IDA18 Retrospective - Chapter 1

IDA18 at Work with Ambitious Innovation

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Cover photos

Top left: Mali © Ollivier Girard/ World Bank

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Bottom from left to right:

1: Wells built in Aqee Boy and Ortabiẓ-e-Farghana vilages, Afghanistan. © Imal Hashemi/ World Bank

2: A worker sprays disinfectant in downtown Yangon, Myanmar. © Mar Naw/ World Bank

3: Students listen to their teacher Ms. Shuma Das at Sahabatpur Daspara Ananda school in Sahabatpur village, Bangladesh. © Dominic Chavez/ World Bank

4: Haapa helps her 7-year-old daughter Edith to write her name. Haapa, a beneficiary of an IDA-supported road project in Papua New Guinea, sells betel nut and water apples at a roadside market. © Connor Ashleigh/ World Bank

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CHAPTER 1. IDA18 AT WORK WITH AMBITIOUS INNOVATION

1.1. Introduction

The landmark 18th Replenishment of IDA (IDA18) represented a significant change for IDA including paradigm shifts. The replenishment responded to the call to step up support for IDA countries towards new global ambitions, focusing on the overarching theme of *"Toward 2030: Investing in Growth, Resilience and Opportunity"*. This theme demonstrates the need for a multi-sectoral approach that seeks to alleviate and reverse the impacts of climate change and fragility, conflict, and violence (FCV), while also promoting steps to foster growth, equality, and better governance.[3] IDA18 introduced paradigm shifts which significantly impacted its scope and focus; IDA18 (i) enhanced its financial model enabling IDA to increase financing to clients, (ii) expanded IDA's role to better serve clients experiencing various forms of FCV, and (iii) introduced the Private Sector Window (PSW) to catalyze private investment by mitigating uncertainties and risks. The stepped-up representation of clients within the expanding coalition of donors and clients helped drive the paradigm shifts of the IDA18 replenishment.

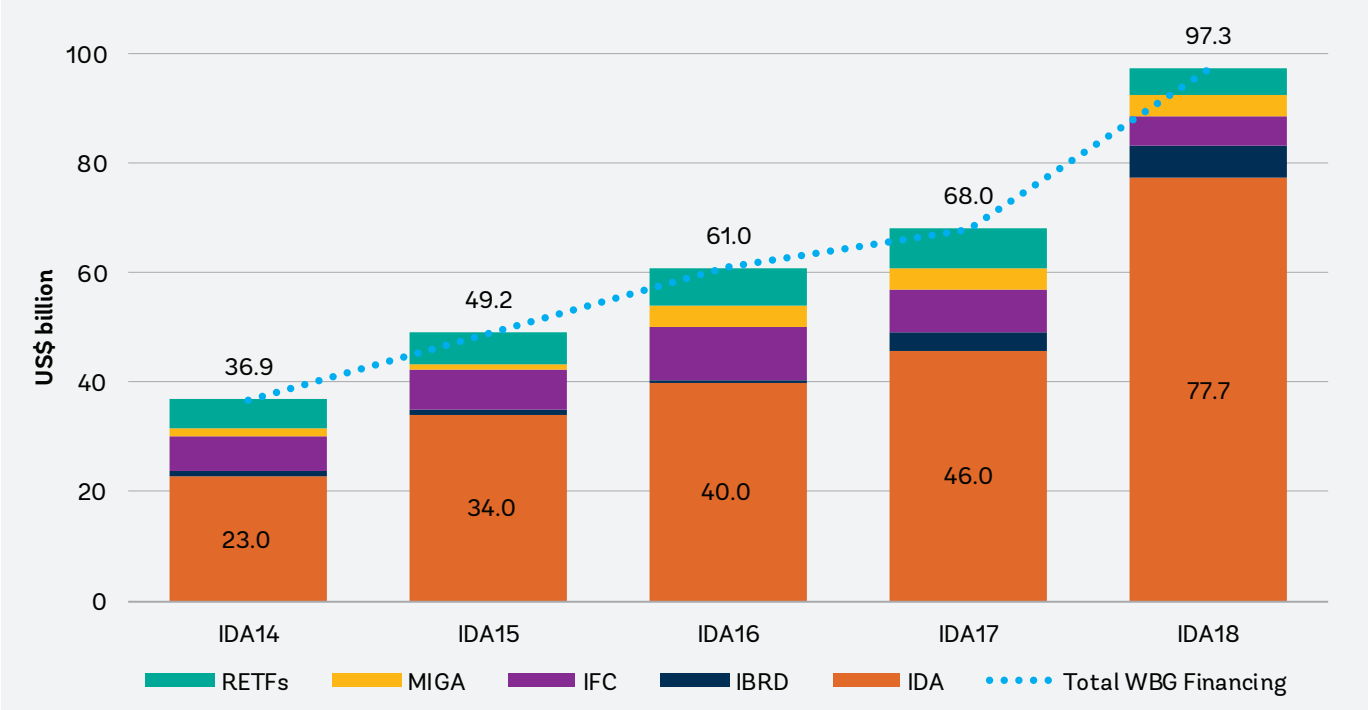
Agreement on financing and policy commitments for IDA18 came at a time of renewed commitment to the 2030 development agenda, consistent with the World Bank Group (WBG) twin goals of poverty reduction and shared prosperity. The 2030 agenda featuring the Sustainable Development Goals (SDGs) build on the Millennium Development Goals (MDGs) and the need for continued progress on poverty reduction, health and education, while deepening and expanding their scope and coverage, and incorporating sustainability including in terms of environmental sustainability but also with respect to SDG financing. The SDGs are complemented by other global agreements such as the United Nations' Addis Ababa Action Agenda and the COP21 on climate agenda.[4] In 2013, the WBG developed a strategy focusing on the twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, which are well-aligned with global ambitions, and which together underpin IDA18.[5] With international goals being underfunded and donor countries facing fiscal challenges and weakened public support for foreign aid, the need for IDA to better leverage donor resources to deliver a scaled-up IDA18 response was highlighted.

This paper lays out IDA18's innovations, progress, and challenges, and the substantial delivery between FY18 and FY20, and how IDA18 helped shape IDA going forward, including the pivot to a substantial COVID-19 response at the end of IDA18 and in to IDA19. The remainder of Chapter 1 elaborates on IDA18 innovations. Chapter 2 describes overall progress in IDA countries during the IDA18 period, the COVID-19 pandemic that set this progress back in the final months of IDA18, and adjustments made to allocations to employ IDA resources flexibly to address these challenges. The chapter also describes how IDA18 implemented its five Special Themes, and dedicated Windows, as well as IDA-supported results. Chapter 3 focuses on the financial delivery of IDA18 implementation. Finally, Chapter 4 outlines how IDA18 implementation experience has informed adjustments for IDA19 and beyond.

1.2. IDA18's Innovative Financing Model

Financial innovation was a key feature of IDA18, leveraging IDA equity by issuing bonds, which along with an enhanced WBG capital base enabled significant scale-up of resources to better support client needs. IDA18 was the first time a concessional arm of a multilateral development bank (MDB) accessed capital markets, an innovation that boosted IDA's financial capacity for all future replenishments. Given the unique and untested nature of leveraging as part of a concessional business model, the adoption of the innovative hybrid financial model and introduction of IDA as a AAA-rated bond issuer required a concerted effort involving all IDA Participants. During IDA18, the WBG also developed a Capital Increase Package, which served to prioritize support to IDA graduates and augment IBRD support to IDA countries. The result of these measures was a record-setting replenishment: IDA18 was able to commit US$77.7 billion across 78 countries, increasing overall IDA financing by 42 percent compared to IDA17 committed financing, even as donor contributions remained at levels similar to those of IDA17.[6] In parallel, both IFC and MIGA have significantly scaled up engagement in IDA countries. These efforts have led to an historic level of overall WBG financing to IDA-eligible countries, with total commitments from IDA, International Bank for Reconstruction and Development (IBRD), International Financial Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and trust funds nearly tripling from US$36.9 billion in IDA14 to US$97.3 billion in IDA18 (figure 1.1).

Figure 1.1. WBG Financing in IDA Eligible Countries, IDA14-IDA18 (US$ billion)

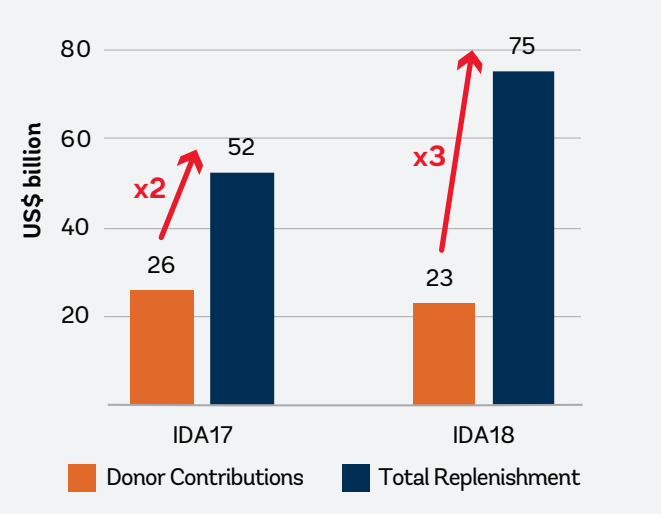


Notes: Based on the IDA18 country list including those receiving transitional support in IDA18 but excluding all other IDA graduates. IDA18 includes commitments through the PSW. Estimates include IFC own account commitments (which exclude short-term financing and country amounts for regional projects).

Source: World Bank Group staff estimates.

Leveraging IDA's substantial equity built up over time, and establishing IDA as a AAA-rated issuer in bond markets, represented a significant step change in how funding is mobilized. IDA was originally designed as a revolving fund with donor contributions financing concessional credit.[7] In IDA18, shareholders agreed to expand IDA's model to include debt funding through new capital market access to complement continued use of concessional partner loans. IDA's equity had been built up over time, and using this equity as risk capital for market debt borrowings allowed IDA to expand the institution's financial capacity. It allowed every dollar of IDA18 donor contributions to mobilize three dollars in IDA commitment authority, up from a ratio of 1-to-2 in IDA17 (figure 1.2). Since IDA issued its first bond of US$1.5 billion in April 2018 on the back of an over-subscribed order book totaling US$4.6 billion from 110 investors in 30 countries, IDA has executed other bond issuances in various currencies.[8] Continued donor contributions are critical for each replenishment and as a result of IDA's augmented financial capacity created by leveraging, these contributions will be used more effectively to better target concessional credits and grants to those clients who need them most. For instance, the 50 percent increase in financing envelope in IDA18 was accompanied by a tripling of grants for IDA countries, thus significantly increasing the efficient use of donor contributions.

Figure 1.2. IDA Leveraging of Donor Contributions, IDA17-IDA18



Source: World Bank Group staff estimates

Photo: Henitsoa Rafalia/ World Bank

The change in IDA's financial model in IDA18 also entailed adopting a longer-term strategic planning framework and increased transparency. This new framework ensures that IDA's leveraging will be implemented in a financially sustainable manner based on long-term financial projections compliant with a robust capital adequacy policy. It also provides longer-term predictability for borrowers and donors, with IDA expanding its previous three-year projections into longer horizons, which provide greater stability for borrowers. In parallel, publicly disclosing its balance sheets has increased the transparency of IDA finances. The financial innovation in IDA18 has also increased the complexity of IDA and shifted the role of donor countries to include financial aspects such as capital adequacy and international capital market engagement, requiring deeper engagement with experts in finance ministries and treasuries.

Following IDA18 replenishment, a set of transformative measures as part of Capital Increase Package was introduced to strengthen the capacity of WBG institutions, including increased support for IDA countries. The Capital Increase Package of early 2018 was developed to strengthen the financial capacity of the WBG as a whole.[9] As part of the package, IBRD prioritized support to IDA graduates and new blend countries to ensure sustainable IDA graduation. This aims to make resources available to replace 100 percent of IDA financing for IDA graduates, and exempts blends and recent IDA graduates from price increases. The income-based IDA transfer formula was extended in IDA18 to augment IDA's financial capacity; under the assumptions of the Capital Increase Package, the level of IBRD transfer to IDA was estimated to reach a cumulative total of US$7-8 billion beyond IDA18 up to FY30. Meanwhile, IFC aimed to expand commitments to IDA countries and fragile and conflict-affected situations (FCS) to 40 percent of all commitments by 2030, as well as scale up investments in IDA countries through the IDA18 IFC-MIGA Private Sector Window (PSW) and provide advisory services through the Creating Markets Advisory Window (CMAW).[10] Finally, MIGA committed to significantly expand its activities in FCS, aiming to reach 40 percent of total gross annual issuance by 2030.

1.3. Increasing IDA's Role in Situations of Fragility, Conflict, and Violence (FCV)

IDA18 bolstered support for clients experiencing diverse situations of FCV, in particular by substantially increasing country allocations. IDA18 included an enhanced performance-based allocation (PBA) system that benefitted FCS, as well as the new Risk Mitigation Regime (RMR) and continued use of the Turnaround Regime (TAR).[11] As part of IDA18, the poverty orientation of the PBA was increased by reducing the Country Performance Rating (CPR) exponent from 4 to 3 which increased the share of allocations to FCS.[12] IDA18 piloted RMR as an exceptional regime to test the use of development interventions as a prevention tool. The RMR augmented country allocations for select fragile and conflict-affected countries to strengthen the risk mitigation agenda, providing additional financing to target FCV risks and reinforcing sources of resilience, as well as strengthening diagnostics (see chapter 4.1 in this report).

IDA18 introduced a financing window targeted to helping countries cope when hosting large numbers of refugees. With a coverage extending beyond FCS, IDA18 introduced a US$2 billion Regional Sub-Window for Refugees and Host Communities (RSW) to provide dedicated funding for host governments struggling to meet the needs of both refugees and their host communities. The RSW supports a new approach based on longer-term development goals to address forced displacement. It provides funds on more favorable terms for medium-term investments that benefit refugees and host communities (see chapter 2.4 and appendix C in this report). As part of the expanded role, IDA strengthened partnerships with humanitarian and peacebuilding organizations critical to operating in many FCV settings, with the United Nations High Commissioner for Refugees (UNHCR) playing a particularly important role in the RSW.

1.4. Catalyzing Private Investment in IDA Countries

To further leverage IDA funds and respond to the SDGs' emphasis on private sector solutions, IDA18 introduced the Private Sector Window (PSW), an innovative new mechanism to mitigate risks and catalyze investment from the private sector, the first by an MDB. The PSW leverages IFC and MIGA platforms to increase private sector investments in IDA-only countries, with a focus on FCS. Building on IDA's support for upstream private sector reforms, the PSW enables private sector investments in IDA-only and FCS by de-risking private investments through disciplined use of subsidies where high risks would otherwise hamper these investments. It employs a blended finance model which is path-breaking in the world of multilateral development banks (MDBs). IDA PSW is intended to step in when there is limited private sector appetite and other WBG financing options are not appropriate or sufficient. This innovative mechanism draws on IFC and MIGA platforms, thus combining forces across the WBG to catalyze private finance where it is most needed. The PSW is sector agnostic and has supported private sector engagement in several areas, including climate, small and medium enterprises (SMEs), gender, and infrastructure, among others (see chapter 2.4 and appendix B in this report). The PSW complements other IDA mechanisms to leverage private investment by drawing on expertise and financing from the WBG as a whole.

1.5. Stepped-up Representation of Clients

Increased client representation in the replenishment process was a key feature of a broader IDA18 coalition driving the paradigm shifts of IDA18. Building on earlier replenishments, IDA18 ramped up client participation in the replenishment process, expanding IDA's broad coalition to 69 donor and client governments (box 1.1). Addition for the first time of an external Co-Chair further amplified client "voice". The external Co-Chair guided discussions and negotiations, improving outreach and reinforcing inclusiveness and transparency of proceedings.[13] Client inputs helped shape the IDA program on issues critical to them. For instance, clients and donor countries worked together to create a strong platform to support growth and jobs under the Jobs and Economic Transformation (JET) Special Theme in IDA18, a key client priority.

A growing number of WBG clients contributed to an increase in the overall number of donors in IDA18. The global coalition of IDA18 donors expanded to 55 countries, featuring several new donors, including IDA graduates such as China and India (box 1.2) and some current IDA borrower countries such as Nigeria and Pakistan.[14]

Photo: Enrico Fabian/ World Bank

Box 1.2. The Multifaceted Role of IDA Graduates

IDA graduates are evolving into multi-dimensional partners: borrowers, emerging IDA donors, and knowledge-sharing leaders. Although G7 countries continue to provide the majority of IDA18 funding, some longstanding graduates, such as Korea, have contributed for years, while others, such as China and India, are now emerging as IDA donors.

India transitioned from being IDA's largest beneficiary (47 percent of IDA's commitments in the 1960s) to an IDA donor, highlighting IDA's role as a long-term partner in India's significant development over the past six decades. According to World Bank estimates, India's per capita income has quadrupled, poverty has retreated, illiteracy has tumbled, and health conditions have improved. India has lifted more than 160 million people out of poverty in recent years (India Systematic Country Diagnostic, World Bank, 2018). Upon graduation to IBRD at the end of IDA16, India's share of IDA commitments stood at 13 percent. India became an IDA donor in 2014 and has since contributed US$598 million over the last three IDA replenishments (IDA17-IDA19).

Box 1.1. Client "Voice" and Representation in the IDA Replenishment Process

IDA13 introduced Borrower Representatives to ensure that replenishment discussions incorporate and benefit from the views and perspectives of countries borrowing IDA resources. Based on IDA17's informal working group on Governance and Reform of the Replenishment Process recommendations, IDA18 increased the number of Borrower Representatives and added an external replenishment co-chair during the IDA18 replenishment discussions. The new IDA18 Borrower Plenary broadened the coalition of donor and client governments and increased developing country representation and "voice" from nine to 14 representatives, including representatives from all client regions. Some donor countries, such as Nigeria and Pakistan, are IDA-eligible and recipients.

Endnotes

1 FCS in this report refers to the WBG Harmonized List of Fragile Situations. IDA-eligible countries classified as FCS are referred to as IDA FCS. FCV refers to the challenge of fragility, conflict and violence regardless of classification as FCS. Small States in this report refers to the 21 IDA-eligible Small States with population of 1.5 million or fewer as of end-FY20.

2 The difference between the financing envelope of US$75 billion and the delivery of US$77.7 billion is due to exchange rate variations and recommitments of previous IDA resources.

3 Reporting on commitments data is based on the dynamic FCS list of each FY (except for FY20, which is based on FY19 list) and it also refers to the four countries under the FCV Risk Mitigation Regime.

4 COP 21: COP stands for Conference of the Parties, referring to the Parties that have ratified or acceded to international conventions or agreements such as the United Nations Framework on Climate Change. COP21 is the 21st COP under UNFCCC that took place in Paris in 2015.

5 The twin goals: (i) ending extreme poverty by reducing the shared of the global population living in extreme poverty to 3 percent by the year 2030, and (ii) promoting shared prosperity by increasing the income of the bottom 40 percent of the population in each country in a sustainable manner. (WBG Strategy, 2013)

6 This includes US$1.37 billion from the IDA18 Private Sector Window and recommitments from cancellations.

7 Funding for each three-year replenishment was determined by cashflow availability to support disbursements for the agreed financing envelope over the disbursement period. The key sources of cashflows in the financing framework for each replenishment included: donor contributions (including proceeds from Concessional Partner Loans starting IDA17), reflows, and transfers from IBRD and IFC. The revolving nature of the IDA model with strong continued contributions from donors, strong repayment records by IDA clients, as well as prudent financial management of IDA resources resulted in a build-up of IDA's exceptional balance sheet and strong virtually unleveraged equity.

8 See IDA's road to capital markets summary in the link. https://youtu.be/juh2cNPBiSs. Total issuance stood at US$6.4 billion at the end of IDA18 period. The pace of capital market debt issuance is aligned with the phased disbursement schedule associated with IDA's financing.

9 "Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal", prepared for the April 21, 2018 Development Committee Meeting.

10 This increase represents an average of 32.5 percent over FY19-FY30, compared to a baseline of 24 percent at the time of the Capital Package. IFC aimed to deliver a total of US$135 billion in own account and mobilization in IDA/FCS between FY19 and FY30 in nominal terms, US$60 billion, or 75 percent, more than if there were no package. IFC also aimed to utilize the IDA PSW to substantially increase own account annual commitments in LIC IDA and IDA FCS countries, to 15-18 percent and 15-20 percent of total annual commitments by 2026 and 2030 respectively, compared to a baseline of about 7 percent in FY17.

11 The TAR was introduced in IDA17, providing enhanced support to countries at a critical juncture in their development trajectory to help build stability and resilience. The TAR builds on the earlier Post-Conflict and Re-engaging regimes and on lessons learned from their implementation and updated them to reflect the evolving conceptualization of FCV and new knowledge of how countries transition toward resilience.

12 This adjustment particularly benefitted FCS as they are generally at the low end of the performance spectrum.

13 The recommendations to increase the number of Borrower Representatives and include an external replenishment co-chair during IDA18 were based on the recommendations of the IDA17 informal working group on Governance and Reform of the Replenishment Process.

14 Since IDA's establishment in 1960, 37 countries have successfully transitioned to middle income status and graduated to IBRD. Mongolia and Moldova graduated from IDA at the end of IDA18 owing to their recent development gains.

15 World Bank. 2020. Poverty and Shared Prosperity 2020: Reversals of Fortune. Washington, DC: World Bank.

16 Details can be found in the IDA18 Results Measurement System on http://ida.worldbank.org/results/rms and http://ida.worldbank.org/sites/default/files/images/ida18_rms_brochure_final_october_2020.pdf

17 Out of the 66 IDA countries that use the Debt Sustainability Framework for Low-Income Countries (LIC DSF), 34 (or around 52 percent) are assessed at high risk of external debt distress or in external debt distress (as of end September 2020).

18 As of end-February 2021, these countries are Guinea Bissau, Kenya, Rwanda, Papua New Guinea, Madagascar, and Zambia.

19 By providing grant terms in line with countries' risk of debt distress, IDA's grant allocation framework prevents a worsening of debt burden due to IDA credits in grant-eligible countries that are at elevated risk. For further details see: http://ida.worldbank.org/debt/debt-sustainability-grants

20 For further details see: *Responding to the Emerging Food Security Crisis and Building Back Better: Pursuing a Greener, More Inclusive, and Resilient Recovery* (DFCII, November 2020).

21 Throughout this report, Small States refers to the 21 IDA-eligible Small States with population of 1.5 million or fewer as of end-FY20.

22 Country allocations refer to IDA Core financing, including performance-based allocation (PBA) and IDA18 exceptional regimes: Risk Mitigation Regime (RMR) and Turn Around Regime (TAR). The original IDA18 allocation was close to 70 percent for country allocations, and this increased to approximately 73 percent for actual country allocations after reallocations during the replenishment (table 1).

23 Fiji also received this increased base allocation as it became IDA eligible in 2019 as a result of revisions to the World Bank's IDA 'Small Island Economies Exception", in place since 1985.

24 This excludes Small States, whose average per capita allocations are disproportionately influenced by the minimum annual base allocation.

25 For further reference, see IDA's performance-based allocation (PBA) system for IDA18 https://spappscsec.worldbank.org/sites/IdaDesk/IDA18/Pages/docs/PBA.pdf

26 In April 2020, reallocations from the RW and SUF to CRW (up to US$2 billion for COVID-19 Phase 2 operations) were approved, with these deductions to be returned from country allocations in IDA19. In addition, reallocations from unused IDA windows resources to the country envelope (up to US$100 million) were also approved.

27 The adjustments in the PBA model that addressed structural vulnerability and fragility issues in small, post-conflict, and/or re-engaging countries did not apply to Yemen. Given the great needs of the country, and the fact that it had already availed itself of all available resources to boost IDA's support to the crisis, an allocation of US$400 million intended to support, on an exceptional basis, the Yemen Emergency Crisis Response Project was approved at IDA18 MTR.

28 In March 2019, the Board approved a US$200 million exceptional allocation to Jordan and Lebanon on terms equivalent to IDA Credits on IDA Regular Terms for projects that principally and directly benefitted Syrian refugees. US$100 million was committed to a PforR operation in Jordan focused on creation of economic opportunities, while the remaining US$100 million was reallocated to the COVID-19 response.

29 These include: Climate Support Facility; Debt Management Facility; Digital Development Platform; Finance for Development; Foundations and Innovations for Food Systems; Human Capital; Impact Assessment of Poverty & Equity; KNOMAD (migration); Social Inclusion & Empowerment/HRDTF; Sustainable Infrastructure; Sustainable Urban Development; Umbrella Trade.

30 Gender tag is the World Bank's system that monitors and rates projects on their "depth" of gender integration at project design stage. The first year of implementation, 56 percent of IDA18 operations received the gender tag, rising to 67 percent during the second year, and 62 percent, the final year.

31 WBG Gender Strategy can be found here http://documents1.worldbank.org/curated/en/820851467992505410/pdf/102114-REVISED-PUBLIC-WBG-Gender-Strategy.pdf

32 New IDA18 commitments such as greenhouse gas accounting and shadow carbon pricing of applicable sectors, as well as the WBG Capital Increase Package (2018) have had spillover effects across the institution, having also been mainstreamed in IBRD operations and in some cases in IFC Opoperations.

33 Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness. World Bank, Washington, DC.

34 Climate Action Peer Exchange is a knowledge exchange forum for finance ministers to discuss common challenges and good practices for developing climate and environmental policies for NDC implementation.

35 The publicly disclosed classification is available here: https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations

36 Key partnerships from IDA18 include: (i) the Platform for Collaboration on Tax; (ii) the Open Government Partnership (OGP); and (iii) Stolen Asset Recovery Initiative.

37 Open government is described as increased transparency, citizen participation and collaboration between government and citizens. See details at https://www.worldbank.org/en/topic/governance/brief/open-government-global-solutions-group

38 Launched as a pilot in IDA13, the Regional Program (called the Regional Window as of IDA19) has evolved and expanded over the past twenty years. In addition, a SDR1.4 billion sub-window was established within the Regional Program to provide financing for projects targeting refugees and their host communities.

39 Following reallocations during the replenishment, this percent in IDA18 dropped to 27 percent.

40 The IDA Regional Window eligibility criteria: projects involve at least three (two if one is an FCS) countries or one country if the project can demonstrate transformational impact on the region, has benefits that spill over country boundaries, has strong regional and country ownership and is part of a regional strategy.

41 Previously, this was based on the size of a country's annual allocation rather than size of the country. The contribution from a Small State's Core IDA to regional projects in a given financial year is capped at 20 percent with the remainder of that country's share of the regional project cost financed by the IDA Regional Program.

42 During the IDA18 MTR the allocation to the window was increased by US$200 million to meet demand. However, this amount was reallocated to respond to COVID-19 with planned regional projects postponed to IDA19.

43 Overall support to fragile communities is higher, as some of the regional projects support pockets of fragility in non-fragile situations.

44 These included Benin, Mali, Mauritania and Niger (REDISSE III) and Angola, the Democratic Republic of Congo, Central African Republic, Chad and the Republic of Congo (REDISSE IV).

45 Provided through a Board waiver as IDA did not have provisions for extending credits to regional organizations.

46 Eligible countries could finance up to five-sixth of an operation from the RSW, with at least one-sixth coming from PBA. For the RSW portion, countries at high risk of debt distress received 100 percent grants, while other countries received 50 percent grants/50 percent credits.

47 To become eligible for RSW financing, an IDA country must meet three criteria: 1) the country hosts at least 25,000 refugees or at least 0.1 percent of its population are refugees; 2) the country maintains an adequate framework for refugee protection and; 3) the government has in place a plan/strategy for the creation of longer-term development opportunities for refugees and host communities.

48 The initial envelope of US$2 billion was increased to US$2.2 billion at the IDA18 MTR, then reduced to US$1.7 billion at the 2019 Annual Meetings, and ended IDA18 at US$1.85 billion with around US$300 million in excess demand that was postponed to early IDA19.

49 Piloted in IDA15 to respond to the 2008/9 global economic and financial crisis, the CRW has evolved over time to include support for major natural disasters and public health emergencies. During IDA18, the window was adjusted to help facilitate IDA's support, including by simplifying the governance arrangements on CRW access and by adjusting financing terms in extreme cases of natural disasters.

50 The first half of IDA18 was characterized by modest demand due to relatively few severe crises that met the CRW eligibility criteria, followed by a rapid increase of more devastating crises, with final commitments reaching US$2.6 billion. In IDA16, Deputies put in place a measure to facilitate the reallocation of CRW resources at mid-term reviews due to unpredictable demand. During IDA18, US$750 million was moved out of the CRW at the MTR, followed by another US$443 million in early 2020; a reallocation of US$965 million was subsequently directed back into the CRW after demand surged due to the COVID-19 pandemic.

51 These include partners such as the UN, IMF, other multilateral institutions, bilateral partners, regional development banks, and NGOs.

52 "IDA's Crisis Response Window: Lessons from Independent Evaluation Group Evaluations, A Synthesis Report" (March, 2019).

53 This includes the IFC and MIGA financing included in the PSW projects.

54 About a quarter of allocations were made during the first two years of operation, with a significant surge at the end of the replenishment period to finance COVID-related investments.

55 Financial exposure on IDA balance sheet (incurred when transactions are financially committed and loan, equity disbursements occur) amounts to US$388.6 million with US$67 million in receivables under the LCF. These transactions have generated US$2.1 million in revenue (of which US$1.53 million is guarantee income); total administrative expenses are US$1.9 million; unrealized losses under the LCF and BFF (equity linked transactions) are US$0.8 million; and loan loss provisions under the BFF and MGF amount to US$22.2 million. These are early financial results which will evolve as more approved transactions translate to financial exposure on IDA's balance sheet.

56 The review of potential projects focuses on development objectives and eligibility criteria, with particular attention given to transaction pricing to ensure that support from the PSW is targeted at a level that is the minimum necessary to sufficiently de-risk a project to unlock its benefits. Assessment of potential PSW projects utilizes criteria from the *Enhanced Blended Concessional Finance Principles for DFI Private Sector Operations* and includes considerations to minimize crowding out private finance, the path towards commercial sustainability, impact on building and reinforcing markets, and promoting the highest standards for development finance.

57 Several enhancements were introduced in the IDA18 RMS to improve alignment, structure and focus on IDA areas of engagement and comparative advantage while maintaining continuity with previous RMS. Details on IDA18 RMS can be found on http://ida.worldbank.org/results/rms and http://ida.worldbank.org/sites/default/files/images/ida18_rms_brochure_final_october_2020.pdf

58 Key enhancements introduced in the IDA18 RMS included: (i) alignment (with the World Bank Corporate Strategy and the SDG agenda); (ii) harmonization with World Bank Scorecard; (iii) structure and streamlining (consolidating to a 3-tier structure and adjusting indicators to harmonize with WBG measurement and improve data quality, aggregating and reporting results); (iv) enhancement of data quality and validity of reported results (including the adoption of Corporate Results Indicators and disaggregation of data for FCS and female beneficiaries when applicable and feasible); and (v) addressing key emerging issues and IDA18 Special Themes.

59 Results stories of COVID-19 response operations are available here https://www.worldbank.org/en/results and will be updated with new stories as they are published.

60 During IDA18 there was increased support to tackle complex transport challenges in IDA countries such as intermodal urban transport, waterways, and rail, shifting from the earlier focus on building and rehabilitating roads. In education there has been a gradual shift in IDA's education portfolio away from teacher recruitment and training towards helping IDA countries to focus more attention on the quality of learning – with important linkages to skills and jobs.

61 For further details see: *IDA18: Implementation and Delivery* (October 2020); *The Financing Needs in IDA Countries* (December 2020); and *IDA Financial Assistance in the IDA18 Period: Commitments and Disbursements Report* (February 2021).

62 See Review of the IDA Crisis Toolkit: Background Note (May 2019).

63 The last quarter of FY20 had the highest lending (US$17.2 billion) mainly due to IDA's response to COVID-19.

64 This includes the RW, the RSW, the CRW, Arrears Clearance, the SUF, IDA transitional support, extraordinary allocations to Jordan, and recommitments from cancellations from India and other IDA graduates.

65 IDA's hybrid model, which is economic capital driven and allows IDA to raise liquidity from market sources according to needs, enables more efficient management of contingent financing mechanisms such as guarantees and CAT-DDOs via an economic capital set-aside that is a fraction of the financing amount, rather than a set-aside of the full amount that would be required under the earlier cashflow based model.

66 Pillar 4 (strengthening policies and institutions) received 47 percent of the commitments, followed by Pillar 1 (saving lives), 29 percent and Pillar 2 (protecting poor & vulnerable), 26 percent.

67 Please see http://ida.worldbank.org/debt/debt-sustainability-grants

68 Volumes for active portfolio include IDA net commitments in blend operations.

69 Disbursement ratio refers to the ratio of IDA investment disbursements in a fiscal year to IDA undisbursed investment balance at the start of the fiscal year.

70 The Facetime index shows professional (GE+) staff presence on the ground in FCS per fiscal year and captures the following components: (i) days of GE+ World Bank staff based in FCS at the end of the fiscal year (assumed number of days per year 220 x number of staff); (ii) days paid for GE+ Short-Term Consultants (local and international) based in FCS during the full fiscal year; and (iii) mission days, during full fiscal year, from non-FCS to FCS for GE+ Staff and Short-Term Consultants, who are not based in FCS.

71 Problem projects are those rated unsatisfactory (unsatisfactory -U, moderately unsatisfactory –MU or highly unsatisfactory-HU) in the progress towards achievement of the Project Development Objective (PDO) and/or the Implementation Progress (IP) in an archived Implementation Status and Results Report (ISR).

72 See details on the IDA18 Results Measurement System at http://ida.worldbank.org/results/rms

73 This is measured by Tier 3 of the IDA18 RMS, and measures both the operational and organizational effectiveness of IDA. This includes indicators tracking the performance of IDA's portfolio, the quality and timeliness of projects delivered to clients, the results orientation of the operations, client and beneficiary feedback, financial sustainability, and the implementation of the five IDA Special Themes.

74 Percentage of closed IDA projects, as a share of IDA commitments, reviewed by IEG (FY17-FY19 exits) rated Moderately Satisfactory, Satisfactory, or Highly Satisfactory on overall Bank's performance reached 81.6 percent, exceeding the performance standard for IDA18 of 80 percent. The percentage, as a share of IDA operations, during the same period reached 77.3 percent, surpassing the performance standard of 75 percent.

75 Quality of M&E is based on IEG ratings for closed investment projects that were designed 5-8 years earlier in most cases. Such rating improved from only 39.3 percent (FY14-16 exits) at the end of IDA17 to 50.4 percent (FY17-FY19 exits) at the end of the IDA18 cycle.

76 See *WBG Strategy for Fragility, Conflict and Violence 2020–2025; The WBG Gender Strategy 2016–2023. 2017; and the WDR 2017: Governance and the Law.* Other notable flagship reports include the *WDR 2018: Learning to Realize Education's Promise, WDR 2019: The Changing Nature of Work, WDR 2020: Global Value Chains: Trading for Development, Global Waves of Debt: Causes and Consequences, Groundswell: Preparing for Internal Climate Migration, and Lifelines: The Resilient Infrastructure Opportunity.*

77 These include but are not limited to funding costs, borrower and counterparty credit ratings, and market parameters such as interest rates and exchange rates.

78 *Management's Discussion & Analysis and Condensed Quarterly Financial Statements (Unaudited) (December, 2020)* http://pubdocs.worldbank.org/en/937891613506271432/IDA-Financial-Statements-December-2020.pdf

79 Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness. World Bank, Washington, DC.

80 Operational Policy 2.30, "Development Cooperation and Conflict". See https://policies.worldbank.org/en/policies/operational-manual

81 The WBG has set up a new and ambitious climate co-benefits target of 35 percent over the five years from FY21 to FY25.

82 The RECA provides a base level of support in rare cases in which a country's PBA is extremely low due to the often-related combinations of high-intensity conflict and weak institutional capacity. RECA gives IDA the option to support countries in circumstances where, despite conflict, the World Bank can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country's future recovery.

83 Introduced in 2006, the NCBP was aimed at addressing situations in post-Multilateral Debt Relief Initiative (MDRI) and grant-eligible IDA-only countries, in which debt relief or IDA grants could potentially: (i) cross-subsidize creditors that offer non-concessional loans to recipient countries, or (ii) create incentives for these countries to overborrow, thereby eroding the gains to debt sustainability obtained from debt relief and grants. See: "IDA's Non-Concessional Borrowing Policy: 2019 Review", September 2019.

84 "IDA's Non-Concessional Borrowing Policy: 2019 Review", September 2019. World Bank Group's announced response to COVID-19 of up to US$160 billion over April 2020 to June 2021 highlights World Bank's role as provider of positive net flows in a more constrained financing environment for our clients. Of this amount, IDA is seen as being able to deploy an estimated US$50-55 billion to support member countries. This also includes some planned capacity brought forward to the first year of the IDA19 replenishment. Thus far, till December 2020, IDA commitments reached almost US$31 billion, with countries facing the steepest debt burden (DSSI-eligible) receiving financing of US$28 billion. Between April and December 2020, the DSSI-eligible countries benefitted from net transfer of $14 billion from IDA, of which US$4.3 billion is on grant terms, and the bulk of the rest on highly concessional IDA terms.

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