exploring the value of adaptive programming, including in IDA countries.

best wishes,  
alan

[Alan Hudson](#) // Executive Director, [Global Integrity](#) // Twitter [@alanhudson1](#) // [My Calendar](#)

## **IV. Independent: Jean-Francois Tardif**

### **Comments on the IDA 18 Deputies Report**

Thank you for the opportunity to comment on the current version of the IDA 18 Deputies Report.

Funding scenarios contemplated for IDA 18 call for a 30% to 60% increase in funds. Whatever the scenario, the range falls completely outside the range of growth observed for global ODA in recent years. In other words, despite clever – and welcome -- leveraging schemes, donors are being asked to devote a larger share of their ODA, to a multilateral mechanism serving fewer and fewer countries of the South.

IDA, compared to key fiscal choices donors will have to make during the IDA 18 implementation period (Gavi Replenishment, GFATM replenishment, GPE replenishment and Polio final eradication phase to name but a few of the multilateral “competitors”) does not compare favourably in terms of cost-effectiveness. This is due to the fact that IDA thematic priorities do not lend themselves to clearly monitorable results (how do you measure a variation in resilience or opportunity?). In a context where the international community’s priority is the attainment Sustainable Development Goals (SDGs), just making reference to them in the text and reporting on them in the Results Measurement System (RMS) is not sufficient. To be allocated a greater share of global ODA than it currently has, IDA must specifically mention that it will be working with developing countries to identify ways to increase investments directly related to the SDGs.

IDA’s RMS includes key indicators like beneficiaries of social safety net programs, stunting, basic education and health indicators. But the thematic priorities, which will govern actual outlays of funding, must be connected to these areas, in the Deputies Report.

Specifically, the current Growth, Opportunity, Gender and Jobs thematic priorities must explicitly recognize not that IDA investments in health and education are necessary (especially for women, as they do, too indirectly) but additionally, the Deputies Report must encourage investments in nutrition and early childhood development, as highlighted at the October 2016 Human Capital Summit hosted by the World Bank, because longitudinal studies demonstrate irrefutably that they are necessary to make sure the next generation is capable of sustaining economic growth. Further, the Deputies draft must recognize that approaches such as microfinance and graduation programmes, successfully accompany extremely poor families to support them in becoming successful managers of productive assets. Graduation programs, in particular, are targeted at families in extreme poverty, and randomized control trials on three continents have demonstrated that they increase the families incomes substantially (see [What’s the Most Cost-Effective Way to Reduce Extreme Poverty?](#)). It is time to blend these programs with large-scale social safety nets, to reach the very poor and directly contribute to the World Bank’s (and the world’s) objective of ending extreme poverty. IDA should be well positioned to steer this scaling up endeavour.

The afore-mentioned measures would make activists like me support a greater contribution of my government to IDA.

Thank you again for the opportunity to contribute to this consultation.

Jean-Francois Tardif

294 rue du Dome

Gatineau (Quebec)

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Canada

## **V. Independent: Jeremy Lefroy**

Dear Madam/Sir,

Thank you for the opportunity to comment on the report.

- 1) I welcome the inclusion of 'Jobs and Economic Transformation.' May I respectfully suggest that this be: 'Jobs, Livelihoods and Economic Transformation' as 'jobs' implies only formal-sector employment whereas self-employment – in small business and agriculture, for example – plays an essential role in economic transformation.
- 2) I welcome the introduction of blended finance to increase the ability of IDA to support development. It is important that this is done carefully so that long-term financial liabilities are matched against long-term development impact.
- 3) I welcome the sub-window for refugees. This is particularly important for supporting education for refugees in crises which are increasingly protracted. Currently only some 3% of humanitarian spending is on education, leaving both a very substantial burden for host countries and millions of children and young people lacking a decent education.
- 4) I welcome the transitional support for IDA18 graduates. A smooth transition is always better than a 'cliff edge'.

These comments are made in a personal capacity and not in my role as Chair of the Parliamentary Network on the World Bank and IMF.

Yours faithfully,

**Jeremy Lefroy**

## VI. International Institute for Environment and Development (IIED)



# Response to invitation for public comment on the Draft IDA 18 Deputies' Report

## Submission from the International Institute for Environment and Development (IIED)

In response to the Draft IDA 18 Deputies' Report, IIED urges the set of core indicators against which the World Bank delivers its results to reflect the new global framework for measuring development action as set out in the Sustainable Development Goals (SDGs).

By putting sustainability at the centre of investments, these internationally agreed goals call for changes in the way development action is financed.

Based on the Draft IDA 18 Deputies' Report, the World Bank shows little sign of recognising this shift: the current list of IDA indicators do not align with the SDGs.

IIED is concerned that the Bank will, as it has in the past, approach donors for additional funding on top of their core replenishment in efforts to ensure its investments deliver sustainable outcomes.

**IIED therefore calls on the World Bank to update its indicators to be consistent with the SDGs,** putting sustainability at the centre of its lending measures. It can achieve this by making the following changes:

1. **Water and sanitation:** current indicators focus on annual freshwater withdrawal and access to improved water and sanitation. Instead, IIED recommends indicators measure water stress (SDG 6.4.2) and sustainability of investments in water and sanitation (as reflected in the SDG 6.1.1 and 6.2.1 indicators on "safely managed"). We note this was considered but rejected on grounds the definition has yet to be standardised – but the World Bank could help define it. Alternatively, we suggest the Bank tracks "sustainable access" incentivising a greater focus on results that last over the longer term and that water drawn from groundwater is sustainable.
2. **Forests:** IIED welcomes the addition of the indicator on change in deforestation rate but the indicator on numbers of policy notes is inadequate as an interim indicator. IIED recommends indicators on: percentage of forest cover under sustainable management plans; percentage of forest cover owned by and, separately, with commercial use rights held by, communities and indigenous peoples; volume of production per labour unit by classes of, among others, forestry enterprise size (SDG 2.3.1).
3. **Food and agriculture:** the current indicators give little sense of how well the World Bank will provide opportunities to smallholder farmers or support the long-term resilience of the land they farm. Equally, given the lack of clarity around what climate smart agriculture really means, IIED proposes using SDG 2.4.1 (proportion of agricultural area under productive and sustainable agriculture), and defining sustainability in terms of how it contributes to food security and farmers' livelihoods over time, alongside an indicator around improved productivity despite climate effects on smallholder farming.

4. **Climate change:** we propose an amended version of SDGs 1.5.3 and 13.1.1, to provide an indicator of national and subnational adaptation plans, generated and implemented. It is also critical that the World Bank tracks the amount of finance it invests directly into adaptation and clean energy, and how much private finance it mobilises. Instead, IIED suggests indicators are money mobilised per capita per country/region and the percentage of people covered by activities appearing in adaptation plans.
5. **Energy:** the current indicator on megawatts will continue to incentivise investment in new generation without considering the value of the energy to meet demand. At minimum, it should be disaggregated by clean and fossil fuel energy, but ideally also reflect value to the energy needed. The new indicator on plans to achieve sustainable energy for all is welcome, but IIED would encourage the World Bank to ensure this also supports long-term "whole of energy system" planning and management.
6. **Cities:** the commitment to "improved urban living conditions" conflates the many interventions needed to improve urban productivity and sustainability. Instead, IIED proposes that the World Bank tracks the actual changes most needed – the number of people with secure tenure, people with durable, permanent housing, the percentage with access to piped drinking water and with urban solid waste regularly collected.

Given the SDGs commitment to **social inclusion** and to 'leave no one behind', IIED welcomes the World Bank's efforts to disaggregate indicators by sex, but would encourage the Bank to also disaggregate by age, disability, ethnicity and religion to ensure investments are at least equitable, and may indeed empower excluded groups.

If these development gains are to be sustained it is also important that the World Bank contributes to more inclusive and effective local governance. IIED therefore urges the Bank to consider indicators such as the percentage of local government revenue generated directly from sources within the city (to capture fiscal capacities) and years since last census (to capture quality of evidence for decision-making).

## VII. International Rescue Committee & Center for Global Development



November 11, 2016

Mr. Axel van Trotsenburg  
Vice President of Development Finance  
World Bank Group  
1818 H Street, NW  
Washington, DC 20433

Dear Mr. van Trotsenburg,

Thank you for the opportunity to comment on the draft of the IDA Deputies Report in advance of the final negotiations and pledging at the end of this year. We appreciate the World Bank's deep engagement with civil society, particularly with the International Rescue Committee (IRC) and the Center for Global Development (CGD), in developing its strategy for addressing the global refugee crisis.

The Global Crisis Response Platform, including the IDA-18 replenishment and regional sub-window for refugees, represents one of the largest new flows of humanitarian financing in recent history. We particularly appreciate the recognition that a range of tools are needed to respond to the varied profile of countries responding to both emerging and protracted crises, whether middle-income like Jordan and Lebanon, or low-income ones struggling to provide for their own citizens. The Bank has unique leverage in mobilizing an innovative and improved crisis response. In using that leverage for maximum impact, it is critical that the World Bank bring to bear not only its financing but also its expertise, and adapt its approach. The scale, scope, and complex nature of the refugee crisis requires a framework that extends beyond the typical Bank-client relationship.

The IRC and CGD have been hosting a study group on Forced Displacement and Development to form recommendations on how host countries, donors, development and humanitarian actors can work together to better serve refugees and host countries and communities. Attached is our first product, a policy brief outlining an initial framework for a "compact model" for refugee hosting countries.

Drawing on this work and our experience responding to displacement crises around the world, we list below specific points of feedback on the text of the draft (focusing on Annex 5, pages 111-112), as well as broader comments on the role we hope the Bank and the sub-window will play in bringing together the right actors, evidence, and actions for meaningful and effective refugee and host community relief.

**1) Systematic inclusion of critical stakeholders at all levels.** The nature of the crisis and the target populations the IDA sub-window mean that a multi-stakeholder governance process is crucial. Humanitarian agencies, particularly those directly engaged with refugees, offer access to vulnerable populations and expertise in identifying needs, defining outcomes for projects, and setting terms for financing agreements. Development actors bring their knowledge of host communities' longer-term needs, financial resources, and experience negotiating with governments. New financing opportunities must recognize the unique voices and roles of humanitarian and development actors, as well as refugee beneficiaries, when determining project priorities and terms.

Paragraph 5 of Annex 5 outlines the process for project oversight, including a requirement for countries

to coordinate with other development partners and humanitarian agencies. While we are grateful such an intent is laid out, coordination alone is not enough. The project planning requirement must be stronger and more specific: countries should demonstrate “evidence of coordination, *including joint analysis and planning*, with other development partners and relevant humanitarian agencies, in particular UN agencies.”

Working jointly with these actors should be a *prima facie* requirement for all refugee-supporting projects, and the emphasis on partnership should be elevated—not only in project requirements, but in the governance structure of the sub-window. Key UN partners (i.e., UNHCR and UNDP) and local humanitarian and development actors within each country should be actively included and consulted in the individual project review process, in addition to reviewing the policy frameworks for country eligibility.

**2) Specific eligibility criteria and protection policy frameworks.** One of the most potentially impactful elements of World Bank financing for refugees the requirement for countries to have policy frameworks that protect refugees and action plans to ensure long-term solutions for them. Footnote 117 states that protection policy frameworks could include the 1951 Refugee Convention or 1967 Protocol; we would advocate to include a reference to a more specific and field-level criteria framework, such as the Regional Durable Solutions Secretariat (ReDSS) Solutions Framework, developed jointly by a consortium of 11 humanitarian organizations. The ReDSS Framework is a pre-existing, comprehensive, and field-tested tool that offers measurable indicators to evaluate physical, material, and legal protection for refugees. Whether using ReDSS or a similar framework, the eligibility analysis process should emphasize the specific policy and implementation constraints that refugees and their host communities face in maintaining dignity and achieving self-reliance.

Accountability for progress in these action plans is also essential. Eligibility should not be a snapshot, but an iterative process, and each time countries apply for new projects through the sub-window their progress on indicators in the framework should be considered. Wherever possible, financing should be delivered through Program for Results using the policy reforms outlined in action plans as key results indicators, to ensure governments are incentivized and supported to act on their commitments.

**3) Outcome-driven plans and analysis for effective results.** To ensure that the project development process produces the most targeted, evidenced-based, and effective projects possible, we propose that the following additional guidance be included to the oversight section of paragraph 5:

- Requirement (ii) should be further defined as “analysis of the needs of refugees, impact on host communities, and related constraints to enabling refugees’ self-reliance within the context targeted by the project.”
- Requirement (iii) should be further defined as “description of proposed project development *outcomes*, activities, and beneficiaries.” Emphasizing the focus on outcomes, rather than inputs or outputs, will encourage countries to think about the necessary pathways to achieve them, including policy reforms to remove constraints.
- A requirement should be added for “analysis of the cost efficiency and/or effectiveness of proposed activities.” Governments should be expected to pursue interventions that are the lowest-cost way to deliver and achieve desired outcomes. The World Bank should lead on setting cost analysis standards.
- As noted above, Program for Results offers a unique way to deliver results for refugees and host communities while also strengthening government capacity to sustainably provide services and enforcing accountability, all of which are central goals of the refugee sub-window. Guidance to prioritize PforR as a financial instrument of choice should be included in the IDA Deputies Report. Disbursement-linked indicators in these projects should get as far along the results chain as possible, i.e. refugee employment or income instead of work permits, or learning instead of enrollment. The Bank should invest in data capacity to measure these outcomes for refugees where such information is not available, as it is central to enabling an effective response.



- 4) Priority activities with shared benefit.** We applaud the purpose and priority of the sub-window on medium- to long-term development needs of refugees, and the recognition that opportunities should jointly serve refugees and host communities. Many of the activities outlined, particularly (i) through (iii), capture what must be done to ensure refugees can survive, thrive, and contribute to host communities.

With respect to activity priority (iv), to “support people in the host population whose livelihood is negatively affected by the refugees’ presence,” the IRC’s experience on the ground as well as the Bank’s own research is beginning to demonstrate that in many refugee hosting areas, livelihoods of those communities were strained prior to and irrespective of the hosting arrangement.<sup>1</sup> Targeting only those whose livelihoods were causally impacted would be logistically difficult, and runs the risk of diverting funds for political expediency, rather than greatest need. Moreover, programs are often simpler and more cost effective to implement and can have an even greater impact when they are targeted based on geographic area or need, not on refugee status.<sup>2</sup> For example, IRC’s livelihoods centers offer business support to local entrepreneurs within host communities; these businesses often create new job opportunities for refugees. A better reframing for this activity would be “to support livelihoods in host community areas, tailored to the needs and constraints of refugees and host community members.”

- 5) Flexibly scaled financing terms.** We deeply appreciate the Bank’s attention through this new financing stream on creating incentives and removing financing barriers for governments to take responsibility for addressing refugee needs. We also understand the need for balanced incentives and buy-in from host country governments, particularly in cases where there are positive externalities for host communities as well as refugees from Bank-financed projects. We note that footnote 118 states that there may be case-by-case exemptions to the 50 percent credit requirement for projects that only support refugees, but related to the points above, financing should not disincentivize countries to look for opportunities of shared benefit between refugees and host communities. We hope the World Bank will consider offering more flexible terms, perhaps scaling concessionality to estimated share of host community benefit rather than a rigid 50-50 split, such that financing agreements do not become the main barrier to enacting the policy and programming needed for long-term solutions in these countries.

We again commend the Bank and its shareholders for stepping up in the face of crisis with a potentially game-changing model of financing to assist refugees. Many of the pieces laid out in the IDA Deputies Report, as well as in the complementary new facility for middle-income countries, do embody a new, compact approach we believe is required to increase the protection space for refugees and increase the impact of resources aimed at assisting them and their host communities. The details of how the financing process is structured—i.e., more fully including humanitarian actors in decision-making, leaning towards field-tested protection frameworks, encouraging host countries to see shared value, and setting fair and workable financing terms—is crucial to delivering maximum impact and using the new resources as a catalyst for positive change. We hope you consider this feedback as you finalize the draft of the report in the coming weeks. We would be happy to further discuss any of the points above and serve as a resource to you and your staff going forward.

Sincere regards,

**Nazanin Ash**

Vice President, Policy and Advocacy International  
Rescue Committee

**Cindy Huang**

Visiting Policy Fellow  
Center for Global Development

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<sup>1</sup> “World Bank. 2016. Forcibly Displaced : Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/25016> pg. 49

<sup>2</sup> See the IRC’s work on Area-based approaches: <http://www.alnap.org/pool/files/area-based-approaches-dfid-irc-discussion-paper.pdf>

## VIII. Oxfam



### Oxfam Comments on the IDA 18 Deputies draft report

Below are Oxfam's comments on the draft IDA 18 Deputies' report. It is based on the briefing "*Oxfam Positioning and Recommendations on IDA 19*" that we circulated earlier in the autumn.

#### **1) Newly proposed private sector window**

We appreciate the effort to mobilize private investments in the most challenging environments through the introduction of the IFC-MIGA Private Sector Window. Further, we applaud the recognition among the Deputies that IDA countries require to not only increase the number of people employed, but to create good quality jobs to reduce poverty, enhance female empowerment and strengthen social cohesion.

Still, we have significant concerns for how the private sector window will impact IDA countries, especially FCS.

Oxfam's position is that IDA funds should not be diverted away from public sector lending and that the Bank should only back private sector investments if the financing envelope is large enough to maintain current IDA funding levels for the public sector. This is especially true if IFC transfers to IDA stop.

In fact, **we propose that IDA funds need not necessarily be used to back the private sector directly, but could instead be used to reduce the barriers to private sector investment.** For instance, through investing in essential public services like health and education, and in infrastructure. The lack of public investments in these areas remains an important barrier to private sector growth in developing countries. Some other examples of how public finance can benefit the private sector include: Reducing the pressure to liberalize financial sectors and privatize public banks (e.g. through the World Bank/IMF Financial Sector Assessment Program); Reforming investment treaties to remove clauses that limit their ability to manage international private flows; And through major improvements to company transparency and a global tax body to stop losses of public resources through tax dodging.

**The World Bank Group must also articulate clear criteria for investments of IDA funds that demonstrate benefits for the poorest within countries and that promote gender equality.** This is especially crucial given the emphasis on gender in the current Deputies' report. Pro-poor

development impacts must be prioritized over financial returns as investment choices are made. IDA funds are specifically targeted at poverty reduction, and so the Bank's responsibility to ensure this criterion above financial returns becomes paramount as private sector funding continues to increase. The final Deputies' report should clarify how on-going monitoring will occur to ensure investment have a clear pro-poor impact. In our assessment, current IFC systems for monitoring poverty impact at the project level are insufficient.

In addition to clear pro-poor investment criteria, the World Bank Group must consider environmental and social risk in the same way it considers financial risk when making private sector investments so as to ensure that investments are sustainable and benefit communities rather than harm them and push them into further poverty. Given the focus on FCS in the current Deputies' report, social risk is especially important to consider in the context of fragile states where there is a real possibility for fueling social conflict, particularly those related to land and natural resources. **We would like to see stronger language in the final report clarifying how investments in FCS will mitigate social risk.**

We also urge the IFC tread carefully when investing in private markets for essential services like education and health – these investments should not be allowed to erode or undermine public sector responsibility or capacity to provide quality services for the whole population; nor to exclude the poor from accessing related services. We have been concerned about trends in recent lending that seek to produce a mixed system of services but instead produce a stratified one that prices the poor out of accessing quality services. For example, a recent Oxfam report found that the IFC's Health in Africa initiative made investments in mainly high end urban hospitals and clinics that were highly unlikely to serve poor populations.

The current report emphasizes the importance of private sector agricultural investments. However, Some examples of where we think the private sector could have great added value is in places that are riskier from a financial point of view (in terms of return on investment), but have potential to really make a difference for opening up new markets that can benefit the poorest, such as investments in companies producing renewable technologies that prioritize energy access for the poorest (eg. offgrid solutions) and generic medicine producers and medical technology companies in Africa. **We would like to these sectors promoted in the final report.**

Given the growing importance of the private sector in IDA financing, **we recommend that the WBG update its Offshore Financial Center (OFC) policy to do more in the way of preventing aggressive tax planning and tax avoidance by its clients.**

We expect that financial intermediaries (FIs) will be used as part of this approach and specifically in an effort to reach small and medium sized enterprises (SMEs). We recognize the role that FIs such as private equity funds and commercial banks can play in providing access to finance for SMEs that big development institutions such as the World Bank Group could otherwise not reach. However, given that this is a form of hands-off lending, the WBG must take caution in ensuring that such lending through FIs is reaching those who need it the most,

and very importantly that that financing is then being lent in a way where social and environmental risks are managed well, particularly in FCS. Too often we have seen cases where IFC financing through an FI has caused immense suffering, rather than benefit to communities, especially women.

Due to the high potential for unmitigated harm to occur and the weak transparency and accountability associated with this type of lending, **we recommend the final report to indicate that IDA financing not be used to support or back investments in high and substantial risk FIs where it is almost impossible to track development impact due to the lack of transparency as to where those funds are going. In an effort to track development outcomes, we also propose that disclosure and strong supervision of FI sub-projects will help ensure that funds are reaching the intended beneficiaries.**

## **2) Graduation in an era of high inequality**

We appreciate the Deputies' agreement to a flexible and holistic graduation process. Yet, **we remain concerned that the current report maintains the operational Gross National Income (GNI) cutoff.** Given rising economic inequality, per capita incomes are an inadequate indication of whether a country continues to need concessional financing. Countries like Zambia have seen average incomes rise but in fact poverty levels increase, because of the vast majority of the proceeds of growth going to the top 10%. With the majority of the world's poorest living in middle-income countries, there is an urgent need to take more steps to delay transition from IDA because of inequality concerns, and to rethink graduation more in terms of the ability to reach the SDGs.

We welcome the recognition that if rushed and not properly managed, graduating countries could lose development momentum and potentially experience reverse graduation. As such, we agree that graduation should be extensive (9 years as a minimum and longer if necessary). Further, while countries are in IDA/IBRD Blend status, the Bank should target concessional funds to the types of programs and policies which will most strongly fight inequality, such as progressive taxation, strong decent work conditions, public education and health, etc. This is crucial as graduating countries will still often have large numbers of poor people and high levels of inequality.

## **3) Domestic resource mobilization**

We very much welcome the addition of the governance theme as part of IDA18 and the Bank's proposal to strengthen domestic resource mobilization (DRM) specifically.

We welcome the commitment to work on tax reforms that contribute to reducing income disparities and increasing shared prosperity for the bottom 40 percent through progressive tax policies. Yet, we are keen to see the Bank put more IDA financing toward such progressive tax reforms as well as to improving tax collection. **These specifics are currently missing from the Deputies' report.** Oxfam has estimated that improving tax collection in 52 developing countries could raise an additional 31.3% in tax revenues, or \$269bn. Having a fair tax system in place is also essential to reach the second goal of fighting inequalities.

Given the Bank's recognition of the need for a holistic approach to DRM, we also propose that the WBG review and update the Offshore Financial Centers (OFC) policy as part of IDA 18 commitments. Our research has shown that the current OFC policy is far from effective in fulfilling its intended task and there is a long way to go towards ensuring the WBG is not supporting clients who are avoiding taxes and using aggressive tax planning strategies. As such, we are very keen to see a review or rethinking of the OFC policy to make it a fully tax-responsible one.

#### 4) Gender

We urge the World Bank Group to ensure IDA funding addresses the structural causes of women's economic inequality. The WBG's gender strategy focuses on enabling women to increase their economic participation and for there to be 'better' jobs available to women. The strategy must be implemented in a way which recognizes the structural barriers to women accessing better work opportunities, including violence against women in the home, public spaces and workplaces, heavy and unequal responsibilities for unpaid care work, social norms and lower agency and decision making power. Programs must holistically address these barriers to be successful, interventions which cover one or two areas only will not be effective. Programs must also acknowledge the supply side of 'better' jobs requires the creation of decent work opportunities, and increased labor power and bargaining rights particularly for women. These will ensure that work opportunities support gender equality and economic growth, as well as greater gender equality supporting development.

We welcome the acknowledgement that the WBG is well placed to address areas essential to reducing women's economic inequality including infrastructure, agriculture and financial service delivery. **We would like to see the report more forcefully recommend strong gender analyses for the WBG's projects in these areas.** Such analyses are crucial to reduce and redistribute inequalities in unpaid care work responsibilities and transform markets to empower rather than exclude women. However research has shown that currently a small percentage of WBG projects have an explicit, articulated focus on gender equality outcomes or are tracking their impact in this area. Delivering transformative change towards gender equality through these sectors requires gender analysis be integrated into their design, implementation and evaluation, and for organizations which represent the interests of women to be meaningfully included in consultation processes.

Further, we would like the final report to more explicitly articulate the importance of IDA funding for education and health as keys to promoting gender equity. In this respect, the World Bank should focus IDA investments on strengthening public education and health provision, which are more likely to serve the poorest women and girls. This means financial and technical support for removing user fees, while working to improve quality, equity and social accountability in public schools and health facilities. The gender recommendations in the final report should also promote tracking the impact of IDA support for private schools on gender equity, social inclusion, and wider impacts on the education system. Importantly, given the proposal for a portion of IDA funds to back private sector investments, and our research which has demonstrated that for-profit schools, and hospitals and health facilities that rely on fees

exclude the poorest women and girls, **we propose that IDA funds not be used to back those types of private sector investments.**

## 5) Climate

We welcome the continued inclusion of climate as a special theme in IDA 18 given the global nature of climate change and especially the vulnerability faced by IDA countries. Almost all IDA countries' Nationally Determined Contributions (NDCs) include intentions to develop more renewable energy and we are pleased to see the WB proposing to support those efforts in IDA18. The proposal to address energy access gaps with a focus on low-carbon options and a proposal to support 5 GW of renewable energy generation is encouraging.

With regard to the energy sector, ensuring communities benefit should be a primary goal of energy financing. While co-benefits should also be supported (E.g.: improvement of agricultural production, job creation, health, etc.), energy access should not be seen as a co-benefit. Further, the environmental and social risks that often come with many large-scale infrastructure projects (E.g. large hydropower, natural gas) can outweigh the benefits, especially with respect to communities' land rights and their access to productive resources. Crucially in IDA countries, the Bank must ensure the strongest of standards and proper implementation of safeguards and mitigation measures. Not one individual should be left further impoverished as a result of an IDA-financed project and while this should be a given, **we recommend that this commitment be embedded in the IDA 18 paper.** Likewise, free, prior and informed consent of indigenous peoples and local communities is essential for developing sustainable energy projects that will benefit the community in which they are built. In addition, for any large-scale energy project, we propose that the Bank use third party monitoring to ensure that communities benefit from the projects as well as ensure no harm is done to communities. In addition to these renewable investments, the Bank should also commit to closing the loopholes on damaging and unsustainable fossil fuel financing in IDA countries that is inconsistent with the Paris Agreement, as well as broader development goals. This would mean reviewing the WBG's entire portfolio including Development Policy Loans/Grants, Technical Assistance, Advisory services and importantly Financial Intermediary lending. **We hope the final report will explicitly promote these requirements.**

## **IX. World Wildlife Fund**



### **World Wildlife Fund Comments to the IDA18 Deputies' Report**

**November 2016**

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WWF appreciates the opportunity to comment on the IDA18 Draft Deputies' Report. We share some general comments and specific recommendations below.

#### **General Comments**

- We welcome IDA18's overarching intent to mainstream climate resilience and disaster risk management into Strategic Country Diagnostics and Country Partnership Frameworks but encourage that significant climate change mitigation measures be mainstreamed in IDA18 as well.
- We welcome IDA18's goal to support countries in achieving NDCs, climate-smart agriculture investments plans and forest policy notes; however, it is not clear that references in the Draft Deputies' Report achieve intended mainstreaming. For example, financial and policy integration of NDCs will currently be prioritized in 10 countries but otherwise only be "reflected" in SCDs and CPFs. This appears to fall short of Climate Action Plan and Forest Action Plan goals for World Bank's investments to be broadly more climate and forests smart in support of achieving IDA's goals sustainably.
- We welcome the inclusion of language supporting countries in achieving their NDCs, but encourage support to act within adherence to environmental safeguards so that policies and investments do not unintentionally cause damage to ecosystems and ecosystem services.
- We encourage IDA18 to more clearly reflect the connection between land use and climate change, e.g., by recognizing forests and other important ecosystem services as integral means for both climate change mitigation and increasing the climate resilience of vulnerable communities and countries.

#### **Recommendations**

Promoting climate-informed responsible forest management and forest protection are integral to reducing poverty, mitigating climate change, and promoting the resiliency of ecosystems and communities. Furthermore, in IDA countries, securing land tenure and adopting nature-based solutions are vital to advancing a sustainable development agenda. Specifically, WWF suggests that IDA18 priorities include the following:

- Strive for broader ambition in supporting countries to achieve NDCs while ensuring environmental safeguards. We suggest that IDA18 support at least 20 countries to translate NDCs into specific policies and investment plans.
  - Recommended Proposed Actions under Climate Change, pg. 73: “Support at least [20] countries (on demand) to translate their (I)NDCs into specific policies and investment plans ...”
- As is planned for climate resilience, screen all IDA operations for potential contributions to greenhouse gas emissions (e.g., deforestation, ecosystem conversion).
  - Recommended Proposed Actions under Climate Change, pg. 73: “All IDA operations continue to be screened for climate and disaster risks and integrate [climate change mitigation and] resilience measures...”
  - Recommended RMS Indicator, Climate Change, pg. 73: “Tier 3: Countries supported towards institutionalizing [climate resilience and] disaster risk reduction as a national priority with IDA support.”
  - Recommended RMS Indicator, Climate Change, pg. 73: “Tier 3: IDA \$ commitments with [climate change mitigation, adaptation, and] disaster risk management co-benefits”
- Integrate natural capital and ecosystem services valuation, natural and nature-based solutions into development planning processes as alternative ways to achieve climate resilient, sustainable economic development. Integration of tools that assess the value of natural capital and assess climate risks to screen IDA operations for road construction and infrastructure development impacts to ecosystems services are encouraged.
  - Recommended Proposed Actions under Jobs and Economic Development, pg. 70: “WBG will deploy tools and resources [including those that assess the value of natural capital] from IDA and IFC to undertake 10 inclusive global value chain analyses in IDA countries to understand how they can contribute to economic transformation and job creation and, including through growth in agri-businesses, manufacturing, and services [to ensure low carbon, climate resilient and sustainable economic growth]...”
  - Recommended Proposed Actions under Jobs and Economic Development, pg. 71: “WBG will develop, [integrate tools that assess the value of natural capital] and make available for use in IDA countries a set of ex ante measurement tools and systems to assess the impacts of large-scale public and PPP investments targeting infrastructure and economic transformation on jobs, including pilot assessments on gender outcomes, [to ensure infrastructure investments are low carbon and climate resilient].”