

# International Development Association



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# WHO WE ARE

The International Development Association (IDA) is part of the World Bank that helps the world's poorest countries. IDA complements the World Bank's original lending arm, the International Bank for Reconstruction and Development (IBRD).

Established in 1960, IDA aims to reduce poverty by providing zero- to low-interest loans (called "credits") with a repayment period of 30 to 40 years. Around half of the countries receive all or half of their IDA resources on grant terms, which carry no repayments. These grants are intended for low-income countries with a higher debt distress risk.

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

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

## Key IDA achievements from FY12-FY23



**1,180.6**  
million

People received essential  
health services



**91.5**  
million

People connected to new or  
improved electricity service



**117.5**  
million

People received access to  
an improved water source

# WHAT WE DO

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

IDA focuses on development financing and cross-sector support in areas such as agriculture, business climate improvements, clean water and sanitation, essential health services, institutional reforms, infrastructure, and primary education. These interventions pave the way toward gender equality, economic growth, job creation, higher incomes, and better living conditions.

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

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

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

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

IDA helps countries manage their debt and coordinates debt relief. Its Sustainable Development Finance Policy improves debt transparency, management, and fiscal sustainability.

IDA also provides analytical studies that support policies to reduce poverty, advising governments on ways to broaden economic growth and protect the poor from economic shocks.



## Targeted Support for Extreme Poverty

500 million people or 2/3 of global extreme poor live in the world's 75 poorest countries that IDA supports.



## Sustainable Development Path

Since IDA's inception 36 countries have graduated and no longer rely on IDA support.



## Focus on Africa

2/3 of IDA financing to boost economic growth and build human capital.



# WHAT IDA OFFERS



## Access to Critical Resources

\$93 billion commitment for IDA20 to scale up development investments.



## Leadership on Global Challenges

IDA brings global reach, partnerships, and expertise across all sectors and regions.



## Value for Money

Every \$1 in donor contributions translates to \$4+ of financing support.



## Transparency and Accountability

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



## Unlock Private Sector

IDA mobilizes the private sector to unlock development outcomes.



## Hybrid Financial Model

In 2018, IDA entered the capital market to increase financial support.

# HOW DOES IDA WORK?

Historically, IDA has mainly relied on contributions from the governments of its member countries to fund its operations. Every three years, donors meet to replenish IDA's resources and review its policy framework. Representatives from donor governments and borrowing member countries ensure that IDA's policy and financing frameworks are responsive to the needs of each country. When developing these policy frameworks, IDA engages with civil society organizations (CSOs), foundations, and think tanks worldwide.

## How IDA funds are allocated

IDA borrowers have significant needs for concessional funds. Therefore, IDA must decide how to allocate scarce resources among eligible countries. Allocation decisions are based on various criteria, such as a country's income level, performance record in managing economies, and ongoing IDA projects.

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

- Relative poverty defined as GNI per capita must be below an established threshold (updated annually). In fiscal year 2024, this was \$1,315.
- Lack creditworthiness to borrow on market terms and therefore need concessional resources to finance the country's development program.

In addition, countries are assessed based on their implementation of policies that promote economic growth and reduce poverty.

## How IDA projects are implemented

The borrower government implements the project with technical assistance and support from the Bank. Adequate safeguard policies and fiduciary controls will be in place. The implementing agency reports regularly on project activities and prepares status reports. The project's progress and outcomes are monitored to measure its effectiveness.

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

The Bank's Independent Evaluation Group evaluates approximately 25% of projects (about 70 annually) to measure outcomes against original objectives, sustainability, and institutional development impact.



## Replenish

Resources are replenished every three years



## Allocate

Based on countries income levels and performance





## Implement

Countries implement with IDA's support



## Monitor

Project progress and impact on beneficiaries



## Measure

Results at an aggregate level



## Evaluate

Outcomes against the original objectives and sustainability of results







# WHY IDA?

- IDA acts as the “first mover” to tackle complex development challenges. IDA rallies others for the common good and creates a more secure world for the poorest.
- IDA provides leadership. IDA is the first major development partner to operate in post-conflict and crisis environments, providing significant support where risk mitigation is essential.
- IDA offers global solutions for global challenges. Many of the world’s problems require collaboration between multiple countries and organizations. IDA facilitates exchanging knowledge among diverse industries, governments, and institutions to address complex global issues.
- IDA’s convening power is unmatched by any other development organization. It offers global reach, customized solutions, cross-sectoral knowledge, and innovative financial instruments with operational and implementation expertise.
- IDA is transformational. IDA has transformed development by introducing innovative solutions, including agricultural advancements in the 1970s, pioneering work in debt relief, and eliminating river blindness.
- IDA is a steadfast partner. IDA works with countries on emerging issues or areas where others can’t or won’t, emphasizing long-term growth and ensuring sustained results beyond media attention.
- IDA delivers for the poorest. IDA brings dignity and a better quality of life by providing millions of impoverished individuals access to clean water, electricity, and sanitation.
- IDA makes the world a better place for girls and women. IDA aims to eradicate gender discrimination by promoting girls’ education, facilitating women’s access to finance for small businesses, and ultimately improving the economic prospects of families and communities.
- IDA provides global public goods. IDA provides development data, global business standards, safeguards for the environment, and risk management of pandemics and financial contagions.
- IDA takes an inclusive approach to development. It fosters an environment that promotes positive change and jumpstarts private sector investments.
- IDA delivers and measures results. IDA is the first multilateral development institution to establish a framework for tracking collective outcomes, which has become a model for similar organizations worldwide.
- IDA is also a global leader in transparency. It undergoes the most rigorous independent evaluations of any international organization.
- In a climate where donor finances are stretched, there is even more need for donors to make greater and better use of multilateral channels. IDA is a leader among those channels.

The 2022 Aid Transparency Index ranked IDA second out of 50 of the world’s major development agencies. IDA has been in the highest category since the index was first published in 2010.





**-20.52 million  
tCO<sub>2</sub>eq / year**

net reduction in Greenhouse  
Gas Emissions



**4.67  
Gigawatts**

generation capacity of  
renewable energy



**10.83 million  
people**

provided with new/  
improved electricity  
service



**23.88 million  
people**

benefited from social  
safety net programs



**14.86 million  
people**

provided with access to  
improved sanitation services



**8.23 million  
people**

provided with access to  
improved water sources



**72.13 million  
people**

received essential health,  
nutrition, and population  
services



**39.59  
million**

women and children  
received basic nutrition  
services



**20.76  
million**

children immunized



**212  
million**

COVID-19 vaccine  
doses administered



**38  
percent**

climate co-benefits in  
IDA-supported operations



**2.63  
million**

farmers adopting improved  
agricultural technology



**\$7.90  
billion**

private capital mobilized  
by WBG in IDA countries



**4.08 million people**

provided with access to clean cooking



**66.86 million people**

provided with enhanced access to broadband internet



**4.67 million people**

provided with enhanced access to transportation



**11.74 million people**

benefited from job-focused interventions



**8.01 million people**

have access to improved urban living conditions



**6.48 million people**

have access to financial services

## HOW DO WE KNOW IDA WORKS?

IDA has used its Results Measurement System (RMS) for over twenty years to evaluate its effectiveness in achieving desired outcomes. Over time, the RMS has evolved into a comprehensive accountability framework that tracks and communicates the results achieved.

RMS is periodically updated to reflect the changing nature of IDA's business and

incorporates lessons learned from policy implementation. It also provides a snapshot of IDA's organizational and operational effectiveness and allows IDA to inform donors about the impact of their contributions.

Here are a few important results IDA achieved in FY23.



**48 countries**

institutionalized disaster risk reduction as a national priority



**13 countries**

completed Country Climate Development Reports



**35 countries**

countries publishing annual and timely public debt reports



**7.2/10**

client feedback on WBG responsiveness



**7.2/10**

client feedback on WBG on collaboration with other donors



**89.5 percent**

satisfactory outcomes of IDA-financed operations

# THE PATH AHEAD FOR IDA

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

Several countries will surpass IDA's per capita income threshold in the next ten years. However, these countries will still be home to millions of poor people, particularly during the transition from concessional to harder lending terms. It underscores the urgency for decisive collective action to broaden and accelerate such progress.

## Aid Landscape

The global financing landscape has become more complex and fragmented in the last two decades. The proliferation has created hurdles for developing countries, which must deal with multiple agencies with competing interests. This trend has also decreased concessional financing and grants, particularly for countries in debt and fragile situations. Official development assistance (ODA) will remain the most important source of external funding for IDA countries, but ODA volumes have been trending down. Domestic resource mobilization will be essential, but more is needed to offset the shortfalls in ODA. Making more innovative use of this concessional finance is critical for catalyzing and leveraging more public and private sector capital to support the SDGs.

## Innovations

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

IDA is the most cost-effective way for donors to pool resources and remain engaged in some challenging environments. To stretch its resources to meet developing countries' needs, IDA has adopted a new hybrid financial model. In 2018, it entered the global capital market. By blending its resources and capital market debt, IDA significantly increased financial support to IDA countries. This unique model enables it to achieve excellent value from donor resources.

IDA introduced the Private Sector Window to encourage private sector investment, which de-risks high development impact projects in fragile markets. Increasing debt in IDA countries has jeopardized their development goals. To incentivize debt transparency and fiscal sustainability, IDA launched the Sustainable Development Finance Policy, promoting creditor coordination to mitigate debt-related risks.

## IDA Offers the Best Solution

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

A strong and  
successful

IDA21

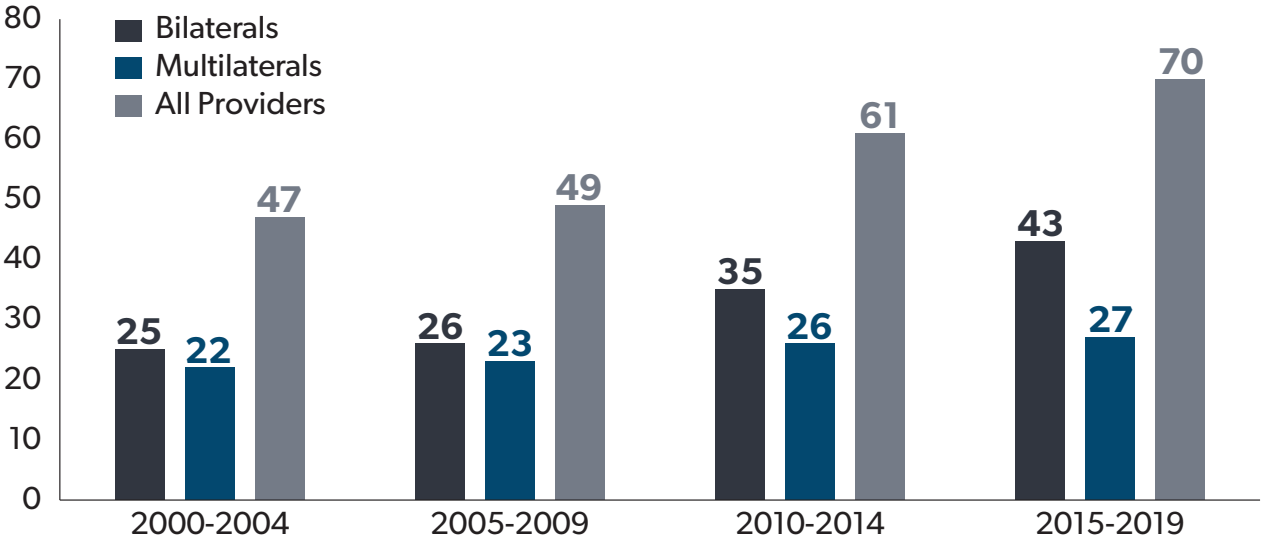
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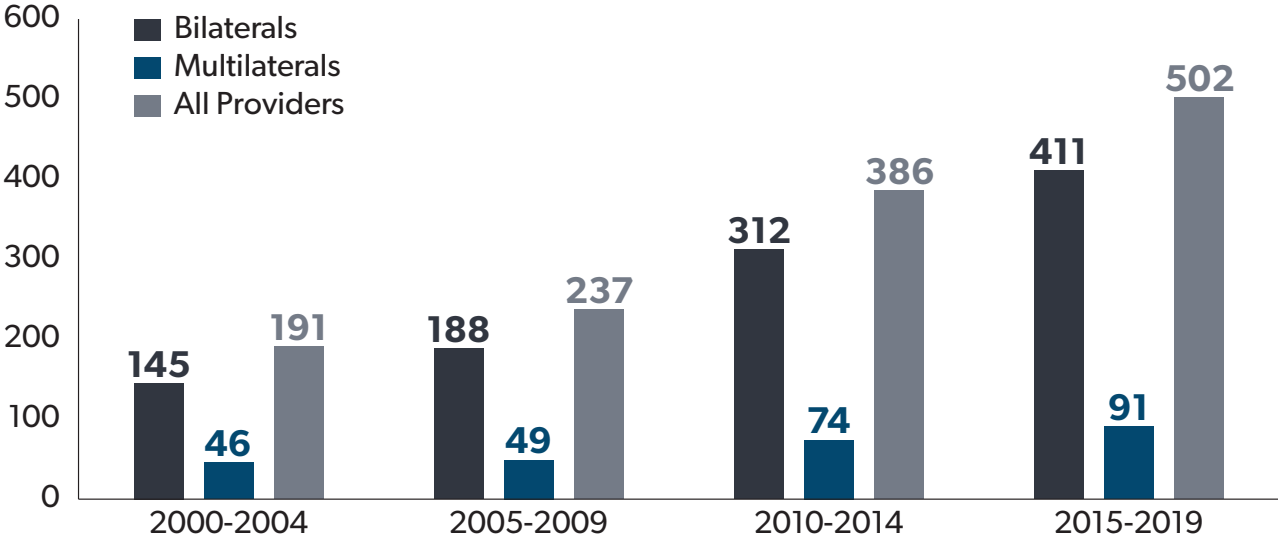
A world free of poverty  
on a livable planet

# PROLIFERATION OF OFFICIAL FINANCIAL CHANNELS

### Number of Official Finance Providers



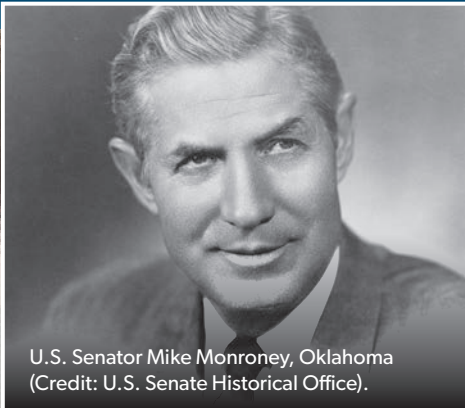
### Number of Entities Providing Official Finance



# HISTORY

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

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



U.S. Senator Mike Monroney, Oklahoma  
(Credit: U.S. Senate Historical Office).

## Monroney Resolution

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

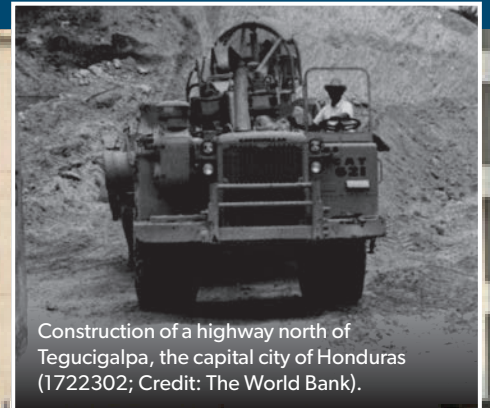


U.S. President Dwight D. Eisenhower delivers the welcome address at the 1959 Bank-Fund Annual Meetings (1629418; Credit: The World Bank).

## Articles of Agreement for IDA

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

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

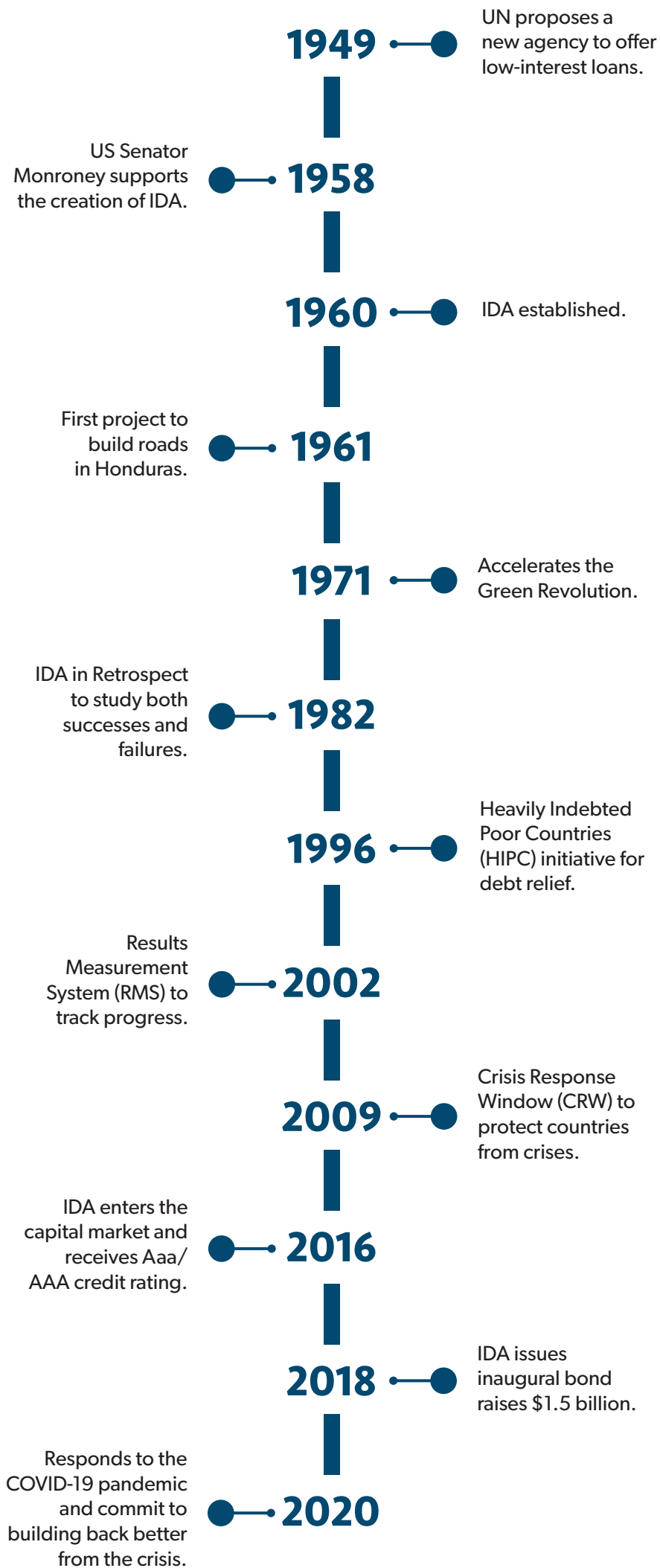


Construction of a highway north of Tegucigalpa, the capital city of Honduras (1722302; Credit: The World Bank).

## Launch of IDA

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

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



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