

## IDA17: MAXIMIZING DEVELOPMENT IMPACT

### *Summary of Conclusions and Recommendations*

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The IDA17 policy package includes a range of policy commitments and performance indicators under IDA's four-tier Results Measurement System (RMS). The policy package incorporates several key elements: (i) it explicitly aligns IDA's activities and results monitoring with the WBG strategy goals; (ii) it enhances the focus on outcome and quality indicators, including tracking IDA's operational effectiveness and organizational efficiency; (iii) it strengthens IDA's accountability to clients and shareholders through greater use of beneficiary feedback and public disclosure; and (iv) it places greater attention on managing and reporting the costs of delivering results.

The full set of policy commitments and indicators for IDA17 is available in Annex 1 of the IDA17 Report entitled, "Additions to IDA Resources – Seventeenth Replenishment." The key conclusions and recommendations are summarized below.

#### **A. Maximizing Development Impact**

- Participants urge IDA Management to implement the IDA17 RMS and request that a report on progress be presented at the IDA17 Mid-Term Review.
- Participants urge that *all* IDA Country Partnership Frameworks be aligned to the WBG goals by supporting countries to (i) collect key data (or help fill gaps through appropriate surveys); (ii) use the *Systematic Country Diagnostic* to identify constraints and priorities; and (iii) align strategies to identified priorities.
- Participants urge IDA to enhance support for leveraging private resources by carrying out WBG Joint Implementation Plans in at least 20 IDA countries (of which at least 10 are FCSs), and carry out a systematic assessment of implementation and results by the IDA17 Mid-Term Review and the IDA17 Retrospective.
- Participants urge IDA to expand use of beneficiary feedback in IDA-supported projects and report at IDA17 Mid-Term Review on impact of these mechanisms. They also request IDA to ensure more systematic use of impact evaluations; develop and mainstream a wider range of evidence-based tools and approaches to strengthen M&E; and provide real-time data to support project mid-course corrections. They urge IDA to step up support for statistical capacity building in IDA countries.
- Participants urge IDA to develop a system for tracking project financing partnerships.
- Participants recommend that IDA enhance its role as a knowledge connector, including by developing a system to report on South-South knowledge exchange activities embedded in operations and by supporting capacity building for South-South sharing of development experiences.
- Participants urge IDA to publicly disclose IDA project preparation and implementation costs and to pilot the calculation of unit costs in three sectors.

- Participants request that Management propose a revised procurement policy for Board approval which would incorporate special considerations for situations of urgent need of assistance or capacity constraints, including in FCSs.
- Participants note that a new budget process will be used from FY15 to align resources with the WBG goals and strategy, including implementation of IDA17 commitments, and incentives for selectivity and cost efficiency will be strengthened.
- Participants request Management to develop indicators for inclusion in the IDA17 RMS in the areas of alignment and cost-effectiveness and efficiency as developed under the Corporate Scorecard. They also request Management to develop a methodology to assess how the science of delivery is incorporated and supported with appropriate budget resources in line with the introduction of a new budget framework.

## **B. Inclusive Growth**

- Participants request IDA to roll out a new "job diagnostic tool" in at least 15 IDA countries (of which at least 5 are FCSs), using multi-disciplinary micro- and macro-level data.
- Participants urge Management to establish key strategic priorities on jobs and report on the priorities and targets.
- Participants recommend that IDA expand coverage of the Global Financial Inclusion Database (Global FINDEX) and other WBG surveys, including to better measure innovative payments, mobile phone banking and financial literacy.
- Participants recommend that IDA support at least 10 IDA countries to meet their financial inclusion targets and priorities through financing and technical assistance, including through the new Financial Inclusion Support Framework (FISF).
- Participants recommend that IDA roll out the BOOST public finance analysis tool in at least 20 IDA countries (of which at least 5 are natural resource abundant economies).
- Participants urge IDA to develop and use innovative tools and build capacity to support government efforts to: (i) improve the legal and regulatory frameworks for extractive industries (EIs); (ii) enhance revenue collection from EIs; (iii) increase the local content and positive impact of EI investments, including through building capacity in small and medium-size enterprises (SMEs) and labor training and through agreements with EI companies that benefit local communities; and (iv) support the implementation of the Extractive Industries Transparency Initiative (EITI) and increase transparency. They ask Management to report at the IDA17 Mid-Term Review on take-up and impact of these innovative tools and capacity building activities.

### C. Gender Equality

- Participants request that *all* IDA Country Partnership Frameworks incorporate gender equality considerations into the analysis, content of the program and the results framework.
- Participants urge Management to ensure that all regions implement and monitor the Regional Gender Action Plans, with plans and corresponding indicators tailored to regional and country gender context.
- Participants request that Management develop a renewed strategy for gender equality – with more ambitious targets, a new methodology for measuring progress and an agenda for pushing ahead on new frontiers with transformational projects.
- Participants request that Management introduce a mechanism to strengthen learning and results through an assessment and rating of gender performance at project exit, building on the systematic tracking of ISRs, enhanced efforts on impact evaluations and emerging architecture associated with learning reviews.
- Participants urge IDA to strengthen knowledge of what does and does not work to close gender gaps in IDA countries through monitoring and evaluation, including impact evaluations on gender related issues, more systematic tracking of gender results of IDA operations using sex-disaggregated core sector indicators and the expanded use of beneficiary feedback mechanisms.
- Participants urge Management to roll out statistical activities to increase sex-disaggregated data and gender statistical capacity in at least 15 IDA countries.

### D. Climate Change

- Participants request that *all* IDA Country Partnership Frameworks incorporate climate and disaster risk considerations into the analysis of the country's development challenges and priorities and, when agreed with the country, incorporate such considerations in the content of the programs and the results framework.
- Participants request that Management screen all new IDA operations for short- and long-term climate change and disaster risks and, where risks exist, integrate appropriate resilience measures.
- Participants request that IDA scale up support to IDA countries to develop and implement country-led, multi-sectoral plans and investments for managing climate and disaster risk in development in at least 25 additional IDA countries.
- Participants request that IDA support the efforts of IDA countries to develop national energy action plans and investment prospectuses to achieve the Sustainable Energy for All objective of universal access to energy by 2030.
- Participants urge IDA to enhance monitoring by: (i) expanding climate finance coding system to cover tracking of ESW and non-lending TA that address climate change issues

in IDA countries; and (ii) piloting a coding system to measure the share of IDA investments with disaster risk management co-benefits.

## **E. Fragile and Conflict-Affected States**

- Participants recommend that *all* Country Partnership Frameworks in IDA FCSs be informed by analysis of drivers of fragility and conflict.
- Participants urge Management to enhance synergies through IDA-IFC-MIGA joint implementation plans in at least 10 IDA FCSs, including joint frameworks to measure results.
- Participants urge IDA to undertake analytical work on job creation in FCSs, including by rolling out a “job diagnostic tool” in at least 5 FCSs.
- Participants recommend that IDA promote more effective response in FCSs by implementing the new strategic and results framework for the UN/WB partnership in FCSs to strengthen collaboration among the UN, WB, MDBs and other development partners, including through the New Deal.
- Participants urge IDA to support efforts for addressing gender-based violence issues and report on progress at the IDA17 Mid-Term Review.
- Participants urge Management to strengthen knowledge of what does and does not work in IDA FCSs through monitoring and evaluation, including impact evaluations, tracking of results of IDA operations and expanded use of beneficiary feedback mechanisms.
- Participants recommend that Management implement the revised IDA resource allocation framework for FCSs.

## **F. Adjustments to Volumes and Terms of IDA Assistance**

- Participants agree to the following changes to IDA’s Performance Based Allocation (PBA) system: (i) implementing an exceptional allocation regime for countries facing “turn-around” situations; (ii) increasing the poverty-orientation of the regular Performance-Based Allocation (PBA) system by changing the Country Performance Rating (CPR) exponent in the PBA formula from 5 to 4; (iii) increasing the annual minimum base allocation from SDR3 million to SDR 4 million; and (iv) ensuring a smooth transition for countries under the current exceptional Post-Conflict and Re-Engaging regimes.
- Participants agree to increase financing for regional projects and to (i) introduce, on a case-by-case basis and subject to a two-step process of early consultation with and approval by IDA Executive Directors, the ability to finance, with resources from the IDA Regional Program, projects that require financial participation of only one IDA country but which would have a significant transformational impact on the region; and (ii) cap, on a case-by-case basis and subject to approval by IDA’s Executive Directors, the amount that comes from a country’s regular IDA allocation to 20 percent of that country’s IDA17

allocation for regional projects where project costs are very large relative to the country's available IDA resources.

- Participants agree that India would receive exceptional transitional support during IDA17 in the amount of 2/3 of the 11 percent of IDA17 resources that India would have received had it not graduated from IDA.<sup>1</sup>
- Participants agree to adjustments in the lending terms applicable to IDA-only countries. Starting in IDA17, credits for IDA-only countries would have a maturity of 38 years with a 6-year grace period and move to a straight line amortization of principal (SLA). The lending terms for small island countries would remain unchanged.
- Participants agree to the continuation of a dedicated Crisis Response Window (CRW) in IDA17 and agree that partners would provide an amount of SDR0.6 billion, representing 2 percent of the IDA17 envelope, to support IDA's capacity to respond to severe natural disasters and economic crises in IDA countries, and help build their crisis resilience. In the event of exceptional circumstances this amount could be exceeded, subject to approval by the Board of Executive Directors.
- Deputies welcome the Executive Directors' approval of Management's proposal to exercise the acceleration clause included in the legal agreements for regular and blend credits since 1987 subject to consideration of the economic capacity of the borrowers.

## **G. Replenishment of IDA Resources**

- Deputies recommend that contributions of SDR17.3 billion (equivalent to US\$26.1 billion) be provided so as to achieve a total replenishment of SDR34.6 billion (equivalent to US\$52.1 billion) during the IDA17 period. Deputies pledge substantial resources towards this goal. Deputies also emphasize the importance of continued and substantial transfers from the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) to IDA, subject to availability of net income and annual approvals by their respective Boards.
- Deputies recommend that IDA's cost of debt relief under the Heavily Indebted Poor Country (HIPC) Initiative and arrears clearance operations during the IDA17 period be covered under the IDA17 replenishment. Deputies note that IDA17 will be the second replenishment for the financing of forgone principal reflows due to grants extended since IDA13. Deputies agree that forgone principal reflow on grants that IDA would have received during the IDA17 period be covered under the IDA17 replenishment.
- Deputies note the importance of providing their Instruments of Commitment (IoC) as early as possible, to enable IDA to extend grants during the early part of the IDA17 period.
- Deputies agree to treat resources for financing of arrears clearance operations as a set-aside and request Management to provide an update on utilization and plans for

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<sup>1</sup> Capped blends are countries which receive less than their allocation norms due to their broader financing options. India's access was capped at 11 percent of allocable resources in IDA16.

reallocation of such resources at the time of the IDA17 Mid-Term Review. Any financing shortfall during the IDA17 period would be made up in IDA18.

- Deputies recognize the importance for partners to continue firming up their financing commitments to the separate Multilateral Debt Relief Initiative (MDRI) replenishment in order to support the total volume of IDA17 commitment authority.
- Deputies underscore that IDA's finances depend primarily on grant funding. Taking into account special circumstances, they endorse the introduction of limited debt funding in IDA17's financing framework in the form of concessional partner loans. Deputies endorse the principles of ensuring transparency, equal treatment, additionality (i.e., avoiding substitution), and protecting IDA's long-term financial sustainability. They recognize that concessional loan contributors would receive burden sharing recognition and allocation of voting rights based on the 'grant element' of the loan.
- Deputies also note the introduction on a pilot basis during the IDA17 period of IDA participations, which would allow partners to provide financing to IDA through purchases of participations in projects already under implementation.