



IDA19

Report from the Executive Directors of the International Development Association to the Board of Governors

Additions to IDA Resources: Nineteenth Replenishment

IDA19: Ten Years to 2030: Growth, People, Resilience

Approved by the Executive Directors of IDA

On February 11, 2020

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

ADF	African Development Fund	GPSA	Global Partnership for Social Accountability
AIMM	Anticipated Impact Measurement and Monitoring	GRiF	Global Risk Financing Facility
ASA	Advisory Services and Analytics	GVC	Global Value Chains
ASP	Adaptive Social Protection	GW	Gigawatt
BEPS	Base Erosion and Profit Shifting	GWh	Gigawatt hour
CEN	Country Engagement Note	HCI	Human Capital Index
CERC	Contingent Emergency Response Component	HCP	Human Capital Project
CPF	Country Partnership Framework	HIPC	Heavily Indebted Poor Countries
CPIA	Country Policy and Institutional Assessment	IBRD	International Bank for Reconstruction and Development
CPL	Concessional Partner Loan	ICT	Information and Communication Technology
CPR	Country Performance Rating	IDA	International Development Association
CPPRs	Country Portfolio Performance Reviews	IDPs	Internally Displaced Persons
CPSD	Country Private Sector Diagnostics	IEG	Independent Evaluation Group
CRW	Crisis Response Window	IFC	International Finance Corporation
CSO	Civil Society Organization	IFFs	Illicit Financial Flows
DaLA	Damage and Loss Assessment	ILO	International Labour Organization
DeMPAs	Debt Management Performance Assessments	IMF	International Monetary Fund
DFI	Development Finance Institution	IMPACT	Impact Measurement and Project Assessment Comparison Tool
DLP	Debt Limits Policy	IPCC	Inter-Governmental Panel on Climate Change
DMF	Debt Management Facility	IPF	Investment Project Financing
DPF	Development Policy Financing	JET	Jobs and Economic Transformation
DRM	Domestic Resource Mobilization	LCR	Latin American and the Caribbean Region
DSA	Debt Sustainability Analysis	LICs	Low-income Countries
DSEP	Debt Sustainability Enhancement Program	M&E	Monitoring and Evaluation
DSF	Debt Sustainability Framework	MDB	Multilateral Development Bank
EC	European Commission	MDRI	Multilateral Debt Relief Initiative
FCS	Fragile and Conflict-affected Situations	MICs	Middle-income Countries
ECA	Europe and Central Asia	MIGA	Multilateral Investment Guarantee Agency
EITI	Extractive industry Transparency Initiative	MPA	Multi-Pronged Approach
ESF	Environment and Social Framework	MSME	Micro, Small and Medium Enterprises
ETC	Extended Term Consultants	MTR	Mid-Term Review
EVP	employment value proposition	NCBP	Non-Concessional Borrowing Policy
FCV	Fragility, Conflict and Violence	NBSAP	National Biodiversity Strategies and Action Plans
FY	Fiscal Year	(I)NDCs	(Intended) Nationally Determined Contributions
GBV	Gender-based Violence		
GDP	Gross Domestic Product		
GHG	Greenhouse Gas		
GIFT	Global Initiative for Fiscal Transparency		
GNI	Gross National Income		
GP	Global Practice		

(I)NGO	(International) Nongovernmental Organization	RMS	Results Measurement System
ODA	Official Development Assistance	RPBAs	Recovery and Peacebuilding Assessments
OECD	Organization for Economic Co-operation and Development	RRA	Risk and Resilience Assessment
OECS	Organization of Eastern Caribbean States	RSW	Refugee Sub-window
OGP	Open Government Partnership	SAR	South Asia Region
PBA	Performance-Based Allocation	SCD	Systematic Country Diagnostic
PCO	Program of Creditor Outreach	SDFP	Sustainable Development Finance Policy
PCPI	Post-Conflict Performance Indicators	SDGs	Sustainable Development Goals
PCT	Platform for Collaboration on Tax	SEA	Sexual Exploitation and Abuse
PEFA	Public Expenditure and Financial Accountability	SIEs	Small Island Economies
PLR	Performance and Learning Review	SME	Small and Medium Enterprise
PPF	Project Preparation Facility	SSA	Sub-Saharan Africa
PPP	Purchasing Power Parity	SUW	Scale-up Window
PRA	Prevention and Resilience Allocation	SWEDD	Sahel Women's Economic and Demographic Dividend
PSW	Private Sector Window	TAA	Turn Around Allocation
RECA	Remaining Engaged during Conflict Allocation	UHC	Universal Health Coverage
RECS	Regional Economic Communities	UN	United Nations
		UNHCR	UN High Commissioner for Refugees
		WB	World Bank
		WBG	World Bank Group
		WBL	Women Business and the Law
		WHR	Window for Host Communities and Refugees

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EXECUTIVE SUMMARY

i. Swift and decisive action is needed to address rising risks and accelerate progress toward the World Bank Group (WBG) Twin Goals and the Sustainable Development Goals (SDGs). Building on the strong implementation record and comparative advantages of the International Development Association (IDA), the 19th replenishment of IDA (IDA19) will support the world's poorest and most vulnerable countries to implement country-driven solutions that generate *growth*, are *people-centered* and strengthen *resilience*.

ii. The world has made great strides in poverty reduction, but global headwinds and emerging challenges threaten both hard-fought development gains and further progress. Extreme poverty has fallen in IDA countries, from 49 percent in 2002 to 31 percent in 2015.¹ The impressive progress made by several IDA countries to date demonstrates that further progress toward the SDGs is possible. Nonetheless, there is urgency to do more. The number of people living in extreme poverty in current IDA countries has remained constant over the past 10 years at around 500 million people. According to *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, there are more violent conflicts than at any time in the past 30 years.² The world is also facing the largest forced displacement crisis ever recorded.³ In IDA countries, economic growth has often come with inequalities and led to exclusion. Gender gaps remain in poverty, education and employment. The jobs challenge is acute in IDA countries: around 20 million jobs need to be created in IDA countries every year for the next decade, simply to meet the growing number of young men and women entering the labor market.⁴ Hunger, after years of decline, is on the rise, returning to levels from a decade ago. IDA countries are among those least able to adapt to climate change, and within those countries the livelihoods of the poor and most vulnerable will be affected the most.⁵ In the absence of decisive policy action, extreme weather shocks could exacerbate growth and demographic challenges, and could lead to an additional 100 million extreme poor by 2030. Looking ahead, the near-term economic outlook for IDA countries is challenging, amid an uncertain global outlook, which is already resulting in subdued investment and weak external demand for goods and services produced by IDA countries.⁶ To compound these challenges, an increasing number of IDA countries are at risk of debt distress, making them more vulnerable to shocks and less able to borrow sustainably to meet their extensive development needs, including human capital needs. Absent swift action, rising risks and vulnerabilities could severely undermine progress made in the fight against poverty and create regional and global spillovers.

¹ Calculations for the current set of IDA eligible countries, based on data in World Bank, *Poverty and Shared Prosperity 2018: Piecing together the Poverty Puzzle* (Washington DC: World Bank Group, 2018), and World Bank, *PovcalNet (online analysis tool)* (2018). url: <http://iresearch.worldbank.org/PovcalNet/>.

² United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington DC: World Bank Group, 2018) xvii and 12. Based on 2016 data.

³ UN High Commissioner for Refugees (UNHCR), *Global Trends: Forced Displacement in 2018* (Geneva, Switzerland: UNHCR, June 20, 2019) 13. <https://www.unhcr.org/en-us/statistics/unhcrstats/5d08d7ee7/unhcr-global-trends-2018.html>.

⁴ World Bank staff estimate, 2019.

⁵ See World Bank, *Turn Down the Heat: Confronting the New Climate Normal* (Washington DC: World Bank, 2014), and World Bank, *Special Themes for IDA17*, (2013).

⁶ See World Bank, *Global Economic Prospects* (Washington DC: World Bank Group, January 2019) updated as of August 2019.

iii. The next push to accelerate progress toward the Twin Goals and SDGs requires increased access to sustainable financing. While IDA countries must strengthen domestic resource mobilization (DRM) and attract domestic and foreign private investment with solid policy frameworks, institutions and practices, access to robust levels of concessional finance will remain central to these countries' development prospects. A well-resourced IDA19 can play a critical role in providing such financing. IDA can also help crowd in and leverage resources from others, including the private sector, in line with the WBG's cascade approach to mobilizing finance for development.⁷ Recognizing the rising debt vulnerabilities of many IDA countries, IDA is ready and well-positioned to support IDA countries to enhance the sustainability of their debt, in coordination with other providers of development finance.

iv. IDA has demonstrated its comparative advantage in tackling global challenges and delivering good country outcomes. Set within the world's largest development institution, IDA draws on the strengths and experiences of the WBG's other agencies - the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Bank for Reconstruction and Development (IBRD) - to support IDA countries in line with the WBG *Forward Look*. The WBG Capital Package agreed in 2018 significantly enhances WBG capacity, including to support IDA countries and recent IDA graduates. IDA's hybrid financial model provides unmatched value for money, with every US\$1 in Partner contributions supporting more than US\$3 of commitments in IDA countries. IDA's country-driven model ensures that programming focuses squarely on the development priorities of IDA countries and the growth needed to achieve them. IDA also leans in to the most complex and stubborn development challenges, including supporting global public goods, addressing Fragility, Conflict and Violence (FCV) risks, tackling debt, fostering regional integration, and strengthening core governance. As a learning institution, IDA actively uses findings and lessons from evaluative evidence to continually improve its effectiveness. IDA does its work with openness and transparency, ensuring that donors, clients and citizens can hold IDA accountable. For these reasons, IDA is a development partner of choice, ranked among the top performers by independent reviewers and among the most influential and helpful partners by developing country leaders.

v. IDA Deputies and Borrower Representatives ("Participants"⁸) defined the overarching theme for IDA19 as *Ten Years to 2030: Growth, People and Resilience*. *Growth* drives poverty reduction but must be both inclusive and sustainable to have broad-based and lasting impact. In many IDA countries, income growth is slower among the bottom 40 percent than the average growth for the country, which undermines social cohesion and stability, potentially sowing seeds for FCV. A focus on *People* is equally important because human capital is key to inclusive economic growth, wellbeing, resilience, and poverty reduction. Accelerating human capital formation is, therefore, a critical task for IDA countries seeking to compete in the economies of the future. Reducing poverty and vulnerability also requires helping IDA countries to build their *Resilience*. Countries develop faster if they can avoid shocks and/or be prepared when they happen. Addressing drivers of FCV, strengthening institutions for service delivery, inclusion, and accountability are core elements for resilient economies.

⁷ See World Bank Group, *Maximizing Finance for Development: Leveraging the Private Sector for Growth and Sustainable Development* DC2017-0009 (2017). http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23758671/DC2017-0009_Maximizing_8-19.pdf

⁸ In this document, "Participants" refer to the collective representatives of donor and borrower governments which participated in the IDA19 Replenishment discussions.

vi. IDA19 will build on the strong and transformational IDA18, including the progress made under its five Special Themes: Jobs and Economic Transformation (JET), FCV, Climate Change, Gender and Development, and Governance and Institutions. Throughout IDA19, IDA will continue to pursue actions in the areas supported in IDA18 while integrating lessons from IDA18 to enhance IDA's results. The IDA19 policy package comprises an ambitious set of policy commitments that will support IDA countries to forge ahead with progress on these critical Special Themes.

vii. The IDA19 policy package will further expand its reach by incorporating four cross-cutting issues: debt; technology; investing in people; and disability inclusion. Without decisive action, rising *debt* vulnerabilities threaten the future development prospects and ambitions of many IDA countries and thus warrant special attention. *Technology* is reshaping the nature of work, disrupting traditional pathways, and presenting new challenges and opportunities. As such, IDA19 will support IDA countries to create opportunities and adopt transformative technologies. *Investing in people* – including those with *disabilities* who are often disproportionately affected by poverty, natural disasters, conflict and violence, is central to shared prosperity and at the heart of IDA's work. IDA19 will do more to expand equitable opportunities for people with disabilities.

viii. IDA19 offers an unprecedented and comprehensive package to support development in the world's poorest and most vulnerable countries. Some key features include:

- a. ***An ambitious jobs package.*** IDA19 will support countries to pursue a comprehensive and balanced approach to sustainable and inclusive economic transformation. It will facilitate job-creating private investments, including in *quality, accessible infrastructure*, as a critical element of poverty reduction and inclusive growth. It will also help build the opportunities for and capabilities of workers and entrepreneurs and connect them to jobs. Additionally, IDA19 will help address the push and pull factors of economic *migration*, by better integrating a migration lens into IDA country programming. The Private Sector Window (PSW) will enable IFC and MIGA to further scale up investments and mobilize private sector investments in IDA countries.
- b. ***An incentive-based, fair approach to help countries enhance debt sustainability.*** The forthcoming Sustainable Development Finance Policy (SDFP) is expected to increase capabilities of IDA countries to address their debt-related vulnerabilities and support them on a path of sustainable development finance. Of key importance will be helping IDA countries strengthen debt reporting to increase transparency and public accountability. IDA19 will do more on debt management, debt transparency, and creditor outreach in partnership with the International Monetary Fund (IMF) and other Multilateral Development Banks (MDBs).
- c. ***More, and more tailored support in Fragile and Conflict-affected Situations (FCS).*** The new FCV Envelope will offer more – and more tailored – support to countries to address a range of FCV risks, with strong incentives and accountabilities for countries to confront FCV drivers. It will aim to sharpen IDA's engagement in differentiated manner by addressing fragility risks from increased inequality, lack of opportunity, exclusion and perceptions of injustice. As part of the pivot to prevention, IDA19 will also do more to address regional drivers of fragility through regional programming, including in the Sahel, Lake Chad region, and the Horn of Africa.

- d. ***Enhancing regional integration.*** IDA's Regional Window will support strategic investments and policy reforms facilitating regional integration, including infrastructure for greater regional connectivity, power, trade and the digital economy. IDA19 will also address issues affecting global public goods, such as reducing air and water pollution, including marine litter, and creating development opportunities for refugees and host communities.
- e. ***A sharper focus on crisis preparedness and earlier response to slower-onset crises.*** IDA19 policy commitments will support stronger resilience building, including pandemic preparedness, and reduce the risks that climate shocks pose to poverty reduction and human capital development. The Crisis Response Window (CRW) will support early responses to slower-onset crises.

ix. Recognizing the unique development challenges facing smaller economies, IDA19 will continue to support Small States to achieve their development goals. Building on IDA18's substantial increase in allocations to Small States, IDA19 will continue strong support to Small States and focus on achieving economies of scale, harmonizing policies, strengthening crisis preparedness and resilience, and adapting to the effects of climate change. Under IDA19, Small States will also stand to benefit greatly from the increased Regional Window to support regional integration efforts which can help expand markets and achieve economies of scale.

x. Participants congratulated Moldova and Mongolia on their recent development gains and on their graduation from IDA at the end of IDA18. In that regard, they noted Management's commitments under the WBG Capital Package, which aim to make IBRD resources available to fully replace IDA financing for IDA graduates, and which exempt them from the IBRD maturity premium increase for two IDA replenishment cycles. They also noted that IDA graduates will retain the ability – for two replenishment cycles following graduation - to recommit resources from canceled projects. The contractual acceleration of repayments will be suspended for these two countries during the IDA19 replenishment period.

xi. Results are at the core of IDA's work, and IDA's Results Measurement System (RMS) will be further enhanced during IDA19. The RMS has evolved into a robust accountability and management framework that contributes significantly to results monitoring and learning at country, program and project levels. While maintaining continuity with IDA18 to enable long-term monitoring, the RMS has been updated for IDA19 to align with global and corporate priorities including the SDGs, the Human Capital Project (HCP) and the WBG's Cascade approach.

xii. Participants emphasized the need for robust implementation planning to ensure results and good country outcomes, particularly as regards the new FCV Envelope, enhanced Regional Window and the forthcoming SDFP. Building on progress and lessons learned in IDA18, Management will continue to proactively monitor project performance and portfolio quality – even as IDA's risk profile increases - in order to deliver significant financing volumes to help IDA clients meet their development challenges. Management will provide updates on implementation progress, challenges and pipeline development (including specific implementation reviews of the FCV envelope, the WHR, and the forthcoming SDFP) at the Spring and Annual Meetings of the WBG and the IMF.

xiii. Following the principles agreed in IDA18, Participants supported IDA’s sustainable leveraging and noted the importance of strong capital adequacy within IDA’s Hybrid Financial Model. They broadly supported Management’s recommendation to implement a US\$15 billion capital value protection program as a risk management strategy, while noting that it is important to retain simplicity in communicating IDA’s model to stakeholders. Participants also requested a review of IDA’s capital adequacy framework by the IDA19 Mid-Term Review.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

i. Participants agreed on a set of policy and financial recommendations to help IDA countries achieve the WBG Twin Goals to end extreme poverty and promote shared prosperity in a sustainable manner in IDA countries. They noted that the policy and financial package will build upon the commitments and results of earlier IDA replenishments and enhance the ambition to support IDA countries in making progress toward the 2030 targets and increase the effectiveness and impact of IDA support in IDA19. Annex 1 presents the full set of policy commitments and indicators for IDA19. The key conclusions and recommendations are summarized below.

ii. Jobs and Economic Transformation (JET): Commitments aim to help IDA countries create and connect to markets, build capabilities and connect workers to more and higher-quality jobs.

1. Participants requested that the WBG undertake interventions in 10-15 countries to help them address bottlenecks in sectors with high potential for private-sector led job creation and economic transformation, which will be country specific and could include sectors such as agribusiness, manufacturing and others. Proposed WBG actions will be grounded in diagnostics, such as the Country Private Sector Diagnostics (CPSD) findings and jobs diagnostics, and selected in agreement with country authorities.
2. Participants requested that at least 66 percent of agriculture and agribusiness projects in IDA countries include support for participation in value chains with high potential for growth and jobs creation, through connecting producers to markets, technical assistance for meeting international standards and regulations, adoption of modern technology, supporting logistics and reducing trade costs.
3. Participants requested that IDA support at least 15 IDA countries to develop their primary and secondary cities through an integrated package of support to deliver sustainable, inclusive and productive cities with a focus on JET, including through climate-smart development, strengthening urban land management, and development of enabling infrastructure for job creation.
4. Participants requested that IDA support, in 10 IDA countries, the development and modernization of regional infrastructure (e.g., power, transportation) and cross-border policy reforms with high potential for export promotion, increased productivity and labor mobility.
5. To help close the digital infrastructure gap, Participants requested that IDA support 25 IDA countries to double their broadband penetration (16 on the African continent), including eight in landlocked countries, by 2023.
6. Participants requested that IFC aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries,⁹ reaching 10-15 percent of its own-account commitments on average during the IDA19 cycle. Such commitment is conditional on the approval of the

⁹ LIC-IDA17: Countries that are classified as low-income countries (LIC) as of July 1, 2016 (GNI per capita <=\$1,025 in 2015). FCS-IDA17: The subset of IDA17-eligible countries that are also on the latest (FY19) FCS list. See Annex 4 of [IFC Strategy and Business Outlook Update \(FY20-FY22\)](#) for more details.

IFC's resolutions for the capital increase and on having a significant portion of the new shares offered to shareholders being subscribed to.

7. Participants requested that 50 percent of entrepreneurship and Micro, Small and Medium Enterprises (MSME) projects incorporate digital financial services and/or digital entrepreneurship elements – and ensure they address particular constraints facing women and people with disabilities.
8. Participants requested that IDA support at least 15 IDA countries, including at least 12 of those among the 30 with the lowest Human Capital Index (HCI), with programs or policies to improve skills and employability toward more and higher-quality jobs, considering the differential constraints facing young women and men, and people with disabilities.
9. Participants requested that IDA embed a JET focus in all IDA country programs and the design of operations as appropriate, informed by diagnostics such as Systematic Country Diagnostics (SCDs) and CPSDs, and reflected in all new IDA Country Partnership Frameworks (CPFs) and Performance and Learning Reviews (PLRs), including enhanced use of JET results indicators. Where relevant, IDA country programs and design of operations will be informed by migration diagnostics.
10. Under country government leadership, Participants requested that IDA actively participate in country platforms to collaborate and coordinate with partners and stakeholders (including MDBs, development finance institutions (DFIs), bilaterals, and the private sector, etc.) in at least 10 IDA countries toward developing a coherent vision, and a set of actions for JET and mobilization of private finance.
11. Participants requested that all SCDs of IDA countries at moderate or high risk of debt distress will address the country's approach for sustainably financing its development.
12. Participants requested that IDA conduct 20 pilots in 'economic transformation IDA projects' to estimate indirect and/or induced jobs. They asked that the IFC track direct jobs and estimates of indirect jobs associated with all IFC PSW investments. Where feasible, jobs reporting will be disaggregated by the poorest quintile, gender, FCS, disability and youth.
13. Participants requested that IDA work with regional institutions on capacity building and skills in addition to establishing strategic partnerships with at least three Regional Economic Communities (RECs) to promote regional markets and develop regional value chains.

iii. Gender and Development: Commitments aim to help IDA countries build on achievements during previous IDA cycles, speed up investments in people, create opportunities and strengthen resilience by scaling solutions to key gaps, such as in access to reproductive and adolescent health, in economic opportunity, and in prevention and response to gender-based violence (GBV).

1. Participants requested that IDA19 financing operations support women's empowerment, including through increased access to quality reproductive, adolescent, and primary health care in at least 15 of the 30 countries with the lowest HCI.

2. Participants requested that at least 60 percent of IDA19 financing operations for digital skills development support women's access to higher productivity jobs, including online work.
3. Participants requested that at least 30 percent of IDA19 infrastructure operations (transport, energy, and water) include actions to create employment opportunities for women in medium and high skilled jobs in these sectors.
4. Participants requested that all IDA19 financing operations for Digital Development support women's increased access to and usage of digital services.
5. Participants requested that at least 50 percent of IDA19 operations with land activities in (i) land administration, (ii) post-disaster reconstruction and resilient recovery, and (iii) urban development include specific actions to strengthen women's land rights.
6. Participants requested that IDA19 support at least five IDA countries to invest in GBV prevention and response, delivering safe, quality, inclusive health care and other services through health systems, and five countries to implement GBV prevention and response protocols as part of safe and inclusive schools.

iv. Climate Change: Commitments aim to help IDA countries increase climate-related financing and further deepen climate mainstreaming; boost support on adaptation and resilience; drive systemic impact at the country level; and facilitate economic transformation through low-carbon and resilient transition.

1. Participants requested that IDA's climate co-benefits share of total commitments increase to at least 30 percent on average over Fiscal Year (FY) 21-23, and at least half of these co-benefits support adaptation actions.
2. Participants requested that all IDA operations with more than 20 percent of climate co-benefits incorporate at least one climate-related results indicator to increase the focus on climate outcomes.
3. Participants requested that IDA develop new resilience metrics designed to give increased incentives for more effective climate adaptation actions, including through enhanced disaster resilience of infrastructure developments, and pilot them in 20 IDA operations.
4. Participants requested that IDA support at least 25 IDA countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.
5. Participants requested that IDA support at least 15 IDA countries to systematically implement and update national climate-related action plans, including Nationally Determined Contributions (NDCs) in cooperation with the NDC Partnership; for all IDA countries where appropriate, set climate-related or NDC-based objectives and/or results indicators in the CPFs.
6. Participants requested IDA to support at least 15 IDA countries to implement and/or update their National Biodiversity Strategies and Action Plans (NBSAPs) covering terrestrial and marine biodiversity or similar national action plans through new IDA-supported activities during IDA19.

7. Participants requested that IDA facilitates further penetration of renewable energy in IDA countries in the context of energy access, affordability and security, by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and providing direct, indirect, and enabling policy support for generation, integration, and for enabling infrastructure for at least ten gigawatts (GW) of renewable energy in IDA countries. This support would cover all kinds of on-grid, off-grid and distributed renewable energy.

v. Fragility, Conflict and Violence: Commitments aim to help IDA countries ensure that IDA19 provides more—and more tailored—support to IDA FCS that addresses key FCV drivers, takes a regional approach to fragility, boosts long-term human capital in fragile environments, and enhances IDA’s operational effectiveness in IDA FCS.

1. Participants requested that all CPFs, Country Engagement Notes (CENs) and PLRs in IDA FCS outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as Risk and Resilience Assessments (RRAs) or other FCV assessments. Related to this, Participants requested that each RRA/fragility assessment will analyze FCV drivers and sources of resilience and contain operationally relevant recommendations.
2. Participants requested that at least three regional programs (including in the Sahel, Lake Chad region, and the Horn of Africa) are developed and under implementation, and that they are informed by Regional RRAs and focus on mitigating key fragility and security risks to promote engagement at the security-development nexus.
3. Participants requested that at least 20 IDA FCS country portfolios support improvements in social sector service delivery (i.e., health, education and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities.
4. Participants requested that, by the IDA19 Mid-Term Review, IDA conduct a systematic review of refugee policy and institutional environments in countries eligible for the Window for Host Communities and Refugees since their initial eligibility, to inform further support for the creation of socio-economic development opportunities for refugee and host communities in these countries.
5. Participants requested that IDA support building client capacity in 50 percent of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data, and apply this technology to enhance project implementation and coordination.
6. Participants requested that Management operationalize the FCV Envelope to provide enhanced and tailored support to IDA FCS. Also, IDA will deploy at least 150 more GE+ staff, including extended term consultants, to IDA FCS locations and nearby locations to serve IDA FCS.

vi. Governance and Institutions: Commitments aim to help IDA countries address governance priorities in terms of institutional quality, including weak institutional capacity, limited resources and misaligned policy incentives that have a negative impact on economic and social

development, such as slower growth, inequality, exclusion, weak delivery of government services, and limited mechanisms for citizens to hold their government to account.

1. Participants requested that IDA support at least 25 IDA countries to implement an integrated and programmatic approach to enhance debt transparency through increased coverage of public debt in Debt Sustainability Analyses (DSAs) and/or supporting debt transparency reforms, including requirements for debt reporting to increase transparency.¹⁰
2. Participants requested that IDA support at least 25 IDA countries to bolster fiscal risk assessments and debt management capacity through a scale-up of fiscal risks monitoring and/or implementation of debt management strategies.¹¹
3. Participants requested that IDA support the implementation of country programs which support the efforts of those IDA countries with tax revenues persistently below 15 percent of Gross Domestic Product (GDP) to achieve an unweighted average increase in tax-to-GDP ratios of one percentage point over the three-year IDA cycle, as part of collective efforts with partners.
4. Participants requested that IDA support at least 20 countries to identify the governance constraints to the development, financing, and delivery of quality infrastructure investments with particular attention to project preparation, procurement, environmental and social considerations, and integrity, to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these.¹²
5. Participants requested that IDA support at least 15 IDA countries with the lowest HCI to improve sustainability of human capital financing, including a focus on reaching universal health coverage and good learning outcomes for all, through: (i) improving the efficiency of public expenditures, and (ii) more effectively aligning expenditures with domestic financing and external resources in a sustainable manner.
6. Participants requested that IDA support at least 12 IDA countries to adopt universally accessible¹³ GovTech solutions.¹⁴
7. Participants requested that IDA support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment).
8. Participants requested that IDA support at least 5 countries to conduct comprehensive Illicit Financial Flows (IFF) assessments and prepare action plans. They also requested that IDA

¹⁰ Support to this commitment will draw from a suite of instruments, including lending operations, diagnostics and technical assistance.

¹¹ The actions under Policy Commitments 1 and 2 will focus mainly on moderate and high-risk countries, consistent with the focus of the SDFP. These actions could also help prevent deterioration in the risk of debt distress, including sharp (or rapid) deteriorations from low to high risk as observed in some cases.

¹² Focus to be on countries identified with CPIA rating at 3 or less for Indicator 16 on Transparency, Accountability and Corruption. There are currently 55 IDA countries in this pool.

¹³ 'Universally accessible' means that GovTech services are designed so that they can be accessed, understood and used by all people, regardless of disability, age, use of assistive devices, location or means of Internet access. It applies to hardware and software.

¹⁴ GovTech solutions include hardware, software, applications and other technology to improve access and quality of public services; facilitate citizen engagement (CivicTech); and improve core government operations. These include enabling analog complements to strengthen institutions for GovTech implementation, including devising related strategies, building capacity, passing related laws on e-government, data access and use; and developing regulatory frameworks to facilitate interoperability.

support at least 20 IDA countries to take IFF-related policy actions, such as increasing access to and awareness of beneficial ownership information and/or adopting automatic exchange of information to reduce tax evasion.

9. Participants requested that IDA support at least 50 percent of IDA countries to implement e-procurement systems and conduct detailed procurement data analytics, in order to increase efficiency of public spending and mitigate corruption risks.
10. Participants requested that IDA support at least 50 percent of IDA countries to establish and strengthen platforms for engaging with multiple stakeholders, including women as well as vulnerable groups, in policy making and implementation to enhance public participation, accountability and responsiveness.
11. Participants requested that IDA support at least 95 percent of IDA FCSs (with active portfolios) to establish and/or strengthen core government functions to address FCV drivers.¹⁵
12. Participants requested that IDA support 30 IDA countries, including those with ongoing statistical operations,¹⁶ to support institutions and build capacity to reduce gaps in the availability of core data for evidence-based policy making, including disaggregation by sex and disability.¹⁷

vii. Adjustments to Volumes and Terms of IDA Assistance

1. Participants agreed to the following changes to IDA's country allocations:¹⁸
 - a) introduction of an incentive set-aside to promote better debt management actions in line with the forthcoming SDFP's Debt Sustainability Enhancement Program; and
 - b) introduction of a tailored approach to supporting IDA countries across the FCV spectrum through the FCV Envelope.
2. Participants agreed to: (i) increase the Regional Window to US\$7.6 billion which will enhance resources for regional integration for all regions (ii) introduce Development Policy Financing instruments under the Regional Window; (iii) support Regional Window financing for single-country operations that clearly demonstrate positive cross-border spillovers for health pandemics, natural disasters and adoption of innovate technologies; and (iv) support funding on credit terms to credit-worthy regional organizations with strong safeguards to ensure that such interventions exclusively benefit IDA countries.
3. Participants agreed to extend the CRW to support slower-onset crises for disease outbreaks and food insecurity. Participants endorsed a proposed CRW envelope of US\$2.5 billion

¹⁵ Core government functions refers to: (i) public revenue and expenditure management; (ii) decentralization and service delivery; (iii) government employment and public administration; and (iv) the rule of law.

¹⁶ This commitment would target 25 percent out of 51 IDA countries without ongoing statistical operations.

¹⁷ Data disaggregation by sex and disability in the Data for Policy (D4P) package will be performed where it is appropriate, which corresponds to contexts where household survey data is amenable to disaggregation, specifically for data collected at the individual level. The D4P package will also continue promoting the production of sex and disability disaggregated statistics in countries where this is already available.

¹⁸ Country allocations – which provide unearmarked country envelopes, aligned with CPFs – are fundamental to IDA's value proposition.

with the opportunity to adjust at the IDA19 Mid-Term Review (MTR) if additional resources are required for crisis response.

4. Participants agreed to continue the Scale-Up Window under IDA19 with an allocation of US\$5.7 billion reflecting a reduced number of countries eligible to take on its non-concessional resources.
5. Participants agreed that Moldova and Mongolia will graduate from IDA by the end of IDA18 and that contractual acceleration for these countries will be suspended for the IDA19 period.
6. Participants noted Management's commitments made under the WBG Capital Package, aiming to make IBRD resources available to fully replace IDA financing for IDA graduates, and exempting them from the IBRD maturity premium increase for two IDA replenishment cycles. Accordingly, Participants agreed to discontinue provision of exceptional transitional support to IDA graduates at the end of IDA18.
7. Participants welcomed Management's proposal to exercise the acceleration clause included in the legal agreements for regular and blend credits since 1987 for countries that graduated at the end of IDA17 (Bolivia, Sri Lanka and Vietnam) which was approved by the Executive Directors.
8. Participants agreed to have US\$1 billion of resources available to support arrears clearance for potentially re-engaging countries in IDA19. They also requested Management to provide an update on utilization and plans for reallocation of such resources at the time of the MTR.
9. Participants agreed to the continuation of the IDA PSW under IDA19 with a resource allocation of US\$2.5 billion to enable IFC and MIGA to further scale up and mobilize private sector investments in PSW eligible countries. Participants agreed to have one transition replenishment period for countries entering gap status or being removed from the FCS list of countries. They also agreed to allow PSW resources to support programmatic interventions where up to a maximum of 20 percent of the total investments supported by such a program may be located outside of PSW eligible countries. Participants encouraged Management to continue exploring new instruments under the Local Currency Facility and Blended Finance Facility to enhance local currency lending in PSW eligible countries for IDA19 by end of IDA18. Management will also report progress on broader PSW implementation by the IDA19 MTR. They also welcomed IFC's decision to enhance transparency of PSW project information by disclosing the subsidy amount for PSW projects with a mandate letter signed after October 1, 2019.
10. Participants agreed that the Regional Window and the Window for Host Communities and Refugees will be managed as a Regional Public Goods Envelope to improve resource allocation responsiveness and efficiencies across the windows up to a maximum of US\$0.5 billion before IDA19 MTR.
11. Participants agreed that lending terms applicable under IDA18 will be continued under IDA19. Participants also requested an in-depth analysis on local currency financing by the end of IDA18, with the aim to develop and discuss a proposal at IDA19 MTR.

viii. Replenishment of IDA Resources

1. Deputies¹⁹ recommended that contributions of US\$23.5 billion (equivalent to SDR 17.0 billion) be provided so as to achieve a total replenishment of US\$82.0 billion (equivalent to SDR 59.3 billion) in IDA19.
2. Deputies emphasized that strong grant contributions will continue to remain a key element of IDA's financial framework, enabling successful leverage in a sustainable manner. With concessionality remaining at the center of IDA finance, they noted the increase in IDA's estimated grant financing in IDA19.
3. Deputies noted the importance of providing their Instruments of Commitment as early as possible to enable timely implementation of IDA19.
4. Deputies recommended that IDA's cost of debt relief under the Heavily Indebted Poor Country (HIPC) Initiative and arrears clearance operations in IDA19 be covered under the IDA19 Replenishment, with the former funded by Partner contributions and the latter by carrying over the unused arrears clearance resources from IDA18 and additional Partner contributions in the amount of US\$0.2 billion (equivalent to SDR 0.1 billion).
5. Deputies recognized the importance for Partners to continue implementing their financing commitments to the separate Multilateral Debt Relief Initiative (MDRI) replenishment in order to support the total volume of IDA19 commitment authority.
6. Deputies endorsed the continuation of Concessional Partner Loans (CPLs) in IDA19. They also endorsed the principles of ensuring transparency, equal treatment, additionality (i.e., avoiding substitution), and protecting IDA's long-term financial sustainability. They recognized that concessional loan contributors would receive burden sharing recognition and allocation of voting rights based on the 'grant element' of the loan, as per the agreed CPL Framework. They welcomed the flexibility for CPLs to be provided in a few eligible currencies in addition to those of the SDR basket. (See Annex 11.)
7. Deputies expressed concerns over the currently large and increasing structural gap in the reported Partner burden shares and requested a review of the drivers of the increase in the structural gap as well as concrete options to address the issue at the IDA19 MTR.
8. Deputies emphasized the importance of transfers from IBRD to IDA to signify solidarity among the WBG institutions. In this context, Deputies noted the formula-based approach for IBRD transfers, which is dynamic in nature and gives due consideration to IBRD's financial sustainability and capital adequacy. Such transfers would be subject to annual approvals by the IBRD Board of Governors after considering reserve retention needs.
9. While IFC transfers to IDA would be suspended after IDA18, the income transfer is expected to be redeployed to support expanded IFC activities in IDA countries, as such boosting IFC's direct engagement in IDA countries.

¹⁹ Deputies refer to the Participants in the IDA19 discussions who represent donor governments.

INTRODUCTION

1. **The International Development Association (IDA) must continually evolve to meet the needs and challenges facing IDA countries.** To achieve this, IDA Deputies and Borrower Representatives (“Participants”) provided guidance on the strategic priorities for the Nineteenth Replenishment of IDA (IDA19), first at the IDA18 Mid-Term Review (MTR) in Livingstone, Zambia in November 2018 and through consultations in 2019 in Washington D.C. (April and October), in Addis Ababa, Ethiopia (June), and Stockholm, Sweden (December). This report contains the Participants’ guidance on the policy and financing framework that underpins IDA’s support to client countries during the IDA19 replenishment period (July 1, 2020 to June 30, 2023). This framework strives to reflect global developments and incorporate new knowledge that will further improve IDA’s effectiveness.

SECTION I: CHALLENGES AND IDA’S COMPARATIVE ADVANTAGE TO ADDRESS THEM

2. **The world has made great strides in poverty reduction, but global headwinds and emerging challenges threaten both hard-fought development gains and further progress.** Extreme poverty has fallen in IDA countries from 49 percent in 2002 to 31 percent in 2015.²⁰ The impressive progress made by several IDA countries demonstrates that further progress toward the Sustainable Development Goals (SDGs) is possible. Nonetheless, there is urgency to do more. The number of people living in extreme poverty in IDA countries has remained constant at around 500 million people over the past 10 years. According to *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, there are more violent conflicts than at any time in the past 30 years.²¹ This increase in violent conflict and forced displacement is likely to increase the prevalence of disability.²² The world is also facing the largest forced displacement crisis ever recorded.²³ In IDA countries, economic growth has not always been inclusive and has fueled inequalities and exclusion. The jobs challenge is acute in IDA countries: around 20 million jobs need to be created in IDA countries every year for the next decade, simply to meet the growing number of young men and women entering the labor market.²⁴ Hunger, after years of decline, is on the rise, returning to levels from a decade ago. Climate change is threatening agricultural and fisheries systems as well as infrastructure, health, and people’s livelihoods and is a potent driver of internal migration. Meanwhile, the global economic outlook is uncertain and marked by downside risks, and the near-term outlook for IDA countries is challenging. To compound these challenges, an increasing number of IDA countries are at risk of debt distress, making them more vulnerable to shocks and

²⁰ Calculations based on data in World Bank, *Poverty and Shared Prosperity: Piecing together the Poverty Puzzle* (Washington DC: World Bank, 2018), and World Bank, *PovcalNet (online analysis tool)* (2018). <http://iresearch.worldbank.org/PovcalNet/>

²¹ United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington DC: 2018) xvii and 12, based on 2016 data.

²² The prevalence of disability is affected by a range of factors, including aging, war and conflict, natural disasters, and forced displacement. See McClain-Nhlapo, Charlotte Vuyiswa; Sivonen, Lauri Heikki Antero; Raja, Deepti Samant; Palummo, Simona; Acul, Elizabeth, *Disability inclusion and accountability framework* (Washington, D.C: World Bank, 2018).

²³ UN High Commissioner for Refugees (UNHCR), *Global Trends: Forced Displacement in 2018* (Geneva, Switzerland: UNHCR, June 20, 2019) 13. <https://www.unhcr.org/en-us/statistics/unherstats/5d08d7ee7/unhcr-global-trends-2018.html>.

²⁴ World Bank staff estimate, 2019.

less able to borrow sustainably to meet their development needs, including their massive human capital development needs. Absent swift action, rising risks and vulnerabilities could severely undermine progress made in the fight against poverty and bring regional and global spillovers.

A. REVIEW: POVERTY, SHARED PROSPERITY AND THE SDGs IN IDA COUNTRIES

3. **The world has made progress in reducing poverty and improving living standards over the last quarter-century.** The global extreme poverty rate declined from 36 percent in 1990 to an estimated 8.6 percent in 2018.²⁵ Life expectancy has increased by more than six years, the share of children who are not in school has fallen by around half and maternal mortality is down by 44 percent. This progress demonstrates what is possible with the right policies, institutions and strong support from IDA and partners.

TABLE 1. POVERTY RATES IN IDA COUNTRIES (2015)¹

Country group	Number of economies	Poverty rate (%)	Millions of poor	Population in millions
Developing world	144	11.9	739	6192
IBRD	69	5.6	261	4653
IDA	75	31.1	479	1539
IDA blend	16	25.7	131	509
IDA non-blend	59	33.8	348	1030
Gap	13	16.4	51	309
IDA-only	42	43.9	283	645
IDA-only/Inactive	4	18.8	14	76
IDA fragile	32	39.2	171	435
IDA non-fragile	43	27.9	308	1104
IDA small state	23	28.2	4	13
IDA non-small state	52	31.1	475	1526
IDA Sub-Saharan Africa	39	43.1	393	912

¹ Daily consumption/ income below US\$1.90 in 2011 PPP terms.
Source: Global Monitoring Database (2019) and PovcalNet.

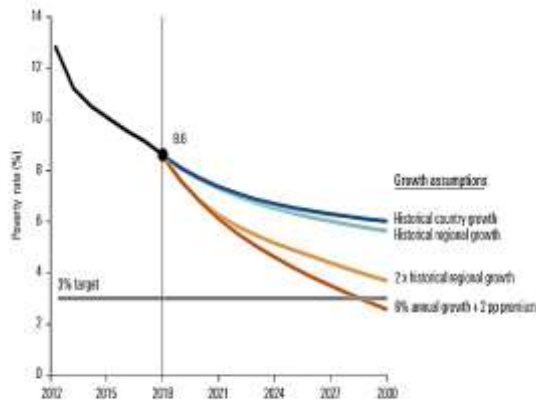
4. **Yet, poverty reduction has not been consistent across countries, and the global rate of poverty reduction is slowing.** During 2002-2015, extreme poverty in current IDA countries declined from 49 to 31 percent, compared to a decline in the rest of the developing world from 26 to 5.6 percent. Moreover, the rate of poverty reduction has been slowing since 2013.²⁶ Projections show that the global poverty target could be met if all countries' real Gross Domestic Product (GDP) per capita grew at an average annual rate of six percent and the income of the bottom 40 percent grew two percentage points faster than the average. Alternatively, the target could be reached if all countries grew at an average pace of eight percent.²⁷ Yet either of these scenarios

²⁵ This rate is defined as the number of people with a daily consumption/income below US\$1.90 in 2011 Purchasing Power Parity terms.

²⁶ From 2013 to 2015, global poverty declined by 0.6 percentage points per year, well below the 25-year average of a percentage point a year. See World Bank, *Poverty and Shared Prosperity: Piecing together the Poverty Puzzle* (Washington DC: World Bank, 2018).

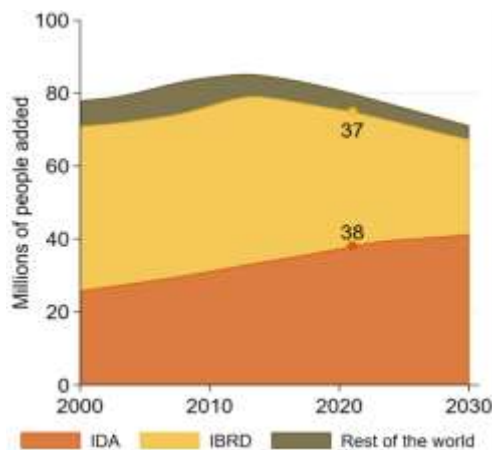
²⁷ If average economic growth in IDA countries were to be one percentage point lower than currently projected, there would be 50 million more extreme poor in these countries in 2030 than under the baseline scenario. Similarly, a two-percentage point shortfall would translate into 100 million more extreme poor.

FIGURE 1. GLOBAL POVERTY RATE PROJECTIONS



Source: PovcalNet (online analysis tool), World Bank, Washington, DC, <http://www.worldbank.org/PovcalNet/>; World Development Indicators; World Economic Outlook; Global Economic Prospects; Economist Intelligence Unit.
 Note: The 2016 forecast uses realized and projected growth in GDP per capita and household final consumption expenditure per capita from 2015 to 2018 to give the 2018 world average. "Historical country/regional growth" assumes that the annual growth rates countries/regions experienced from 2005 to 2015 continue from 2018 to 2030. "2x historical regional growth" assumes that all countries grow by 9 percent annually from 2018 to 2030, and that the bottom 40 percent on average grow with an additional 2 percentage points (pp). All assumed growth rates are real, per capita growth.

FIGURE 2. POPULATION INCREASE (MILLIONS)



Source: World Development Indicators (SP.POP.0014.TO.ZS) and United Nations World Population Prospects.

would require IDA countries to significantly accelerate their progress in reducing poverty.²⁸ (See Figure 1.)

5. Continuing population pressures indicate that poverty is becoming concentrated in IDA countries (see Figure 2). During 2000–2018, annual real GDP growth in IDA countries was 5.5 percent on average, nearly double the global average of 2.9 percent, but well below the growth rate needed to reach the goal of eliminating extreme poverty by 2030. This economic expansion was accompanied by greater income convergence,²⁹ but far more needs to be done to reduce inequalities and ensure shared prosperity. Of the more than 730 million extremely poor people in the world, 479 million lived in IDA countries as of 2015. Of these, 393 million extremely poor people lived in Sub-Saharan Africa (SSA) and 171 million in IDA Fragile and Conflict-affected Situations (FCS).³⁰ Poverty rates are around 10 percent higher in IDA FCS than non-FCS. And while extreme poverty is decreasing in IDA non-FCS, it is stagnant in IDA FCS.³¹ Of the world’s 28 poorest countries, 27 are in SSA, all with poverty rates above 30 percent. (See Table 1.)

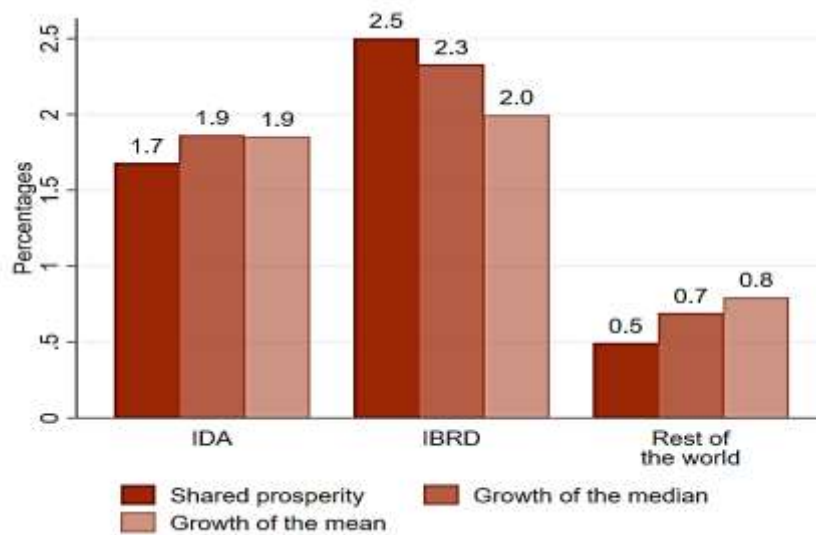
6. Furthermore, IDA countries are home to large number of people who live close to the poverty line – many of whom have recently pulled themselves up out of poverty but are vulnerable to falling back. Five out of six people in IDA countries lived on less than US\$5.5 a day in 2015³² and were considered at high or

²⁸ See World Bank, *Poverty and Shared Prosperity: Piecing together the Poverty Puzzle* (Washington DC: World Bank, 2018).
²⁹ See Marcio Cruz; James Foster; Bryce Quillin; and Philip Schellekens, *Ending Extreme Poverty and Sharing Prosperity: Progress and Policies*. Policy Research Note (Washington DC: World Bank Group, 2015).
³⁰ IDA FCS refers to those IDA countries included on the *Harmonized List of Fragile and Conflict-affected Situations*. Currently, there are 32 IDA FCS countries, of which three are Blend countries. FCV refers to the challenge of fragility, conflict and violence regardless of the classification of the country.
³¹ World Bank, *PovcalNet (online analysis tool)* (2018). url: <http://iresearch.worldbank.org/PovcalNet/>.
³² Figures in 2011 US\$ Purchasing Power Parity (PPP). Income/consumption of US\$5.5 per day is the typical national poverty line for Upper Middle-Income Countries (UMIC) and shows what the poverty rate would be in IDA countries if they had the same criteria for what it takes to be poor in UMICs. Even though a large fraction of the population in IDA countries may not be extremely poor (under US\$1.9 per day), they would likely be classified as poor in most middle-income countries. Although “only” a third of people in IDA countries are extremely poor, five out of six people are poor by the US\$5.50 standard.

moderate risk of relapsing into poverty. A major shock can wipe out an entire generation of economic progress and poverty reduction.

7. **Progress on shared prosperity has been mixed.** The welfare per capita of the bottom 40 percent³³ in IDA countries grew at 1.7 percent annually on average between 2011 and 2016, which was lower than that for IBRD countries (Figure 3). Boosting shared prosperity in IDA countries will require stronger and more inclusive economic growth that leads to greater improvement in welfare and median income.³⁴ Accelerating pro-poor growth will be critical to reducing inequality, speeding up poverty reduction and ensuring shared prosperity.

FIGURE 3. SIMPLE AVERAGES OF SHARED PROSPERITY, AND GROWTH OF MEAN AND MEDIAN INCOMES CIRCA 2011-2016



Source: World Development Indicators (SE.ADT.LITR.FE.ZS; SE.ADT.LITR.MA.ZS) and the Global Database of Shared Prosperity.

Note: The shared prosperity figure uses simple averages (i.e., not population weighted). The estimates are based on surveys from circa 2011 and 2016

8. **In addition to insufficient progress in poverty reduction, IDA countries lag in their progress toward other SDGs.**³⁵ Only three out of five people in IDA countries have access to electricity, and only two out of three people have access to basic drinking water services, in comparison to more than 90 percent in International Bank for Reconstruction and Development

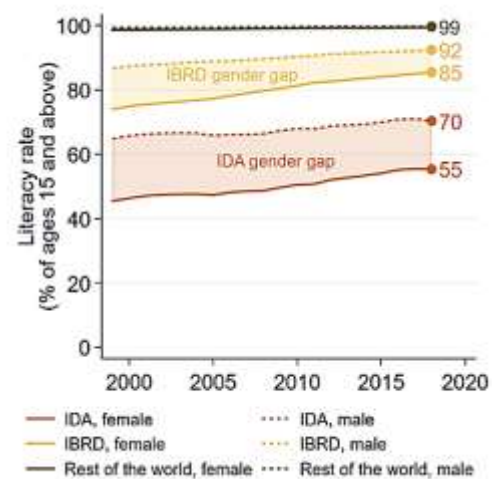
³³ This refers to the average consumption or income of the poorest 40 percent of the population.

³⁴ One metric of inclusive growth is the “shared prosperity premium,” which is defined as the difference between income growth of the bottom 40 percent of the population and mean per capita income. For IDA countries during 2011-2016, the average shared prosperity premium was -0.2 percent.

³⁵ See United Nations, *The Sustainable Development Goals Report 2019* (New York: United Nations, 2019), and World Bank Group, *Atlas of Sustainable Development Goals 2018* (Washington DC: World Bank, 2018).

(IBRD) countries. Less than half of all people in IDA countries have access to basic sanitation, compared with the global average of 75 percent, and the gap between sanitation rates in IBRD countries and IDA countries is increasing. One in five people living in IDA countries is malnourished—a rate which has not decreased over the past 10 years, creating a growing malnourishment gap with IBRD countries. Only one in five people in IDA countries use the internet, in contrast to half of the population in IBRD countries. While some forms of discrimination against women and girls are declining, and some opportunity gaps are starting to close relative to men and boys, pervasive gender inequalities persist. The female literacy rate in IDA countries is only 55 percent (vs. 70 percent for males), compared to a female literacy rate of 85 percent in IBRD countries (vs. 92 percent for males). (See Figure 4.) Among the 20 lowest ranked IDA countries on the Human Capital Index (HCI), 14 are FCS, and more than half of the extreme poor in these countries face severe deprivations in education and access to basic infrastructure, such as energy, water, sanitation and assistive devices.³⁶

FIGURE 4. ADULT LITERACY RATES, BY GENDER



9. **Development gains in IDA countries show that progress is possible and underscore the urgency for strong collective action to broaden and accelerate such progress across the board.**³⁷ Eighty percent of children in IDA countries are now enrolled in primary education. In 2017, 85 percent of primary school-age children in Ethiopia were enrolled in primary education compared to 40 percent in 2000. Some IDA countries have made progress in even the toughest environments. In the Democratic Republic of Congo, IDA has contributed to economic recovery and helped to reduce the risk of youths joining conflict by connecting farmers to markets through rural roads in 715 villages, and by creating 4,500 farmers’ groups and 50,000 jobs in civil works with a focus on youth and women. In Afghanistan, IDA supported projects have generated 5,500 kilowatts of power, built 850 kilometers of roads, and provided 63 million liters of drinking water per day, benefiting 4.5 million people. IDA has also helped Haiti immunize 640,000 children and ensured skilled birth attendants at 20,000 births.³⁸

10. **However, worsening fragility and conflict are hindering progress toward the SDGs.** Forced displacement continues to worsen and has become increasingly complex and protracted,³⁹ with substantial socio-economic impacts on both refugee and host communities. To compound

³⁶ World Bank Human Capital Index (2018). The average HCI for FCS countries is 0.40, compared to a global average of 0.57. Under current conditions, children born in FCS will be only 40 percent as productive as adults than they could be if they had complete education and full health.

³⁷ See World Bank Group, *Atlas of Sustainable Development Goals 2018* (Washington, DC: World Bank, 2018).

³⁸ See [IDA Results](#) for more IDA-supported results.

³⁹ Xavier Devictor and Quy-Toan Do, *How Many Years Have Refugees Been in Exile?* Policy Research Working Papers (Washington DC: World Bank, 2016).

these challenges, around two-thirds of IDA FCS are assessed at high risk of (or already in) debt distress,⁴⁰ making them more vulnerable to shocks and less able to borrow sustainably to meet their development needs.

11. Climate change also presents a major threat to sustainable economic development and poverty reduction. Climate-related shocks can drag the vulnerable into poverty, erase decades of hard-earned development gains, and leave people with irreversible health consequences.⁴¹ Climate change also affects agricultural and fisheries systems, which undermines the livelihoods of the poor in IDA countries, especially in Small Island Economies.⁴² The related impacts on food prices and extreme weather events - such as heatwaves, cyclones, floods and droughts - are disproportionately felt by vulnerable IDA countries, which have limited resources to adapt and mitigate them. Moreover, climate change and climate hazards exacerbate existing inequalities, thus negatively affecting people with disabilities who face higher rates of multidimensional poverty and inequalities that hinder their access to resources.⁴³ In addition, natural disasters are estimated to drive 26 million people into poverty every year.⁴⁴ Other populations at disproportionately higher risks include disadvantaged and vulnerable populations, indigenous peoples and local communities located in inland or coastal areas and dependent on natural resources (including farming, forestry and fisheries).

B. OUTLOOK: STRONG HEADWINDS AND RISING RISKS

12. The review above suggests that achieving the Twin Goals over the SDG horizon requires enhanced focus in IDA countries. That task is made more complex—and more urgent—by an outlook that is marked by strong headwinds and rising risks, as outlined below.

13. IDA countries face strong global economic headwinds, with growth projections lower than what is needed to reduce extreme poverty to below three percent by 2030. Global growth has lost significant momentum amidst softening trade, investment, manufacturing activity and confidence, with the global economic growth outlook projected at only 2.7 percent during 2019-2021.⁴⁵ Already, this is resulting in subdued investment in IDA countries and weak external demand for goods and services produced by IDA countries, with their projected growth at 4.6 percent. Prices are also falling for several commodities on which IDA countries rely. Sharper-than-expected slowdown in the global economy, further falls in commodity prices, sudden shifts in financial market sentiment or further trade uncertainty, among other factors, could have substantial

⁴⁰ Of the 32 IDA FCS on the *FY19 Harmonized List*, 29 are covered by the joint World Bank-International Monetary Fund Debt Sustainability Framework for Low-Income Countries. Of these 29, only one country (Myanmar) is at low risk of debt distress, ten are at moderate, and 18 are at high. See also *Addressing Debt Vulnerabilities in IDA Countries: Options for IDA19* (June 2019). <http://documents.worldbank.org/curated/en/296411555639304820/pdf/Debt-Vulnerabilities-in-IDA-Countries-Policy-Options-for-IDA19.pdf>.

⁴¹ Stephane Hallegatte, Mook Bangalore, Laura Bonzanigo, Marianne Fay, Tamaro Kane, Ulf Narloch, Julie Rozenberg, David Treguer, and Adrien Vogt-Schilb, *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington, DC: World Bank Group, 2015).

⁴² Ibid.

⁴³ Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects* (Geneva, Switzerland: IPCC) 796.

⁴⁴ Hallegatte et al., *Unbreakable: Building the resilience of the poor in the face of natural disasters*. Climate Change and Development Series (Washington, DC: World Bank, 2017).

⁴⁵ See International Monetary Fund, *World Economic Outlook Update* (July 2019).

spillover effects to IDA countries.⁴⁶ Confidence and investment could be markedly set back by further trade uncertainty, and IDA countries have much to lose from unexpected events causing a flight-to-safety in capital markets. Sudden shifts in financial market sentiment could be further amplified in IDA countries with elevated debt and/or refinancing pressures. Amidst these cyclical and structural headwinds, the outlook for IDA countries is challenging and subject to further downside risks. This economic outlook underscores the need for IDA19 to double down its support for IDA countries.

14. Demographic and growth challenges highlight the need for focus on jobs and economic transformation. Job creation remains far below what is needed: around 20 million jobs need to be created in IDA countries every year for the next decade, simply to meet the growing number of young men and women entering the labor market. The jobs gap is also set to create significant migration pressures.⁴⁷

15. The poor and most vulnerable in IDA countries will see their livelihoods affected most by climate change, yet are the least able to adapt.⁴⁸ In the absence of decisive policy action, extreme weather shocks could exacerbate the growth and demographic challenges noted above, and could lead to an additional 100 million extreme poor by 2030.⁴⁹ Climate impacts have also emerged as a potent driver of internal migration. The WB “Groundswell” Report, which focused only on three regions—SSA, South Asia Region (SAR) and Latin America and the Caribbean Region (LCR), which together represent just over half of the developing world’s population—found that by 2050 more than 143 million people would be forced to move within their own countries alone to escape the slow-onset impacts of climate change. The report outlines how these trends will hit the poor the hardest and have major implications for climate-sensitive sectors and for the adequacy of infrastructure and social support systems.⁵⁰

16. Absent swift action, rising Fragility, Conflict and Violence (FCV) risks could severely undermine progress made in the fight against poverty over the past 25 years. Estimates already suggest that around half of the world’s poor will live in FCS by 2030.⁵¹ At current levels of fragility, the number of poor people in IDA FCS is projected to increase by 200 million by 2030. Any deterioration in these countries’ fragility, or a rise in fragility elsewhere, would only push these numbers higher. Rising inequality and exclusion fuel grievances and perceptions of injustice, and among the 20 IDA countries with the highest levels of inequality, half are IDA FCS.⁵² Climate change, demographic change, forced displacement, new technologies, illicit financial flows (IFFs), and violent extremism can intersect and transcend borders, creating regional spillovers, and deepening IDA countries’ vulnerability to shocks and crises.

⁴⁶ See World Bank, *Global Economic Prospects* (Washington DC: World Bank Group, January 2019) updated as of August 2019.

⁴⁷ World Bank, *Leveraging Migration for Development: A Briefing for the World Bank Board* (September 2019).

⁴⁸ See World Bank, *Turn Down the Heat: Confronting the New Climate Normal* (Washington DC: World Bank, 2014), and World Bank, *Special Themes for IDA17* (2013).

⁴⁹ See Hallegatte et al., *Shock Waves: Managing the Impacts of Climate Change on Poverty*, page 2.

⁵⁰ See Kanta Kumari Rigaud, Alex de Sherbinin, Bryan Jones, Jonas Bergmann, Viviane Clement, Kayly Ober, Jacob Schewe, Susana Adamo, Brent McCusker, Silke Heuser, Amelia Midgley, *Groundswell: Preparing for Internal Climate Migration* (Washington, DC: World Bank, 2018) xix.

⁵¹ See World Bank. “Fragility, Conflict and Violence.” <https://www.worldbank.org/en/topic/fragilityconflictviolence>

⁵² Ibid.

17. **The substantial increase in, and changed composition of, public debt levels in IDA countries raises significant concerns over debt sustainability.** The median government debt-to-GDP ratio in IDA countries has increased significantly over the past five years, reaching 50 percent in 2018. This heightened debt vulnerability comes just when IDA countries need scaled-up access to finance to achieve the SDGs.

C. FINANCING THE NEXT PHASE

18. **Achieving the Twin Goals and supporting countries to meet the SDGs by 2030 requires significant additional sustainable financing.** The WB has estimated that low-income countries (LICs) and middle-income countries (MICs) face investment needs of US\$1.5–US\$2.7 trillion per year between 2015 and 2030 (4.5–8.2 percent of GDP) to meet infrastructure-related SDGs.⁵³ Similarly, the United Nations (UN) forecasts that an additional US\$400 billion is needed in developing countries for infrastructure investments related to the health and education goals,⁵⁴ and substantial financing is also required to improve public service delivery, environmental protection and restoration, as well as to mitigate and adapt to the effects of climate change. Multilateral Development Banks (MDBs) can play a countercyclical role in mobilizing private sector investments particularly in LICs, complementing essential official development assistance (ODA) flows in a critical way.⁵⁵

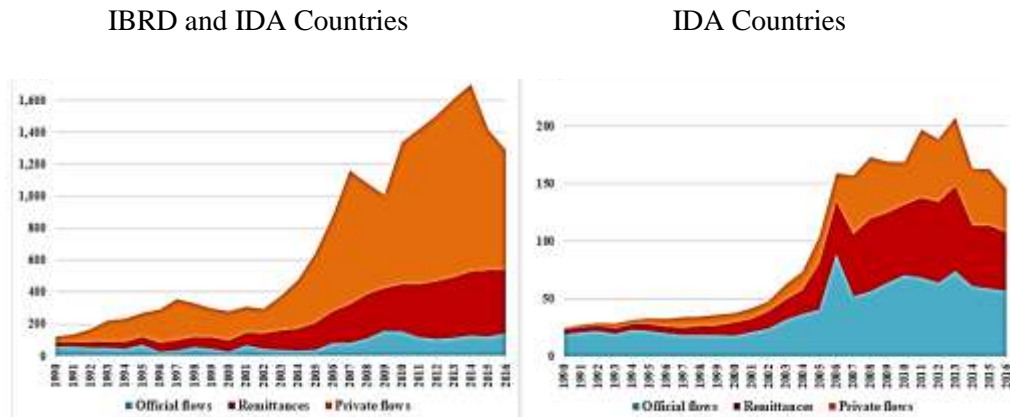
19. **IDA countries receive only a small – and decreasing – share of the external (private and official) financing that goes to developing countries.** Net flows to all developing countries increased from US\$279 billion in 2000 to US\$1.2 trillion in 2007, but that pace of growth has reversed since the global financial crisis (2008-2009). Over the last decade, support for IBRD-only countries has increased substantially, but at the expense of IDA countries. (See Figure 5.) Private flows to developing countries have increased rapidly since 2000, but 95 percent of that went to MICs. Remittance flows to developing countries have also increased since 2008, but IDA and Blend countries have seen declining volumes. ODA continues to account for half of financial flows to LICs and more than one-third of flows to IDA countries.

⁵³ See Rozenberg, J., and M. Fay, *Beyond the Gap: How Countries Can Afford the Infrastructure They Need while Protecting the Planet* (Washington, DC: World Bank, 2019).

⁵⁴ The cost estimates provided by the World Bank and UN studies are not strictly comparable because of differences in country samples, subsectors, and inclusion of operation and maintenance costs, among other things.

⁵⁵ See Broccolini C., Lotti G., et al., *IMF Working Paper: Mobilization Effects of Multilateral Development Banks* (Washington DC: IMF, February 2019).

FIGURE 5. EXTERNAL FLOWS BY COUNTRY GROUP (US\$ BILLION)



20. **ODA remains the most important source of external financing for IDA countries to finance their development - but ODA volumes have been trending down.** After reaching a peak in 2013, the flow of ODA grants to IDA countries has declined. This decrease is largely explained by the recent shift in official grant financing toward non-IDA countries due to natural disasters and humanitarian assistance to refugees. This period was also characterized by the emergence of vertical funds that are earmarked toward specific sector and thematic priorities, with disbursements that now exceed those of regional MDBs. Concessional financing flows coming from multilateral sources have remained stable since 2010, with IDA being the largest single source. Going forward, there is need to attract more private financing to IDA countries, as well as higher ODA grants and scaled-up concessional financing, to meet development targets. If all donors would meet the 0.7 percent of Gross National Income (GNI) target, an additional US\$230 billion would be available for achieving the SDGs.⁵⁶

21. **Domestic resource mobilization (DRM) will be essential – but is insufficient to offset the need for ODA.** A recent study by the International Monetary Fund (IMF) showed that even an increase of five percentage points in tax-to-GDP ratios—an ambitious number—may not be sufficient for IDA countries to finance the SDGs.⁵⁷ In IDA countries, the median total government revenue (excluding grants) has increased from 15 percent of GDP in 2010 to 18 percent of GDP in 2017. Further increases are feasible, and IDA19 will continue to support IDA countries to prioritize DRM, while also reducing corruption and IFFs.

22. **IDA is the largest and most predictable source of development finance for IDA countries.** IDA18 has shown that IDA can deliver much larger volumes while maintaining quality. In the first two years of the IDA18 cycle, 63 percent of the total allocated resources have been committed, amounting to US\$46.5 billion. IDA18 has also scaled up in difficult areas, including doubling the resources to FCS. Compared to the first two years of IDA17, IDA18 has delivered US\$12.9 billion in commitments to FCS, representing a 153 percent increase over the same period. It has also delivered US\$1.14 billion to Small States, representing a 168 percent increase over the same period. As the largest source of aggregate external funding for education, IDA has provided

⁵⁶ See IMF, *Fiscal Policy and Development: Human, Social, and Physical Investment for the SDGs* (SDN/19/03) (January 2019).

⁵⁷ Ibid.

over US\$28 billion to improve education over the last five replenishments, representing on average 10 percent of IDA commitments. As the largest donor in the Sahel and Lake Chad region, and the second largest donor in the Pacific and in the Horn of Africa, IDA is well placed to implement the programming needed to tackle pressing development challenges.⁵⁸

D. IDA'S COMPARATIVE ADVANTAGE

23. IDA is among the world's most efficient and effective vehicles for international development to support good country outcomes. Several unique characteristics set it apart, as outlined below.

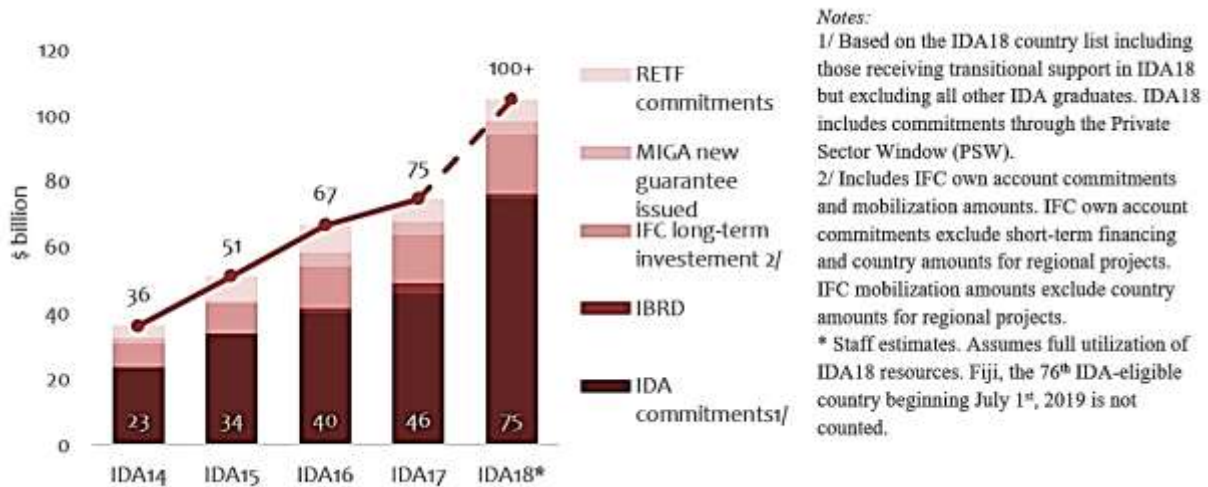
24. Set within world's largest development institution, IDA brings the weight and experience of the WBG to support IDA countries. IDA has worked closely with partners across the WBG to triple the volume of total WBG funding to IDA countries over the last 15 years (see Figure 6). WBG investments also crowd in private investments, catalyzing approximately US\$7 for every US\$1 invested.⁵⁹ Reinforcing these trends, the 2018 US\$13 billion capital increase for the IBRD and the International Finance Corporation (IFC) contains specific commitments to direct resources to IBRD countries with lower income levels, which further frees up IDA resources to focus on the poorest and most vulnerable countries and ensures a continuum of support to lower middle-income countries, blends and graduates. Beyond volumes to substantive engagement, IDA draws on the strengths of the IFC, Multilateral Investment Guarantee Agency (MIGA), and IBRD to implement the WBG *Forward Look* in IDA countries.⁶⁰ IDA collaborates and pulls in world-class knowledge, experience and expertise on topics ranging from public-private partnerships, guarantees, debt, climate action, crises preparedness and response, multi-dimensional poverty, and complex institutional reform. IDA produces global and country-specific knowledge for the benefit of both clients and partners. It also facilitates knowledge-transfer and experience-sharing between middle-income countries and IDA countries to help find best fit solutions. Recognizing also that problems may be global but are often addressed at a local level, IDA applies its reach and depth to customize its analytics, policy advice and operational responses for clients. In doing so, the WBG delivers more than the sum of its parts for IDA countries.

⁵⁸ OECD, *Total Official Aid Flows by Country and Region (ODA+OOF)* (2017), available at <https://stats.oecd.org/>, and internal World Bank estimates.

⁵⁹ See Broccolini C., Lotti G., et al., *IMF Working Paper: Mobilization Effects of Multilateral Development Banks* (Washington DC: IMF, February 2019).

⁶⁰ The *Forward Look: A Vision for the World Bank Group in 2030* DC2016-0009 (September 20, 2016).

FIGURE 6. WBG FINANCING IN IDA18 ELIGIBLE COUNTRIES IDA14 - IDA18 (US\$ BILLION)



25. **IDA’s hybrid financial model presents unmatched value for money, by optimizing IDA’s financial capacity and putting it to work for the world’s poorest and most vulnerable countries.** IDA leverages its Partner contributions and its equity to access financial markets, so that every US\$1 in Partner contributions supports more than US\$3 of financing for programs in IDA19 compared to only US\$2 in IDA17 (see Figure 7). Furthermore, the hybrid financial model dramatically increases IDA’s grant financing capacity: in IDA17, less than one-third of Partner contributions financed grants; but now IDA can utilize nearly all new Partner contributions to finance grants (see Figure 8). IDA also offers significant scale of financing and efficiency. Administrative costs are fully covered by revenues, ensuring that all of donor contributions are used for financing of programs for IDA clients. Moreover, in the last decade, IDA’s administrative costs as a proportion of commitments have declined by nearly half (to about six percent of annual commitments, or about one percent of the portfolio under supervision).

FIGURE 7. INCREASED EFFICIENCY IN USE OF PARTNER CONTRIBUTIONS

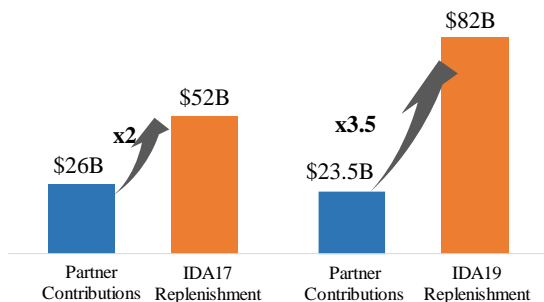
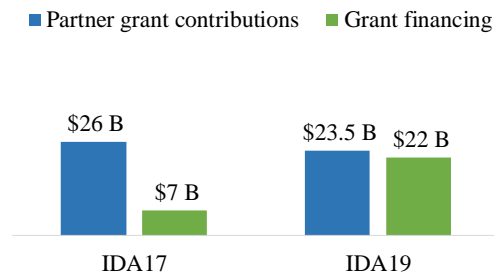


FIGURE 8. PARTNER CONTRIBUTIONS VIS-A-VIS GRANT FINANCING



26. **IDA is the largest source of unearmarked concessional finance for the world’s poorest countries, and its country-driven model ensures that programming focuses squarely on the development priorities of IDA countries.** It is upon this unearmarked funding that much of the

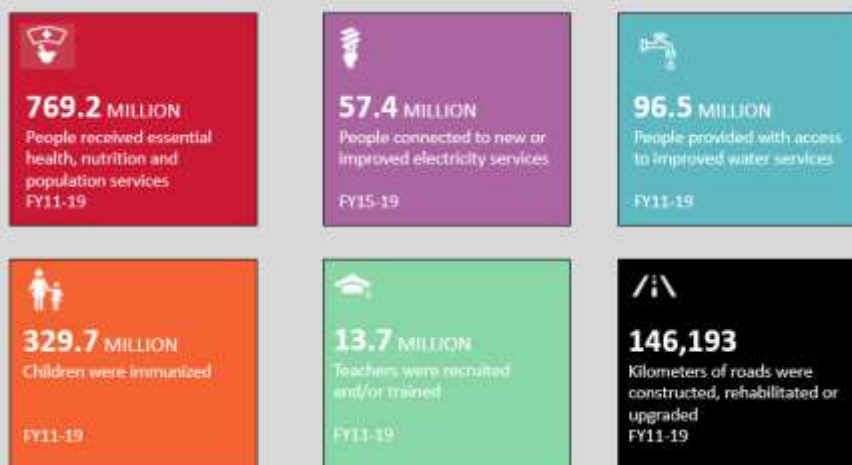
earmarked funding from development partners is built. Unearmarked funds enable countries to respond rapidly and flexibly to changing country needs and emerging global headwinds. In IDA19 for example, IDA offers an ambitious package on Jobs and Economic Transformation (JET), which is a key priority for many IDA countries. IDA's highly concessional lending terms – including no or low interest charges, long maturity and grace periods – make IDA financing more affordable and appropriate to address the structural, long-term development challenges faced by IDA countries. IDA's country allocations are driven primarily by country performance, which incentivizes countries to improve institutional quality. In IDA19, the share of country allocations relative to thematic windows will be increased. The process for programming IDA resources is rigorous. Country analytics and strategies – Systematic Country Diagnostics (SCDs), Country Partnership Frameworks (CPFs), and Performance and Learning Reviews (PLRs) - are subject to consultation with public and private sectors and focus on supporting clients to achieve their priorities. As a result, IDA's country engagement is strategic, systematic and selective.

27. **IDA leans in to the most complex and stubborn development challenges and embraces innovation.** The Refugee Sub-window (RSW) has been a game-changer in bringing a development focus to the forced displacement agenda. The Private Sector Window (PSW) is mobilizing private sector solutions in the toughest markets. Complex infrastructure operations require cross-Global Practice (GP) multi-country teams that often only IDA can provide. The solutions that IDA develops are often mainstreamed throughout the WBG, other MDBs and bilateral partners. IDA19 will continue to forge a path to address the toughest development challenges, including on DRM, debt sustainability, IFFs, gender-based violence (GBV), the jobs challenge, FCV drivers, disability inclusion, and regional integration.

28. **IDA pioneers in results** (see Box 1). Development results are core to IDA's business model, and continued Management attention ensures that the results culture is embedded throughout IDA's work. IDA's Results Measurement System (RMS) aligns with the SDGs and tracks both the progress of IDA countries and IDA's contribution to this progress. (See also Section II C below on IDA Results Measurement.) The RMS is enhanced each cycle to align with emerging global and corporate priorities, while still allowing continuity to enable long-term monitoring. IDA also invests in the data needed for evidence-based policymaking. In IDA19, for example, Policy Commitment 12 under the Governance and Institutions Special Theme will help to increase availability of core data for evidence-based policy making and programming.

BOX 1. IDA PROJECTS DELIVER LONG-TERM RESULTS

IDA tackles all the key drivers of poverty at scale. IDA delivers projects that respond to client development priorities. IDA18 made significant progress in developing evidence in respect of FCV, jobs, governance, gender, and climate. IDA19 will build upon this progress and shift from diagnostics to implementation and to results.



29. **Based on lessons learned, IDA’s value for money improves with each innovation and productivity enhancement.** To help contain the costs of doing business, the WBG is implementing various initiatives to increase operational efficiencies. These have included expense reduction and budget sustainability measures achieved under the Expenditure Review, as well as internal reforms and policy measures as part of the WBG Capital Package. As a result, WB productivity has increased significantly, as shown by its ability to deliver a cumulative 26 percent growth of its IBRD/IDA active portfolio volume (net commitments) between Fiscal Year (FY) 14 and FY18 with a flat nominal budget. IDA is also a learning institution: its performance is subject to significant internal reviews and audits, as well as ongoing, extensive evaluations from the Independent Evaluation Group (IEG).⁶¹ IDA actively uses findings and lessons from this evaluative evidence to maximize its effectiveness.

30. **IDA convenes on a global scale and is a key partner to countries and institutions throughout the world.** IDA convenes diverse stakeholders, sets international agendas, promotes sound economic management, focuses on the needs of the poor, tackles the most complex and challenging problems, pioneers innovations, and delivers results. IDA18 benefited from the generous contributions from 55 Partners, as well as their guidance and thought leadership. Borrower representatives’ voices are critical to informing and shaping policies within IDA. By bringing together these voices and interests, IDA has a unique ability to play a credible leadership role in pursuit of global agendas as diverse as climate change, marine litter, crisis preparedness and response, debt sustainability, and gender equality.

⁶¹ See World Bank, *Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness*. Synthesis Report. Independent Evaluation Group (Washington, DC: World Bank, April 2009).

31. **As an integrator across the international system, IDA leverages global and local partnerships to benefit IDA countries.** On the ground in 65 IDA countries, IDA is a cornerstone of the multilateral system, working in partnership with UN agencies, the European Commission (EC), the IMF and other MDBs, the myriad of vertical funds, and civil society organizations (CSOs) – including advocacy and operational CSOs, private foundations, faith-based organizations, and think tanks. As a critical platform for development partners, IDA provides the glue that enables all partners to work together in an integrated manner in support of IDA countries’ development priorities. These partnerships are critical to maximize impact for IDA’s clients and crowd in domestic, private and development partner resources. For example, the WBG is working with other MDBs and development partners to support countries in developing country platforms to address development challenges (see Box 2). IDA is also coordinating closely with the IMF as it reviews its Debt Limits Policy (DLP) and with other MDBs, including the African Development Fund (ADF), to develop common principles to promote debt sustainability (see Box 4 in Debt section). In the context of forced displacement, IDA works closely with the UN High Commissioner for Refugees (UNHCR) and local CSOs to help countries to create development opportunities for refugee and host communities through policy dialogue, operations, and knowledge sharing. (See Box 3.)

BOX 2. COUNTRY PLATFORMS: VEHICLE FOR PARTNERSHIP

Country platforms build on government-led initiatives where better coordinated action and alignment under government leadership can help to mobilize all development partners to unlock investments and maximize their contributions to address country-level development challenges as a group. This initiative reflects the evolving nature of the global financial architecture and addition of new development actors. Going forward, the WBG is working with other MDBs and development partners to support governments in building upon existing coordination mechanisms and tools of engagement. Pilot platforms would be launched in volunteering countries, reflecting a wide diversity of situations, including low-income and FCS.

32. **For reasons described above, IDA is a development partner of choice.** Reflecting the WB’s stature and reach, developing country leaders ranked the WB among the top donors regardless of region. IDA’s strong performance is similarly noted in multilateral aid reviews, which point to IDA’s: unparalleled global reach and financial resources; strong country level engagement; ability to anticipate and adjust to a changing global environment; robust oversight, accountability and due diligence structures that ensure high levels of financial integrity; strong compliance with social and environmental safeguards; strong risk, governance and internal controls, including anti-corruption efforts; and ability to measure its contribution to development results.⁶² Echoing this, a 2018 assessment by the Center for Global Development named IDA one

⁶² See Multilateral Organisation Performance Assessment Network (MOPAN), *The World Bank Institutional Assessment Report 2015-2016*. The 2015-2016 report, which covers the period from 2014 to mid-2016, is the most recent assessment by MOPAN. Previous assessments of the WB were in 2009 and 2012.

of the top performing providers of development assistance in its Quality of ODA ranking, citing IDA's low administrative costs, predictable aid flows, large project size, and scale.⁶³

BOX 3. HOW IDA GRADUATES SUPPORT SOUTH-SOUTH LEARNING

Since IDA 15, the South-South Facility (SSF) has been supporting the mainstreaming of South-South knowledge exchange throughout IDA products and services. It helps developing and emerging countries address development challenges and implementation bottlenecks. These knowledge exchanges are based on demand expressed by World Bank client countries and are designed with a strong focus on achieving results.

Some examples of knowledge exchanges facilitated include:

- sharing India's ICT sector development know-how with Sub-Saharan Africa, improving capacity for migration management in Europe and Central Asia, improving water and soil conservation in Sub-Saharan Africa, helping indigenous communities in Nicaragua manage forest resources, enhancing the water and sanitation program in Malawi, and improving spatial development planning in Mozambique; and
- the China-Africa South-South partnership focused on knowledge sharing and project financing. The China-Africa Think Tank Alliance was launched in 2016 to bring together the intellectual capabilities of think tanks and the financial strength of development finance institutions to promote sustained development and investment activities in Africa.

Of the top 10 countries providing knowledge in SSF-funded exchanges between 2008 and 2018, India and Indonesia have led 30 and 11 cumulative knowledge exchange engagements. On the other hand, the top 13 countries receiving knowledge in these exchanges were all IDA countries of which four are now graduates (Vietnam, India, Bolivia and Indonesia). These outcomes demonstrate how IDA graduates are emerging as a source and partner for the Bank for disseminating global knowledge about effective approaches to development. For instance, Bank's role as a global connector and broker of knowledge is a key priority under the India CPF – as a "Lighthouse India" initiative.

Such South-South exchanges can also be critical in promoting IDA Special Themes as reflected in recent 2019 engagements covering issues such as climate smart agriculture development, solar energy, energy efficiency and sanitation. These efforts will continue under IDA19 as learnings through IDA operations can benefit the broader IDA community in the years to come.

33. In doing all the above, IDA acts with openness and accountability to serve its clients and partners. Results, operational and financial data are available to the public online, which enables donors, clients, and citizens to hold IDA accountable. Every year for the last decade, the Aid Transparency Index placed IDA in its highest category—ranking it among the most transparent development institutions.⁶⁴ IDA hosts regular CSO forums and consultations to ensure that civil society voices shape decision-making. On substantive topics, IDA's convening role allows it well to support and spur transparency among partners also. In IDA19 for example, IDA will create a Program of Creditor Outreach (PCO) to re-energize outreach to creditors, including non-Paris Club private creditors, by facilitating information sharing, dialogue and coordination, including coordination among MDBs. It will promote transparency of public debt by borrowers and voluntary publication of loans, terms and conditions by creditors in line with IDA's disclosure practices, to help mitigate debt related risks. The PSW will also enhance transparency by

⁶³ See Center for Global Development, *How Do you Measure the Quality of Aid and Who Ranks the Highest?* (2018), available at <https://www.cgdev.org/blog/how-do-you-measure-aid-quality-and-who-ranks-highest>. See also Center for Global Development, *The Quality of ODA* (2014), page 3.

⁶⁴ See Aid Transparency Index 2018. <http://www.publishwhatyoufund.org/reports/2018-Aid-Transparency-Index.pdf>

expanding information available on PSW projects, including information on expected impacts and subsidy provided.

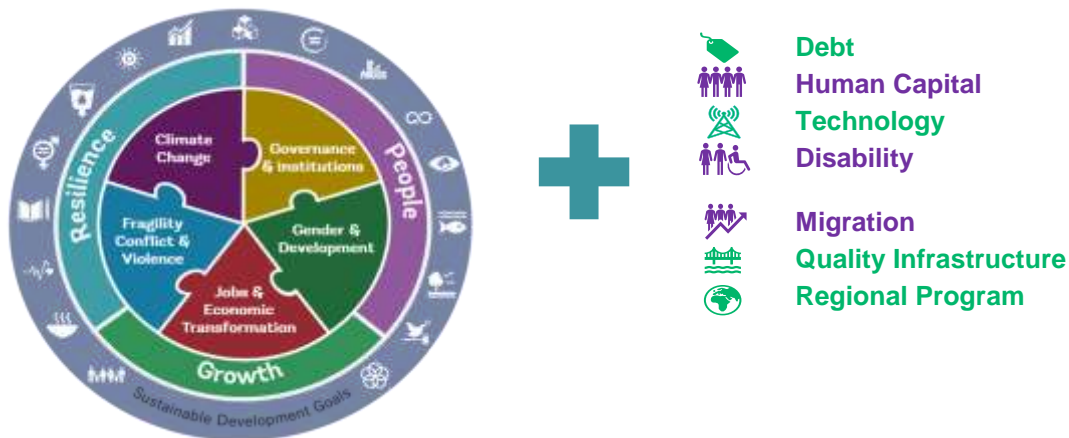
SECTION II: TEN YEARS TO 2030: GROWTH, PEOPLE AND RESILIENCE

34. **IDA19 will build on the strong momentum of IDA18, to accelerate progress toward the SDGs and Twin Goals.**⁶⁵ The coming decade will see higher macro risks and vulnerabilities. Addressing these requires enhanced support to IDA countries, particularly to countries facing *FCV* risks, bolstering *governance and institutions*, and unleashing the potential of markets to promote a *job-rich economic transformation*. That transformation will ignite growth, rapid poverty reduction and promote shared prosperity in these countries. That transformation cannot, however, be achieved unless we ensure a level playing field through *gender equality*. It certainly cannot be achieved if we ignore the dramatic productive changes and increased risks brought about by *climate change*. Unless these themes are addressed, profound regional and global spillovers will emerge.

A. IDA19 OVERARCHING THEME

35. **The IDA19 overarching theme “Ten Years to 2030: Growth, People, Resilience” is IDA’s response to the global community’s ambition for a world free of poverty where prosperity is shared by all.** The theme underscores that the progress the SDGs depends on the ability of IDA countries to finance productive investments and programs that generate growth, improve people’s well-being, and promote their ability to plan for and cope with the adverse impacts of climate change, fragility and unforeseen events. This theme also provides a framework for the five Special Themes of IDA19 which continue to remain critical and relevant to supporting IDA clients in securing good country outcomes. (See Figure 9.)

FIGURE 9. IDA19: TEN YEARS TO 2030: GROWTH, PEOPLE, RESILIENCE



⁶⁵ See United Nations, *The Sustainable Development Goals Report 2018* (2018).

36. ***Growth*** drives poverty reduction and must be both inclusive and sustainable to have broad-based and lasting impact. In many IDA countries, welfare per capita of the bottom 40 percent in IDA countries grew at 2.9 percent, in contrast to 4.4 percent in IBRD countries.⁶⁶ Unless growth accelerates and is more pro-poor, social cohesion and stability can suffer, potentially sowing seeds for *FCV*. Inclusive growth requires addressing inequality, bridging differences between rural and urban areas, and promoting *gender* equality and disability inclusion. Also, it is important to improve *human capital*, and access to energy, transport services, and affordable and reliable Information and Communication *Technology* (ICT), including broadband for households and businesses. Investment in quality, accessible and sustainable infrastructure, equitable access to energy, robust *governance and institutions*, economic transformation and the subsequent creation of quality *jobs* are critical to growth. Finally, it is critical to ensure that debt financing is transparent, sustainable and productive so that it promotes growth and shared prosperity.

37. **The focus on *People* is needed, not only for their own well-being, but because human capital formation is essential to productivity, growth and resilience.** This requires narrowing inequalities of endowments and opportunities due to disparities such as *gender, disability*, parental education and occupation, or place of birth. This, in turn, will require a combination of systemic policies that level the playing field, with interventions (e.g., inclusive service delivery and financial inclusion) that target disadvantaged groups, including people with *disabilities*. Human capital formation is essential for readying people to lead productive lives and connecting them with good *jobs*, which are essential to stimulating inclusive growth, addressing the pull factors of *migration* and harnessing its economic benefits, and building social cohesion to reduce risks of *FCV*. With IDA countries comprising 28 of the 30 countries at the bottom of the HCI Ranking Table, it is clear that improving human capital outcomes is a critical priority.⁶⁷

38. ***Resilience* is critical to sustained poverty reduction and development progress.** Many growth success stories are from countries that have strengthened *governance and institutions* for essential service delivery, inclusion and accountability, and have managed to avoid setbacks at the country, household and firm-level. However, poor countries suffer disproportionately from crises, facing higher costs as a share of GDP from natural catastrophes compared to more developed countries. They also bear the brunt of mortality from natural hazards⁶⁸ and pandemics.⁶⁹ IDA19 will enhance crisis management in various ways. It will include a policy commitment on pandemic preparedness under the Governance and Institutions Special Theme. include a policy commitment on pandemic preparedness. Also, as *climate*-related shocks can drag the vulnerable into poverty, IDA19 will include a policy commitment on reducing the risks of climate shocks on poverty and human capital outcomes. The Regional Window can support single-country operations with a strong focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers. In addition, the Crisis Response Window (CRW), while a

⁶⁶ Based on growth in consumption from circa 2011-2016, World Development Indicators, and the Global Database of Shared Prosperity. See Figure 3.

⁶⁷ The HCI data indicates that 56 percent of children live in countries with an HCI value below 0.5 (mostly IDA countries in three developing regions – MENA, SSA and South Asia), meaning that the future GDP per worker in these countries could be more than twice as high if these countries improved their health and education outcomes to reach the HCI frontiers.

⁶⁸ UNISDR and CRED, *Poverty and Death: Disaster Mortality 1996 - 2015*. (2016).

⁶⁹ Nita Madhav; Ben Oppenheim; Mark Gallivan; Prime Mulembakani; Edward Rubin; and Nathan Wolfe, “Pandemics: Risks, Impacts, and Mitigation” in *Disease Control Priorities: Improving Health and Reducing Poverty, 3rd edition*. Jamison et al., (Washington DC: World Bank Group, 2017).

crisis *response* vehicle, will help galvanize crisis preparedness by supporting greater use of Contingent Emergency Response Components (CERCs) and making more explicit the linkages between CRW usage and subsequent programming of country allocations for resilience. Using its expertise and tools, IDA will support countries to strengthen resilience – such as by creating social safety nets, particularly for the most vulnerable, and improving access to financial protection mechanisms – to help sustain and preserve hard-won development gains. (See Annex 10 on IDA’s Crisis Preparedness and Response Toolkit.)

39. **To deliver on the ambition of the Overarching Theme, the IDA19 Special Themes will support policy actions and catalyze results in critical cross-cutting areas.** Each of the Special Themes will support IDA countries to invest in policies and programs that promote stronger and more inclusive growth, improve peoples’ lives, and enhance resilience. The *JET* agenda supports IDA countries to create more and better jobs, which are critical to economic growth and poverty reduction. The additional focus on improved skills and employability puts *people* – including those with *disabilities* – at the center of economic transformation and supports inclusive economic growth and wellbeing. The *Gender and Development* Special Theme seeks to help IDA countries create opportunities and strengthen the *resilience* of women and girls, including those with disabilities who are often the most marginalized, deprived of voice and agency, ownership and access to physical and financial assets and *technology*. Reducing the effect of climate shocks on economic growth, poverty and human capital outcomes requires IDA to step up its efforts to support IDA countries in managing *Climate Change*. Without an increase in climate-related financing and support for adaptation and resilience, disadvantaged and vulnerable populations will face growing risks to their livelihoods, which will result in increased poverty and lower human capital outcomes. Prioritization of FCV risks is critical, as it underpins the impact of the overarching theme, achievement of the Twin Goals and supporting IDA countries to meet the SDGs. FCV risks disproportionately affect the most vulnerable populations, impacting their human capital and economic opportunities. As such, the *FCV* Special Theme aims to provide tailored support to IDA FCS. Strengthening governance and building capable institutions is fundamental to delivering equitable growth, high-quality jobs and better human capital outcomes. The *Governance and Institutions* Special Theme will support IDA countries to leverage technology for public sector transformation; manage their debt in a sustainable way; and ensure that newly mobilized resources support better investments in people. (See Section III for full discussion.)

B. CROSS-CUTTING ISSUES

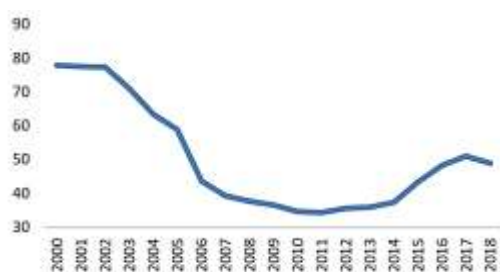
40. **While the IDA19 policy package builds on IDA18 achievements, it places additional emphasis on four issues where Participants want IDA to make a deeper impact.** These are debt, human capital, disability and technology. Debt risks and transformative technology are issues that have gained in importance recently, and action on both are critical for the long-term economic prospects of IDA countries. Likewise, investing in people, and especially in people with disabilities who are often poor, is also critical to SDG progress. The specific policy actions needed to make progress in these areas are included in Section III below on Special Themes and were detailed in the Special Themes papers discussed in the June Replenishment meeting.⁷⁰ This subsection provides a short overview of the cross-cutting issues.

⁷⁰ See [IDA19 Replenishment](#) and Annex 12 with a list of all IDA19 papers.

Debt

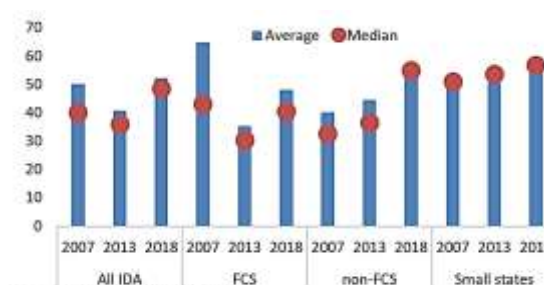
41. **Participants expressed concern over the recent substantial increase in, and changed composition of, public debt levels in IDA countries.** Since 2013, the median government debt-to-GDP ratio in IDA countries has increased significantly, reaching 50 percent in 2018 (see Figures 10 and 11). Moreover, the composition of public debt, especially external public debt, has shifted toward costlier and riskier sources of finance. This shift reflects, in part, these countries' increasing access to international markets and to bilateral financing from new external creditors. It also reflects continuing challenges with inadequate debt transparency, specifically the reporting on and public disclosure of public and publicly guaranteed debt. While some of this new financing has been put toward productive investments, greater reliance on these new sources of financing, together with weaknesses in macroeconomic and structural policy frameworks and exposure to external shocks (particularly by Small States), have heightened debt vulnerabilities in IDA countries.

FIGURE 10. PUBLIC DEBT IN IDA COUNTRIES, MEDIAN, PERCENT OF GDP



Source: WEO, April 2019.

FIGURE 11. PUBLIC DEBT BY IDA GROUPINGS, PERCENT OF GDP



Source: WEO, April 2019.

42. **The number of IDA countries either at high risk of debt distress or already in debt distress has doubled since 2014.** As of end-July 2019, 34 out of the 68 IDA countries covered under the joint WB-IMF Debt Sustainability Framework (DSF) were assessed at high risk of external debt distress or in debt distress. Countries that are at high or moderate risk of debt distress are disproportionately FCS, commodity dependent countries, and Small States.

43. **Participants acknowledged that access to new sources of financing, if managed well, can help countries achieve their development goals.** The challenge for the international community is two-fold. The first challenge is to assist IDA countries to ensure that the benefits exceed the costs of servicing their debt. IDA and other partners can help by supporting initiatives that enhance capacity in areas such as public finance management, public investment management including project screening and implementation, adoption of good procurement practices, and debt management. This requires early identification of cases where the costs may exceed the benefits, so that corrective action may be taken by country authorities, with support from IDA and other partners. The second challenge is to respect the principles of debt transparency and sustainable lending that include provision of concessional financing where and when needed.

44. **Rising debt risks have prompted the international community to step up its work to help countries reduce public debt vulnerabilities.** Recognizing that the primary responsibility for addressing debt vulnerabilities lies with borrowers, the IMF and the WB are working together

to implement a Multi-Pronged Approach (MPA) to help member countries address debt vulnerabilities. The MPA includes actions to assist countries to: (i) improve debt analysis/early warning systems; (ii) enhance debt transparency; (iii) strengthen debt management capacity; and (iv) review debt policies.

45. **The MPA includes a review of the IDA Non-concessional Borrowing Policy (NCBP) and the IMF’s DLP.** Based on the findings of the NCBP Review as well as the advice and guidance of IDA Participants, and subject to approval by the IDA Executive Directors, the NCBP will be replaced with a broader Sustainable Development Finance Policy (SDFP). The objective of the forthcoming SDFP will be to incentivize countries to borrow sustainably and promote coordination between IDA and other creditors in support of IDA countries’ efforts to address their debt-related vulnerabilities. The policy will achieve this objective by: (i) strengthening IDA recipients’ incentive structures with appropriate accountability measures and closer operational linkages with country programs; (ii) enhancing collective action and partnerships among borrowers, creditors and other development partners; and (iii) introducing more robust monitoring and accountability measures.

46. **The forthcoming SDFP will have two key pillars.** The first pillar is a Debt Sustainability Enhancement Program (DSEP) to enhance incentives for countries to move toward sustainable financing. This will include the clarification of debt reporting requirements to increase transparency. The second pillar is a PCO, building on IDA’s global platform and convening role. The objective of the program is to facilitate information sharing, dialogue and coordination, including coordination among MDBs, and to help mitigate debt-related risks pertaining to supply side factors (push factors). Effective collective action would go a long way toward mitigating risks of unsustainable debt accumulation in IDA countries. (See Table 2.)

TABLE 2. TOWARD A SUSTAINABLE DEVELOPMENT FINANCING POLICY⁷¹

	NCBP		SDFP
Objective and coverage	Broad objective. Narrow country coverage (post-MDRI and IDA grant only recipients)		Underpinned by MPA Clearer objectives Broader country coverage - applies to all IDA countries.
Borrower incentives	Volume cuts and hardening of terms Often driven by loan-by-loan consideration		The Debt Sustainability Enhancement Program to enhance incentives for countries to move toward sustainable financing.
Outreach and transparency	Outreach was effective, but its scope limited. In some instances, cases of non-concessional borrowing were not reported.		The Program of Creditor Outreach , building on IDA’s global platform and convening role to promote debt transparency, outreach and creditor coordination on sustainable lending practices.

⁷¹ Lessons learned from the NCBP review underscore the need to maintain strong coordination between the forthcoming SDFP and the IMF DLP, especially given the SDFP’s increase in country coverage.

47. **Participants requested that the forthcoming SDFP rely on an allocation “set-aside” rather than an allocation “discount” as the main tool to incentivize countries to take policy steps to reduce debt vulnerability risks.** Under the forthcoming SDFP, IDA’s country allocations to the countries at moderate risk of debt distress will be subject to a 10 percent set-aside. Country allocations for countries at high risk of debt distress, or already in debt distress, will be subject to a 20 percent set-aside. These set-asides may be later recovered upon completion of an agreed set of a few priority policy and performance actions. With this system, countries consistently meeting their annual performance and policy actions would maintain their full allocations for the IDA19 period and beyond. Countries consistently missing their annual targets would lose access to the set-aside near the end of the IDA cycle and these resources would return to the Performance-Based Allocation (PBA) envelope.

48. **The annual performance and policy actions will be anchored in country programs and informed by sound diagnostics.** The analysis of the country’s sources of vulnerabilities and of debt management/transparency shortcomings - as identified, for instance, in debt sustainability analyses (DSAs), Debt Management Performance Assessments (DeMPAs) or Public Finance/Expenditure Reviews - will drive the choice of a few priority performance and policy actions. Building up from the lessons learned during the NCBP Review, actions could include meeting established debt limits. Actions will focus on supporting countries to improve fiscal policy, debt management and debt reporting. Performance and policy actions will be defined in a way that takes account of the differing needs and capacities of IDA countries. By tailoring the annual performance and policy actions based on the specific circumstances of each IDA country, the SDFP will ensure that low-capacity countries – including those affected by FCV or facing structural challenges, including high vulnerability to shocks and the effects of climate change, such as Small Island Economies – will also be able to make sufficient progress to access the set-aside. In addition, the forthcoming SDFP would maximize the signaling effects to borrowers and to creditors, by being simple and policy-oriented. The forthcoming SDFP will maintain the option of hardening of terms where appropriate. IDA will continue to provide support for capacity building in debt related issues, including to support countries implement the agreed performance and policy actions. (See Annex 9 for further detail.)

49. **The forthcoming SDFP will be closely coordinated with the IMF’s DLP.** Lessons from the implementation review of the NCBP and DLP will inform coordination arrangements.

50. **The governance of the forthcoming SDFP will be developed and strengthened, building on the lessons from the current governance of the NCBP.** It will emphasize equity of treatment and due processes. It will be simple, efficient, transparent and send clear signals to borrowers and creditors. The accountability and decision-making process will incorporate appropriate checks and balances to ensure that the implementation of the Policy is robust, with a corporate SDFP committee making recommendations to Senior Management for final decision. To ensure proper oversight, the Board will be regularly informed, including through an annual SDFP implementation update. In addition, a review of the early experience and implementation of the Sustainable Development Finance Policy, and any emerging lessons, will be held at the IDA19 MTR.

51. **Participants welcomed the PCO and encouraged alignment with partners.** While recognizing the primary role of country borrowers in ensuring debt sustainability including by enhancing debt transparency, the PCO will aim to re-energize outreach to creditors including non-Paris Club and private creditors.⁷² It will facilitate information sharing, dialogue and coordination, including coordination among MDBs, in promoting transparency of public debt by borrowers and

BOX 4. CORE PRINCIPLES ON DEBT

The WB is working with partners toward a set of general principles to promote information-sharing and coordination among MDBs and IFIs with respect to the implementation of resource allocation frameworks and similar debt/financing policies. These principles are intended to be a platform open to all MDBs and IFIs.

The proposed principles have linkages to the G20 Operational Guidelines for Sustainable Financing and consultations are ongoing with the IMF, AfDB, IFAD, and others. The principles are structured around four pillars:

- a) Financing Policies
- b) Creditor Coordination
- c) Information Sharing and Transparency
- d) Financial Innovation

The details under each pillar include consideration of debt sustainability in resource allocation decisions (volumes and/or terms); engaging in dialogue on policies to reduce debt vulnerabilities, possibly in the form of country platforms; exchange of information on policies; and supporting efforts on financing solutions that enhance borrower country's resilience. These principles are also referenced as part of the 15th replenishment of the African Development Fund.

voluntary publication of loans, terms and conditions by creditors in line with IDA's disclosure practices, to help mitigate debt-related risks. (See Box 4.)

Human Capital

52. **Participants welcomed the WBG's focus on human capital, given its central importance to personal well-being, poverty reduction, productivity, inclusive growth, and achieving the SDGs.** They noted that a competitive workforce prepared for the jobs of the future calls for investing in people by developing more and better programs to reduce malnutrition, provide equitable and efficient health care, improve quality of education, strengthening skills and creating jobs. IDA19 will support programs to tackle barriers to human capital and support countries build and sustain human capital gains, including through the Human Capital Project (HCP).

53. **Participants acknowledged the important role of IDA investment in human capital outcomes.**⁷³ IDA19 will emphasize transparency and better governance and promote efficient use of resources to improve access to services and strengthen the quality of services for better human capital outcomes, gender equality and disability inclusion. It will also ensure a "whole of government approach", recognizing the cross-sectorial nature of human capital investments and

⁷² IDA's creditor outreach efforts will complement ongoing efforts, notably by the Paris Club.

⁷³ Since 2000, IDA has invested nearly US\$47 billion in human capital sectors. Lending in these sectors doubled from US\$5 billion in IDA13 to US\$10 billion in IDA17. As one of the largest sources of aggregate external funding for education, IDA has provided over US\$28 billion in support to the education sector over the last five replenishments, representing on average 10 percent of IDA commitments and 50 percent of total WBG education financing.

aligning investments from different sectors (such as water and sanitation, transport, energy, among others). IDA's investment in human capital outcomes are outlined in the WBG strategies for health, nutrition and population, and education.

- a. In health, efforts will focus on: (i) strengthening systems for fair, efficient and sustainable financing for health outcomes; (ii) ensuring equitable access to affordable and quality care, including scaling up high-impact interventions to address nutrition-related conditions (such as stunting and obesity) and communicable and noncommunicable diseases; and (iii) harnessing the potential of other sectors to strengthen health outcomes and generate global public goods. Participants noted that health security is central to universal health coverage (see Box 5) in IDA countries and they welcomed the promotion of investments in preparedness to strengthen countries' ability to respond to public health emergencies, including pandemics.
- b. In education, IDA is helping countries reach SDG 4 through interventions in five key focus areas (early childhood education; teachers' professional development; management, capacity and service delivery; higher education; and skills) and five cross-cutting areas (girls' education; new technologies; data and measurement; inclusive education; and education in FCV contexts).
- c. In the area of Social Protection and Jobs, IDA is helping households invest in human capital and manage risk, strengthening and expanding social protection systems (including delivery platforms) and maximizing good jobs to realize returns to human capital.

BOX 5. UNIVERSAL HEALTH COVERAGE (UHC) IN IDA COUNTRIES

Health has intrinsic value but is also instrumental for wealth accumulation, human capital formation, and is a sound investment in future generations. The Lancet Commission on Investing in Health estimated that between 2000 and 2011, close to a quarter of full income growth in low and middle-income countries was driven by the value of additional life-years gained. It has been estimated that a one percentage point increase in the adult survival rate translates into 1.68 percent increase in labor productivity. The World Bank's HCP aims to increase global investment in human capital through better measurement and research on health and education, through country engagements to improve human capital, and through the new HCI.

UHC is included in the 2030 SDGs, so that all people can access the health care they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship. UHC has two pillars: coverage with essential, quality health care services and financial protection, and embodies the commitment to giving priority to the worse off—the sickest, those with the lowest coverage, and the poor.

In 2016, over 3.6 billion people, roughly half of the world's population, did not receive the health care they needed, because those services were either unavailable, of low quality, or unaffordable (WHO and World Bank 2017). Major coverage gaps for essential services persist mostly in developing countries. Global progress in financial protection also lags. Every year, between 2000 and 2010, approximately 100 million people were pushed into extreme poverty, and over 800 million people suffered financial catastrophe, from paying for health care out-of-pocket (WHO and World Bank 2017).

For coverage with quality essential services and financial protection, the overall level of health spending and the sources of revenue matter. Economic growth is an important determinant of the capacity of governments to spend on health. Another critical determinant is a governments' ability to raise revenue. A third, important determinant of government health spending is the priority that governments give to health in budget decisions. In both LICs and LMICs, average amounts of domestic government spending fall short of the amounts needed to reach UHC by 2030. The "G20 Shared Understanding on the Importance of UHC Financing in Developing Countries" addresses these issues, stressing the importance of securing robust health financing and acknowledging UHC's contribution in underpinning sustainable economic growth.

The limited ability to raise domestic financing for UHC in low- and lower middle-income countries poses a major threat to the attainment of their UHC targets. Fifty-four countries, home to approximately 1.5 billion people, are unlikely to meet the gross national income (GNI) per capita threshold for upper-middle-income status by 2030. In these countries, through economic growth alone, domestic government spending on health will increase on average to US\$13 per capita in LICs and US\$57 in LMICs by 2030. These amounts still fall far short of cost estimates for the provision of essential services, approximately US\$90 per capita in LICs and \$118 per capita in LMICs. The result is a projected UHC funding gap of US\$68 billion in LICs and \$108 billion in LMICs in 2030.

54. Participants welcomed the HCP's focus on the countries at the bottom of the HCI. The lowest performing countries are characterized by a very high stunting rate, a total fertility rate over four children per woman, and maternal mortality ratios over 400 per 100,000 women. As noted earlier, 28 of the 30 countries at the bottom of the HCI Ranking Table are IDA countries, mostly in SSA, and all score below 0.4 on the Index. Participants welcomed policy commitments that focus on selected IDA countries among those with the lowest HCI, to: improve public expenditures and sustainable aligning of domestic and external resources, and strengthen public finance management for human capital financing under the Governance and Institutions Special Theme; improve skills and employability in JET; and support increased access to quality reproductive and adolescent health care under the Gender and Development Special Theme. Participants also welcomed policy commitments to improve service delivery in selected FCS, while addressing the constraints faced by men and women, boys and girls, including those with

disabilities. Participants encouraged IDA's work to help develop more resilient health systems and strategies for financing for health.

Disability

55. **A large and growing number of people in IDA countries experience a disability.** At least one billion people—or about 15 percent of the global population—live with a physical, mental, intellectual, or sensory disability.⁷⁴ This number is expected to increase since the prevalence of disability is largely affected by FCV, natural disasters, and forced displacement. Many IDA countries are also experiencing an increase in chronic health conditions, such as diabetes, cardiovascular disease and mental health issues, which will influence the nature and prevalence of disability going forward.

56. **Disability disproportionately affects vulnerable populations.** Disability intersects with other determinants of inequities such as gender, race, ethnicity and age, and has a higher prevalence in lower-income countries than in higher-income countries. People from the poorest wealth quintile, women, and older people have a higher prevalence of disability. People with disabilities more often have low incomes, are out of work, or have low educational qualifications. Furthermore, disability can compound existing exclusion and vulnerability that people face. For example, women and girls with disabilities often experience disproportionate barriers to education and employment,⁷⁵ and women and girls with disabilities are at greater risk of violence than men with disabilities. School enrollment rates also differ; children without disabilities generally fare better than those with physical, intellectual or sensory impairments. People with disabilities face social exclusion, physical and environmental barriers that hinder their access to critical services such as education, health, social protection, employment and financial services. As such, people with disabilities face higher rates of multidimensional poverty, which results in exclusion, including lower rate of educational attainment and economic and labor market participation.

57. **IDA will do more to help reduce inequalities within and among countries (SDG 10) by helping them expand equitable opportunities for people with disabilities.** Many barriers faced by people with disabilities are avoidable, and the disadvantages associated with disability can be overcome. Dealing with disability involves different *sectors* – health, education, social protection, labor, transport, housing – and different *actors* – governments, CSOs (including disabled people's organizations), professionals, the private sector, and people with disabilities and their families. That said, the kind of granular data that IDA uses to develop actionable policies, programs and interventions is rarely disaggregated by disability. Improving the data environment is thus a priority for IDA19.⁷⁶

58. **IDA19 will broaden the inclusion agenda by starting to integrate disability inclusion across the portfolio.** IDA will support evidence-based policymaking and ensure that public services are more inclusive by assisting with improvements in social sector service delivery,

⁷⁴ See World Bank and World Health Organization, *World Report on Disability*, (Geneva, Switzerland: World Health Organization, 2011).

⁷⁵ WHO and World Bank (2011); UNESCO Institute for Statistics (2018); Male, and Wodon (2017).

⁷⁶ At the Global Disability Summit hosted in the United Kingdom in July 2018, the WBG committed to accelerate global action for disability-inclusive development in key areas, such as data collection, education, digital development, gender, post-disaster reconstruction, transport, private sector investments, and social protection.

boosting client's ability to adopt universally accessible GovTech solutions, and strengthening the availability of core data for evidence-based policy making, including disaggregation by sex and disability. To promote inclusive and decent work for all (SDG 8), IDA will also ensure that entrepreneurship projects incorporate digital elements that address constraints facing people with disabilities.

59. In IDA19, all investment operations will be screened for risks and opportunities for people with disabilities and will be in line with the WB's ten commitments on disability inclusion.⁷⁷ The new Environment and Social Framework (ESF) that is applicable to all investment projects under preparation will help to determine potential impacts on, or risks to, people with disabilities. Where risks are identified, a further assessment will determine how this risk can be avoided, managed and/or mitigated. The assessment will also consider how people with disabilities can share project benefits, including opportunities for people with disabilities to be employed, given the WBG commitment to non-discrimination, including in the workplace. Projects supported through Investment Project Financing (IPF) will then consider reasonable measures to adapt the workplace for workers with disabilities and will apply the concept of universal access to the design and construction of new buildings and structures, wherever feasible. Using this framework, progress and results under the above approach will be reported by a new indicator in Tier 3 of the RMS that will track the share of IDA IPF operations that have applied the concept of universal access at design. By investing in disability- inclusive projects, collecting disability disaggregated data, promoting accessible and inclusive environments, and exploring the development and uptake of assistive technologies, IDA will help promote more inclusive growth.

Technology

60. Emerging technologies are disrupting traditional pathways and presenting both new challenges and opportunities. New technologies are reshaping the nature of work, requiring different skills that complement technology. Failure to adapt to new technologies could affect firms' competitiveness and more broadly, limited access to energy and other quality infrastructure constrains the ability to harness new technologies. On the positive side, the economic and societal transformations brought about by new technologies can dramatically accelerate progress toward the SDGs and the Twin Goals. For example, automation and artificial intelligence could deliver enormous productivity gains and hence growth. Digitization is expanding access to basic banking services and distributed renewable energy technology is bringing affordable power to off-grid rural populations. These technologies create opportunities for developing countries, and for countries in Africa especially, to leapfrog.

61. Inclusive and accessible digital technologies have the potential to unlock development and accelerate progress toward the SDGs and Twin Goals. Without a concerted and collective effort there is a risk that many of the world's poorest and most vulnerable will be left behind. Failure to acquire new skills increases inequality among workers. In particular, limited access to accessible technology among women and people with disabilities holds them back from realizing economic opportunities. Access to digital technology is a necessary but not sufficient condition

⁷⁷ Announced at the Global Disability Summit in July 2018. They include commitments on data disaggregation, inclusive education, transport, and technology and innovation. See World Bank Group, *Commitments on Disability-Inclusive Development*, for full list of commitments.

for being digitally included and urgent attention is needed to address the range of barriers that impede digital inclusion. These include: affordability of data and devices; online safety and security; basic digital skills; locally relevant content; and gender and social norms.

62. IDA countries must update their regulatory frameworks to take full advantage of new technologies and address associated risks. Advances in sustainable power sources and new modes of providing transportation services offer inclusive solutions in themselves and provide important inputs to realizing the potential of the digital economy. Providing broadband access to people not only requires digital platforms and services, but also secure identification systems and financial services. These, however, raise concerns about data privacy and cybersecurity, which must be addressed by strengthening regulatory frameworks.

63. IDA19 will support IDA countries in the adoption of promising inclusive transformative technologies. In addition to country allocations, the PSW will enable IFC and MIGA to support this agenda through investments in connectivity and digital infrastructure.⁷⁸ The Regional Window will also support piloting of innovative technologies where there are strong spill-over effects to other countries. IDA will support countries to create the opportunities and mitigate risks associated with transformative technologies by operationalizing the WBG Build-Boost-Broker value proposition:⁷⁹

- a. *Build* — IDA will support countries in taking advantage of the new pathways of growth by having the digital and physical infrastructure and enabling environment to compete across all sectors of tomorrow's economy and the digital foundations to expand access to new opportunities. For instance, under JET, IDA19 will seek to help close the digital infrastructure gap through doubling broadband penetration in Africa.
- b. *Boost* — IDA will support the concerted efforts of governments, firms, and workers to adapt to technology-enabled disruptions and to thrive in the new economy. This will involve ideas responding to tech-enabled transformations that can boost the capacity of individuals, firms, and institutions to form resilient societies and a new social contract. Investments in digital skills can empower individuals to take advantage of new opportunities, just as the HCP emphasizes foundational cognitive and socio-emotional skills to better equip them for the changing nature of work. For instance, under the Gender and Development Special Theme, IDA19 will support women's access to higher productivity jobs, including through online work and access to ICT services. Also, under the FCV Special Theme, IDA will build client capacity to use field-appropriate digital tools for data collection and analysis and apply this technology to enhance project implementation and coordination.
- c. *Broker* — to lead in the search for technology-enabled solutions to development challenges. Through both pilots and early-stage investment and advisory programs, IDA will support countries in adapting emerging promising technologies in cross-sectoral

⁷⁸ Under IDA18, through the MIGA Guarantee Facility (MGF), PSW has allowed MIGA to support the expansion of digital telecom services in Sierra Leone. More PSW projects in support of digital infrastructure are currently in the PSW pipeline.

⁷⁹ See 2018 Annual Meeting background papers prepared for the Development Committee on "Human Capital: A project for the world" and "Disruptive Technologies".

contexts, with an eye toward scalability, sustainability, and measurable impact. IDA will apply new technologies to accelerate meeting existing goals—such as Universal Financial Access, Universal Health Coverage (UHC), and clean energy initiatives. IDA will work with countries to harness technology to address data gaps, underscoring its role as provider and facilitator of development data through partnerships with the private and public sectors. Finally, by participating in multilateral dialogues, enhancing synergies between public and private institutions, supporting global industry standards, and addressing regulatory gaps, IDA will work to promote policy coherence in the transformative technology space.

C. IDA'S FOCUS ON RESULTS MEASUREMENT

64. **A focus on results is at the core of IDA's business model.**⁸⁰ Introduced in 2002 as part of IDA13, the IDA RMS is the main reporting and accountability tool for tracking progress and reporting results achieved by IDA. Over the years, the RMS has been periodically revised to reflect the changing nature of IDA's business and to incorporate lessons learned from implementing the RMS. Key changes include: (i) alignment with the Millennium Goals (and later the SDGs); (ii) the introduction of an indicator tier that aims to capture results in IDA countries attributable to IDA activities, and another tier for tracking IDA's operational and organizational effectiveness; and (iii) the introduction of indicators that capture progress under the IDA Special Themes. The IDA19 RMS expands and deepens the framework developed for IDA18. It contains 79 indicators, of which 65 are retained from the IDA18 RMS.⁸¹ Modifications in scope, format, and choice of indicators are driven by lessons learned, shifting client demand, data quality and availability, and ensuring fit for purpose.

65. **Participants endorsed further refinements to the IDA RMS based on the following guiding principles:**

- a. Adjust indicators of RMS to address weaknesses, while maintaining continuity with the IDA18 RMS to enable long-term monitoring;
- b. Ensure relevance to IDA19 Special Themes and cross-cutting issues—debt, disability, human capital, and technology; and
- c. Maintain alignment with global and corporate priorities, including the SDGs, the HCP, and the WBG's Cascade approach.

66. **Participants endorsed the proposed IDA19 RMS indicators that reflect the priorities under the five Special Themes and the four cross-cutting issues.** While supporting a reduction in the total number of indicators, Participants welcomed the proposal to introduce thirteen new indicators to capture: DRM, primary education, and marine protected areas (in Tier 1); access to enhanced transportation services, country engagements supporting large-scale assessments, access to internet, debt reporting, and the use of digital technology (in Tier 2); and performance and quality of IDA's Advisory Services and Analytics (ASA), IDA's budget efficiency, mitigation of

⁸⁰ See the accompanying IDA Paper, *The IDA19 Results Measurement System* (May 2019).

⁸¹ Tier 1 includes 33 indicators, 29 of which are retained from the IDA18 RMS. Tier 2 includes 20 indicators, 15 of which are retained from the IDA18 RMS and five are new. Targets for tier 2 indicators are based on expected contributing IDA operations (ongoing and in preparation) during the IDA19 cycle and the IDA18 track record, where, whether or not the underlying project was approved during the IDA cycle. Tier 3 includes 26 indicators, 21 of which are retained from the IDA18 RMS and five are new.

IFFs in IDA countries, disability, and new priorities under the Climate Change and Governance and Institutions Special Themes (in Tier 3). Participants emphasized the importance of more disaggregation by sex and to capture disability wherever feasible. (See Annex 1.)

67. **Participants urged Management to continue to move toward a greater focus on development outcomes.** Participants noted the proposed adjustments to the RMS to strengthen its focus on outcomes, also recognizing that long-term or higher-level outcomes (e.g., reduced poverty, reduced morbidity) are usually beyond the scope or timeframe of individual projects. Participants also appreciated the challenges associated with aggregation (e.g., increased yields for different types of crops) and attribution. While acknowledging these challenges, Participants underscored the importance of capturing long-term results supported by IDA beyond one replenishment cycle. As agreed with the IBRD/IDA Board, the WB will conduct a pilot to document longer-term development outcomes covering multiple IDA cycles.

68. **Participants noted that the IDA RMS will be supplemented by other tools to provide a more comprehensive picture of IDA's activities and impact.** Those tools will include IDA Results Stories (such as a description of the challenges faced by IDA countries, approaches used to address them, and the results achieved); results frameworks for IDA projects; CPFs or Country Engagement Note (CENs); reporting on IDA policy commitments; and multiple reviews of IDA conducted by the IEG.

69. **Participants appreciated the continued efforts to align the IDA RMS with the SDGs.** The criteria used for aligning the RMS with the SDGs, introduced in IDA18, remain relevant for the IDA19 RMS: (i) harmonizing the SDGs with the WBG goals and strategy; (ii) balancing the SDG agenda with the WB's country-led engagement model and varied client capacity to provide or report quality data; and (iii) ensuring that the RMS incorporated critical areas of the SDGs in which IDA has substantial engagements or comparative advantage. Of the 79 IDA19 RMS indicators being proposed, 60 are aligned with the SDGs.

70. **Participants called for greater harmonization of IDA results indicators with those of other MDBs.** More consultation and harmonization of results measurement and reporting by MDBs could help assess their cumulative and individual contributions toward SDGs in specific countries, as well as facilitate better coordination of development assistance based on comparative advantage.

71. **Participants appreciated that the IDA RMS will continue to be updated and publicly disclosed each year.** In addition, a detailed update on progress across all tiers of the IDA19 RMS will be available at the IDA19 MTR.

SECTION III: SPECIAL THEMES

72. **IDA19 retains the Special Themes of IDA18 given their continued importance and relevance to help countries achieve good country outcomes.** As noted earlier, heightened macro risks and vulnerabilities call for enhancing support to IDA *FCS*, bolstering *governance and institutions*, and unleashing the potential of markets to promote a *job-rich economic*

transformation. Yet, progress will not be achieved unless we empower women by promoting *gender* equality and support countries in addressing the changes and risks brought about by *climate change*.

A. SPECIAL THEME 1: JOBS AND ECONOMIC TRANSFORMATION

73. **Recognizing the critical importance of inclusive and sustainable economic transformation and the creation of quality jobs as the pathway to poverty reduction and shared prosperity in IDA countries, Participants called for a central and strengthened role of the JET Special Theme in IDA19.** Economic transformation—shifting from lower to higher-productivity activities, within and across sectors and firms, from rural to urban areas, and from self- to wage-employment—is the key to sustainably creating better jobs at scale. Given that more than five out of six people in extreme poverty live in rural areas, and with labor income accounting for 95 percent of earnings for poor households, raising agricultural productivity and shifting workers from agriculture into jobs in industry and services in towns and cities is at the heart of the JET agenda. Moving from simple to more advanced agriculture, services and industry underlies the ability to continue raising productivity and earnings. Embedding a JET focus in IDA projects will ensure that they are designed to contribute to sustainably creating jobs at scale, through expanding private investment and connecting to markets while deepening workers’ human capital, so more people can access these opportunities, be more productive and raise their earnings.

74. **Participants emphasized the increasing importance and need to address JET in the context of demographic and global growth challenges.** The jobs challenge is acute: around 20 million jobs need to be created in IDA countries every year for the next decade, simply to meet the growing number of young men and women entering the labor market. Yet job creation remains far below what is needed: SSA and SAR created just nine million ‘good jobs’⁸² on average each year over the last decade. As noted earlier, failure to close the jobs gap raises significant social risks as well as migration pressures.⁸³ Closing the jobs gap will be all the more difficult given predictions of moderating global growth, declining commodity prices, rising costs of borrowing, greater risks of protectionism and technological change that is transforming the nature of work.

75. **Participants underscored the urgency in generating more and better private sector jobs and reducing the need for economic migration due to lack of economic opportunities in IDA countries.** IDA19 is committed to helping IDA countries meet SDG 8 on ‘full and productive employment’, through an approach that focuses on creating and connecting to markets, in combination with building capabilities and connecting workers to jobs. IDA19 will aim to support deeper structural changes and market integration that catalyzes additional opportunities and raises productivity in IDA countries. It will require facilitating job-creating investment by the private sector and supporting workers and entrepreneurs with the capabilities to take advantage of opportunities to access jobs and raise earnings, as well as strengthening institutions that protect workers and support mobility. Working with both public and private sectors, IDA19 will bring the whole WBG together to support creating inclusive economic opportunities in IDA countries. Demographic imbalances and environmental changes will affect the incentives and gains from migration. Expanding opportunities within IDA countries should bring development dividends and

⁸² “Good jobs” is defined here to include salaried and waged workers and entrepreneurs with employees.

⁸³ World Bank, *Leveraging Migration for Development: A Briefing for the World Bank Board* (September 2019).

help to address the pull factors for economic migration based on income gaps and inequality. In IDA19, IDA will continue to implement the IDA18 commitment to apply a migration lens in those IDA countries where migration has a significant economic and/or social impact (including home, host, and transit countries), including analytics that close critical knowledge gaps. Building on this work, in IDA19, country programs and design of operations in these IDA countries will be informed by migration diagnostics. IDA will also support countries' efforts to ensure migration is orderly, safe and legal, and make it more likely to benefit both the sending and hosting countries. (See Box 6.)

76. Participants supported the IDA19 JET framework, which emphasizes a comprehensive and balanced approach to inclusive and sustainable economic transformation by facilitating job-creating private investment and building the capabilities of workers and entrepreneurs. This framework is built on two pillars:

- a. *Creating and connecting to markets*, includes a focus on critical infrastructure and enabling environment reforms that create the conditions for jobs-rich private investment, particularly in tradables. This requires effective macroeconomic and debt management, sound governance, well-functioning product markets, financial markets and factor markets. Access to markets is underpinned by investments in high-quality infrastructure, regional integration, integrated digital development, and pro-poor trade strategies that reinforce comparative advantage, and leverage domestic, regional, and Global Value Chains (GVCs) in high productivity agriculture, manufacturing, and services sectors; and
- b. *Building capabilities and connecting workers to jobs*, which focuses on strengthening the capabilities of workers to take advantage of new opportunities to access jobs and raise earnings, particularly through investments in human capital as well as ensuring that social protection supports workers in managing the transitions that result from economic transformation. This will require an agenda that includes: foundational improvements in human capital, for instance through early childhood development, strengthening primary health care toward UHC, and delivering effective basic education; supporting the acquisition of jobs-relevant skills to prepare young men and women through vocational education and on-the-job training; strengthening the capabilities of entrepreneurs and managers, so that firms can expand and create more and better jobs; social protection and labor mobility strategies to support increased worker employability; protection of worker rights; and enabling safe, legal and sustainable overseas migration. (See Figure 12.)

FIGURE 12. IDA19 JET FRAMEWORK



BOX 6. MIGRATION AND FORCED DISPLACEMENT

Economic migration: meeting the jobs challenge

Around 20 million jobs need to be created in IDA countries every year for the next decade, simply to meet the growing number of young men and women entering the labor market. Labor markets already face high levels of under-employment and low-quality jobs, with people working in own-account farming or in non-farm household enterprises. Few have waged jobs and fewer are in the formal sector. Income gaps between the jobs available at home and perceived earnings opportunities abroad are among the principal drivers of economic migration.

Accelerating the growth of better jobs for the expanding young workforce is at the heart of IDA19. The JET Special Theme takes a balanced approach to increasing demand for labor and improving the quality of labor supply. It supports the growth of markets and connecting firms to them, to raise demand for labor. It also supports building workers' capabilities through human capital investments and training that help connect them to better jobs. This will increase opportunities for millions of youth whose human capital potential is not being fully utilized and who lack access to the capital or technology to be more productive.

In IDA19, in those IDA countries where migration has a significant economic or social impact, *country programs and design of operations in will be informed by migration diagnostics*. In addition, JET will support:

- *better jobs in agriculture and food systems*, particularly in rural value chains, by connecting smallholder farmers to markets, providing inputs and technical assistance to meet international market standards;
- *increased IFC investments* in IDA countries, through the PSW;
- the *modernization of regional infrastructure systems* such as power and transport, including cross-border connectivity, to increase firms' investment opportunities;
- *doubling broadband penetration* in at least 25 IDA countries and the inclusion of digital financial services and digital entrepreneurship in IDA's support for MSMEs; and
- *intensified support to improve human capital, skills and employability*, especially for girls, in at least 10 IDA countries amongst the lowest-ranked in the Human Capital Index.

Meanwhile, the WBG will continue to support the strengthening of safe, legal migration channels which protect migrants from exploitation and focus migratory flows toward areas that are mutually beneficial to sending and receiving economies and which harness the development benefits of migration. The WBG will also work to leverage the financial flows produced by migrants to accelerate jobs growth in their origin countries. Migrant remittances already outstrip both FDI and ODA; and they will shortly outstrip the sum of the two. So the WBG will continue to support efforts to reduce the cost of remittance transfers and promote diaspora bonds, in addition to efforts to reduce recruitment costs paid by migrant workers.

Forced Displacement: the challenge of creating development opportunities for the most vulnerable

Among the 71 million forcibly displaced people in the world, more than half are under the age of 18 and almost three-quarters are women and children. Forced displacement has also become increasingly complex and protracted, with substantial socio-economic impacts on both refugee and host communities. In IDA18, the US\$2 billion RSW was created to support medium- to long-term development opportunities for refugee and host communities. In addition, the Crisis Response Window (CRW) has supported several IDA countries to manage crises and mitigate large refugee flows, often related to climate impacts. IDA19 will continue this by:

- increasing resources to *create development opportunities for refugee and host communities*; and
- *scaling-up regional approaches to fragility* in areas acutely affected by forced displacement, including the Sahel, Lake Chad region, and the Horn of Africa.

Climate change: a wild card for migration

Increased drought and desertification, rising sea levels, repeated crop failures, and more frequent and extreme weather events are likely to increase both internal and international migration. IDA19 will focus on:

- *resilience-building through strengthening crisis-related programming* in the recipient's country allocations portfolio, and developing an early response to tackle slow-onset crises;
- *boosting support to adaptation*, particularly among poor households least able to cope with negative shocks and supporting at least 25 countries to reduce the risks of climate shocks on human capital outcomes by through adaptive social protection; and
- leveraging prospects on the upside, by helping client countries *take advantage of the business and economic opportunities* of a transition to low-carbon climate-resilient development.

77. **A sustained effort is needed to realize benefits across the full spectrum of jobs, including raising the quality of jobs in the informal sector and ensure inclusive access to earnings opportunities.** Informality is both pervasive and persistent in IDA countries. In SSA and South Asia, three out of four workers are either self-employed or a family worker.⁸⁴ Therefore, continued attention is needed to improve productivity and earnings within the informal sector, through expanding access to markets and building capabilities and resilience. This will be critical for the inclusion of women, youth, and people with disabilities, who are significantly overrepresented in the informal sector, particularly in FCS contexts. A strong focus on gender inclusion will be incorporated across IDA’s work on the JET agenda over IDA19, from addressing occupational sex segregation, to ensuring women’s voice and access to productive infrastructure, to support women’s access to skills, finance, and markets.

78. **Policy and investment priorities to address JET depend on the individual context of each country and should leverage IDA’s country-based model.** Specific pathways will vary significantly across countries depending on resource endowments, comparative advantages, and market access, among others. With systematic analytics to support decision making and prioritization, countries can develop targeted strategies for JET through CPFs, identifying the sources of growth that are available to them and prioritizing the constraints to be addressed.

79. **Participants welcomed the substantial progress that was made on JET in IDA18 and supported the heightened ambition and greater focus on operational impact in IDA19.** JET policy commitments in the IDA18 package provided the analytical base to direct IDA’s focus on the JET agenda: influencing strategic diagnostics, country-level priorities, and project-level design, as well as strengthening our capacity to measure the impact IDA is having on JET outcomes. IDA19 marks a pivot toward operational impact, changing the way the WBG approaches JET, including the incentives for focusing on more transformational, job-creating interventions led by the private sector. This will be achieved by supporting the development of a dynamic and inclusive digital economy, enabling greater integration through GVCs, and leveraging quality infrastructure to power firms and connect them to markets (see Box 7). The JET Special Theme will be integrated into the broader WBG country strategies and mobilize a “whole-of-WBG” approach tapping into wider range of WBG instruments and leveraging strategic collaborations with development partners such as the G20 Compact with Africa. Guided by country priorities, it will focus on creating markets and channeling capital toward investments that facilitate inclusive and sustainable economic transformation and unlock job-creating private investment. WBG analytical work such as SCDs and CPSDs will provide the analytical underpinning of the JET agenda. It will mobilize more integrated and coordinated WBG engagements in IDA countries including through the Cascade approach. As part of the WBG efforts, IDA will draw on its full range of instruments—advisory work, investment financing, guarantees, financing for policy reforms, etc. They could be financed through IDA country allocations or dedicated windows such as the PSW, Scale-up Window (SUW), or the Regional Window.

⁸⁴ International Labor Organization, *World Employment and Social Outlook* (Geneva, Switzerland : ILO, 2015).

BOX 7. G20 PRINCIPLES FOR QUALITY INFRASTRUCTURE INVESTMENT

The focus on both the quantity *and* the quality of infrastructure investment is important for maximizing the developmental impact of infrastructure investment. In this context, the G20 under Japan's presidency has set out principles for quality infrastructure investment, outlining a "virtuous circle", whereby job creation, technology spillovers, enhanced capacities, and improved productivity resulting from quality infrastructure investment contributes to growth and crowds in further private investment.

These key principles for quality infrastructure investment include:

- Principle 1: Maximizing the positive impact of infrastructure to achieve sustainable growth and development
- Principle 2: Raising Economic Efficiency in View of Life-Cycle Costs
- Principle 3: Integrating Environmental Considerations in Infrastructure Investments
- Principle 4: Building Resilience against Natural Disasters and Other Risks
- Principle 5: Integrating Social Considerations in Infrastructure Investment
- Principle 6: Strengthening Infrastructure Governance

Various policy commitments under JET and Governance are aligned with these G20 principles.

Source: G20 Principles for Quality Infrastructure Investment, G20 Osaka Leaders' Declaration annex.

80. **The aim of the JET Special Theme is to support IDA countries' efforts to create and build markets and transform entire economies – which is a massive ambition.** With the Continental Free Trade for Africa agreement, other regional agreements and regional economic communities, there are both new opportunities and regional partners to reinforce the reform agenda. In individual countries, economic transformation requires numerous investments across many sectors and working with a wide range of stakeholders. To have the biggest impact and best support from country governments to deliver their JET vision, development partners, including the WBG, need to coordinate and collaborate amongst themselves under the country government's leadership and shaped by the individual country context - bringing together a range of relevant MDBs, international institutions (e.g., the International Labour Organization (ILO)), multilaterals, donors, CSOs, unions and the private sector (depending on the country's decision about whether, and if so how, to bring in private investment). The aim is to work toward a coherent vision and set of actions for JET, including specific objectives and actions, with potential joint projects, strategies, programmes, work and staffing planning, and ongoing monitoring and evaluation (M&E.) It would require on-going coordination and collaboration between MDBs and development partners. IDA will continue to collaborate proactively with partners at the country level as led and supported by country authorities, including through country level efforts in the context of the G20 Reference Framework for Effective Country Platforms, the Compact with Africa, etc.

81. **Reflecting the ambition of the JET agenda, additional efforts are needed on the measurement agenda and on South-South learning.** Of interest are not only the direct jobs created by projects, but also estimates of the likely larger impacts on indirect and induced jobs from reforms or infrastructure investments. Where possible, some measures might be able to be disaggregated by gender, age, disability, and income. Attribution will remain a challenge. Pilots are needed to expand approaches, with the intention of informing possible jobs indicators for IDA20. Recognizing both the successful transitions some countries have achieved and that country

contexts differ, sharing knowledge and experience of working on the JET agenda should be particularly fruitful.⁸⁵

82. In the context of this step-change in the approach to JET in IDA19, Participants welcomed the following policy commitments:

Pillar 1: creating and connecting to markets:

1. WBG will undertake interventions in 10-15 countries to help them address bottlenecks in sectors with high potential for private-sector led job creation and economic transformation, which will be country specific and could include sectors such as agribusiness, manufacturing and others. Proposed WBG actions will be grounded in diagnostics, such as the CPSD findings and jobs diagnostics, and selected in agreement with country authorities.
2. At least 66 percent of agriculture and agribusiness projects in IDA countries include support for participation in value chains with high potential for growth and jobs creation, through connecting producers to markets, technical assistance for meeting international standards and regulations, adoption of modern technology, supporting logistics and reducing trade costs.
3. IDA will support at least 15 IDA countries to develop their primary and secondary cities through an integrated package of support to deliver sustainable, inclusive and productive cities with a focus on JET, including through climate-smart development, strengthening urban land management, and development of enabling infrastructure for job creation.
4. IDA will support in 10 IDA countries the development and modernization of regional infrastructure (e.g., power, transportation) and cross-border policy reforms with high potential for export promotion, increased productivity and labor mobility.
5. To help close the digital infrastructure gap, IDA will support 25 IDA countries to double their broadband penetration (16 on the African continent), including eight in landlocked countries, by 2023.
6. IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries,⁸⁶ reaching 10-15 percent of its own-account commitments on average during the IDA19 cycle. Such commitment is conditional on the approval of the IFC's resolutions for the capital increase and on having a significant portion of the new shares offered to shareholders being subscribed to.

⁸⁵ See World Bank Flagship reports such as the *World Development Report 2019 – The Future of Work; The Future of Manufacturing-Led Development; Pathways to Better Jobs in IDA Countries: Findings from Jobs Diagnostics; The Innovation Paradox; Future of Food: Maximizing Finance for Development in Agricultural Value Chains; High Growth Entrepreneurs; Digital Jobs for Young Women; and Electricity Uptake for Economic Transformation in Africa.*

⁸⁶ LIC-IDA17: Countries that are classified as low-income countries (LIC) as of July 1, 2016 (GNI per capita <=\$1,025 in 2015). FCS-IDA17: The subset of IDA17-eligible countries that are also on the latest (FY19) FCS list. See Annex 4 of IFC [Strategy and Business Outlook Update \(FY20-FY22\)](#) for more details.

Pillar 2: building capabilities and connecting workers to jobs:

7. 50 percent of entrepreneurship and Micro, Small and Medium Enterprises (MSME) projects will incorporate digital financial services and/or digital entrepreneurship elements – and ensure they address particular constraints facing women and people with disabilities.
8. IDA will support at least 15 IDA countries, including at least 12 of those among the 30 with the lowest HCI, with programs or policies to improve skills and employability toward more and higher-quality jobs, considering the differential constraints facing young women and men, and people with disabilities.

Cross-cutting commitments:

9. IDA will embed a JET focus in all IDA country programs and the design of operations as appropriate, informed by diagnostics such as SCDs and CPSDs, and reflected in all new IDA CPFs and PLRs, including enhanced use of JET results indicators. Where relevant, IDA country programs and design of operations will be informed by migration diagnostics.
10. Under country government leadership, IDA will actively participate in country platforms to collaborate and coordinate with partners and stakeholders (including MDBs, DFIs, bilaterals, and the private sector, etc.) in at least 10 IDA countries toward developing a coherent vision, and a set of actions for JET, and mobilization of private finance.
11. All SCDs of IDA countries at moderate or high risk of debt distress will address the country's approach for sustainably financing its development.
12. IDA will conduct 20 pilots in 'economic transformation IDA projects' to estimate indirect and/or induced jobs. The IFC will track direct jobs and estimates of indirect jobs associated with all IFC PSW investments. Where feasible, jobs reporting will be disaggregated by the poorest quintile, gender, FCS, disability and youth.
13. IDA will work with regional institutions on capacity building and skills in addition to establishing strategic partnerships with at least three RECs to promote regional markets and develop regional value chains.

B. SPECIAL THEME 2: GENDER AND DEVELOPMENT

83. **Closing the gaps between women and men, boys and girls is central to the achievement of the SDGs as well as the Twin Goals.** Closing gaps sets countries on a sustainable path toward more diversified economies, higher levels of productivity and better prospects for the next generation. At the same time, the private sector increasingly recognizes that closing gender gaps in employment and leadership can mean better talent, higher productivity, innovation, a wider customer pool and ultimately a stronger bottom line. With its country-driven, multi-sector, and public-private business model, IDA can play a central role in helping countries close gaps between women and men to meet the SDGs. IDA19 will strive to close gender gaps in health and education, workforce participation and financial inclusion.

84. **IDA's approach to gender has significantly evolved over past replenishments to go deeper in addressing gaps.** As a result, IDA countries have made progress, but key gaps remain:

- a. *IDA countries have made progress toward equality between males and females, especially in health and education, but first-generation issues remain in the attainment of human*

endowments. Both women's and men's life expectancy have improved in IDA countries.⁸⁷ Overall, gaps in various dimensions of education have closed. For instance, the most recent data for IDA countries show primary completion rates at 79 percent for boys and 75 percent for girls and lower secondary completion rates at 52 percent for boys and 49 percent for girls. But averages mask critical issues: girls lag boys in educational enrollment and attainment in parts of countries or regions, and other factors often compound the gap, such as being born into a minority ethnic group, the poorest households or living with a disability. To continue to close these gaps, IDA will deepen implementation of what works in these areas.

- b. *In most IDA countries today, data indicate that gender inequality has been stubbornly persistent across multiple dimensions of work.* Women in IDA countries are more likely than men to engage in low-productivity activities, be unpaid family workers, work in informal employment, and transition more frequently between informal employment and being out of the labor force. Gender gaps in hourly wages are prevalent in all countries, including IDA. Additionally, women still earn less on average, primarily because they cluster in lower-wage industries and occupations, and in most countries, women are also more likely to be found in part-time work than men.
- c. *Despite the dramatic worldwide increase in account ownership in a financial institution, women continue to trail men, with the gender gap in developing economies unchanged at nine percentage points since 2011 (with important country variations).* Fifty-six percent of all unbanked adults are women. Women are also overrepresented among the unbanked in economies that have successfully increased account ownership. Women-owned firms tend to be smaller than men's, employ fewer people, and are more likely to be home-based. Only 29.4 percent of firms in IDA countries have female participation in ownership. Similarly, at 17.4 percent, the share of firms with women as top managers is low. Women's relative access to credit is an important factor constraining women in Small and Medium Enterprises (SMEs), along with non-financial barriers such as inadequate physical infrastructure and restrictive legal and regulatory frameworks. As financial services expand rapidly, opportunities remain to be realized in increasing access for women and men, and in closing gender usage gaps.
- d. *Limited access to and use of technology is another factor holding back women's economic opportunity in IDA countries.* Among IDA countries with data, some show stark differences in internet use between men and women. Similarly, women in some IDA countries are less likely than men to own or use mobile phones and mobile internet. This gender gap in access to mobile technology limits economic opportunity across several dimensions. For instance, many women in IDA countries live in a context of conflict, poor infrastructure and/or remoteness, where access to mobile platforms can be the only way to avoid financial exclusion and ensure relatively safer non-cash transfer systems. These gaps can be closed if IDA supports investments to expand internet technology.

⁸⁷ At the same time, 25 out of 30 countries with the lowest Human Capital Index ranking, mostly in SSA, have a total fertility rate over 4 which increases maternal mortality, constrains women's economic opportunities, and prevents countries from completing the demographic transition and reaping the benefits of the demographic dividend. The adult lifetime risk of maternal mortality for women in SSA is one in 36 (one in 18 in Chad and one in 22 in Somalia) and 21 countries, all in Africa, still experience more than 500 maternal deaths per 100,000 births.

- e. *Finally, women and girls in IDA countries are often deprived of voice and agency, with the incidence of GBV remaining very high: 35 percent of women worldwide have experienced either physical and/or sexual intimate partner violence or non-partner sexual violence.* Lack of voice and agency is reinforced by GBV. Giving women an equal voice and role in decision-making in societies and households may be the most difficult part of the gender equality agenda. Prevention and responses call for policies and public action to change social norms, the law, and legal institutions, alongside programs to promote economic opportunities, social protection, and education. Engaging men and boys as key change agents, especially in supporting care work, dismantling norms that sanction violence against women, and promoting the benefits of gender equality for men and women, are also necessary.

85. IDA19 highlights the importance of seizing emerging opportunities while continuing the work to build on commitments in IDA18 and earlier. Participants welcomed Management's commitment to continue to implement IDA18 priorities in education, jobs (safe transport), assets (financial inclusion), and voice and agency. Participants also welcomed Management's commitment to continue the delivery of social protection for the world's poorest, much of which is already focused on women. At the same time, IDA19 will use emerging opportunities to speed up the closing of gaps between women and men and to enhance women's empowerment through social protection programs. The launch of the HCP presents an opportunity for IDA to increase the support of investments in countries that are the most human capital-poor, with impacts that can help close gaps between women and men, boys and girls, especially in health and education. IDA19 will also build on the growing experience from an innovative approach to increase women's and adolescent girls' empowerment, knowledge, skills and their access to quality reproductive, child and maternal health care and nutrition services along with education and economic and livelihoods opportunities. The approach was developed through projects in the Sahel Women's Economic and Demographic Dividend (SWEDD) series, which deploys multisector action to empower women in subnational hotspots for child marriage and teenage pregnancies. Projects with this approach are now active in seven IDA borrowing countries with some of the highest fertility rates in the world, and IDA19 will help replicate and scale it in countries with the lowest HCI. Similarly, the emergence of digital technologies and a new digital economy suggests leapfrogging opportunities. IDA's successful support of digital infrastructure investments requires specific focus on women and adolescent girls' access to associated skills, including online job opportunities, services, platforms, and other entrepreneurship opportunities. Building on the experience from operations launched under IDA18 to prevent and respond to GBV at a project-level, IDA19 presents an opportunity to move from support of individual mitigation projects, toward provision of system-wide approaches to help IDA countries provide prevention and responses.

86. Achieving the SDGs requires IDA countries and their partners to make considerable progress in closing gaps between women and men, especially in economic opportunity. The support enabled through the IDA19 Special Theme on gender will accelerate progress against targets under SDG5: achieve gender equality and empower all women and girls, such as universal access to sexual and reproductive health care, women's equal rights to economic resources as well as access to ownership and control over assets and financial services, promotion of women's empowerment through the use of enabling technology, and the elimination of all forms of violence

against all women and girls in the public and private spheres. IDA19 support is also central to many of the other SDGs. For instance, the proposed activities to close gaps between women and men both under the Gender and the JET Special Themes have direct relevance for SDG 8 to promote inclusive growth and full and productive employment. Similarly, actions to close gaps between women and men proposed under the FCV and Governance Special Themes are directly relevant for SDG16 to promote peace, justice and strong institutions. The IDA RMS includes an indicator based on data from Women Business and the Law (WBL) that monitors legal reforms in support of gender equality. The WB also has a newly established advisory unit that responds to country requests for technical assistance for legal and regulatory reforms to eliminate discriminatory laws.

87. Participants highlighted the centrality and importance of the Gender and Development Special Theme and its links with other Special Themes and cross-cutting issues. Participants expressed support for a two-track approach – to deepen implementation of the WBG Gender Strategy and leverage linkages with other Special Themes. Participants supported the need to deepen implementation of the WBG Gender Strategy’s four pillars: (i) improving gaps in human endowments; (ii) removing constraints for more and better jobs; (iii) removing barriers to women’s ownership and control of assets; and (iv) enabling women’s voice and agency. The IDA19 policy package is strengthened by a focus on cross-cutting issues, especially human capital, disability inclusion and technology to accelerate progress. IDA19 will do more to expand opportunities for women and men, boys and girls living with disabilities. IDA19 further seeks to strengthen linkages between the Special Themes and to ensuring that women and men benefit from IDA interventions in other IDA priority areas. Under the Climate Change Special Theme, IDA19 will help address gender gaps through interventions supporting climate mitigation and adaptation, such as in renewable energy, forests and landscapes, and disaster risk reduction. IDA19’s FCV Special Theme reflects the forthcoming FCV strategy, which recognizes the important role of women as agents of change in prevention and response to conflict, and builds in gender equality at the analytical, strategic and operational level. In addition, the Gender and Development Special Theme realizes interlinkages through a set of Policy Commitments housed by the JET, and Governance and Institutions Special Themes, especially on issues with direct relevance for the WBG Gender Strategy and the SDGs. (See Box 8.)

BOX 8. CLOSING GENDER GAPS: LINKAGES TO OTHER SPECIAL THEMES

JET: As countries diversify and jobs move out of agriculture into other sectors, IDA can help countries break occupational sex-segregation in the labor market, and help women access paid employment and move from low to higher quality jobs. Recognizing that closing economic gaps between women and men is critical to achieving economic diversification and growth, the JET Special Theme will continue to support women in the world of work. Special IDA19 focus will be on operational support for women’s access to and use of digital financial services, as well as women’s entrepreneurship. *See JET PCs 7 and 8.*

Fragility, Conflict and Violence: In IDA FCS, it is important to include women fully in post-conflict transition operations, whether in the demilitarization and demobilization agenda or in fast-disbursing community-driven development projects. Displacement leads to distinctive risks and opportunities for males and females – such as increased risk of rape, violence, and forced conscription, or better opportunities for employment, education, and voice. Under IDA19, the FCV Special Theme will continue to address the differential risks and opportunities faced by women and men, boys and girls in FCV situations. *See FCV PC 3.*

Governance and Institutions: Designing effective IDA interventions call for access to timely data, especially in low-income contexts where scarce resources should be targeted to their most effective use. Gaps and lack of quality of IDA country data, especially related to economic opportunity and outcomes, continues to hold back the potential for effective interventions to address disparities between males and females. Recognizing the importance of improving availability of quality data, under the Governance and Institutions Special Theme, IDA countries will be supported in implementing the Data for Policy Package, including a focus on closing gender data gaps. The objective is to strengthen the production and availability of core data for more evidenced-based policymaking. Gender-based violence is a central issue for women’s voice and agency, but it is not the only one. Enabling women’s equal voice in societies and households is important and challenging, requiring policies and public action to change social norms, laws and legal institutions. Under the Governance and Institutions Special Theme, IDA will support women’s representation and voice in decision making fora. *See Governance PCs 10 and 12.*

88. **In addition to ongoing implementation of the WBG Gender Strategy, Participants called for IDA19 to address gaps between men and women in infrastructure projects, and to tackle sexual exploitation, abuse and harassment, and to increase ambition for results.** Participants also called upon IDA to intensify its work in support of women’s rights to land and other physical assets, and to support their use as collateral. Participants underscored the importance of effective policies on the prevention and mitigation of GBV, sexual exploitation and abuse and sexual harassment and the relevance of transparency and accountability, for example through adequate reporting and timely follow up in case of credible allegations. Participants recognized the support and leadership of the World Bank in addressing sexual exploitation, abuse, and harassment, and in taking all possible steps to mitigate risks and responding with a survivor-centered approach.⁸⁸ Participants asked for continued attention to project quality at-entry and quality of supervision to achieve greater impacts in closing gaps, and to review and raise the target for the share of IDA projects that are gender-tagged. Management has raised the gender tag for

⁸⁸ For further details see Paragraph 158. In addition, in a meeting on April 21, 2018 convened by Sigrid Kaag, the Netherlands Minister for Foreign Trade and Development Cooperation, and Penny Mordaunt, UK Secretary of State for International Development, 10 International Financial Institutions (IFIs), including the WBG, reaffirmed their commitment to prevent sexual harassment, abuse and exploitation, both within their own institutions and in their operations. This joint statement was later reaffirmed at the Putting People First Summit held in October 2018. Regarding policies and practices related to WBG staff, the WBG Action Plan for Preventing and Addressing Sexual Harassment, published in May 2019, outlines the WBG’s roadmap to overcoming sexual harassment and includes more than 50 initiatives to improve transparency, scale-up prevention, build trust, and enhance accountability. A new and revised Code of Ethics and Conduct was launched in fall 2019.

IDA19 to at least 60 percent⁸⁹ and is committed to reviewing the target for the share of IDA projects that are gender-tagged over subsequent IDA cycles.

89. IDA19 policy commitments for the Gender and Development Special Theme. Participants and Management agreed on a policy package that reflects greater ambition in IDA19 underpinned by deepened implementation of the WBG Gender Strategy and strategic leveraging with other Special Themes. The central emphasis on frontier areas and corresponding commitments where IDA breaks new ground in IDA19 will be complemented by continued ambitious work in IDA countries reflecting the WBG Gender Strategy, as well as continued pursuit of IDA18 priorities such as education, jobs, assets, and voice and agency. The IDA19 policy package focuses on: (i) supporting closing gaps between females and males through the HCP, particularly on the fertility/demographic dividend; (ii) facilitating more and better jobs by closing gaps in labor market outcomes; (iii) addressing gaps in asset ownership – especially land - and in participation in the digital economy; (iv) enhancing women’s voice and agency through support for system-wide approaches to prevent and respond to GBV; and (v) ensuring at least basic availability of gender data and knowledge for all IDA countries through a core data package and encouraging further investments in “what works.”

Pillar 1: Improving Human Endowments:

1. IDA19 financing operations will support women’s empowerment, including through increased access to quality reproductive, adolescent, and primary health care in at least 15 of the 30 countries with the lowest HCI.

Pillar 2: Removing constraints for more and better jobs:

2. At least 60 percent of IDA19 financing operations for digital skills development will support women’s access to higher productivity jobs, including online work.
3. At least 30 percent of IDA19 infrastructure operations (transport, energy, and water) will include actions to create employment opportunities for women in medium and high skilled jobs in these sectors.

Pillar 3: Removing Barriers to Women’s Ownership of and Control over Assets:

4. All IDA19 financing operations for Digital Development will support women’s increased access to and usage of digital services.
5. At least 50 percent of IDA19 operations with land activities in (i) land administration, (ii) post-disaster reconstruction and resilient recovery, and (iii) urban development will include specific actions to strengthen women’s land rights.

Pillar 4: Enhancing women’s voice and agency:

6. Support at least five IDA countries to invest in GBV prevention and response, delivering safe, quality, inclusive health care and other services through health systems, and five countries to implement GBV prevention and response protocols as part of safe and inclusive schools.

⁸⁹ See indicator 18 in Tier 3 of Annex 1, Table A1.2.d: Annotated Indicators by Tier.

C. SPECIAL THEME 3: CLIMATE CHANGE

90. **There is increasing urgency to accelerate climate action and to strengthen further the WBG's commitment and leadership in addressing climate change.** According to the Intergovernmental Panel on Climate Change (IPCC), not only are climate risks expected to increase with global warming of 1.5°C and intensify significantly with 2°C, but the world is *not* on track to halt warming to even 2°C. The IPCC also recognizes that climate-related risks affect diverse areas such as health, livelihoods, food security, water supply, human security and economic growth. Such threats could roll back hard-won development gains in IDA countries, which remain disproportionately susceptible to adverse climate impacts. Those at higher risk include small islands, disadvantaged and vulnerable populations, some indigenous people, and communities reliant on agricultural or coastal livelihoods.

91. **Limiting global warming to 1.5°C requires urgent and far-reaching actions that are necessary as countries seek to attain the SDGs and the Twin Goals.** Limiting global warming and investing in prospects toward low-carbon and climate-resilient development will require significant resources and the window for such change is rapidly closing. Adaptation costs are likely to increase sharply over time, even as the world tries to limit a global rise in temperatures. Any higher warming would result in several hundred million more people being exposed to climate-related risks, potentially reversing decades of development gains. The IDA19 Climate Change Policy Commitments are relevant for several SDGs, including climate action (SDG13), affordable and clean energy (SDG 7), industry, innovation and infrastructure (SDG 9), health (SDG 3) and sustainable use of ecosystems and biodiversity loss (SDG15).

92. **Climate change multiplies threats in FCV situations and induces migration.** Climate change creates major stresses, especially in FCS where governments have limited means to help their populations adapt. There is evidence that environmental factors such as resource degradation and scarcity can play a role in driving or exacerbating conflicts. Risks associated with climate change can combine with and exacerbate risks of violence through factors such as food insecurity, economic shocks, migration and instability. Where climate change interacts with other social, economic, and environmental pressures, several compound risks emerge that can increase vulnerability, exacerbate grievances, and deepen pre-existing fragility.

93. **There is, however, clear and mounting evidence that bold climate action presents significant business and economic opportunities for the world.** Globally, the transition to low-carbon and climate-resilient development could yield a direct economic gain of US\$26 trillion by 2030 compared with a business-as-usual scenario and could deliver more than 65 million additional jobs.⁹⁰ Action countries may take to address climate change also has the benefit of helping them deliver on many of the SDGs, for example through lower air pollution and increased participation of women in the labor force. IDA countries can build local green industries that can drive sustainable economic growth and provide environmental benefits, while also preserving and valuing natural capital and advancing investments in human capital. Many green jobs are highly

⁹⁰ New Climate Economy, *Report of the Global Commission on the Economy and Climate* (2018). This report falls on the heels of a 2016 analysis by IFC on “Climate Investments Opportunities in Emerging Markets”. IFC assessed the national climate change commitments and other policies in 21 countries and found an initial investment opportunity of US\$23 trillion, from 2016 to 2030, in key sectors such as wind, solar, biomass, waste, transport, energy efficiency, etc.

skilled, safe, and well-paid. IDA has made significant progress in mainstreaming climate change in operations and integrating climate in country policy engagements. Sustained effort and focus on adaptation and increased investments in building resilience will be necessary to buffer IDA countries and communities from rising climate and disaster risks, particularly in those IDA countries most affected, including in South Asia, the Sahel, and in Small Island Economies. Moreover, investments in high quality infrastructure (energy, transport, urban infrastructure, etc.) will be key in helping support countries achieve their climate change agenda and poverty alleviation goals. (See Box 6.)

94. Participants welcomed the incorporation of lessons learned from IDA18 in the IDA19 Climate Change Special Theme. IDA18 has strengthened efforts to increase systemic impact, which IDA19 will carry further in several ways. First, IDA19 will support client countries in their efforts to implement their national climate-related action plans, including their nationally determined contributions (NDCs), in their follow up to international climate agreements, including principally the Paris Agreement.⁹¹ Second, to achieve bigger impacts and further integrate national climate priorities into how the WBG engages with countries, where appropriate, efforts will be made to further deepen integration of national climate-related action plans, including NDCs, into CPFs. Third, systematic policy actions will be enhanced to drive climate impact. Support will be scaled up to promote fiscal and sectoral policy reforms that address climate challenges and support implementation of countries' mitigation and adaptation targets. Fourth, due to the rising magnitude of climate impacts, increased efforts will be made on climate adaptation and resilience, especially in those countries already feeling the impacts. Drawing on the IEG's findings concerning increased focus on monitoring and evaluation, there is a clear shift in IDA19 from input- and process-based to outcome-oriented commitments.

95. Participants appreciated the clear synergies between climate change and other IDA Special Themes and cross-cutting issues, as well as the complementarities with the World Bank's work in Small Island Economies. They commended the integration between climate change and other IDA priorities including FCV, Governance, JET and Gender that can be achieved through comprehensive demand driven Bank-wide programs. Focus on disaster risk reduction, improved landscape management, human capital, and clean technology entrepreneurship will contribute to reduced vulnerability to climate impacts and enhanced inclusion opportunities for economic benefits from mitigation and adaptation investments. Integrating climate change considerations into Risk and Resilience Assessments (RRAs) and crisis response in FCS, as well as scaling up the integration of gender and disabilities in upstream planning and downstream implementation of climate resilience actions can present opportunities for climate to support other IDA special themes. Opportunities for mainstreaming gender into climate programs include green jobs and skills development opportunities for women in the growing renewable energy landscape, as well as targeting of especially vulnerable groups, such as female households with high dependency ratios, in adaptive social protection Adaptive Social Protection (ASP) programs which aim to reduce risk and respond to climate shocks. Urban and transport development that identifies and responds to different needs of women and men is another area of opportunity for inclusive planning for low-carbon growth. They called on IDA to continue rendering support to Small Islands Economies to cope with the effects of climate change, including using concessional finance

⁹¹ In the event that national climate-related action plans, including NDCs, are updated, some countries may request additional support.

to promote risk insurance for climate-related shocks, and to do more on mobilizing private finance – including working with IFC and MIGA – to support climate efforts, and asked IDA to cooperate with other MDBs and institutions on mobilization.

96. **Participants encouraged IDA’s efforts to increase the resilience of IDA investments, ecosystems and communities to climate-related shocks and stressors in coastal areas.** Coastal resilience to climate change will also be achieved by combatting marine litter (see Box 9). IDA19 will contribute, through analytical services, policy dialogue, and financing, to activities related to more efficient use of resources, while strengthening waste diversion systems and infrastructure to collect and process plastic materials and recapture the value of plastics in the economy. IDA will also step up support for integrated landscape management interventions by: avoiding deforestation, promoting landscape restoration or sustainable forest management, and building coastal ecosystems. IDA will support investments in water management that are critical to achieve water security in the face of climate change. Participants also highlighted the need to strengthen in-country systems such as climate risk analytics, risk reduction, improved preparedness and fully concessional risk finance providing the basis for market-based risk transfer. This could be through initiatives like Global Risk Financing Facility (GRiF) or other programs within the InsuResilience Global Partnership.

BOX 9. COMBATting MARINE LITTER: AN IDA INITIATIVE

Marine litter, especially plastics pollution, is a global challenge. Already at least 8 million tons of plastics leak into the ocean each year, weakening marine biodiversity - a key component of the natural capital that keeps ecosystems functional. Impact of the marine plastics has far-reaching economic, ecological and health consequences. The annual environmental costs of plastics to marine ecosystems is estimated at least US\$13 billion, with IDA countries suffering from localized impacts. Although not yet major oceans plastics contributors, massive growth in waste generation is expected in IDA countries, with related increasing plastic leakages to waterways and oceans, unless preventive action is taken now. Amid global calls for actions, IDA countries are taking ownership of the issue and have taken far-reaching decisions to combat ineffective waste management. Yet, given IDA countries’ geographies, weak enabling environments, and inadequate financing, they need urgent support to strengthen their waste management systems and to prevent the generation of plastics waste in the environment upstream.

Led by IDA countries themselves, IDA’s Initiative on Marine Litter will support the development and implementation of better upstream policies, waste management systems and cleanup efforts in IDA countries. The Initiative is built on country ownership, with interventions customized to local context and needs. It is adapted to the geographic variations of IDA countries: small islands, river basin riparians, and vulnerable coastlines. The framework of IDA support includes a combination of analytical activities, policy reforms, investments and innovation to support more effective waste diversion and infrastructure. IDA is also playing a convening role that brings countries and stakeholders together to take collective actions to address a common regional and global challenge.

Under IDA19, the initiative intends to scale up its support to several counties in Africa and Asia, leveraging financing resources from the IDA Regional Window.

97. **Participants noted that the IDA19 policy commitments are well-aligned with the WBG 2025 Climate Targets and Actions.** IDA19 strives to increase direct climate finance, while boosting support to adaptation and resilience-building, particularly for the poorest and most vulnerable countries. IDA19 is well-aligned with the WBG 2025 Climate Targets and Actions,⁹²

⁹² While these are WBG commitments, they will be reported and monitored outside of the IDA process.

which have an increased focus on and ambition to: (1) deepen climate mainstreaming and increase direct climate financing; (2) increase leverage of private finance and create markets for climate action; (3) systematically strengthen adaptation and resilience; (4) drive for larger systemic impact at the country level; and (5) elevate climate actions in key sectors and areas. In January 2019, the WBG further reflected its determination to push the agenda on climate adaptation and resilience by launching the WBG Action Plan on Climate Change Adaptation and Resilience. Based on the joint MDB framework adopted at COP24, the Bank will continue to align its investments with the principles set out in international climate agreements including principally the Paris Agreement.

98. **Participants highlighted the importance of increasing climate-related financing, as well as further climate mainstreaming through higher IDA climate co-benefits and incorporating at least one climate-related results indicator in IDA operations.** IDA will continue to support efforts to increase climate co-benefits with adaptation finance comprising at least half of the total adaptation and mitigation financing.⁹³ With a commitment to parity, IDA19 will ensure that the poorer, more climate-vulnerable countries continue to receive the support that will catalyze adaptation action at larger scale. In addition, as part of the increased focus on climate outcomes, all IDA19 lending operations that have more than 20 percent climate co-benefits will incorporate at least one climate-related results indicator, so as to facilitate the shift from inputs-based to outcome-oriented actions and drive impacts on the ground. All IDA operations will also screen for climate and disaster risks to systematically integrate climate risks within each stage of operations design, implementation, and performance M&E as outlined in the WBG Action Plan on Climate Change Adaptation and Resilience. In addition, IDA19 investment operations in key emission-producing sectors will incorporate the shadow price of carbon in economic analysis and apply Greenhouse Gas (GHG) accounting.

99. **Participants supported the focus on adaptation and resilience through developing new resilience metrics or an adaptation rating system and reducing the risk of climate shocks on poverty and human capital outcomes.** They noted that the system is designed to create incentives for countries, donors, and the private sector to engage in more and better adaptation to more effectively track and report on what IDA clients are doing; and to establish a global standard for financial markets and public procurement. A key objective of the new system is to encourage countries and stakeholders to go beyond climate-resilient projects toward building systemic resilience. In addition, IDA will support countries to reduce the risks of climate shocks on human capital outcomes by supporting programs that incorporate ASP into national protection systems or reduce climate threats to health. Climate-related disasters can also negatively affect human capital accumulation by hindering livelihood opportunities, leading to unemployment, destruction of productive assets, and increased poverty. Supporting operations that develop ASP programs can prevent a loss in human capital accumulation.

100. **In order to drive impact at the country level, Participants highlighted IDA's enhanced support to IDA countries to systematically implement and update their national climate-**

⁹³ The proposed climate co-benefit target is fully aligned with the ambitious goals of the WBG 2025 Climate Targets and Actions. The proposed climate co-benefit policy commitment assumes (i) a continuous rise in IDA co-benefits over time; (ii) a greater effort on the part of IBRD over FY21-FY25; and (iii) that the scale of ambition will continue to rise under IDA20.

related action plans, including NDCs. Country-specific financial assistance by the NDC Support Facility will be provided to deepen the implementation of NDCs and actions needed to deliver intended targets, including elements of (i) strategic and informed climate-smart planning; (ii) policy design and implementation; (iii) monitoring, reporting and verification; and (iv) public and private investments and financing for NDC implementation.⁹⁴

101. Participants urged that all IDA SCDs and CPFs continue to incorporate climate-related and disaster risk considerations, including being informed by national climate-related action plans, including NDCs. They also urged IDA to sets specific climate-related or national climate related action plans, including NDC-based objectives and/or results indicators in CPFs, where appropriate. IDA19 will increase engagement with and support to Finance and Planning Ministries to integrate climate in the national budgets and plans, as well as long-term development strategies. To drive greater climate impact, IDA will focus on concrete and systematic policy actions. To this end, IDA will increasingly engage at a policy level and foster development policy financing (DPF) operations to support climate-informed policies and reforms at the sectoral level, where appropriate. Prior actions which address climate policy issues will be embedded more into DPFs, and in cases where the country wishes to focus policy reforms solely on climate change, green growth or climate change DPFs can be developed, where all prior actions will address climate change. DPFs could, for example, include support for fossil fuel subsidy reforms, agriculture subsidy reforms, environmental tax reforms, water pricing, and priority policies in climate-related action plans, including NDCs.

102. Participants supported a Policy Commitment on biodiversity to support IDA countries to implement and/or update their National Biodiversity Strategies and Action Plans (NBSAPs) or similar national action plans through new IDA-supported activities during IDA19. They also stressed the importance of IDA leveraging its work on environment, natural resources and blue economy, including on biodiversity. Ecosystems and biodiversity provide a lifeline to the poorest communities, particularly in coastal areas and near forests, buffering them from extreme climatic events⁹⁵ and satisfying essential needs including the provision of nutritious food, biomass for energy, medicine and basic raw materials, ensuring a basic safety net and contributing directly to poverty alleviation and livelihoods.⁹⁶ IDA19 will support nature's contributions to people and ecosystem-based adaptation, which includes sustainable management, conservation and restoration of ecosystems. IDA19 will build on extensive knowledge creation on the links between the economy and ecosystem services under different climate and policy scenarios. This will in turn enable IDA to support a more explicit

⁹⁴ Support for implementation of national climate-related plans, including NDCs, could include activities integrating climate actions into national budgets and development strategies.

⁹⁵ Well-maintained ecosystems, such as coral reefs, coastal wetlands, and mudflats, play protect against storm surges and rises in sea level, safeguarding lives, and property and infrastructure against extreme weather (cfr. Roberts et al. (2017) *Marine reserves can mitigate and promote adaptation to climate change* PNAS, 2017). A recent Cost of Environmental Degradation Study focusing on West Africa estimated the cost of coastal degradation in four countries: Benin, Côte d'Ivoire, Senegal and Togo, at US\$3.8 billion, or 5.3 percent of their combined GDP in 2017 (Croitoru, Lelia, Juan José Miranda, and Maria Sarraf, *The Cost of Coastal Zone Degradation in West Africa: Benin, Côte d'Ivoire, Senegal and Togo* (2019)).

⁹⁶ IPBES. Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. S. Díaz, J. Settele, E. S. Brondizio E.S., H. T. Ngo, M. Guèze, J. Agard, A. Arneth, P. Balvanera, K. A. Brauman, S. H. M. Butchart, K. M. A. Chan, L. A. Garibaldi, K. Ichii, J. Liu, S. M. Subramanian, G. F. Midgley, P. Miloslavich, Z. Molnár, D. Obura, A. Pfaff, S. Polasky, A. Purvis, J. Razzaque, B. Reyers, R. Roy Chowdhury, Y. J. Shin, I. J. Visseren-Hamakers, K. J. Willis, and C. N. Zayas (eds.) (Bonn, Germany: IPBES secretariat, 2019).

treatment of nature-based solutions in national strategies and to support the preparation of NBSAPs by IDA countries.

103. **Participants supported facilitating economic transformation through low-carbon and resilient transition, with further penetration of renewable energy in IDA countries, to support increased energy access, affordability and security.** IDA will facilitate the potential transformative penetration of renewable energy in IDA countries through support to innovative battery storage technologies by mobilizing concessional climate related financing and public and private investments. In addition, IDA will invest to promote generation, integration and enabling infrastructure for renewable energy in IDA countries (covering all kinds of on-grid, off-grid and distributed renewable energy), thereby also promoting energy access and make significant efforts in supporting IDA countries on energy savings through efficiency improvements. Agriculture is also a central part of the solution to develop a global and sustainable low-carbon and resilient economy and climate smart agriculture, with higher agricultural productivity, climate mitigation, and increased resilience and adaptation, will be expanded under IDA19.

104. **Participants welcomed the implementation of climate-related commitments over IDA19 as follows:**

Pillar 1: Increase Climate-related Financing and Further Deepen Climate Mainstreaming:

1. IDA's climate co-benefits share of total commitments will increase to at least 30 percent on average over FY21-23, and at least half of these co-benefits support adaptation actions.
2. All IDA operations with more than 20 percent of climate co-benefits will incorporate at least one climate-related results indicator to increase the focus on climate outcomes.

Pillar 2: Boost Support on Adaptation and Resilience:

3. Develop new resilience metrics designed to give increased incentives for more effective climate adaptation actions, including through enhanced disaster resilience of infrastructure developments, and pilot them in 20 IDA operations.
4. Support at least 25 IDA countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate ASP into national systems or reduce climate threats to health.

Pillar 3: Drive Systemic Impact at the Country Level:

5. Support at least 15 IDA countries to systematically implement and update national climate-related action plans, including NDCs in cooperation with the NDC Partnership; for all IDA countries where appropriate, set climate-related or NDC-based objectives and/or results indicators in the CPFs.
6. Support at least 15 IDA countries to implement and/or update their NBSAPs covering terrestrial and marine biodiversity or similar national action plans through new IDA-supported activities during IDA19.

Pillar 4: Facilitate Economic Transformation through Low-Carbon and Resilient Transition:

7. Facilitate further penetration of renewable energy in IDA countries in the context of energy access, affordability and security, by mobilizing concessional climate finance and public

and private investments for five gigawatt hours (GWh) of battery storage, and providing direct, indirect, and enabling policy support for generation, integration, and for enabling infrastructure for at least ten gigawatts (GW) of renewable energy in IDA countries. This support would cover all kinds of on-grid, off-grid and distributed renewable energy.

D. SPECIAL THEME 4: FRAGILITY, CONFLICT AND VIOLENCE

105. Absent swift action, FCV risks could severely undermine progress made in the fight against poverty over the past 25 years. As noted earlier, poverty rates are around 10 percent higher in IDA FCS than in non-FCS; and while the extreme poverty rate is decreasing in IDA non-FCS, it is stagnant in IDA FCS.⁹⁷ By 2030, around half of the world's poor people are expected to live in FCS.⁹⁸ At current levels of fragility, the number of poor people in IDA FCS is projected to increase by around 200 million by 2030. Any deterioration in these countries' fragility, or rise in fragility elsewhere, would only push these numbers higher. Similarly, in the absence of decisive policy action, extreme climate events and weather shocks could lead to around 100 million more extreme poor by 2030. IDA's prioritization of FCV is critical to the achievement of the Twin Goals and supporting the attainment of the SDGs, particularly SDG 16.

106. FCV disproportionately impacts the most vulnerable people and communities, including women and girls, and people with disabilities, limiting their human capital and economic opportunities. Among the 20 lowest-ranked IDA countries on the HCI, 14 are IDA FCS, and more than half of the extreme poor in these IDA FCS face severe deprivations in education and access to basic infrastructure, such as energy, water, sanitation and assistive devices.⁹⁹ Forced displacement continues to worsen and has become increasingly complex and protracted,¹⁰⁰ with substantial socio-economic impacts on both refugee and host communities. Meanwhile, around half of the Internally Displaced People (IDPs) in IDA countries are concentrated in a handful of FCS, many in the most challenging environments. Rising FCV risks can also be push factors for economic migration, leading to loss of human capital within the country and increased pressures on host countries.

107. Participants supported the IDA19 approach to FCV and encouraged continued close alignment of the forthcoming WBG FCV Strategy. They appreciated that the IDA19 FCV Special Theme and the forthcoming FCV Strategy are based on the same Pillars of Engagement (see Figure 13).

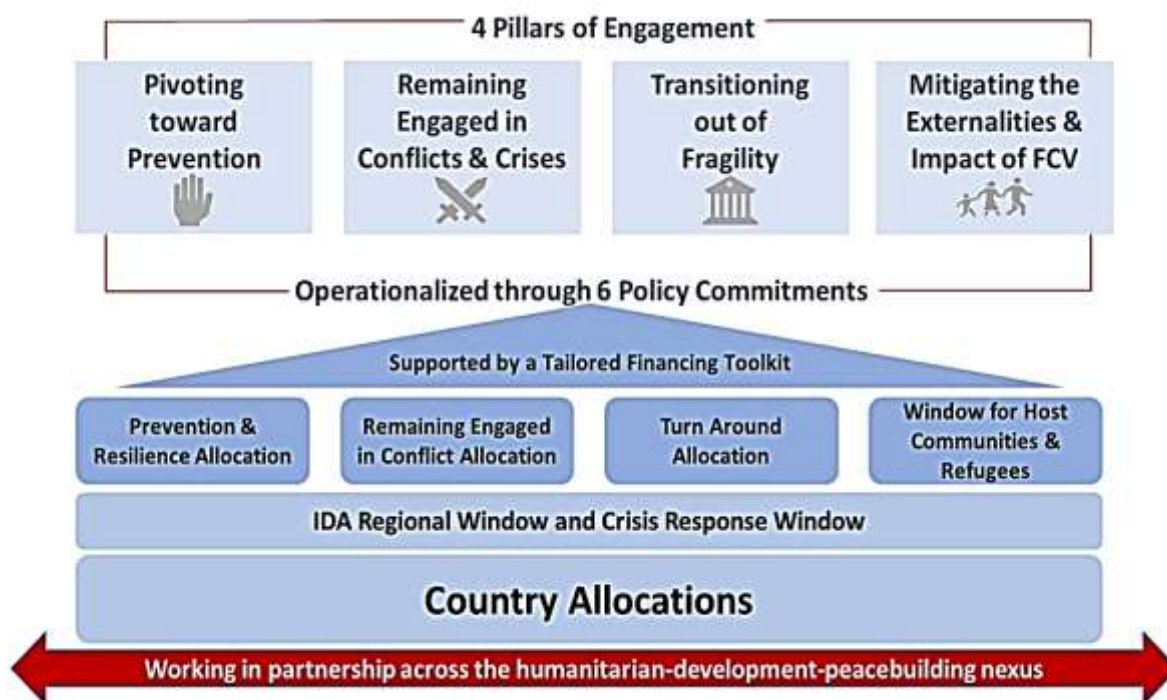
⁹⁷ World Bank, *PovcalNet (online analysis tool)* (2018). <http://iresearch.worldbank.org/PovcalNet/>

⁹⁸ Authors' calculations and World Bank, *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle* (Washington, DC: World Bank Group, 2018).

⁹⁹ World Bank Human Capital Index (2018). The average HCI for FCS is 0.40, compared to a global average of 0.57. Under current conditions, children born in FCS will be only 40 percent as productive as adults than they could be if they had complete education and full health.

¹⁰⁰ The average refugee now spends around 10 years in exile. See Xavier Devictor and Quy-Toan Do, *How Many Years Have Refugees Been in Exile?* Policy Research Working Papers (Washington DC: World Bank Group, 2016).

FIGURE 13. IDA19 ADDRESSES FCV DRIVERS AND THEIR IMPACT ON VULNERABLE POPULATIONS TO SUPPORT PEACE AND PROSPERITY



108. **Participants called for WBG strategies and programming to be better tailored to FCV drivers, both in FCS and in other countries affected by FCV.** In IDA19, all CPFs, CENs and PLRs in IDA FCS will outline how WBG programming will address FCV drivers and sources of resilience, based on strong analytic foundations, such as RRAs or other FCV assessments. This commitment is key to ensuring that country allocations, through the PBA, support IDA clients to pivot toward prevention and to operationalize the findings of *Pathways for Peace*. Participants also stressed the importance of ensuring that RRAs are conducted systematically to a high level of quality in IDA FCS.¹⁰¹ Participants called for RRAs, including Regional RRAs, to more explicitly analyze and address social inclusion and cohesion, grievance and access to justice, gender, governance, the rule of law and accountability, climate as a conflict accelerator, jobs and migration. RRAs should also better identify conflict prevention and resilience opportunities with more operationally relevant recommendations that can feed CPFs, CENs, PLRs and programming to ensure that IDA implements truly tailored approaches. The RRA methodology will be improved to ensure that both single country and regional RRAs systematically cover relevant themes and have strong operational relevance. The WBG will continue to work closely and systematically with partners, such as the UN, EC, MDBs and bilateral partners, including in the preparation of RRAs, Recovery and Peacebuilding Assessments (RPBAs) and other FCV assessments. The WBG will also continue to promote the use of conflict filters/peace lenses to support portfolios and operations and take national/macro level analyses such as RRAs to a more granular level. These tools are important for identifying and addressing drivers of fragility and conflict risks in programming.

¹⁰¹ As is currently the case, RRAs may also be conducted in countries that are not on the FCS list.

109. **Participants emphasized the importance of continued collaboration between IDA and its many partners in FCV settings.** For example, IDA can bring value to partners at the humanitarian-development-peacebuilding nexus, in line with its development mandate and based on its comparative advantages. These advantages include: IDA's ability to bring in a combination of predictable medium- to long-term financial resources; its deep technical knowledge and analytical and advisory services; its convening power; as well as its development perspective to complement humanitarian and peacebuilding support. Participants also underscored the importance of applying this comparative advantage to WBG partnerships with humanitarian and peacebuilding organizations and security actors, including the UN and its peacekeeping operations, MDBs and Nongovernmental Organizations (NGOs).

110. **Participants called on IDA to increase its focus on the regional dimensions of fragility, including in the Sahel, Lake Chad region, and the Horn of Africa.** Participants recognized that climate change, demographic change, forced displacement, new technologies, IFFs, and violent extremism intersect and transcend borders, creating regional spillovers, and deepening IDA countries' vulnerability to shocks and crises. During IDA19, IDA will take a regional approach to fragility, where appropriate, including in these three priority regions. To start, the WBG will conduct Regional RRAs that will analyze and address FCV drivers and sources of resilience relevant to each regional context, such as climate as a conflict accelerator, core governance and state capacity, migration, and forced displacement. Informed by these and related diagnostic work, IDA will invest in at least three regional programs during IDA19, including in the Sahel, Lake Chad region, and the Horn of Africa, to mitigate fragility and security risks to promote engagement at the security-development nexus. IDA countries may apply to the Regional Window for these fragility-focused regional programs, as well as for other regional programming that meet the Window's criteria. (See Box 10.)

BOX 10. ADDRESSING REGIONAL FRAGILITY: SAHEL, LAKE CHAD AND HORN OF AFRICA

IDA19's regional approach in three priority regions - the Sahel, Lake Chad region and the Horn of Africa - will be fundamental in addressing the needs of the extreme poor in IDA FCS. IDA's support to the **Sahel** addresses the short- and long-term drivers of fragility by working to prevent conflict, promote stability and growth, and support rehabilitation and resilience. IDA programs target social sectors, rural and local development, agriculture productivity, adaptation to climate change and energy. IDA's approach is to: (i) understand drivers of fragility; (ii) target interventions to sources of FCV risks; (iii) focus projects in some geographical areas for rapid results; and (iv) promote human capital related interventions in country and regional programs.

As the largest source of concessional finance in the **Sahel** and the **Lake Chad** regions, and the second-largest in the **Horn of Africa**, IDA is well placed to convene clients and partners to identify solutions to regional dimensions of fragility. IDA19 will launch new initiatives to deal with emerging challenges and seize new opportunities:

- Countries in the Sahel and Lake Chad stand to benefit significantly from the **Prevention and Resilience Allocation (PRA)** within the FCV Envelope, which will support countries that are taking proactive steps to address drivers of conflict in order to reduce the risk of conflict escalation.
- IDA19 will develop and implement at least three regional programs (including in the **Sahel, Lake Chad region and the Horn of Africa**), which are informed by Regional RRAs and focus on mitigating key fragility and security risks.
- As a founding partner of the **Sahel Alliance**, IDA will contribute to peace, security and development in the region by a) speeding up delivery of development projects; b) crowding in resources, including from the private sector; and c) measuring results.
- IDA will further scale up **Human Capital** programming across the Sahel, spanning early childhood to higher education and girls' education.
- IDA will support the **Digital Economy for Africa Initiative**, launched by the African Union, to pursue key policy reforms and investments needed at the national and regional level to promote digital development.

IDA will support countries in the Sahel, Lake Chad and the Horn of Africa to **address climate vulnerabilities** through adaptive social protection and resilience of natural resource management-based livelihoods, including by improving access to renewable energy options.

111. Participants encouraged the scale-up of human capital interventions in IDA FCS. They stressed the importance of addressing gender, disability and socio-economic gaps in human capital opportunities and endowments in IDA FCS, both for their intrinsic benefits and their links to social inclusion and cohesion. Participants especially stressed the importance of addressing the differential constraints faced by women and men, boys and girls and people with disabilities in health care, education and social protection interventions. Participants acknowledged the importance of deepening partnerships with local institutions to deliver services and increase the agency of women and girls. During IDA19, most IDA FCS country portfolios will support improvements in social sector service delivery (i.e., health, education, and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities. Operations will promote social cohesion by focusing not only on quantity of services, but also on how services are delivered, recognizing that inclusive and effective social sector service delivery is central to improving state legitimacy and trust in institutions.

112. Participants particularly welcomed the new FCV Envelope, which offers a tailored financing toolkit that will provide more support to countries facing a range of FCV

challenges. The PBA will continue to be the bedrock of IDA’s country allocations and will be used to address FCV drivers and sources of resilience in all IDA FCS via Policy Commitment 1. The FCV Envelope offers a complement to this, with rules-based approach and a strong incentive and accountability structure, based on lessons from previous IDA cycles. (See Annex 3 for more details on the three types of allocations within the Envelope.) Management will report to Participants at the IDA19 MTR on the operationalization of the FCV Envelope and any emerging lessons, both in terms of allocations and efforts made by countries to design and/or recalibrate their portfolios.

113. Participants called on IDA to continue to scale up staffing to support IDA FCS, recognizing that a strong ground presence is key to improving portfolio quality and the delivery of good country outcomes. Participants noted that the IDA18 scale-up comprised an appropriate skills mix, including a mix of roles, grade levels and genders. They also noted Management’s role in tailoring IDA FCS staffing to the diverse and dynamic needs of each FCV context, including client needs, security, and cost-effectiveness. During IDA19, IDA committed to increase WB staffing to IDA FCS by at least 150 staff.¹⁰² For the purpose of this IDA19 policy commitment, staff will comprise GE+ staff and Extended Term Consultants (ETCs)¹⁰³ who are either: (i) based in IDA FCS locations that are on the forthcoming FCS List or; (ii) based in nearby locations that serve IDA FCS¹⁰⁴ and dedicate most of their work program to FCV issues.¹⁰⁵ Participants urged Management to continue to ensure an appropriate skills mix in the scale-up, while also calling for more staff in IDA FCS locations who can make decisions and take informed risks. Management confirmed its expectation that the large majority of this scale-up will comprise GE+ staff in IDA FCS locations, complemented by a small share of ETCs and staff in nearby locations. Participants also noted that this IDA commitment is being made in the context of an ongoing decentralization process and workforce planning exercise. Management will report on progress, including a breakdown of the composition of the scale-up, at the IDA19 MTR.

114. Participants also called on IDA to continue efforts to improve the employment value proposition (EVP) for working in IDA FCS and to strengthen operational effectiveness. Participants acknowledged that associated issues of staff and institutional incentives, training and learning, talent reviews, rewards and recognition, performance management, and career development will be considered as part of the forthcoming WBG FCV Strategy. IDA’s effectiveness and ability to deliver on its ambitious FCV commitments relies greatly on the quality,

¹⁰² The baseline will be measured from June 30, 2020 to June 30, 2023 – i.e., the IDA19 period.

¹⁰³ ETCs are full-time appointments at the equivalent of grade GE and above for a minimum of one-year, renewable for a second year. This is a category of staff that was re-introduced in mid-2018. ETCs are eligible for various benefits, including leave, medical insurance, life insurance, hazard and fragility pay, parental leave and others. Management is committed to the appropriate use of ET appointment types and will monitor the composition of the WBG total workforce accordingly.

¹⁰⁴ Staff, including ETCs, in nearby duty stations that serve IDA FCS can provide close and tailored support if security, family constraints or other circumstances do not allow them to be based full-time in an FCS location. These nearby duty stations can act as CMU extensions, with staff who can operate in a similar time zone, travel with relative ease, and be deployed flexibly based on business needs, taking into account fluctuation in the volume and content of work in IDA FCS. This will also help to ensure greater knowledge flow and more broad technical support across geographies and sectors.

¹⁰⁵ This will be measured as at least 75 percent of the individual’s work program, based on time charged in the WB time recording system. This ensures that staff, including ETCs, in nearby locations, who spend most of their time working in/on IDA FCS, will be counted. It also recognizes the need to allow opportunities for staff, including ETCs, to cross-fertilize FCV and non-FCV knowledge and experience within the WBG and prevent silos. It also accounts for time spent on administration, training, and corporate tasks.

security, well-being and motivation of its staff working in/on FCV. Participants recognized the importance of investing in the WBG's human capital, especially those working in FCS locations. Participants welcomed the focus on building capacity among clients, local staff, and partners to strengthen project implementation, including through the use of field-appropriate and cost-effective digital tools to enhance operational effectiveness and risk management.¹⁰⁶ Participants stressed the importance of continuing to develop approaches to work more effectively in FCS and to strengthen data gathering and M&E, which will be part of the forthcoming WBG FCV Strategy.¹⁰⁷

115. Participants noted the strong linkages between the FCV Special Theme and other Special Themes and cross-cutting areas. Around two-thirds of IDA FCS are at high risk of (or in) debt distress. Participants acknowledged the implications for IDA FCS and recognized that addressing debt vulnerabilities is especially challenging in FCS. They supported the strong alignment with the Governance and Institutions Special Theme and SDG 16, including IDA's efforts to support countries to strengthen core government functions in IDA FCS, mobilize domestic resources, produce core data for evidenced-based policy making and improve debt management policies. Participants also noted the importance of private sector development, business environment reforms, and jobs, and they welcomed the FCS-related commitments under the JET Special Theme, as well as the continuation of the PSW to catalyze investment in the toughest markets. Participants also welcomed the link to the Gender and Development special theme, especially related to GBV. Participants noted the importance of addressing climate change, as the countries affected by FCV face particular obstacles to adaptation.

116. Participants supported the continuation of the Refugee Sub-Window, renamed as the Window for Host Communities and Refugees (WHR), to support medium- to long-term development opportunities for both refugee and host communities in IDA countries. Participants welcomed the continued focus on the needs of, and opportunities for, women and children among refugee and host communities, acknowledging that WHR financing helps to scale up approaches that are effective in addressing gender inequality in contexts of forced displacement. Participants also welcomed IDA's continued efforts to engage in policy dialogue on development issues facing both refugee and host communities, including IDA's plan to conduct a review of the policy environments in WHR countries to gauge progress, identify further reform opportunities and inform further WHR support. In doing so, the review will shed light on the extent to which the WHR has helped to shift policies and their implementation in WHR countries (for example, in areas such as refugee protection, freedom of movement, access to education, health, identity, justice and finance, labor force participation including skills, employment and entrepreneurship, and environmental management) to promote inclusive development for both refugees and hosts. The methodology for the review will be prepared in coordination with UNHCR, and IDA will make every effort to ensure that the review's key findings and recommendations will be publicly available. (For more details on the WHR, see Section IV and Annex 4.) Meanwhile for IDPs,

¹⁰⁶ This systematic capacity-building approach also focuses on the limitations and risks of these and related technologies, including issues such as data protection and privacy.

¹⁰⁷ Any proposed revisions to operational policies relating to these issues will be submitted to the Board for consideration.

Participants recognized that IDA countries can use their country allocations to address the medium-term development needs of their IDP populations.¹⁰⁸

117. **IDA19 offers six policy commitments under the FCV Special Theme.** Building on progress achieved, Participants welcomed the ambitious but realistic set of policy commitments. Participants highlighted the need for attention to gender and partnerships throughout the policy commitments.

1. All CPFs, CENs and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as RRAs or other FCV assessments. Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and contain operationally relevant recommendations.
2. Develop and implement at least three regional programs (including in the Sahel, Lake Chad region, and the Horn of Africa), which are informed by Regional RRAs and focus on mitigating key fragility and security risks to promote engagement at the security-development nexus.
3. At least 20 IDA FCS country portfolios will support improvements in social sector service delivery (i.e., health, education, and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities.
4. By the IDA19 MTR, conduct a systematic review of refugee policy and institutional environments in countries eligible for the WHR since their initial eligibility, to inform further support for the creation of socio-economic development opportunities for refugee and host communities in these countries.
5. Support building client capacity in 50 percent of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.
6. Operationalize the FCV Envelope to provide enhanced and tailored support to IDA FCS. Also, IDA will deploy at least 150 more GE+ staff, including extended term consultants, to IDA FCS locations and nearby locations to serve IDA FCS.

¹⁰⁸ From FY00-FY17, around 68 WB projects either included IDPs as beneficiaries of specific project intervention or used the presence of IDPs within a community as a criterion for project or intervention site selection. While a few of these projects exclusively target IDPs, many of them were designed in an inclusive manner to address the needs of conflict-affected populations more broadly, including IDPs. Some examples of IDA projects include the US\$127 million *Citizen's Charter Emergency Regional Displacement Response Additional Financing* (P163468) in Afghanistan, the US\$28 million *Service Delivery and Support to Communities Affected by Displacement Project* (P161591) in the Central African Republic, and the *Emergency Northern Recovery Project* (\$65 million, P118870) in Sri Lanka, the US\$50 million *Yemen Emergency Electricity Access Project* (P163777) in Yemen, the *Local Governance and Service Delivery Project* (P127079) in South Sudan, and the *FATA Temporarily Displaced Persons Emergency Recovery Project* (P154278) in Pakistan.

E. SPECIAL THEME 5: GOVERNANCE AND INSTITUTIONS

118. **Good governance and accountable institutions continue to form the foundation to achieve the SDGs and WBG's Twin Goals in IDA countries.** Extreme poverty remains high in IDA countries, reflecting limited resources but also misaligned policy incentives, weak institutional capacity, and inequality and exclusion. Governance breakdowns in institutional quality have a negative impact on economic and social development, including slower growth, weak delivery of government services, and limited mechanisms for citizens to hold government to account. The ability of governments to provide public goods and services effectively and equitably, to support an environment that can generate jobs and inclusive growth, to address market failures and to engage citizens in the process is more important than ever. This ability is not only determined by the quality of public policies and the effectiveness of institutions, but just as importantly, on *how* policies are chosen and implemented.¹⁰⁹ Commitments under the Governance and Institutions Special Theme support a range of targets under SDG 16 which aims to promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels. More specifically, IDA19 support is central to SDG 16 targets of reducing illicit financial flows and reducing corruption and bribery in all its forms (SDG target 16.4 and 16.5). Commitments to strengthen core government functions in IDA FCS will also support SDG 16 target 16.6 of improving public expenditure, financial management and procurement and SDG 16.3 on access to justice. Supporting multi-stakeholder platforms will help increase transparency and citizen participation (SDG target 16.7) and building better data and empirics supported under this Special Theme is essential to monitor progress on all the SDGs.

119. **Building on IDA18 progress, Participants encouraged greater ambition and a greater focus on outcomes for the Governance and Institutions Special Theme in IDA19.** They took note of the solid progress in fulfilling the Governance and Institutions policy commitments in IDA18, reflecting IDA's constructive engagement to support this agenda in difficult contexts. For successful implementation of IDA interventions, IDA should support development of institutions that are capable, efficient, inclusive, transparent and accountable to citizen needs. While recognizing that institutional reform is often non-linear and requires a long-term view, it remains critical to be able to define targets and results in the shorter-term that can be achieved within an IDA cycle. Drawing on lessons from the IEG report on the implementation of IDA18 Special Themes, the approach in IDA19 will aim to ensure that citizen engagement in IDA operations is broadened and deepened with concrete steps, including building capacity, strengthening monitoring and reporting, and regular outreach. The interconnected approach in IDA19 will therefore continue to deepen achievements in core areas from IDA18 and incorporate lessons learned from implementation while also leveraging the other four Special Themes.

120. **Given the cross-cutting nature of governance reform, Participants highlighted the need for a collaborative WBG-wide approach and strategic partnerships.** The Governance and Institutions Special Theme has strong linkages with the prevention and mitigation of FCV as poor governance and corruption lead to poor development outcomes that fuel inequality, injustice and grievances, which in turn, drive fragility and instability.¹¹⁰ In addition, in all IDA countries,

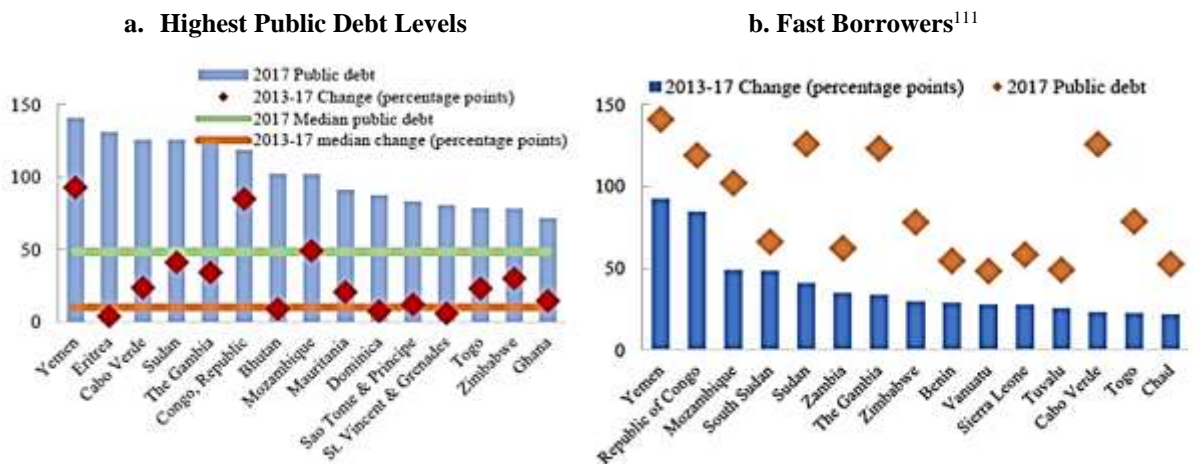
¹⁰⁹ World Development Report, *Governance and the Rule of Law*, (Washington DC: World Bank, 2017).

¹¹⁰ See Pathfinders for Peaceful, Just and Inclusive Societies, *Justice for All—Final Report* (New York, 2019).

capable institutions are fundamental to delivering growth and promoting the JET agenda in a just, inclusive and transparent manner so that the development benefits of investments are fully realized. Lasting reforms in Governance and Institutions require leveraging public and private sector expertise to build the foundations for inclusive and sustainable growth. The Governance and Institutions Special Theme will support clients in advancing evidence-based structural reforms. The Theme would also focus on helping IDA countries in improving domestic resource mobilization, debt management, transparent budgeting and efficient public spending. Given the systematic governance challenges faced by IDA countries, Participants noted that there has been significant focus on deepening and broadening collaboration and coordination with other development partners. Key partnerships include Platform for Collaboration on Tax (PCT), Open Government Partnership (OGP), Debt Management Facility (DMF), and G20 Infrastructure Working Group.

121. **Participants urged heightened focus on debt management and debt transparency as debt vulnerabilities in IDA countries have increased significantly in recent years.** The increase in public debt levels over the 2013-2017 period was broad-based across IDA-eligible countries. Overall, the increase in public debt for IDA FCS was relatively modest (nine percentage points, compared to 13 percentage points for non-FCS) between 2013 and 2017 (see Figure 14). However, eight IDA countries experienced an increase beyond 30 percentage points. Five of these countries are commodity-dependent FCS. Four countries reached the public debt levels observed in the early 2000s, of which three are FCS. As of end-June 2019, about 40 percent of FCS are at either low or moderate risk of external debt distress under the LIC DSF. Under IDA19, and in line with the IMF-WB MPA, IDA will support countries’ efforts to address their debt-related vulnerabilities, prioritizing those countries with significant debt transparency gaps and elevated debt vulnerabilities. This would be done notably by supporting their actions to enhance debt transparency, including through increased coverage of public debt in DSAs. (See also Section II B on Debt).

FIGURE 14. PUBLIC DEBT IN SELECTED IDA COUNTRIES
(PERCENT OF GDP UNLESS OTHERWISE SPECIFIED)



Source: “Debt Vulnerabilities in IDA Countries”, October 4, 2018

¹¹¹ Fast borrowing countries defined as those with the largest increase in the public debt-to-GDP ratio over the 2013-17 period.

122. Strengthening DRM remains critical for IDA countries to create fiscal space to finance priority spending while avoiding debt concerns and focusing on equity and outcomes.

Preliminary findings suggest that the financing gap for achieving the SDGs for developing countries could stand at around US\$2.5 trillion. Yet, IDA countries (and IDA FCS in particular) often encounter steep challenges in both raising taxes at levels adequate to meet critical spending needs and collecting those taxes in a fair and equitable manner. The WBG will continue to support IDA countries in addressing tax equity considerations by identifying constraints that prevent poverty and inequality reduction via tax and benefit policies. Globalization and digitalization hinder effective taxation of incomes, which has prompted many countries to turn to more regressive indirect taxes.¹¹² Also, domestic tax policies and administration are often uneven, which tends to favor wealthier and more powerful taxpayers. Participants urged IDA to address the equity impacts of taxes and spending and emphasized the importance of helping countries to collect not only more, but better tax revenues by developing fair, sustainable and modern tax systems such as through an increased focus on tax avoidance through Base Erosion and Profit Shifting (BEPS), and on tax exemptions and tax progressivity.¹¹³ Participants also encouraged a more results-oriented focus on support to DRM, which IDA aspires to achieve through the aim of increasing the tax-to-GDP ratios of 1 percentage point over the three-year IDA cycle for those countries under the 15 percent tax-to-GDP threshold. This will be done through partnerships and regional and bilateral support, such as through the Platform for Collaboration on Tax together with the IMF and the Organization for Economic Co-operation and Development (OECD).

123. Participants called on IDA to support countries to improve the sustainability of human capital financing, including with a focus on achieving universal health coverage and good learning outcomes.

Failures in DRM weaken human capital formation, a vital input to economic growth. The ability to build systems that can raise adequate financing for human capital accumulation is critical to sustainable financing and DRM, as stressed by the “G20 Shared Understanding on the Importance of UHC Financing in Developing Countries.”¹¹⁴ IDA will increase its emphasis on supporting IDA countries to invest in people through nutrition, health care, and quality education and take advantage of existing synergies between increased DRM and higher spending efficiency and budget transparency relating to public service priority areas. With advancing technology, GovTech can help support government efforts to increase the effectiveness of service delivery and make services more accessible, inclusive, and easier to use. A focus on increasing inclusion will help improve access to services for vulnerable groups. Currently, the WB is supporting GovTech solutions in approximately 25 IDA countries. Participants encouraged IDA to reach further and advance universal access under its GovTech engagements, particularly for people with disabilities. In addition, pandemics have caused much damage to people, societies, and economies, and momentum is building for more prevention and pro-active risk reduction, which can save significant human and economic costs.¹¹⁵ However, the state of readiness to anticipate and respond to public health emergencies like pandemics remains weak in most IDA

¹¹² See OECD, *Tax Challenges Arising from Digitalization – Interim Report 2018*, (Paris, France: OECD, 2018), and World Bank, *World Development Report 2020 Trading for Development in the Age of Global Value Chains*, (Washington DC: World Bank Group, 2019) see Chapters 3 and 10.

¹¹³ International Monetary Fund, *Finance & Development* (September 2019), available at <https://www.imf.org/external/pubs/ft/fandd/2019/09/pdf/fd0919.pdf>.

¹¹⁴ Available at https://www.g20.org/pdf/documents/en/annex_05.pdf.

¹¹⁵ World Bank, *High-Performance Health Financing Universal Health Coverage: Driving Sustainable, Inclusive Growth in the 21st Century* (Washington DC: World Bank Group, 2019).

countries. Thus, IDA will support interventions to increase human resilience in the face of public health emergencies like pandemics.

124. **Participants emphasized the importance of continued focus on tackling IFFs and encouraged a broader focus on anticorruption.** IFFs are a massive drain on development and the antithesis of shared prosperity. Corruption, organized crime, the illegal exploitation of natural resources, fraud in international trade and tax evasion divert and reduce public inequalities. The exact volume of IFFs in IDA countries is unknown, but tax evasion costs governments more than \$3 trillion a year,¹¹⁶ and countless more is lost through other illicit activities globally. The concealment of illicit funds drains capital from poor countries to rich ones and the use of corporate vehicles to move illicit funds and purchase assets distorts markets in wealthy economies. Studies indicate that offshore financial systems are growing.¹¹⁷ Reducing IFFs and their impact is therefore a global priority and a multifaceted challenge. The WBG approach to IFFs is to address the flow of funds across borders, the activities that generate the flows, and the institutional weaknesses that enable them. Under IDA19, IDA will support and promote effective regulatory and operational measures for combating tax evasion, money laundering, illicit financial flows and other challenges to the integrity of the international financial system. IDA will also support several countries to conduct comprehensive IFF assessments of both tax and criminal related information sources. IDA will also support the Automatic Exchange of Taxpayer Financial Account Information between countries which allows them to identify international tax evasion by high-wealth individuals thus reducing the incentives to engage in corruption and to generate illicit flows. The disclosure of beneficial ownership information is also critical in creating the level of transparency that is necessary to effectively prevent and confront corruption and address the IFFs created by corrupt transactions.

125. **Participants noted that strengthening governance and institutions is critical to achieving good country outcomes, particularly to address FCV challenges and close gender and disability data gaps.** The share of the extreme poor living in conflict-affected settings is expected to rise to nearly 50 percent by 2030, with conflicts driving 80 percent of all humanitarian needs and reducing GDP growth by two percentage points per year, on average. Participants welcomed the focus in IDA19 on strengthening core government functions in IDA FCS in ways that address FCV drivers. Participants emphasized that these efforts are essential to improving security, the rule of law, service delivery, accountability, state-citizen relations. Efforts to strengthen core government functions in ways that address FCV drivers will build on key diagnostic work introduced under IDA18 and will be informed by RRAs, with specific attention to security and rule of law dimensions. They also noted that reducing gaps in the availability of core data, including disaggregation by sex and disability, will promote better evidence-based policy making and will help IDA countries make progress on SDG16, focused on data for governance.

126. **Participants emphasized the importance of enhancing social accountability and citizen engagement.** Open, participatory and responsive governance is critical for governments to provide more inclusive, effective, and equitable public policies and service delivery. Openness and

¹¹⁶ International Monetary Fund, *Finance & Development* (September 2019), available at <https://www.imf.org/external/pubs/ft/fandd/2019/09/pdf/fd0919.pdf>

¹¹⁷ Ibid.

transparency are fundamental ingredients to ensuring information is available and accessible to the public, thus facilitating the public's informed participation in policy-making. IDA will help increase social accountability in IDA countries by supporting platforms that systematically involve a range of stakeholders, including women as well as vulnerable groups, in decision making and implementation of public policies. Such platforms include the OGP, the Extractive Industry Transparency Initiative (EITI), the Global Initiative for Fiscal Transparency (GIFT), and the Global Partnership for Social Accountability (GPSA), among others. Such platforms represent a comprehensive approach to greater social accountability through the merger of both citizen engagement and open government approaches to public policy making and implementation (see Box 11). Through IDA19, the WBG commits to scaling up country coverage of such multi-stakeholder platforms where they do not yet exist, and to deepen their reach in countries where they are currently active.

BOX 11. MULTI-STAKEHOLDER PLATFORMS

The Independent Evaluation Group's 2018 report, *Engaging Citizens for Better Development Results* assessed the Bank Group's efforts to mainstream citizen engagement and recommends the World Bank to "achieve greater depth and quality of the citizen engagement activities it supports" and "establish, where appropriate, 'thick' citizen engagement" by systematically using existing channels and tools at various levels.

Multi-stakeholder engagement is a way to achieve greater social accountability and citizen engagement. It helps to ensure greater depth and quality of openness and citizen engagement from the policy to project levels by creating a space for representatives from government and non-government groups (e.g., civil society, academia, the private sector) to actively and continuously engage, discuss, and deliberate policy decisions and partner to implement and monitor implementation. The World Bank's support for establishing and strengthening multi-stakeholder engagement will contribute to encouraging "thick" citizen engagement at various levels for better development outcomes.

For example, the Open Government Partnership's (OGP) multi-stakeholder forum in Afghanistan was established through a presidential decree and brings together 17 government and 17 civil society representatives to discuss the country's OGP Action Plan. The forum meets quarterly, with active participation by civil society to discuss feedback on public input on public policy and services. Decisions on what activities are to be included in the Action Plan are made based on consensus, or by vote if a consensus is not reached.

The World Bank's Global Partnership for Social Accountability (GPSA) brings together government, civil society coalitions, and other relevant stakeholders to develop and implement multi-stakeholder compacts to address pressing development challenges through social accountability approaches. In Uganda, for example, the GPSA supported a grant to enhance transparency and accountability of public contracting in agriculture, education, and health sectors for better service delivery. Establishment of a multi-stakeholder compact brought together civil society and government to implement the social accountability intervention in five Ugandan districts.

127. Participants encouraged IDA to continue to pursue actions and programs supported in IDA18 toward more open, effective, and accountable institutions as well as the following IDA19 policy commitments:

Promote debt transparency and debt management

1. Support at least 25 IDA countries to implement an integrated and programmatic approach to enhance debt transparency through increased coverage of public debt in DSAs and/or

supporting debt transparency reforms, including requirements for debt reporting to increase transparency.¹¹⁸

2. Support at least 25 IDA countries to bolster fiscal risk assessments and debt management capacity through a scale-up of fiscal risks monitoring and/or implementation of debt management strategies.¹¹⁹

Strengthen DRM

3. Support the implementation of country programs which support the efforts of those IDA countries with tax revenues persistently below 15 percent of GDP to achieve an unweighted average increase in tax-to-GDP ratios of one percentage point over the three-year IDA cycle, as part of collective efforts with partners.

Strengthen infrastructure governance

4. Support at least 20 countries to identify the governance constraints to the development, financing, and delivery of quality infrastructure investments with particular attention to project preparation, procurement, environmental and social considerations, and integrity, to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these.¹²⁰

Support investments in people that promote efficiency, growth, and equity

5. Support at least 15 IDA countries with the lowest HCI to improve sustainability of human capital financing, including a focus on reaching universal health coverage and good learning outcomes for all, through: (i) improving the efficiency of public expenditures, and (ii) more effectively aligning expenditures with domestic financing and external resources in a sustainable manner.

Enable universal access to public services through GovTech

6. Support at least 12 IDA countries to adopt universally accessible¹²¹ GovTech solutions.¹²²

¹¹⁸ Support to this commitment will draw from a suite of instruments, including lending operations, diagnostics and technical assistance.

¹¹⁹ The actions under Policy Commitments 1 and 2 will focus mainly on moderate and high-risk countries, consistent with the focus of the SDFP. These actions could also help prevent deterioration in the risk of debt distress, including sharp (or rapid) deteriorations from low to high risk as observed in some cases.

¹²⁰ Focus to be on countries identified with CPIA rating at 3 or less for Indicator 16 on Transparency, Accountability and Corruption. There are currently 55 IDA countries in this pool.

¹²¹ 'Universally accessible' means that GovTech services are designed so that they can be accessed, understood and used by all people, regardless of disability, age, use of assistive devices, location or means of Internet access. It applies to hardware and software.

¹²² GovTech solutions include hardware, software, applications and other technology to improve access and quality of public services; facilitate citizen engagement (CivicTech); and improve core government operations. These include enabling analog complements to strengthen institutions for GovTech implementation, including devising related strategies, building capacity, passing related laws on e-government, data access and use; and developing regulatory frameworks to facilitate interoperability.

Strengthen pandemic preparedness

7. Support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment).

Tackle corruption and tax evasion to reduce illicit financial flows

8. Support at least five countries to conduct comprehensive IFF assessments and prepare action plans. Also support at least 20 IDA countries to take IFF-related policy actions, such as increasing access to and awareness of beneficial ownership information and/or adopting automatic exchange of information to reduce tax evasion.
9. Support at least 50 percent of IDA countries to implement e-procurement systems and conduct detailed procurement data analytics, in order to increase efficiency of public spending and mitigate corruption risks.

Support multi-stakeholder platforms for policy making and implementation

10. Support at least 50 percent of IDA countries to establish and strengthen platforms for engaging with multiple stakeholders, including women as well as vulnerable groups, in policy making and implementation to enhance public participation, accountability and responsiveness.

Enhance the core functions of government in IDA FCS

11. Support at least 95 percent of IDA FCSs (with active portfolios) to establish and/or strengthen core government functions to address FCV drivers.¹²³

Improve data for more evidenced-based policy making

12. Support 30 IDA countries, including those with ongoing statistical operations,¹²⁴ to support institutions and build capacity to reduce gaps in the availability of core data for evidence-based policy making, including disaggregation by sex and disability.¹²⁵

¹²³ Core government functions refers to: (i) public revenue and expenditure management; (ii) decentralization and service delivery; (iii) government employment and public administration; and (iv) the rule of law.

¹²⁴ This commitment would target 25 percent out of 51 IDA countries without ongoing statistical operations.

¹²⁵ Data disaggregation by sex and disability in the Data for Policy (D4P) package will be performed where it is appropriate, which corresponds to contexts where household survey data is amenable to disaggregation, specifically for data collected at the individual level. The D4P package will also continue promoting the production of sex and disability disaggregated statistics in countries where this is already available.

SECTION IV: VOLUMES AND TERMS OF IDA ASSISTANCE IN IDA19

128. **Participants welcomed the ambitious IDA19 financing package which is critical to help IDA countries meet financing needs for achieving the Twin Goals and the 2030 ambitions.** They acknowledged the need to sustain IDA programming at scale to adequately support IDA countries face the global headwinds, development challenges and myriad of risks and vulnerabilities outlined above. IDA countries have demonstrated that they have the capacity to absorb IDA resources in order to tackle these challenges and pursue good country outcomes. The sustained and increasing demand for IDA resources, following on from IDA18's strong delivery record, indicates that IDA19 can reach further and deliver more for its clients.

129. **Participants agreed to an IDA19 replenishment of US\$82.0 billion (equivalent to SDR 59.3 billion),¹²⁶ which represents a three percent increase in real terms in IDA resources available for IDA clients.** This is summarized in Table 3 below:

TABLE 3. IDA19 USE OF RESOURCES (IN US\$ AND SDR BILLION)

	<i>In US\$ billion</i>		<i>In SDR billionⁱ</i>	
	IDA18ⁱⁱ	IDA19	IDA18ⁱⁱ	IDA19
1. Concessional	63.6	73.8	45.3	53.4
I. CORE IDA	52.4	60.5	37.4	43.7
<i>FCS/ FCVⁱⁱⁱ</i>	<i>14.7</i>	<i>18.7</i>	<i>10.5</i>	<i>13.5</i>
o/w FCV Envelope ^{iv, v}	4.7	7.5	3.4	5.4
Syria	1.0	1.0	0.7	0.7
<i>Non-FCS</i>	<i>37.7</i>	<i>41.8</i>	<i>26.9</i>	<i>30.2</i>
II. NON-CORE IDA	11.1	13.3	7.9	9.6
<i>Regional & Public Goods Envelope</i>				
Regional Window	5.0	7.6	3.6	5.5
Window for Host Communities and Refugees	2.0	2.2	1.4	1.6
Crisis Response Window	3.0	2.5	2.1	1.8
Arrears Clearance	1.1	1.0	0.8	0.7
2. Non- Concessional	9.0	5.7	6.4	4.1
Scale-up Window	6.2	5.7	4.4	4.1
Transitional support	2.8	-	2.0	-
3. Private Sector Window	2.5	2.5	1.8	1.8
Total	75	82	53	59
<i>Grants</i>	<i>16.7</i>	<i>21.6</i>	<i>11.9</i>	<i>15.6</i>
<i>Grant element: concessional IDA</i>	<i>58%</i>	<i>59%</i>	<i>58%</i>	<i>59%</i>
<i>Grant element: overall replenishment</i>	<i>49%</i>	<i>53%</i>	<i>49%</i>	<i>53%</i>

Key notes:

- (i) Reflects the planned IDA18 envelope with SDR53.5 billion based on IDA18 foreign exchange reference rate of SDR/US\$ 1.40207 and the agreed IDA19 SDR/US\$ exchange rate of 1.38318.
- (ii) IDA18 agreed as reflected in the IDA18 Deputies Report. This was revised at IDA18 MTR and further reallocations were implemented in FY20.
- (iii) Allocations estimated based on FY19 FCS harmonized list. For the comparison, IDA18 amounts are also based on the FCS countries but include notional additional amounts due to special regimes such as RMR, Turn-around, and post-conflict exceptional allocation, as well special set-aside (e.g., Syria).

¹²⁶ At the IDA19 foreign exchange reference rate of SDR/US\$1.38318.

- (iv) *The IDA18 envelope for FCV is indicative at the beginning of IDA18, including RMR top-up and notional turn-around resources including US\$1 billion set-aside for Syria.*
- (v) *IDA19 FCV envelope is indicative based on potentially eligible countries, but which has not been pre-determined. Thus, if not subscribed, unused amounts are allocated to regular IDA countries through Country IDA allocation (PBA) or inter/intra- regional allocation in the second half of the IDA period. The IDA19 FCV envelope includes up to \$1.0 billion potential funding for Syria within the TAA.*

A. CONCESSIONAL IDA FINANCING

Country Allocations

130. **Participants agreed to increase the overall amount for IDA19 country allocations, which serve as the foundation for IDA’s engagement to support clients in achieving their development objectives.** These country allocations will provide critical unearmarked support to all IDA-eligible countries for priority interventions that have direct impact on advancing investments in people, growth and resilience. Country allocations will comprise 74 percent of total IDA19 resources, up from 70 percent in IDA18. Country allocations are based on IDA’s long-standing PBA mechanism which strategically allocates IDA’s limited resources by incentivizing strong policies and performance, while recognizing country needs (see Annex 2 for more details). The PBA system will remain largely the same as in IDA18. Actual allocations will be adjusted to reflect updated approaches to debt and FCV under IDA19.

131. **Participants welcomed adjustments to country allocations to help IDA countries on a path of sustainable development finance, while strengthening debt management capacity.** As noted in Section II B above, the forthcoming SDFP will include the DSEP, which aims to enhance incentives for countries to move toward sustainable development financing by tailoring the annual performance and policy actions based on the specific circumstances and capacity of each IDA country. It will rely on an allocation “set-aside” designed to incentivize countries to take policy steps to reduce debt vulnerability risks. IDA’s country allocations for countries at moderate, and high risk or in debt distress will be subject to a set-aside of 10 percent (moderate risk) or 20 percent (high risk or in debt distress), which can be later recovered upon completion of an agreed set of policy and performance actions. With this system, countries consistently meeting their annual performance and policy actions would maintain their full allocations for the IDA19 period and beyond. Countries consistently missing their annual targets would lose access to the set-aside near the end of the IDA cycle and these resources would return to the PBA envelope. (See Annex 9 for more details.)

132. **Participants welcomed the creation of the FCV Envelope within IDA’s primary envelope for country allocations.** The FCV Envelope draws heavily on the lessons learned during IDA18,¹²⁷ and offers a strong incentive and accountability structure to provide enhanced support to countries facing different kinds of FCV risks. The FCV Envelope will be integrated with country allocations and is comprised of three FCV-related country allocations: (See also Annex 3.)

- a. The **Prevention and Resilience Allocation (PRA)** will provide enhanced support for countries at risk of falling into high-intensity conflict or large-scale violence, based on

¹²⁷ See [IDA19 Second Replenishment Meeting: Special Theme - Fragility, Conflict and Violence, Section II D, “Progress and Lessons from the IDA18 Financing Toolkit.”](#)

government commitment and agreed milestones. PRA countries will receive a 75 percent boost to their PBA up to a national top-up cap of US\$700 million for IDA19.

- b. A new **Remaining Engaged during Conflict Allocation (RECA)** will enable IDA to maintain a base level of engagement in a small number of countries that experience high-intensity conflict and have extremely limited government capacity. The RECA also codifies the ability of the WB to partner with UN agencies or International Nongovernmental Organizations (INGOs) in certain limited circumstances for development projects that benefit RECA countries.
- c. The **Turn Around Allocation (TAA)** will support countries emerging from a period of conflict, social/political crisis or disengagement, where there is a window of opportunity to pursue reforms that can accelerate its transition out of fragility and build resilience, based on government commitment and agreed milestones. For example, countries re-engaging with IDA after arrears clearance could benefit from this allocation. The TAA will top up the country's PBA by 125 percent up to a national top up cap of US\$1.25 billion per country during IDA19.

133. **The performance-based focus of the country allocation system reflected in IDA18 allocations will be preserved in IDA19.** The proposed SDFP will be closely linked to the IMF/World Bank LIC DSF to provide appropriate and fair incentives for IDA countries to take policy steps to reduce debt vulnerability risks, while taking into account different needs and capacities of IDA countries. Furthermore, within the FCV Envelope, the PRA and TAA incentivize performance to address FCV drivers, with milestones that will be reviewed annually. Also, these adjustments to country allocations will not come at the expense of better performing countries facing their own significant development challenges.

134. **IDA19 will sustain IDA18's significant scale up for Small States to respond to their unique challenges and vulnerabilities.** In IDA19, Small States will continue to benefit from the massive increase in IDA's minimum base allocation in IDA18 to SDR 15 million (equivalent to US\$20.7 million)¹²⁸ per year. They will also stand to benefit from the enhanced linkages to resilience under the CRW, as well as adjustments to the Regional Window which could significantly boost financing to Small States to help them expand markets, find regional solutions for challenges facing multiple countries, harmonize policies, and promote global public goods. Small Island Economies (SIEs)—a subset of Small States—will continue to receive special treatment from IDA pursuant to IDA's Small Island Economies Exception Policy.¹²⁹ Sixteen SIEs with GNI per capita above the IDA operational cut-off are receiving IDA Concessional Credits on the most favorable terms that IDA offers—Small Economy Terms. Small States that are not island states will also continue to receive IDA Concessional Credits on Small Economy Terms.

¹²⁸ Using IDA19 foreign exchange reference rate of SDR/US\$ 1.38318.

¹²⁹ The SIE Exception Policy, first adopted in 1985, was revised in March 2019 to include (a) criteria for considering requests from IBRD-only SIEs to be reclassified as IDA-eligible SIEs; and (b) criteria for calibrating the terms on which IDA concessional resources are provided to SIEs. In accordance with the revised policy, the borrower status of the Republic of Fiji was reclassified from "IBRD-only" to "Blend Country" status, effective as of July 1, 2019.

IDA Concessional Windows

135. **Participants welcomed proposed adjustments to IDA Windows** which: (i) expand the Regional Window to support strategic initiatives, regional organizations and policy reform; (ii) enhance the CRW to support early response to slower-onset crises; and (iii) simplify the IDA architecture through the Regional Public Goods Envelope to improve resource allocation responsiveness and efficiencies across the Regional Window and WHR within clearly defined parameters and avoiding creation of new windows. Specifically, IDA19 will enable a flexibility of resources between the windows up to a maximum of US\$ 0.5 billion before IDA19 MTR.

136. **Participants supported a significant scale-up in resources for the Regional Window.** The expansion will be anchored in regional strategies and focused on identified priorities, such as prevention and preparedness for natural disasters and pandemics, the Blue Economy (see Box 8 in Section III C), and adoption of innovations with strong spill-over effects to other IDA countries. In Africa, the “Africa Regional Integration and Cooperation Assistance Strategy” FY18-FY23 will guide selection of priority operations including addressing regional dimensions of fragility (including in the Sahel, Lake Chad region, and the Horn of Africa); the Human Capital Project; trade and value chains; and the Digital Economy for Africa. South Asia’s strategic focus centers on promoting cooperation on a sub-regional basis in sectors such as IT, energy, waterways and environment. Europe and Central Asia (ECA) is launching a new Regional Engagement Framework for Central Asia (REFCA) with a focus on regional links, hydro-power/energy market development, increased trade/transport relations and overall strengthening connectivity to South Asia. This includes projects that aim to improve regional connectivity between Tajikistan and Afghanistan and foster economic activity, with one key focus being on at-risk border regions between the two countries based on risk and resilience analytics. East Asia and Pacific will focus on the Pacific Islands in the areas of aviation, communications, environmental management, fisheries and disaster financing including catastrophic risk insurance. The Latin America and Caribbean WBG’s Regional Partnership Strategy for the Organization of Eastern Caribbean States (OECS) for 2015-20 focuses on growth and competitiveness and strengthening resilience. Regional cooperation is one of four pillars of the Middle East and North Africa region’s strategy and focuses on public goods (education, water and energy) and fostering greater trust and collaboration and seeking opportunities for inter-regional initiatives with the Africa Region.

137. **Participants also took note of the proposed operational adjustments to the Regional Window.** They welcomed the introduction of regional DPF operations within the Regional Window to support coordinated regional policy reforms, while underscoring the need for disciplined implementation of this modality. The Regional Window will scale up support for single-country operations that clearly demonstrate spillovers, for example for pandemics or when a multi-country agreement calls for the implementation of activities that can be financed through an IDA operation.¹³⁰ Furthermore, depending on the nature of support and adequate risk assessments, the Regional Window will also allow creditworthy regional organizations to access IDA credits, provided that such interventions exclusively benefit IDA countries. Participants also stressed that complementary policy and institutional reforms are needed to ensure that gains from

¹³⁰ In IDA17, Participants agreed to introduce to the IDA Regional Window the ability to finance projects with only one IDA country, but which would have a significant transformational impact on the region.

regional investments materialize fully and do so in an inclusive and sustainable manner (See Annex 5.)

138. Participants endorsed the proposed CRW support to slower-onset crises, i.e., disease outbreaks and food insecurity. They stressed the importance of developing appropriate operational and governance arrangements for this, including triggers. The CRW will also help galvanize crisis preparedness through CERCs and establish more explicit linkages between CRW usage for efforts to “build back better” through strengthening countries’ post-crisis programming to strengthen resilience to future shocks. Participants encouraged IDA to support countries to better understand the range of tools available in the crisis toolkit. Participants endorsed a proposed CRW envelope of US\$2.5 billion, with the opportunity to adjust at the IDA19 MTR if additional resources are required for crisis response. At the IDA19 MTR, the CRW’s experience with the early response framework, especially the triggers and their adequateness will be reviewed and analyzed. (See Annex 6.)

139. Participants supported IDA retaining capacity to support countries¹³¹ seeking to re-engage with IDA in IDA19. Such exceptional support will be provided under IDA’s systematic approach to arrears clearance, as warranted by the country context. Participants agreed to make US\$1 billion available for this purpose in IDA19. Participants requested Management to provide an update on the utilization of resources for arrears clearance operations at the IDA19 MTR and to indicate plans for the reallocation of any unused resources during the last year of IDA19.

140. Participants supported the continuation of the PSW with an allocation of US\$2.5 billion and welcomed steps Management has taken to enhance transparency. The PSW is a primary tool of the WBG to support the IFC’s corporate goal of increasing its share of commitments in IDA countries in line with the IBRD and IFC capital package. Drawing on lessons learned from the PSW pilot in IDA18, the PSW in IDA19 will maintain the same facilities, but with indicative amounts for each sub-facility reflecting emerging demand. The PSW eligibility framework will be modified to (i) support one replenishment period transition for IDA countries either moving to gap status or no longer on FCS list,¹³² and (ii) allow PSW resources to support programmatic interventions where up to a maximum of 20 percent of the total investments supported by a program may be located outside of PSW eligible countries,¹³³ only provided that it is demonstrated a multiplier effect in terms of direct benefits achieved through the specific program in PSW eligible countries is demonstrated. Participants welcomed the exploration of new instruments under the Blended Finance Facility and Local Currency Facility to enhance local currency lending and include local financiers and third-party lenders (including other DFIs where appropriate), in PSW supported IFC-led transactions. Management will keep IDA Participants updated on progress and obtain necessary authorizations from IDA Board to implement the

¹³¹ Three countries with loans and credits to IBRD and/or IDA in protracted arrears could potentially become eligible for exceptional IDA support for arrears clearance. Somalia and Sudan have been ring-fenced for potential eligibility under the Heavily Indebted Poor Countries (HIPC) Initiative, while Zimbabwe was not assessed in the context of the HIPC ring-fencing exercises.

¹³² A transition replenishment would imply that countries which change to IDA Gap status within a replenishment will have access to PSW resources for the next replenishment cycle before losing access to PSW.

¹³³ For a list of PSW eligible countries please see <https://ida.worldbank.org/sites/default/files/pdfs/psw-eligible-countries-regions.pdf>.

solutions. Participants asked to continue being informed on progress made and welcomed enhanced transparency on PSW subsidies, encouraging Management to strengthen linkages of PSW support with the IDA Special Themes. In addition to expanding information available on IDA, IFC, and MIGA's websites, Management committed that the PSW website¹³⁴ will compile a range of information about the PSW, including list of projects supported, expected impacts and subsidy provided, as well as multimedia information on individual projects showcasing economic rationale for subsidy utilization and additionality to MIGA and IFC's own lending in IDA countries. Participants also called for an IEG review of PSW implementation by the IDA19 MTR.

141. Participants supported the continuation of the WHR with an allocation of US\$2.2 billion. (See Annex 4.)

B. NON-CONCESSIONAL IDA FINANCING

142. While non-concessional IDA financing consumes less IDA capital than concessional financing, the share of concessional vs. non-concessional financing in each replenishment must reflect demand from IDA countries. With the elimination of IDA transition support to IDA graduates, which was endorsed by IDA Participants at the IDA18 MTR,¹³⁵ non-concessional resources in IDA will be reduced in IDA19. This also reflects strong demand from IDA countries for concessional resources.

143. The Scale-up Facility will continue in IDA19 but will be renamed as the Scale-up Window (SUW). The SUW will provide financing on IBRD lending terms to Blend and IDA-only countries that are at low or moderate risk of debt distress to support high-quality, transformational single-country and regional operations with strong development impact. The SUW will continue to focus on interventions that help clients remove critical constraints to development. Implementation arrangements will remain consistent with IDA18, including ensuring full alignment with the forthcoming SDFP and the IMF Debt Limit Policy. Participants agreed to allocate an envelope of US\$5.7 billion to the SUW in IDA19. (See Annex 8.)

¹³⁴ See IDA18 IFC-MIGA Private Sector Window.

¹³⁵ See the IDA18 MTR report *Transitioning out of IDA financing - A review of graduation policy and transition process*.

Graduation

144. **Participants congratulated Moldova and Mongolia on their recent development gains and on the achievement of graduating from IDA at the end of IDA18.** They also agreed to maintain IDA's flexible and holistic graduation process, which helps countries make a successful and lasting exit from IDA. To confirm readiness and ensure a smooth and permanent transition from IDA to IBRD, Management also committed to strengthen consultation with the relevant governments. To help ensure such a smooth and permanent transition, Participants welcomed Management's commitments made under the IBRD capital increase that: IDA graduates receive adequate IBRD support, aiming to make available resources to fully replace IDA financing; and be exempted from the maturity premium increase for two IDA replenishment cycles. (See also paragraph 149 for IDA graduates' ability to recommit resources from canceled IDA projects.) Participants agreed to discontinue provision of exceptional transitional support to IDA graduates at the end of IDA18. Finally, Participants agreed to retain a cap on allocations to Blend countries with large cumulative WB commitments at seven percent of country-allocable IDA resources.

C. LENDING TERMS

145. **Participants agreed to retain IDA18's concessional and non-concessional lending terms into IDA19,** subject to exceptions listed in the next paragraph. For IDA-only non-gap countries, grant eligibility will continue to be based on risk of debt distress ratings. Countries at low risk of debt distress will receive their concessional IDA resources on credit terms. Countries at moderate risk of debt distress will receive IDA concessional financing in a mix of 50 percent credit and 50 percent grant terms.¹³⁶ Countries at high risk of debt distress will receive their IDA allocations fully on grant terms, subject to a ceiling of US\$1 billion per FY per country.¹³⁷

146. **Participants also agreed to retain the lending terms for the WHR.** For countries at high risk of external debt distress, WHR financing will be provided on grant terms. For countries at low to moderate risk of external debt distress, financing will be provided 50 percent in grants and 50 percent in the applicable credit terms of the country. In an adjustment to the apportionment of WHR resources and PBA resources, the WHR in IDA19 will finance up to 90 percent of the total project amount, complemented by at least 10 percent from the country's PBA.¹³⁸ (See Annex 4.)

147. **Participants supported a two-stage approach to develop solutions that would benefit IDA countries in accessing local currency financing.** While there are many structures and features that could be explored, each one comes with its own challenges and tradeoffs, and needs to be carefully assessed in order to meet borrowers' development needs while preserving IDA's long term financial sustainability. Given the complexity and the challenges involved in developing new local currency solution products, Participants have requested an in-depth analysis of this topic before the end of IDA18, with the aim to develop and discuss a proposal at IDA19 MTR.

¹³⁶ Terms may be hardened if performance and policy actions under the forthcoming SDFP are not met.

¹³⁷ To help address moral hazard and to protect IDA's long term financial sustainability, a ceiling of \$1 billion on grant allocations per FY per country will be introduced in IDA19. Allocations beyond this ceiling would be on IDA regular terms or as determined under the SDFP. See *Addressing Debt Vulnerabilities in IDA Countries: Options for IDA19* IDA/SecM2019-0176 (June 4, 2019).

¹³⁸ This adjusted apportionment reflects lessons from IDA18 and aims to simplify and focus the dialogue between WB teams and clients on substantive issues relating to WHR programming.

148. **Accelerated repayments.** Participants noted that the implementation of the acceleration clause could place a heavy burden on IDA19 graduates and hinder their smooth transition out of IDA. They therefore supported the temporary suspension of the decision to exercise the acceleration clause for Moldova and Mongolia for the duration of IDA19. Regarding the IDA18 graduates, Participants welcomed Management’s proposal to exercise the acceleration clause included in the legal agreements for regular and blend credits since 1987. The proposal was approved by the Executive Directors in December 2019.¹³⁹

149. **Recommitment of resources from canceled projects by IDA graduates.** Participants noted the importance of retaining flexibility and incentives to restructure ongoing IDA-financed operations to achieve their development impact, including operations in IDA graduates. As such, Participants supported retaining the practice approved at the start of IDA18 to allow IDA graduates to recommit resources from canceled projects, and subsequently updated the practice after the IDA18 MTR.¹⁴⁰ Cancelled funds may be used for recommitments within the same fiscal year (FY), and in all cases before June 30 of the last year of the IDA replenishment cycle within which the cancellation occurs.¹⁴¹

SECTION V: ENSURING EFFECTIVE IMPLEMENTATION

150. **IDA19 implementation will build on lessons learned from implementation, IEG reviews and feedback from Participants.** IDA18 implementation to date has demonstrated IDA’s capacity to deliver at much larger financing volumes while maintaining the quality of programs, even as the risk profile has increased. The strong demand for IDA19 financing, specifically including through the expanded Regional Window and the new FCV Envelope, underscores the need for IDA to continue enhancing efficiency and effectiveness to better support clients to tackle the toughest challenges. Before and throughout the IDA19 period, Management will reinforce outreach to staff to prepare well for the opportunities of IDA19 and to strengthen efforts to improve project performance and portfolio quality.

151. **Attention to risk and performance during implementation will also be enhanced, with an emphasis on early identification of high-risk projects and proactive actions to address them.** Participants underscored the need for robust implementation monitoring and evaluation in IDA19, as IDA takes on more work in FCS, assists increasingly more IDA countries address debt vulnerabilities and undertakes a greater mandate in support of regional priorities. In IDA19, Management will continue to take a comprehensive approach in monitoring IDA’s pipeline of projects to facilitate early identification of problem projects. It will also continue to track the “Proactivity Index,” a key measure introduced with the IDA18 RMS for tracking actions taken to

¹³⁹ See *IDA19 Acceleration of Credit Repayments to IDA* IDA/R2019-0347 (December 13, 2019).

¹⁴⁰ See *IDA18: Post-Mid-Term Review Amendments* IDA/R2018-0401 (December 17, 2018). See also *IDA Directive on Recombitment of IDA Resources* (February 7, 2019), which limits eligibility to IDA graduates within two replenishment cycles following IDA graduation; allows cancelled IDA balances from IDA concessional credits to be recommitted on Blend terms; and requires any cancelled IDA balances from IDA non-concessional credits to be recommitted on IDA non-concessional credit lending terms.

¹⁴¹ Current IDA-eligible countries have the flexibility to recommit eligible balances within the full three-year IDA cycle.

improve the performance of problem projects. Furthermore, Management will leverage the enhanced Project Preparation Facility (PPF) to facilitate substantial project preparation and implementation support for IDA borrowers, particularly those in FCV situations. In the same vein, as anticipated in IDA18, Management will continue to monitor carefully IDA disbursements, as IDA18 and IDA19 significant scale-up will involve a natural lag between the commitments and disbursements, which draw on commitments from previous (and smaller) replenishments.¹⁴² Strong fiduciary oversight will continue as well.

152. Management will closely monitor the operationalization of the IDA19 FCV Envelope.

The design of the FCV Envelope draws heavily from lessons learned during IDA18 and WB-wide experience and strategic insights on how IDA can most effectively enhance support to FCS clients facing different kinds of FCV risks.¹⁴³ Participants called for Management to implement a clear rules-based approach. Operationalization of the FCV Envelope requires early outreach and preparation to enable clients to access these resources and make appropriate commitments. Implementation of FCV Envelope allocations will be complemented by the ongoing scale-up of staffing to serve IDA FCS, which will improve the skills mix to help clients to address FCV drivers. Coordination and cooperation with partners will continue to be important throughout the project cycle and, in particular as the FCV envelope is operationalized, Bank teams will consult with the UN, CSOs, and regional organizations in the development of eligibility packages. Outreach on implementation planning for the FCV Envelope is underway and aims to prepare country teams and GPs to engage with clients on its incentive and accountability structure. (See Annexes 3 and 4.)

153. A strategic approach will be undertaken in the selection of operations to be financed by the IDA Regional Window scale-up, to ensure its effective implementation in IDA19.

These operations will be anchored in regional strategies and identified priorities. Measures will be taken to enhance selectivity in identifying operations for financing. Quality will be ensured through mainstreaming of RI portfolio issues in Country Portfolio Performance Reviews (CPPRs), allocating budget for preparation of FY20 and FY21 projects portfolio, and attention to project design. Proactive outreach to clients will also help firm up the pipeline. Furthermore, actions have been identified to strengthen the design and monitoring of impact and spillover benefits of regional projects. These efforts will include: analytic work as a basis for strengthening the pipeline identification process and articulation of the change theory for projects; standardized results indicators capturing the spillover benefits; convening of countries and regional bodies to reach a better and shared understanding of regional benefits of proposed interventions; political economy analysis; and limited use of regional policy-based instruments to strengthen coordinated policy reforms. Arrangements for operational support for a scaled-up Regional Window will also include streamlining and staff strengthening.¹⁴⁴ (See Annex 5.)

¹⁴² As explained in *The Demand for IDA18 Resources and the Strategy for their Effective Use* and in the *IDA18 Mid-Term Review Implementation and Results Progress Report*

¹⁴³ *IDA19 Second Replenishment Meeting: Special Theme - Fragility, Conflict and Violence*, see Section II D, “Progress and Lessons from the IDA18 Financing Toolkit.”

¹⁴⁴ Staff strengthening includes: more experienced staff, increased decentralization of staff, attention to provision of fiduciary staff for financial management, procurement and safeguards in addition to technical staff. See [Additional Information Following up on the Addis Ababa Discussions on Regional, Crisis Response and Private Sector Windows](#). Development Finance Corporate IDA and IBRD (DFCII), September 27, 2019

154. Preparation to implement PSW in IDA19 is well underway, building upon lessons learned over IDA18. PSW uptake in IDA18 was slower than expected due in part to the long ramp up period needed to create PSW policies, procedures and controls systems. These critical foundations are now in place to support solid implementation in IDA19. Likewise, cost recovery arrangements among the three institutions were established in IDA18 and will continue with annual reviews. Both IFC and MIGA have developed a significant pipeline of transactions in IDA18 which will enable a stronger start for IDA19.¹⁴⁵ The DFIs Enhanced Blended Concessional Finance Principles for private sector operations have been rigorously applied to all proposals for PSW allocation. Projects will continue to be reviewed based on the additional volume of commitment and mobilization over what would have been achieved by IFC or MIGA without PSW support, or the notable “firsts” that PSW is supporting. In addition, projects are now reviewed even more closely based on their contribution to country or sector reform efforts or their market-level impacts to assess if they warrant concessional support, as detailed in IFC’s Anticipated Impact Measurement and Monitoring (AIMM) framework and MIGA’s Impact Measurement and Project Assessment Comparison Tool (IMPACT) assessment.¹⁴⁶ Management will also review the efficiency of its internal operational and financial arrangements for the PSW to ensure fit-for-purpose.

155. Robust implementation planning is underway to ensure effective implementation of the forthcoming SDFP. The SDFP will build on the NCBP architecture. Its governance and implementation arrangements will be designed to ensure that all key aspects of the policy are covered, and country-specific circumstances are considered in Management’s decisions. Governance will be anchored in a rules-based approach with simple and concrete rules, making it easy for client governments, country teams and other creditors to understand. The Policy will have an accountability and decision-making framework with clear roles regarding (i) defining SDFP performance and policy actions and assessing progress against them and (ii) establishing and releasing set-asides from IDA country allocations (see paragraph 47), and/or adjusting financial terms based on progress against the performance and policy actions. Reviews of policy actions will seek to ensure sufficient ambition, comparability across similar countries, and that countries’ capacity and challenges are appropriately considered. It will also promote stronger collective action among borrowers, creditors and international development partners to support borrowers’ sound economic policies and prudent debt management as well as creditors’ sustainable lending practices.

156. Participants called for continued efforts to support absorptive capacity and scalability in Small States. Building institutional capacity and enhancing the use of flexibilities available in WB policies and instruments such as multi-phase programmatic approaches, will be critical components to this. In addition, project preparation advances from the expanded PPF, including programmatic preparation advances, will continue to facilitate core capacity building, pipeline development, project preparation, and initial implementation activities.

¹⁴⁵ The PSW downstream pipeline includes projects which have undergone one or more levels of internal reviews and approvals, with the participation of IDA Representatives.

¹⁴⁶ Board Approved and post-Concept projects proposed for PSW support have AIMM and IMPACT ratings higher than non-PSW supported IFC and MIGA projects (at 86 average AIMM and 90 average IMPACT ratings for PSW-supported IFC and MIGA projects, respectively, versus 57 average AIMM and 58 average IMPACT ratings for non-PSW supported IFC and MIGA projects).

157. **In addition, Participants emphasized the need to address GBV-related risks within the institution and in its operations.** To address challenges that can emerge in investment projects with major civil works contracts, particularly sexual exploitation and abuse and sexual harassment, the WB has developed a Good Practice note with recommendations to assist staff in identifying risks of GBV. In addition, as part of the WBG, the institution has published a roadmap to overcoming sexual harassment, which includes more than 50 initiatives to improve transparency, scale-up prevention, build trust, and enhance accountability. A new and revised Code of Ethics and Conduct will also be launched in the Fall of 2019. The Sexual Exploitation and Abuse (SEA) and Sexual Harassment Good Practice Note was rolled out in October 2018 as part of the Environment and Social Framework and has now been updated to include sectors beyond infrastructure and civil works. Consequently, all new IDA (and IBRD) operations are now screened for SEA risk as part of the ESF's overall risk management.

158. **As in IDA18, Management will keep Participants fully informed of IDA19 financial and policy delivery.** In addition to comprehensive reporting at the IDA19 MTR, Management will provide updates on implementation issues and pipeline development at the time of the Spring and Annual Meetings of the WBG prior to the MTR. Furthermore, Management will share annual progress reports on IDA19 policy commitments.

SECTION VI: MANAGING IDA'S FINANCIAL RESOURCES

159. **Participants endorsed a total replenishment of US\$82.0 billion (equivalent to SDR 59.3 billion¹⁴⁷) for IDA19, which would constitute the IDA19 commitment authority envelope.**

160. **Participants supported continuation of sustainable leveraging in the IDA Hybrid Model guided by the key leveraging principles agreed in IDA18:**

- a. Maintaining IDA's ability to continue fulfilling its mission in the future, as well as predictability and stability of financing for clients;
- b. Ensuring IDA's ability to service debt without restricting future lending capacity, without negatively affecting its leveraging potential at future replenishments, and without creating hidden liabilities for Partners;¹⁴⁸ and
- c. Preserving IDA's ability to adjust its policies at future replenishments, ensuring that decisions for IDA18 do not pre-commit future funding levels, lending volumes, and allocation principles.

161. **Participants recognized the flexibility offered by the Hybrid Financial Model, including the potential to scale up financing in response to severe and large-scale global crisis where it was judged critical to draw forward financing capacity.** Participants noted that it is necessary to leverage in a sustainable manner to allow stability in future financing to clients and increase its capacity to respond to major crises.

¹⁴⁷ At the IDA19 foreign exchange reference rate of SDR/US\$ 1.38318.

¹⁴⁸ In Section VI of this document, the term "Partner" refers to the full government which each IDA Deputy represents.

162. **Participants supported Management’s recommendation on capital value protection to implement a US\$15.0 billion swap program as a risk management strategy.** Participants also highlighted the importance of retaining simplicity when communicating IDA’s financial model to key stakeholders. Implementation of such a program was approved by IDA Executive Directors on September 24, 2019.¹⁴⁹

163. **Participants noted that IDA19 choices do not prejudice decision-making for future replenishments.** Policies on the scale, funding and allocation of IDA resources, reflecting the three main financial policy levers – replenishment size, Partner contributions, and concessionality – can be adjusted over time according to evolving circumstances and will be decided in the context of future replenishments. Choices would be made within the limits of appropriate credit risk, capital adequacy and exposure management frameworks, including overall lending limits and financial ratios commensurate with IDA’s risk-bearing capacity. Participants furthermore noted the need to monitor, and ensure timely discussions on, the ability of IDA to provide financing also beyond 2030.

164. **Participants also recognized the significant efforts of IDA18 graduates (Bolivia, Sri Lanka and Vietnam) whose repayment of qualifying IDA credits would be accelerated.** These efforts improve IDA’s financial sustainability and as such increase resources available to IDA countries in IDA19 and future replenishments.

165. **Participants affirmed their strong support for IDA and confirmed the importance and continued role of Partner contributions in the integrated financing framework.** While leveraging introduced in the IDA Hybrid Financial Model offers significant value for money for Partner contributions, Participants recognized that this requires commensurate joint commitment to address substitution risks – the risks that access to capital markets could trigger a reduction in Partner contributions. Strong shareholder support through continued grant contributions is critical to IDA’s financial framework, including for the Hybrid Financial Model to successfully leverage funds and be financially sustainable over the long term. Participants also reiterated their commitment under the Multilateral Debt Relief Initiative (MDRI) to fully finance the costs to IDA of providing MDRI debt relief and their agreement that the financing of these costs would be additional to regular IDA contributions.

A. CONTRIBUTIONS AND IBRD TRANSFERS

166. **IDA19 commitment authority will be supported by Partner grant contributions including the grant element of the concessional loans from Partners and transfers from IBRD.**¹⁵⁰ These resources, as well as IDA’s existing equity, enable leveraging through the capital markets to fund IDA19 commitments.

167. **Partner contributions supporting IDA19 commitment authority are provided as part of the IDA19 replenishment itself as well as under the MDRI replenishment.** Participants noted that Management will review IDA’s commitment authority and report to IDA’s Executive

¹⁴⁹ See *IDA Capital Value Protection Program* IDA/R2019-0274 (August 27, 2019).

¹⁵⁰ The IBRD transfers are made out of its net income and are subject to annual approvals by the IBRD’s Board of Governors after considering IBRD’s reserve retention needs as required by IBRD’s Articles.

Directors on a regular basis. This review will take into account the status of Partner financing commitments to the IDA19 replenishment and the MDRI replenishment, as well as any significant changes in the financial variables impacting IDA's financial projections. In the event of a shortfall of Partner commitments, the level of IDA19 commitment authority could be adjusted over the course of the IDA19 period. Management will consult with the Board and, as necessary, make adjustments to the level of IDA19 commitment authority. Such adjustment will be guided by the financial and risk management framework and principles of IDA's long-term financial sustainability.

168. **Participants endorsed US\$23.5 billion (equivalent to SDR 17.0 billion) of total Partner contributions for IDA19 Replenishment.** IDA19 Partner contributions comprise: (i) basic contributions of US\$22.3 billion (equivalent to SDR 16.1 billion), which includes grant contributions of US\$22.0 billion (equivalent to SDR 15.9 billion) and the grant element of US\$0.3 billion (equivalent to SDR 0.2 billion) from Concessional Partner Loan (CPL) contributions; and (ii) contributions to cover IDA's debt relief costs under the Heavily Indebted Poor Countries (HIPC) Initiative in IDA19 (FY21-23) amounting to US\$0.9 billion (equivalent to SDR 0.6 billion); (iii) contributions to arrears clearance support amounting to US\$0.2 billion (equivalent to SDR 0.1 billion). In addition, Partner contributions are expected to generate investment income amounting to US\$0.1 billion (equivalent to SDR 0.1 billion) by using a regular encashment profile of 9 years.¹⁵¹ Partner contributions (subscriptions and contributions) underpin IDA19's commitment authority.

169. **New and prospective Partners.** Angola, Azerbaijan, and Ecuador have pledged to become new IDA contributing Partners and Botswana has returned as a donor. In addition, Bahrain, Bulgaria and Uruguay have pledged to make donations to IDA19 as non-members. Bulgaria's membership application is in process. Participants noted that, in their view, there are still a number of countries that have the economic capability to contribute to IDA but have not yet done so. They welcomed Management's efforts to reach out to these countries and agreed that these should continue to encourage them to become IDA Partners.

170. **Additional grant contributions.** Partners may, at any time, make additional grant contributions to the amounts shown in Table 1a of Annex 13.

171. **Structural gap in reported Partners' burden shares.** Deputies expressed concerns over the currently large and increasing structural gap, leading to burden shares indicated in the report,¹⁵² which do not truly reflect the actual burden shares of partner contributions as they are lower. While Management explained that the structural gap was principally relevant for burden share calculation purpose, Management committed to reviewing the structural gap by the IDA19 MTR and will prepare a paper to identify concrete options which include a specific way forward. The paper will lay a path for arriving at a sustainable solution to address concerns raised by Deputies, specifically in terms of enhancing transparency in reporting Partners' burden shares and exploring ways to reduce the structural gap so that currently under-reported burden shares will be more reflective of the actual shares of contributions. The paper will also consider drivers for the increase in the

¹⁵¹ Amounts may not add up due to rounding.

¹⁵² Annex 13 Table 1a, and Annex 14 Table A14.1.

structural gap, deviations from actual shares, impact on donor contributions, and the pros and cons of different options in light of other institutions' relevant experience.

172. **Voting rights.** Deputies agreed to the continuance of the existing IDA voting rights system for the IDA19 period and that the grant element of CPLs be recognized in the voting rights allocation. Following the decision at the IDA18 replenishment and discussions with Participants in October 2018 and April 2019, IDA Governors endorsed a review of the IDA voting rights arrangements¹⁵³ and tasked IDA Executive Directors to carry it out. An update on the progress of the review will be presented to IDA Governors at 2020 Annual Meetings. As part of the engagements with Partners during the Spring and Annual Meetings, Management will provide Participants with regular updates on the progress.

173. **Participants reaffirmed the need to provide additional Partner contributions for the MDRI replenishment of US\$3.9 billion (equivalent to SDR 2.8 billion), to cover IDA's debt relief costs due to the MDRI during IDA19 as agreed under the MDRI.** Partner contributions to the MDRI replenishment are governed by the MDRI Resolution.¹⁵⁴ Under the terms of the MDRI Resolution, IDA has undertaken to reflect changes in actual and estimated costs of MDRI debt forgiveness by making adjustments to Partner contributions to MDRI every three years – normally in conjunction with regular replenishments.¹⁵⁵ Revised Compensation Schedule and Partner Contribution tables to the MDRI Resolution, reflecting the updated cost estimates for the MDRI as of June 30, 2019, have been provided to members. Corresponding adjustments to reflect these updated amounts are also required in the payment schedule attached to each IDA member's Instrument of Commitment for its MDRI subscription and contribution.¹⁵⁶ Section VII below provides further information regarding Partner contributions to finance debt relief costs under the HIPC Initiative, the MDRI and arrears clearance operations.

174. **Participants noted that, as agreed as part of the 2018 WBG Capital Package, the IBRD income transfer formula used in IDA18 will continue to be applied in future replenishments.** The current estimate for IDA19 is approximately US\$0.9 billion (equivalent to SDR 0.7 billion). These transfers will be subject to annual approvals by IBRD's Board of Governors based upon evaluations of IBRD's annual results and after considering reserve retention needs.

175. **Per the 2018 WBG Capital Package agreement, IFC transfers to IDA will be suspended starting in IDA19.**¹⁵⁷ Instead, the income transfer is expected to be redeployed to support expanded IFC activities in IDA countries, as such boosting IFC's direct engagement in IDA countries. Included in the commitments are IFC's aim to expand commitments in IDA and in FCS countries and reach up to 40 percent of all IFC commitments by 2030 and an average of

¹⁵³ See the Development Committee meeting paper: *IDA Voting Rights Review: Report to Governors* IDA/SecM2019-0205 (August 23, 2019).

¹⁵⁴ IDA, *Additions to IDA's Resources: Financing the Multilateral Debt Relief Initiative: IDA Resolution No. 211* adopted by IDA's Board of Governors on April 21, 2006 (the "MDRI Resolution").

¹⁵⁵ Paragraphs 1(f), 2(c) and 2(d) of the MDRI Resolution.

¹⁵⁶ Members will be notified of the necessary amendments to their MDRI Instruments of Commitment and the payment schedule following adoption of the IDA19 Resolution by the Board of Governors.

¹⁵⁷ *Sustainable Financing for Sustainable Development* DC2018-0002/2 (April 17, 2018).

32.5 percent over FY19-FY30. To that end, see also the IDA policy commitment under the JET Special Theme, in which the IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries,¹⁵⁸ reaching 10-15 percent of its own-account commitment on average during the IDA19 cycle.

176. **Partners acknowledged that CPLs represent an effective way to leverage IDA's balance sheet, provide low cost, fixed-rate, long-term funding to IDA, and provide Partners with increased flexibility to contribute to IDA.** They noted that concessional loan contributors would receive burden sharing recognition through voting rights based on the grant element of the loan, with such voting rights allocated following loan drawdown by IDA. Partners also noted that loan funding will not be earmarked for any purpose and will be used as part of IDA's overall pool of funding.

177. **They endorsed the principles of ensuring transparency, equal treatment, and additionality (i.e., avoiding substitution), and they reaffirmed their commitment to protect IDA's long-term financial sustainability.** While CPLs provide IDA Partners with flexibility to provide additional contributions, Partner grant contributions remain critical to IDA's hybrid financing model. This is even more the case in IDA19, given the continued increase in grant financing to clients associated with the proposed IDA19 policy package, and the fact that CPLs cannot fund grants. In line with IDA17 and IDA18 CPL Frameworks, the IDA19 CPL Framework therefore continues to seek to balance the strong incentives for Partners to provide grant financing with the need to provide recognition for the additional funding provided by concessional loans in a fair and transparent way.

178. In this context, Participants agreed that Partners who are providing concessional loans to IDA19 should provide at least 80 percent of their benchmark Minimum Grant Equivalent Contribution (as defined below) in the form of a *basic grant* contribution, and at least 100 percent of the benchmark Minimum Grant Equivalent Contribution in the form of a *basic grant equivalent contribution* (basic grant contribution plus the grant element of the CPL), where the benchmark Minimum Grant Equivalent Contribution will be defined flexibly as follows:

- a. The Minimum Grant Contribution benchmark will be defined as 100 percent of a Partner's previous basic grant equivalent contributions (which would include basic contributions¹⁵⁹ from grants and grant element from a CPL) based on the lower of IDA17, or IDA18, as the Partner prefers.
- b. the Minimum Grant Contribution benchmark could be based on the Currency of the Pledge, National Currency or SDR amounts, as the Partner prefers.

179. **Similar to IDA17 and IDA18, CPLs can be provided in SDR or single currencies of the SDR basket.** In addition, Partners welcomed the flexibility to convert CPLs into an eligible non-SDR currency upon signature of the loan agreement.

¹⁵⁸ LIC-IDA17: Countries that are classified as low-income countries (LIC) as of July 1, 2016 (GNI per capita <=\$1,025 in 2015). FCS-IDA17: The subset of IDA17-eligible countries that are also on the latest (FY19) FCS list. See Annex 4 of [IFC Strategy and Business Outlook Update \(FY20-FY22\)](#) for more details.

¹⁵⁹ For the purposes of Minimum Grant Contribution benchmark calculation, IDA17 basic grant equivalent contribution includes compensation for grant principal foregone.

180. Key IDA CPL financing terms and additional details of the IDA19 CPL Framework, including calculation of the grant element, are described in Annex 11.

B. REPLENISHMENT EFFECTIVENESS

181. **Deputies recommended that financing for IDA19 be made subject to an effectiveness condition similar to that used under previous IDA replenishments.** The purpose of such a condition is to ensure that most Partner financing, including contributions by major Partners, is in place on time. Deputies recommended that IDA19 become effective when Instruments or Qualified Instruments of Commitment and concessional loan agreements accounting in the aggregate for 60 percent of the total of Partner grant and concessional loan contributions¹⁶⁰ as per Table 1a and Table 1b of Annex 13 have been received by IDA. They recommended a target effectiveness date for the replenishment of December 15, 2020.

182. **Deputies noted the importance of providing their Instruments of Commitment and signing their concessional loan agreements as early as possible, so as to advance the date of reaching the threshold for replenishment effectiveness.**¹⁶¹

183. **Deputies also noted the importance of timely availability of Partner contributions for IDA's ability to provide grants.** With the new hybrid financial model, Partner contributions are used to support increased concessionalism and specifically grant financing for the poorest and most vulnerable countries. Provision of grant financing to IDA countries without corresponding contributions to IDA partners would erode IDA's capital and limit IDA's ability to leverage through the capital markets. Timely availability of Partner contributions to support grant financing is therefore important to avoid any negative impact on IDA's equity.

184. **Advance Contribution Scheme.** In past IDA replenishments, Partners agreed that a share of their contributions could be used before the replenishment becomes effective unless otherwise requested by a Partner. Under this Advance Contribution Scheme, one-third of the amount specified in a contributing member's Instrument of Commitment received before effectiveness would be used for commitment authority purposes, unless stated otherwise by a Partner. Upon reaching replenishment effectiveness condition, the remaining amount of the Partners' Instruments of Commitment amounts will be used for commitment authority purposes.

C. CONTRIBUTION PROCEDURES

185. **Deputies recommended that the contribution and payment arrangements for grant contributors continue as in previous replenishments.**

- a. **Partners will provide their *grant contributions* in the form of cash or promissory notes in three equal annual installments.** The first installment will be due 31 days after the replenishment becomes effective, which is expected by December 15, 2020, except for advance contributions which will be paid as specified by IDA. The second installment will

¹⁶⁰ Only grant element of concessional loan contributions is used for the purposes of meeting effectiveness condition.

¹⁶¹ Some Partners' budgetary and legislative timetables permit them to make their contributions at an early stage in the fiscal year.

be paid no later than January 15, 2022, and the third installment no later than January 15, 2023. IDA may agree to postpone any payment under the terms of the IDA19 Resolution.

- b. **Partners will provide their *concessional loans in the form of cash in up to three annual installments*.** The first installment will be due 31 days after the replenishment becomes effective, which is expected by December 15, 2020, except for advance contributions which will be paid as specified by IDA. The second installment will be paid no later than January 15, 2022, and the third installment no later than January 15, 2023. At its discretion and with the agreement of the loan provider, Management may draw down on different dates and over shorter periods. IDA may agree to postpone or cancel any drawdown under the terms of the Loan Agreement.

186. **Deputies recommended that subscription and payment arrangements for non-contributing members continue as in previous replenishments.** Subscription payments of non-contributing members will be fully paid in one installment and in national currency or, with the approval of IDA, in any convertible currency of another member country, either in cash or promissory notes.

187. **Partner grant contributions, if provided in the form of promissory notes, will be encashed on an approximately pro rata basis among Partners following the agreed regular or custom encashment schedule (Attachment II of the IDA19 Resolution).** Partners may, with the agreement of Management, adjust their grant encashments to reflect their legal and budgetary requirements. Deputies agreed to indicate any special preferences in this regard to Management before or when Partners deposit their Instruments of Commitment. Deputies recognized that the timing of encashments affects IDA's resource base. They agreed that in exceptional cases, should unavoidable delays occur, IDA's grant encashment requests to the relevant Partner may be adjusted to take into account any past payment delays by that Partner and any related lost income to IDA. IDA may also agree with any Partner on a revised grant encashment schedule that yields at least an equivalent value to IDA. A Partner's voting rights will be affected if the net present value is not maintained. Deputies agreed that the present value of Partners' grant encashment schedules will be based on a 1.3 percent per annum discount rate. Partners that accelerate their grant encashments can use the additional resources as a credit item, either to increase their own regular burden share, to cover a share of their costs under the MDRI replenishment, or to cover a portion of payment arrears from previous replenishments. If a Partner uses their acceleration of the grant encashment to increase their regular burden share, that Partner will receive additional subscription votes on account of the additional resources provided to IDA from accelerated grant encashment. Partners that use accelerated grant encashment can alternatively benefit from a discount on the amounts encashed.

188. **Valuation of contributions.** Deputies agreed to denominate their grant contributions in their respective national currencies if freely convertible, in SDRs, or, with the approval of IDA, in any convertible currency of another member country. They also agreed to determine the currency of denomination for each Partner's grant contribution as of the date of conclusion of the IDA19 replenishment discussions. For the purpose of establishing equivalence of value among different currencies and the SDR for grant contributions, Partners agreed to use the average daily exchange rate for the period between March 1, 2019 and August 31, 2019. To help maintain the value of contributions from Partners with high inflation rates, grant contributions from Partners with

domestic annual inflation of 10 percent or higher in 2016-2018 will be denominated in SDRs or in any SDR component currency as agreed with IDA.¹⁶² Deputies noted that CPLs would be denominated in any one of the SDR basket currencies, namely the US Dollar, Euro, Japanese Yen, British Pound and Chinese Renminbi. Partners could request to convert such loan to a non-SDR currency based on agreed criteria as specified in the IDA19 CPL Framework (Annex 11). They also agreed to determine the currency of denomination for each Partner's concessional loan as of the date of conclusion of the IDA19 replenishment discussions. Original currencies of denomination of Partners' grant contribution or Partners' concessional loans shall not be changed after the approval of the Deputies' Report by IDA's Executive Directors.

189. **Deputies agreed that the IDA18 unused funds carried over into the IDA19 period will be allocated using IDA19 terms, conditions, and procedures.** Partner contributions remaining outstanding at the end of IDA18 will continue to be administered under the terms of the IDA19 replenishment subject, as appropriate, to the terms and conditions applicable to the IDA18 replenishment with respect to financial management matters such as payment, encashment and allocation of voting rights.

190. **Reporting of contributions.** Deputies requested Management to report regularly to the Executive Directors on the status of Partners' commitment and actual contributions to IDA, including on the status of concessional loan contributions.

SECTION VII: FINANCING DEBT RELIEF AND ARREARS CLEARANCE

191. **Participants reiterated their strong support for the HIPC initiative and MDRI, which provide debt relief to the world's poorest and most indebted countries.** They reviewed updated cost estimates for IDA's lost credit reflows and the status of Partner financing for the MDRI.

A. THE HIPC INITIATIVE

192. **Impact on IDA finances.** Deputies reviewed the impact of HIPC debt relief on IDA's finances. They reaffirmed the basic HIPC principle that debt relief should not reduce IDA's capacity to support poverty reduction and development and should be additional to other IDA assistance. They noted that current resources available to finance IDA's HIPC debt relief costs will be fully utilized by the beginning of IDA19. Therefore, IDA will need additional financing of around US\$0.9 billion (equivalent to SDR 0.7 billion) in IDA19 to finance forgone credit reflows due to the HIPC Initiative.

193. **Deputies supported the continued use of the two mechanisms used in IDA18 for Partners' HIPC-related contributions:** (i) contributing to IDA directly; or (ii) channeling contributions through the Debt Relief Trust Fund.¹⁶³ The HIPC-related contributions will be recorded separately from regular IDA contributions in order to ensure that HIPC debt relief is

¹⁶² Inflation is measured by the rate of change of the national Consumer Price Index (CPI), or the GDP deflator in case of contributing partner countries for which the CPI is not available.

¹⁶³ As amended by Partners and the Executive Directors.

additional to other IDA assistance and shown as a separate column in Table 1a of the IDA19 Resolution. (See Annex 13.)

194. **Partner funds provided directly to IDA will be treated in the same manner as regular contributions, becoming part of IDA's general resources.** Partners can choose to submit one Instrument of Commitment that combines regular IDA contributions and HIPC-related contributions, or separate Instruments of Commitment for regular IDA contributions and HIPC-related contributions. Partners can pay their HIPC contributions in cash or promissory notes. Since these additional contributions will reimburse IDA for its forgone reflows during FY21-23, they will be drawn down over the IDA19 period. Partners will receive voting rights for contributions upon payment to IDA19.¹⁶⁴

B. THE MULTILATERAL DEBT RELIEF INITIATIVE (MDRI)

195. **Replacement of lost credit reflows.** In the Spring of 2006, Partners and shareholders approved IDA's participation in MDRI, which provides 100 percent cancellation of eligible debt owed to IDA by countries reaching the HIPC completion point. Starting on July 1, 2006 and over the next four decades of MDRI implementation, IDA is projected to cancel an estimated total amount of US\$33.1 billion (equivalent to SDR23.5 billion) of credit reflows from eligible HIPC countries. Under the MDRI replenishment arrangements, Partners have committed to compensate IDA's MDRI costs on a 'dollar-for-dollar' basis over the duration of the cancelled credits. Deputies reiterated the need for full replacement of the lost credit reflows due to the MDRI to ensure that the debt relief granted by IDA will be additional for recipient countries, providing further resources for their development efforts.

196. **MDRI replenishment.** Partner contributions for IDA's MDRI costs are recorded under a separate replenishment and added to IDA's general resources following established IDA procedures. Deputies reaffirmed the need for full replacement of lost credit reflows due to debt relief and their commitment "to fully finance the costs to IDA of providing MDRI debt relief over the 40-year time span of the MDRI".¹⁶⁵ Deputies acknowledged the need to provide unqualified and firm MDRI financing commitments over the disbursement period of each future IDA replenishment. Deputies meanwhile also recognized that the ability to provide binding financial commitments for the entire duration of MDRI varies from partner to partner and committed themselves to make every effort possible to translate their full political commitment into as firm and far-reaching financial pledges as allowed for by their legislative processes.

197. **To back IDA19 commitment authority, Deputies reaffirmed the need to provide additional Partner contributions for the MDRI replenishment of US\$3.9 billion (equivalent**

¹⁶⁴ Partners can also make HIPC contributions directly to the Debt Relief Trust Fund. In such case, Partners would sign contribution agreements with IDA, as administrator of the Debt Relief Trust Fund, specifying the contribution amount and payment modalities – in cash or in notes to be drawn down over a three-year period. Partners will deposit their contributions in the WB component of the Debt Relief Trust Fund, and contributions will be transferred to IDA to reimburse IDA for its forgone credit reflows. Since these funds become part of IDA's general resources at the time of transfer from the Debt Relief Trust Fund to IDA's cash accounts, Partners will receive additional voting rights in IDA following such transfers. Management will report periodically to Partners on the status of their contributions to the Debt Relief Trust Fund.

¹⁶⁵ IDA, *Additions to IDA Resources: Financing the Multilateral Debt Relief Initiative*, approved by IDA's Executive Directors on March 28, 2006. Paragraph 5.

to **SDR 2.8 billion**), to cover IDA's debt relief costs due to the MDRI during the IDA19 disbursement period (ending in FY31) as agreed under the MDRI.

198. **Deputies noted that the value of IDA's lost credit reflows under the MDRI will continue to fluctuate over the 40-year period.** The MDRI financing arrangements include a mechanism to adjust the compensatory amounts payable by Partners in conjunction with every regular IDA replenishment. Deputies reviewed the updated cost estimates for the MDRI under the IDA19 replenishment which provide the basis for updates to the MDRI cost tables and partner payment schedule. Revised tables to the MDRI Resolution, reflecting the updated cost estimates, have been provided to IDA members. Corresponding adjustments to reflect these updated amounts are also required in the payment schedule attached to each member's Instrument of Commitment for its MDRI subscriptions and contributions. Deputies noted that each IDA member has agreed to amend its Instrument of Commitment to reflect any such adjustment.

199. **Monitoring Partner contributions.** Deputies reaffirmed the need for continued monitoring of Partner contributions to the MDRI. For transparency, Partner contributions to the MDRI will continue to be recorded separately from regular IDA replenishment contributions as additional to Partners' regular financial support to IDA. They noted that Partner contributions to the MDRI have been reported annually to IDA's Executive Directors and will continue to be reported in IDA19. Such reporting will contain information on the volume of debt relief delivered by IDA under the MDRI and the amount of compensatory partner resources received.

C. FINANCING OF ARREARS CLEARANCE OPERATIONS

200. **Burden shares.** Since IDA15, partners have adopted a systematic approach to arrears clearance.¹⁶⁶ The cost of providing exceptional support for arrears clearance to countries that are eligible under the established criteria and which could be expected to clear arrears before the end of the IDA19 period is estimated to be US\$1.0 billion (equivalent to SDR 0.7 billion). Partners agreed that this would be funded by the unused funding that partners provided for arrears clearance in IDA18 of US\$0.8 billion (equivalent to SDR 0.6 billion), and the remaining US\$0.2 billion (equivalent to SDR 0.1 billion) would be included as part of IDA's overall financing commitments during IDA19 based on fair burden shares. In general, therefore, partners supported the use of their HIPC burden shares to finance arrears clearance operations in IDA19.

201. **Resources for arrears clearance.** Deputies agreed that the resources provided to finance arrears clearance operations would be allocated only when such arrears clearance actually takes place. They also agreed that if the resources requested for IDA19 are insufficient to cover the full cost of the arrears clearance support, the shortfall would be made up in IDA20 in the same manner that HIPC costs are updated at each replenishment based on the use and availability of resources.

¹⁶⁶ IDA, *Additions to IDA Resources: Fifteenth Replenishment – IDA: The Platform for Achieving Results at the Country Level* (2008). See section IV.C, page 31, available at <http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1172525976405/FinalreportMarch2008.pdf>. Also see *The Demand for IDA19 Resources and the Strategy for their Effective Use* (May 2019) for a full discussion of the arrears clearance needs of countries eligible for the exceptional arrears clearance approach.

202. **IBRD debt.** In respect of IDA countries with debt to the IBRD, Participants agreed that IDA provide debt relief grants or credits, where necessary, for the WB to deliver its share of debt relief under the HIPC Initiative. Such debt relief grants from IDA (for interim HIPC relief on IBRD debt service payments) and prepayment by IDA of remaining IBRD claims at the HIPC completion point are part of the implementation modalities for IDA's delivery of debt relief under the HIPC process.¹⁶⁷ These debt relief grants and prepayments are to be funded by resources other than IBRD's net income transfers.

SECTION VIII: RECOMMENDATION

203. Deputies propose that the Executive Directors recommend to the Board of Governors the adoption of the draft IDA19 Resolution attached in Annex 13.

¹⁶⁷ IDA, *Heavily Indebted Poor Countries (HIPC) Initiative: Note on Modalities for Implementing HIPC Debt Relief under the Enhanced Framework* IDA/R 2000-4, approved by the Executive Directors on January 25, 2000.

ANNEX 1: RESULTS MEASUREMENT SYSTEM FOR IDA19

Tier 1 – IDA Countries' Progress

1. **Tier 1 indicators report on the long-term development outcomes achieved by IDA countries, and on the broader context in which IDA operates.** Progress against Tier 1 indicators is not directly attributed to IDA's interventions, but to the outcome of a collective effort by IDA countries and their development partners. They report data based on the list of eligible IDA borrowers at the beginning of the reporting fiscal year.
2. **Participants endorsed changes to Tier 1 indicators to align with the SDGs, the WB Corporate Scorecard (CSC) and global and corporate priorities.** Tier 1 includes 33 indicators covering key development areas and grouped into five categories – World Bank Group Goals, Sustainable and Inclusive Growth, Human Capital, Resilience and Sustainability and Institutional Capacity – reflecting key principles established in the Forward Look and harmonizing with the WB CSC. Of the 33 indicators, 29 are retained from the IDA18 Results Measurement System (RMS) and four new ones have been introduced.
3. **Tier 1 categories and the changes endorsed by the Participants in each of these are as follows:**
 - a. **WBG goals.** The three IDA18 RMS indicators tracking progress against the WBG's corporate goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner will be retained in the IDA19 RMS. Data for all indicators are reported each fiscal year for all IDA eligible countries, including Blend countries, and will be disaggregated for Fragile and Conflict-affected Situations (FCS).
 - b. **Sustainable and Inclusive Growth.** This category includes eight indicators tracking macroeconomic measures, employment, access to electricity and to financial services, and gender parity. All indicators are in the IDA18 RMS, will be retained without modifications, and will be disaggregated for FCS. Two indicators will be disaggregated by sex.
 - c. **Human Capital.** This category includes twelve indicators tracking priority areas for human capital development, such as health, education, access to safe water and improved sanitation. Two indicators reflect the HCI, namely, under-five mortality rate and stunting among children under five years of age, and are currently reported in the IDA18 RMS. One new indicator is being introduced to track the population of children who cannot read by end-of-primary-school age. All indicators will be disaggregated by FCS; two of them will be disaggregated by sex.
 - d. **Resilience and Sustainability.** This category includes six indicators tracking climate change and environment, one of which is being introduced in the IDA19 RMS (*marine protected areas*) to align with SDG14 (Life Below Water). There are also two indicators retained from the IDA18 RMS to reflect the pressing challenges presented by the growing number of refugees and internally displaced persons around the world. All six indicators will be disaggregated by FCS.

- e. **Institutional Capacity.** This category includes four indicators tracking IDA countries' institutional capacity to create and use data, mobilize domestic resources, and manage public expenditures and debt sustainability. Two indicators, one tracking the level of statistical capacity of IDA countries and another reporting on the improved Public Expenditure and Financial Accountability (PEFA) score in dimensions across the pillars of budget reliability, transparency of public finances and control in budget execution in IDA countries have been retained from the IDA18 RMS. A new indicator being introduced will report the unweighted average increase in tax-to-GDP ratio in those IDA countries with tax revenues below 15% of their GDP for three consecutive years. Finally, another indicator is also being introduced to track the number of IDA countries with low or moderate risk from unsustainable debt. All indicators will be disaggregated for FCS.

Tier 2 – IDA-supported Results

4. **Tier 2 of the IDA19 RMS tracks development results in countries supported by IDA operations across different sectors.** Tier 2 indicators use the Corporate Results Indicators (CRIs) to report on development outputs and outcomes in IDA countries supported by IDA-financed operations. They are grouped into the categories of Sustainable and Inclusive Growth, Human Capital, Resilience and Sustainability, and Institutional Capacity, covering IDA operations in the areas of health, education, agriculture, infrastructure, jobs and private sector development, social safety nets, governance, and institutional capacity development.

5. **Tier 2 comprises twenty indicators.** Out of these, 15 have been retained from the IDA18 RMS and five new ones have been introduced to track transportation services, access to internet, learning assessments at primary and secondary level, debt reporting, and the use of technology to enable access to public services. Tier 2 categories and the changes endorsed by the Participants in each of these are as follows:

- a. **Sustainable and Inclusive Growth.** This category includes eight indicators tracking beneficiaries of agricultural technology, financial services, jobs-focused interventions, access to internet services, as well as energy and transportation outputs. Six indicators will be retained from the IDA18 RMS and two new ones have been introduced. First, in the transport sector, a new indicator will track the number of people with enhanced access to transportation services reflecting the shift of the transport portfolio in IDA countries from road construction to focusing more on road maintenance, safety, gender integration, and climate resilience, and diversifying into other sub-sectors, such as urban transport, railways, inland waterways, and logistics. A second indicator is also included to track the number of beneficiaries with access to internet services, to reflect IDA's support to information services and technology in client countries. All but one indicator will be disaggregated for FCS; and three of them will be disaggregated by sex.
- b. **Human Capital.** This category includes six IDA-supported results in health, social safety nets, access to water sources and sanitation services, and improved urban conditions, all of which will continue to be tracked through existing CRIs. A new indicator tracking the number of large-scale assessments completed at primary and secondary level is also being introduced. The indicator will help shed light on a central aspect of the learning crisis in many developing countries, namely, that schooling is not translating into learning.

Developing countries that undertake a nationally-representative learning assessment will at least be able to begin to understand and address where learning gaps exist. This indicator replaces the former *number of teachers trained or recruited* in IDA18 RMS. All six indicators will be disaggregated for FCS; and three of them will be disaggregated by sex.

- c. **Resilience and Sustainability.** This category will retain three indicators currently reported in the IDA18 RMS – on energy efficiency, disaster risk reduction, and greenhouse gas emissions. The indicator tracking *projected energy or fuel savings*, will continue reporting energy savings and lifetime fuel savings, achieved through energy efficiency measures directly attributed to IDA operations; *net greenhouse gas (GHG) emissions*, will measure the impact of the World Bank’s lending portfolio on GHG emissions that is applied to projects; and finally, *countries supported by IDA in institutionalizing disaster risk reduction as a national priority*, will report on direct support from IDA toward national policy and legal frameworks, dedicated and adequate resources, community participation, and national multi-sectoral platforms for disaster risk reduction. All indicators will be disaggregated for FCS.
- d. **Institutional Capacity.** This final category includes three indicators measuring initiatives aimed at strengthening governance and institutional development. A retained indicator from the IDA18 RMS will continue reporting on the number of IDA countries provided statistical capacity-building support by the WBG for the implementation of household surveys tracking WBG efforts to develop IDA country capacity to collect, report and use high-quality data through technical assistance provided to national statistical agencies in IDA countries (e.g., sampling, survey logistics, estimation of poverty-lines). Two new indicators are introduced; one will report on the number of IDA countries publishing annual and timely public debt reports; the other will report on progress under the policy commitment on the number of IDA FCS countries supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data and applying this technology to enhance project implementation and coordination. All indicators will be disaggregated for FCS.

Tier 3 – IDA Organizational and Operational Effectiveness

6. **Tier 3 of the IDA19 RMS includes measures of IDA’s operational and organizational effectiveness.** Participants endorsed the five categories under which Tier 3 indicators are grouped: development outcomes ratings, performance and quality, operational efficiency and responsiveness, financial sustainability and budget efficiency, and implementation of IDA Special Themes and Cross-cutting issues. Tier 3 includes 26 indicators, 21 of which have been retained from the IDA18 RMS and five new ones have been introduced. Description of the above categories and the changes endorsed by the Participants in each of these are as follows:

- a. **Development Outcome Ratings.** This first category includes two indicators on IEG’s quality ratings for the outcomes of IDA operations and IDA Country Partnership Frameworks (CPFs) and two on client feedback regarding WBG effectiveness and knowledge products. All indicators are retained from the IDA18 RMS. The first indicator will continue reporting on the percentage of IDA CPFs that IEG deems to have achieved a moderately-satisfactory, satisfactory, or highly-satisfactory outcome, with reported data based on the moving average of IEG ratings for CPFs exited during the

last four fiscal years. The second indicator will report the percentage of IDA operations that IEG deems to have achieved a moderately-satisfactory, satisfactory, or highly-satisfactory outcome, by number of operations and volume of commitments, with reported data summing IEG ratings for operations which closed in the three previous fiscal years, provided that IEG has evaluated at least 60 percent of the projects in the fiscal year in question. Two indicators will continue to provide feedback from IDA clients on the extent to which the WBG's work helps to achieve development results in-country and with respect to the significance of the WBG's knowledge work. All indicators will be disaggregated for FCS.

- b. **Performance and Quality.** This category includes measures on the performance of the IDA portfolio, including from IEG reviews and from client surveys. The first indicator will report IEG ratings of World Bank performance overall, at entry, and during supervision, as determined in IEG's assessment of the World Bank's Implementation Completion Reviews of all closed projects. A second indicator, quality of M&E in IDA operations, will report the share of the net-commitment amount of closed IDA projects reviewed by IEG that are rated substantial or high for quality of M&E, against the total net-commitment amount of closed IDA projects reviewed by IEG on a three-year rolling basis (the rating is based on IEG ratings for investment projects that closed at least twelve months before the reporting period). A new indicator being introduced will provide a view on ASA objectives accomplished, reporting client ratings on whether such activities achieved their intended development outcomes. Finally, a fourth indicator will monitor the percentage of IDA investment projects with a beneficiary feedback indicator at design. All indicators will be disaggregated for FCS.
- c. **Operational Efficiency and Responsiveness.** Four indicators, all retained from the IDA18 RMS, will continue to be used to track IDA's operational efficiency and responsiveness. These include *IDA's disbursement ratio*, calculated as the ratio of disbursements during a specific fiscal year to the undisbursed balance at the beginning of that fiscal year for all IDA investment project financing (IPFs); *proactivity index*, a key measure introduced with the IDA18 RMS for tracking actions taken to improve the performance of problem projects; and two indicators reporting on client feedback on WBG responsiveness and staff accessibility and WBG collaboration with other donors. All indicators will be disaggregated for FCS.
- d. **Financial Sustainability and Budget Efficiency.** The IDA19 RMS will retain three indicators introduced in the IDA18 RMS to track IDA's financial sustainability and budget efficiency, which are consistent with the WBG's budget and performance review process (also known as the "W" process). These include the *IDA budget anchor* (calculated as the ratio of IDA expenses over IDA net revenue); the *World Bank budget to Portfolio Volume Ratio* (reflecting the total administrative budget spent for every US\$1 billion of portfolio under supervision); and the *average cost of IDA project supervision* (calculated based on costs posted directly to operational projects in the IDA portfolio, divided by the monthly average number of projects in the IDA portfolio).
- e. **IDA Special Themes and Cross-cutting Issues.** This final category of indicators in Tier 3 will monitor the implementation of specific priorities under the IDA special themes and the disability dimension; of these, seven were included in the IDA18 RMS and have been retained for the IDA19 RMS. Four new indicators are being introduced;

the first one under the Climate Change special theme will report the percentage share of adaptation co-benefits over total climate co-benefits in IDA-supported operations to reflect IDA19's enhanced focus on adaptation, in alignment with the policy commitment proposed under this special theme. The second one, under the Governance and Institutions special theme will track support in IDA countries with the lowest HCI ratings to improve sustainability of human capital financing through improving the efficiency of public expenditures and more effectively aligning expenditures with domestic financing and external resources in a sustainable manner. The indicator will track progress of the policy commitment under Pillar B (Maximizing Impact of Public Service Delivery) of the Governance and Institutions special theme. The third indicator will report on number of countries supported by IDA to take IFF-related actions, consistent with the policy commitment under the Governance and Institutions Special Theme. The fourth and final indicator will track the share of IDA IPF operations that have applied the concept of universal access at design. All indicators except one will be disaggregated for FCS.

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Table A1.1. Policy Commitments for IDA19

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
JOBS AND ECONOMIC TRANSFORMATION		
<p>Creating and Connecting to Markets</p>	<ol style="list-style-type: none"> 1. WBG will undertake interventions in 10-15 countries to help them address bottlenecks in sectors with high potential for private-sector led job creation and economic transformation, which will be country specific and could include sectors such as agribusiness, manufacturing and others. Proposed WBG actions will be grounded in diagnostics, such as the Country Private Sector Diagnostics (CPSD) findings and jobs diagnostics, and selected in agreement with country authorities. 2. At least 66 percent of agriculture and agribusiness projects in IDA countries include support for participation in value chains with high potential for growth and jobs creation, through connecting producers to markets, technical assistance for meeting international standards and regulations, adoption of modern technology, supporting logistics and reducing trade costs. 3. IDA will support at least 15 IDA countries to develop their primary and secondary cities through an integrated package of support to deliver sustainable, inclusive and productive cities with a focus on JET, including through climate-smart development, strengthening urban land management, and development of enabling infrastructure for job creation. 4. IDA will support in 10 IDA countries the development and modernization of regional infrastructure (e.g., power, transportation) and cross-border policy reforms with high potential for export promotion, increased productivity and labor mobility. 5. To help close the digital infrastructure gap, IDA will support 25 IDA countries to double their broadband penetration (16 on the African continent), including eight in landlocked countries, by 2023. 	<p>Tier 1</p> <ul style="list-style-type: none"> • GDP per person employed (constant 2011 PPP \$) • Non-agriculture sectors, value added (as % of GDP) • Ratio of female to male labor force participation rate (%) • Youth employment to population ratio (age 15-24) (%) <ul style="list-style-type: none"> ○ Youth employment to population ratio (age 15-24), women (%) ○ Youth employment to population ratio (age 15-24), men (%) • Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided (%) <p>Tier 2</p> <ul style="list-style-type: none"> • Farmers adopting improved agricultural technology (million) • Area provided with new/improved irrigation or drainage services (Ha) • People provided with new or improved electricity service (million) • Generation capacity of renewable energy (GW) • Beneficiaries reached with financial services supported by WB operations (million) • People • Businesses • Beneficiaries in IDA countries of job-focused interventions (million) • Number of people with enhanced access to transportation services (million)

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
	<p>6. The International Finance Corporation (IFC) will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries,¹⁶⁸ reaching 10-15 percent of its own-account commitments on average during the IDA19 cycle. Such commitment is conditional on the approval of the IFC’s resolutions for the capital increase and on having a significant portion of the new shares offered to shareholders being subscribed to.</p>	<ul style="list-style-type: none"> • Number of people provided with enhanced access to broadband internet (million) • People provided with improved urban living conditions (million)
<p>Building capabilities and connecting workers to jobs</p>	<p>7. 50 percent of entrepreneurship and Micro, Small and Medium Enterprises (MSME) projects will incorporate digital financial services and/or digital entrepreneurship elements – and ensure they address particular constraints facing women and people with disabilities.</p> <p>8. IDA will support at least 15 IDA countries, including at least 12 of those among the 30 with the lowest Human Capital Index (HCI), with programs or policies to improve skills and employability toward more and higher-quality jobs, considering the differential constraints facing young women and men, and people with disabilities.</p> <p>9. IDA will embed a JET focus in all IDA country programs and the design of operations as appropriate, informed by diagnostics such as Systematic Country Diagnostics (SCDs) and CPSDs, and reflected in all new IDA Country Partnership Frameworks (CPFs) and Performance and Learning Reviews (PLRs), including enhanced use of JET results indicators. Where relevant, IDA country programs and design of operations will be informed by migration diagnostics.</p> <p>10. Under country government leadership, IDA will actively participate in country platforms to collaborate and coordinate with partners and stakeholders (including MDBs, development finance institutions (DFIs), bilaterals, and the private sector, etc.) in at least 10 IDA countries</p>	<p>Tier 3</p> <ul style="list-style-type: none"> • Share of IDA19 CPFs which reflect at least one of the following four key principles underpinning economic transformation: <ul style="list-style-type: none"> ○ Sectoral productivity ○ Value chain expansion ○ Increased productive capital stock or investment in energy, transport, manufacturing or services ○ Export sector output/value added; trade facilitation • Total private mobilization of WBG-supported operations/transactions in IDA countries. <ul style="list-style-type: none"> ○ Direct mobilization (US\$ billion) ○ Indirect mobilization (US\$ billion)

¹⁶⁸ LIC-IDA17: Countries that are classified as low-income countries (LIC) as of July 1, 2016 (GNI per capita <=\$1,025 in 2015). FCS-IDA17: The subset of IDA17-eligible countries that are also on the latest (FY19) FCS list. See Annex 4 of [IFC Strategy and Business Outlook Update \(FY20-FY22\)](#) for more details.

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
	<p>toward developing a coherent vision, and a set of actions for JET, and mobilization of private finance.</p> <p>11. All SCDs of IDA countries at moderate or high risk of debt distress will address the country’s approach for sustainably financing its development.</p> <p>12. IDA will conduct 20 pilots in ‘economic transformation IDA projects’ to estimate indirect and/or induced jobs. The IFC will track direct jobs and estimates of indirect jobs associated with all IFC PSW investments. Where feasible, jobs reporting will be disaggregated by the poorest quintile, gender, FCS, disability and youth.</p> <p>13. IDA will work with regional institutions on capacity building and skills in addition to establishing strategic partnerships with at least three Regional Economic Communities (RECs) to promote regional markets and develop regional value chains.</p>	
GENDER AND DEVELOPMENT		
Improving Human Endowments	1. IDA19 financing operations will support women’s empowerment, including through increased access to quality reproductive, adolescent, and primary health care in at least 15 of the 30 countries with the lowest HCI.	<p>Tier 1</p> <ul style="list-style-type: none"> • Legal changes that support gender equality over the past two years (number of legal changes) • Ratio of female to male labor force participation rate (%) • Youth employment to population ratio (age 15-24), women (%) • Maternal mortality ratio (number of maternal deaths per 100,000 live births) • Proportion of births attended by skilled health personnel (%) • Contraceptive prevalence by modern methods (% of married women ages 15-49) • Adolescent fertility rate (number of births per 1,000 women ages 15-19) • Lower secondary gross completion rate (%) <ul style="list-style-type: none"> - Ratio of girls’ to boys’ completion rate
Removing Constraints for More and Better Jobs	<p>2. At least 60 percent of IDA19 financing operations for digital skills development will support women’s access to higher productivity jobs, including online work.</p> <p>3. At least 30 percent of IDA19 infrastructure operations (transport, energy, and water) will include actions to create employment opportunities for women in medium and high skilled jobs in these sectors.</p>	
Removing Barriers to Women’s Ownership of and Control over Assets	<p>4. All IDA19 financing operations for Digital Development will support women’s increased access to and usage of digital services.</p> <p>5. At least 50 percent of IDA19 operations with land</p>	

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
Voice and Agency: Gender-Based Violence:	<p>activities in (i) land administration, (ii) post-disaster reconstruction and resilient recovery, and (iii) urban development will include specific actions to strengthen women's land rights.</p> <p>6. Support at least five IDA countries to invest in GBV prevention and response, delivering safe, quality, inclusive health care and other services through health systems, and five countries to implement GBV prevention and response protocols as part of safe and inclusive schools.</p>	<ul style="list-style-type: none"> • Lower secondary enrollment rate (%) <ul style="list-style-type: none"> - Ratio of girls' to boys' enrollment rate <p>Tier 2</p> <ul style="list-style-type: none"> • People who have received essential health, nutrition and population services <ul style="list-style-type: none"> - Women and children who have received basic nutrition services - Number of deliveries attended by skilled health personnel <p>Tier 3</p> <ul style="list-style-type: none"> • Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework (%) • Number of IDA-supported operations that address and respond to GBV <p><i>Note: Indicators in all three tiers will be disaggregated by sex when feasible and applicable.</i></p>
CLIMATE CHANGE		
Increase Climate-related Financing and Further Deepen Climate Mainstreaming	<ol style="list-style-type: none"> 1. IDA's climate co-benefits share of total commitments will increase to at least 30 percent on average over FY21-23, and at least half of these co-benefits support adaptation actions. 2. All IDA operations with more than 20 percent of climate co-benefits will incorporate at least one climate-related results indicator to increase the focus on climate outcomes. 	<p>Tier 1</p> <ul style="list-style-type: none"> • CO2 emissions (metric tons per capita) • Average annual deforestation change (%) • Marine protected areas (% of territorial waters) • Countries without wealth depletion (%) <p>Tier 2</p>
Boost Support on Adaptation and Resilience	<ol style="list-style-type: none"> 3. Develop new resilience metrics designed to give increased incentives for more effective climate adaptation actions, including through enhanced disaster resilience of infrastructure developments, and pilot them in 20 IDA 	<ul style="list-style-type: none"> • Generation capacity of renewable energy (GW) • Projected energy or fuel savings (MJ)

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
	<p>operations.</p> <p>4. Support at least 25 IDA countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.</p>	<ul style="list-style-type: none"> • Net GHG emissions (tCO₂eq/year) • Countries supported toward institutionalizing disaster risk reduction as a national priority with IDA support <p>Tier 3</p>
<p>Drive Systemic Impact at the Country Level</p>	<p>5. Support at least 15 IDA countries to systematically implement and update national climate-related action plans including Nationally Determined Contributions (NDCs), in cooperation with the NDC Partnership; for all IDA countries where appropriate, set climate-related or NDC-based objectives and/or results indicators in the CPFs.</p>	<ul style="list-style-type: none"> • Share of climate co-benefits over total commitments in IDA-supported operations (%) • Share of adaptation co-benefits over total climate co-benefits in IDA-supported operations (%) • IDA financing commitments with disaster risk management co-benefits (US\$ million)
	<p>6. Support at least 15 IDA countries to implement and/or update their National Biodiversity Strategies and Action Plans (NBSAPs) covering terrestrial and marine biodiversity or similar national action plans through new IDA-supported activities during IDA19.</p>	
<p>Facilitate Economic Transformation through Low-Carbon and Resilient Transition</p>	<p>7. Facilitate further penetration of renewable energy in IDA countries in the context of energy access, affordability and security, by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and providing direct, indirect, and enabling policy support for generation, integration, and for enabling infrastructure for at least ten gigawatts (GW) of renewable energy in IDA countries. This support would cover all kinds of on-grid, off-grid and distributed renewable energy.</p>	
FRAGILITY, CONFLICT AND VIOLENCE (FCV)		
	<p>1. All CPFs, Country Engagement Notes (CENs) and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as Risk and Resilience Assessments (RRAs) or other FCV</p>	<p>Tier 1</p> <ul style="list-style-type: none"> • Number of refugees by country or territory of asylum (million)

OBJECTIVES	COMMITMENT	RESULTS MEASUREMENT SYSTEM (RMS) INDICATORS
	assessments. Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and contain operationally relevant recommendations.	<ul style="list-style-type: none"> Internally displaced persons, total displaced by conflict and violence (million - high estimate)
	2. Develop and implement at least three regional programs (including in the Sahel, Lake Chad region, and the Horn of Africa), which are informed by regional RRAs and focus on mitigating key fragility and security risks to promote engagement at the security-development nexus.	<p>Tier 2</p> <ul style="list-style-type: none"> Number of IDA FCS supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.
	3. At least 20 IDA FCS country portfolios will support improvements in social sector service delivery (i.e., health, education and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities.	<p>Tier 3</p> <ul style="list-style-type: none"> Facetime index in FCS
	4. By the IDA19 Mid-Term Review, conduct a systematic review of refugee policy and institutional environments in countries eligible for the Window for Host Communities and Refugees since their initial eligibility, to inform further support for the creation of socio-economic development opportunities for refugee and host communities in these countries.	<p><i>Note: Indicators in all three tiers will be disaggregated for FCS when feasible and applicable.</i></p>
	5. Support building client capacity in 50 percent of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.	
	6. Operationalize the FCV Envelope to provide enhanced and tailored support to IDA FCS. Also, IDA will deploy at least 150 more GE+ staff, including extended term consultants, to IDA FCS locations and nearby locations to serve IDA FCS.	

GOVERNANCE AND INSTITUTIONS		
Promote debt transparency and debt management	<ol style="list-style-type: none"> 1. Support at least 25 IDA countries to implement an integrated and programmatic approach to enhance debt transparency through increased coverage of public debt in Debt Sustainability Analysis (DSAs) and/or supporting debt transparency reforms, including requirements for debt reporting to increase transparency.¹⁶⁹ 2. Support at least 25 IDA countries to bolster fiscal risk assessments and debt management capacity through a scale-up of fiscal risks monitoring and/or implementation of debt management strategies.¹⁷⁰ 	<p>Tier 1</p> <ul style="list-style-type: none"> • No. of IDA countries that have an improved composite PEFA score in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution: <ul style="list-style-type: none"> (1.1) Aggregate expenditure outturn (9.1) Public access to fiscal information (24.2) Competitive procurement methods • Unweighted average increase in tax-to-GDP ratio in those IDA countries with tax revenues below 15% of their GDP for three consecutive years • Level of statistical capacity (scale from 0 to 100) • Number of IDA countries with low or moderate risk from unsustainable debt. <p>Tier 2</p> <ul style="list-style-type: none"> • Number of IDA countries publishing annual and timely public debt reports • Number of IDA countries provided statistical capacity building support by the WBG for the implementation of household surveys • Number of IDA FCS supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.
Strengthen domestic resource mobilization	<ol style="list-style-type: none"> 3. Support the implementation of country programs which support the efforts of those IDA countries with tax revenues persistently below 15 percent of GDP to achieve an unweighted average increase in tax-to-GDP ratios of one percentage point over the three-year IDA cycle, as part of collective efforts with partners. 	
Strengthen infrastructure governance	<ol style="list-style-type: none"> 4. Support at least 20 countries to identify the governance constraints to the development, financing, and delivery of quality infrastructure investments, with particular attention to project preparation, procurement, environmental and social considerations, and integrity, to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these.¹⁷¹ 	
Support investments in people that promote efficiency, growth, and equity	<ol style="list-style-type: none"> 5. Support at least 15 IDA countries with the lowest HCI to improve sustainability of human capital financing, including a focus on reaching universal health coverage and good learning outcomes for all, through: (i) improving the efficiency of public expenditures, and (ii) more effectively aligning expenditures with domestic financing and external resources in a sustainable manner. 	

¹⁶⁹ Support to this commitment will draw from a suite of instruments, including lending operations, diagnostics and technical assistance.

<p>Enable universal access to public services through GovTech</p>	<p>6. Support at least 12 IDA countries to adopt universally accessible¹⁷² GovTech solutions.¹⁷³</p>	<p>Tier 3</p> <ul style="list-style-type: none"> • Number of IDA countries with the lowest Human Capital Index supported to improve the sustainability of human capital financing (as per Governance PC#5) • Number of countries supported by IDA to take IFF-related actions (number)
<p>Strengthen pandemic preparedness</p>	<p>7. Support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment).</p>	
<p>Tackle corruption and tax evasion to reduce illicit financial flows</p>	<p>8. Support at least five countries to conduct comprehensive Illicit Financial Flows (IFF) assessments and prepare action plans. Also support at least 20 IDA countries to take IFF-related policy actions, such as increasing access to and awareness of beneficial ownership information and/or adopting automatic exchange of information to reduce tax evasion.</p> <p>9. Support at least 50 percent of IDA countries to implement e-procurement systems and conduct detailed procurement data analytics, in order to increase efficiency of public spending and mitigate corruption risks.</p>	
<p>Support multi-stakeholder approaches to policy</p>	<p>10. Support at least 50 percent of IDA countries to establish and strengthen platforms for engaging with multiple stakeholders, including women as well as vulnerable</p>	

¹⁷⁰ The actions under Policy Commitments 1 and 2 will focus mainly on moderate and high-risk countries, consistent with the focus of the SDFP. These actions could also help prevent deterioration in the risk of debt distress, including sharp (or rapid) deteriorations from low to high risk as observed in some cases.

¹⁷¹ Focus to be on countries identified with CPIA rating at 3 or less for Indicator 16 on Transparency, Accountability and Corruption. There are currently 55 IDA countries in this pool.

¹⁷² ‘Universally accessible’ means that GovTech services are designed so that they can be accessed, understood and used by all people, regardless of disability, age, use of assistive devices, location or means of Internet access. It applies to hardware and software.

¹⁷³ GovTech solutions include hardware, software, applications and other technology to improve access and quality of public services; facilitate citizen engagement (CivicTech); and improve core government operations. These include enabling analog complements to strengthen institutions for GovTech implementation, including devising related strategies, building capacity, passing related laws on e-government, data access and use; and developing regulatory frameworks to facilitate interoperability.

making and implementation	groups, in policy making and implementation to enhance public participation, accountability and responsiveness.	
Enhance the core functions of government in IDA FCS	11. Support at least 95 percent of IDA FCSs (with active portfolios) to establish and/or strengthen core government functions to address FCV drivers. ¹⁷⁴	
Improve data for more evidenced-based policy making	12. Support 30 IDA countries, including those with ongoing statistical operations, ¹⁷⁵ to support institutions and build capacity to reduce gaps in the availability of core data for evidence-based policy making, including disaggregation by sex and disability. ¹⁷⁶	
SPECIFIC REPORTS/REVIEWS FOR THE IDA19 MID-TERM REVIEW		
<ul style="list-style-type: none"> • Update on the operationalization of the FCV Envelope and any emerging lessons, both in terms of allocations and efforts made by countries to design and/or recalibrate their portfolios. • Systematic review of refugee policy and institutional environments eligible for the WHCR. • Early experience on the Sustainable Development Finance Policy, and any emerging lessons. • Develop and discuss proposal on local currency solution products. • Review of the structural gap used in IDA burden share calculation. 		

¹⁷⁴ Core government functions refers to: (i) public revenue and expenditure management; (ii) decentralization and service delivery; (iii) government employment and public administration; and (iv) the rule of law.

¹⁷⁵ This commitment would target 25 percent out of 51 IDA countries without ongoing statistical operations.

¹⁷⁶ Data disaggregation by sex and disability in the Data for Policy (D4P) package will be performed where it is appropriate, which corresponds to contexts where household survey data is amenable to disaggregation, specifically for data collected at the individual level. The D4P package will also continue promoting the production of sex and disability disaggregated statistics in countries where this is already available.

Table A1.2.a

TIER 1: IDA COUNTRIES' PROGRESS

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG ¹⁷⁷	Special Theme
				FCS	Sex		
	World Bank Group Goals						
1	Population living on less than US\$1.90 a day (%)	✓		✓		1.1.1	
2	Median growth rate of consumption/income per capita of the bottom 40 percent (%)	✓		✓		10.1	
3	Countries with growth concentrated in the bottom 40 percent (%)	✓		✓		10.1	
	Sustainable and Inclusive Growth						
4	GDP per person employed (constant 2011 PPP \$)	✓		✓			JET
5	Non-agriculture sectors, value added (as % of GDP)	✓		✓			JET
6	Legal changes that support gender equality over the past two years (number of legal changes)	✓		✓		5.1	GD
7	Proportion of population with access to electricity (% of population)	✓		✓		7.1.1	JET
8	Annual growth rate of real GDP per capita (%)	✓		✓		8.1.1	
9	Ratio of female to male labor force participation rate (%)	✓		✓		8.5	JET, GD
10	Youth employment to population ratio (age 15-24) (%)	✓		✓	✓	8.5	JET, GD
	- Youth employment to population ratio (age 15-24), women (%)	✓		✓	✓	8.5	JET

¹⁷⁷ Indicator alignment with the Sustainable Development Goals (SDGs) is denoted depending on whether alignment is at broad goal level (e.g., SDG 7 - Affordable and Clean Energy); at the target level (e.g., 7.1 - By 2030, ensure universal access to affordable, reliable and modern energy services); or at the indicator level (e.g., 7.1.1 Proportion of population with access to electricity).

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG ¹⁷⁷	Special Theme
				FCS	Sex		
	- Youth employment to population ratio (age 15-24), men (%)	✓		✓	✓	8.5	JET
11	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided (%)	✓		✓	✓	8.10.2	JET
	Human Capital						
12	Prevalence of stunting among children under 5 years of age (%)	✓		✓		2.2.1	
13	Maternal mortality ratio (number of maternal deaths per 100,000 live births)	✓		✓		3.1.1	GD
14	Proportion of births attended by skilled health personnel (%)	✓		✓		3.1.2	GD
15	Under-5 mortality rate (number of under-five deaths per 1,000 live births)	✓		✓		3.2.1	
16	Incidence of HIV (% of uninfected population ages 15-49)	✓		✓		3.3.1	
17	Contraceptive prevalence by modern methods (% of married women ages 15-49)	✓		✓		3.7.1	GD
18	Adolescent fertility rate (number of births per 1,000 women ages 15-19)	✓		✓		3.7.2	GD
19	Population of children who cannot read by end-of-primary-school age (%)		✓	✓		4.1	
20	Lower secondary gross completion rate (%)	✓		✓	✓	4.1	
	- Ratio of girls' to boys' completion rate	✓		✓	✓	4.1	GD
21	Lower secondary enrollment rate (%)	✓		✓		4.1	
	- Ratio of girls' to boys' enrollment rate	✓		✓	✓	4.1	GD
22	People using basic drinking water services (% of population)	✓		✓		6.1	

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG ¹⁷⁷	Special Theme
				FCS	Sex		
23	People using basic sanitation services (% of population)	✓		✓		6.2	
Resilience and Sustainability							
24	CO ₂ emissions (metric tons per capita)	✓		✓		9.4.1	CC
25	Countries without wealth depletion (%)	✓		✓		12	CC
26	Average annual deforestation change (%)	✓		✓		15.2	CC
27	Marine protected areas (% of territorial waters)		✓	✓		14.5	CC
28	Number of refugees by country or territory of asylum (million)	✓		✓			FCV
29	Internally displaced persons, total displaced by conflict and violence (million - high estimate)	✓		✓		16	FCV
Institutional Capacity							
30	No. of IDA countries that have an improved composite PEFA score in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution: (1.1) Aggregate expenditure outturn (9.1) Public access to fiscal information (24.2) Competitive procurement methods	✓		✓		16.6	GI
31	Unweighted average increase in tax-to-GDP ratio in those IDA countries with tax revenues below 15 percent of their GDP for three consecutive years (%).		✓	✓		17.1	GI
32	Level of statistical capacity (scale from 0 to 100)	✓		✓		17.19	GI
33	Number of IDA countries with low or moderate risk from unsustainable debt (Number)		✓	✓		17.4	GI

Table A1.2.b

TIER 2. IDA-SUPPORTED DEVELOPMENT RESULTS

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG	Special Theme
				FCS	Sex		
	Sustainable and Inclusive Growth						
1	Farmers adopting improved agricultural technology (million)	✓		✓	✓	2.4	JET
2	Area provided with new/improved irrigation or drainage services (Ha)	✓		✓		2.4	JET
3	People provided with new or improved electricity service (million)	✓		✓		7.1.1	JET
4	Generation capacity of renewable energy (GW)	✓				7.2	JET, CC
5	Beneficiaries reached with financial services supported by WB operations (million) - People - Businesses	✓		✓	✓	8.10	JET
6	Beneficiaries in IDA countries of job-focused interventions (million)	✓		✓	✓	8.5	JET
7	Number of people with enhanced access to transportation services (million)		✓	✓		9.1	JET
8	Number of people provided with enhanced access to broadband internet (million)		✓	✓		9.c	JET
	Human Capital						
9	Beneficiaries of social safety net programs (million)	✓		✓	✓	1.3	
10	People who have received essential health, nutrition and population services:	✓		✓	✓		
	a. Women and children who have received basic nutrition services	✓		✓	✓	2.2	GD
	b. Children immunized	✓		✓	✓	3.8	
	c. Number of deliveries attended by skilled health personnel	✓		✓	✓	3.1.2	GD

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG	Special Theme
				FCS	Sex		
11	Number of large-scale assessments completed at primary or secondary level (number)		✓	✓		4.1	
12	People provided with access to improved water sources (million)	✓		✓		6.1.1	
13	People provided with access to improved sanitation services (million)	✓		✓		6.2.1	
14	People provided with improved urban living conditions (million)	✓		✓	✓	11.1	JET
	Resilience and Sustainability						
15	Projected energy or fuel savings (MWh and MJ)	✓		✓		7.3	CC
16	Net GHG emissions (tCO ₂ eq/year)	✓		✓		9.4	CC
17	Countries supported toward institutionalizing disaster risk reduction as a national priority with IDA support (number)	✓		✓		13.2	CC
	Institutional Capacity						
18	Number of IDA countries publishing annual and timely public debt reports (number)		✓	✓		17.1	GI
19	Number of IDA countries provided statistical capacity building support by the WBG for the implementation of household surveys (number)	✓		✓		17.19	GI
20	Number of IDA FCS supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination (number)		✓	✓		17.8	FCV, GI

Table A1.2.c

TIER 3: IDA ORGANIZATIONAL AND OPERATIONAL EFFECTIVENESS

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG	Special Theme
				FCS	Sex		
	Development Outcome Ratings						
1	Satisfactory outcomes of IDA Country Partnership Frameworks (% , IEG Rating, 4-year rolling)	✓		✓			
2	Satisfactory outcomes of IDA operations:	✓					
	- as a share of commitments (% , IEG ratings, 3-year rolling)	✓		✓			
	- as share of operations (% , IEG ratings, 3-year rolling)	✓		✓			
3	Client feedback in IDA countries on WBG effectiveness and impact on results (average rating scale: 1-10)	✓		✓			
4	Client feedback in IDA countries on WBG knowledge (average rating scale: 1-10)	✓		✓			
	Performance and Quality						
5	Satisfactory Bank performance in IDA-financed operations (% , IEG Rating)						
	- Overall	✓		✓			
	- At entry	✓		✓			
	- During supervision	✓		✓			
6	Quality of M&E in IDA-financed operations (% , IEG ratings, 3-year rolling)	✓		✓			
7	Advisory Services and Analytics (ASA) objectives accomplished (client rating, %)		✓	✓			
8	Projects with beneficiary feedback at design (%)	✓		✓			

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG	Special Theme
				FCS	Sex		
	Operational Efficiency and Responsiveness						
9	Disbursement ratio (%)	✓		✓			
10	Proactivity Index (%)	✓		✓			
11	Client feedback on WBG on responsiveness and staff accessibility (average rating scale: 1-10)	✓		✓			
12	Client feedback on WBG on collaboration with other donors (average rating scale: 1-10)	✓		✓			
	Financial Sustainability and Budget Efficiency						
13	IDA Budget Anchor (%)	✓					
14	Bank budget to Portfolio Volume Ratio (per US\$ billion under supervision) (US\$ million)	✓					
15	Average cost of IDA supervision projects (implementation support) (US\$ thousand)	✓		✓			
	Implementation of IDA Themes and Cross-cutting Issues						
	Jobs and Economic Transformation						
16	Share of IDA19 CPFs which reflect at least one of the following four key principles underpinning economic transformation: - Sectoral productivity - Value chain expansion - Increased productive capital stock or investment in energy, transport, manufacturing or services - Export sector output/value added; trade facilitation	✓					JET
17	Total private mobilization of WBG-supported operations/transactions in IDA countries. - Direct mobilization (US\$ billion) - Indirect mobilization (US\$ billion)	✓		✓		17.3	JET

No.	Indicator	Included in IDA18 RMS	New	Disaggregation		SDG	Special Theme
				FCS	Sex		
	Gender and Development						
18	Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework (%)	✓		✓			GD
19	Number of IDA-supported operations that address and respond to gender-based violence (GBV) (number)	✓		✓		5.1	GD
	Climate Change						
20	Share of climate co-benefits over total commitments in IDA-supported operations (%)	✓		✓		13.2	CC
21	Share of adaptation co-benefits over total climate co-benefits in IDA-supported operations (%)		✓	✓		13.2	CC
22	IDA financing commitments with disaster risk management co-benefits (US\$ billion)	✓		✓		13.2	CC
	Fragility, Conflict, and Violence (FCV)						
23	Facetime index in FCS	✓		✓			FCV
	Governance and Institutions						
24	Number of IDA countries with the lowest Human Capital Index supported to improve the sustainability of human capital financing (as per Governance PC#5)		✓	✓		17.1	GI
25	Number of countries supported by IDA to take IFF-related actions (number)		✓	✓		16	GI
	Disability						
26	Share of IDA IPF operations that applied the concept of universal access at design (% of approved IDA IPF in FY).		✓	✓		10.2	

Table A1.2.d
Annotated Indicators by Tier

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
Tier 1: IDA Countries Progress					
WBG goals					
1	Population living on less than US\$1.90 a day	% of population	Staff estimates calculated using data from PovcalNet	2015	Not applicable
2	Median growth rate of consumption/income per capita of the bottom 40 percent (%)	%	Global database of Shared Prosperity, calculated from the Global Poverty Working Group dataset	2015	Not applicable
3	Countries with growth concentrated in the bottom 40 percent (%)	%	Global database of Shared Prosperity, calculated from the Global Poverty Working Group dataset	2015	Not applicable
Sustainable and Inclusive Growth					
4	GDP per person employed	constant 2011 PPP \$	World Development Indicators (WDI) Database	2018	Not applicable
5	Non-agriculture sectors, value added (as % of GDP)	%	World Development Indicators (WDI) Database	2018	Not applicable
6	Legal changes that support gender equality over the past two years	Number of legal changes	Women, Business and the Law dataset	May 2015- June 2017	Not applicable
7	Proportion of population with access to electricity	% of population	World Development Indicators (WDI) Database	2017	Not applicable
8	Annual growth rate of real GDP per capita	%	World Development Indicators (WDI) Database	2018	Not applicable
9	Ratio of female to male labor force participation rate	%	World Development Indicators (WDI) Database	2018	Not applicable

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
10	Youth employment to population ratio (age 15-24) (Women, Men)	%	World Development Indicators (WDI) Database	2018	Not applicable
	- Youth employment to population ratio (age-15), women	%	World Development Indicators (WDI) Database	2018	Not applicable
	- Youth employment to population ratio (age-15), men	%	World Development Indicators (WDI) Database	2018	Not applicable
11	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided	%	World Development Indicators (WDI) Database	2017	Not applicable
Human Capital					
12	Prevalence of stunting among children under 5 years of age	%	World Development Indicators (WDI) Database	2016	Not applicable
13	Maternal mortality ratio	Number of maternal deaths per 100,000 live births	World Development Indicators (WDI) Database	2015	Not applicable
14	Proportion of births attended by skilled health personnel	%	World Development Indicators (WDI) Database	2014	Not applicable
15	Under-5 mortality rate	Number of under-five deaths per 1,000 live births	World Development Indicators (WDI) Database	2017	Not applicable
16	Incidence of HIV	% of uninfected population ages 15-49	World Development Indicators (WDI) Database	2015	Not applicable
17	Contraceptive prevalence by modern methods	% of married women ages 15-49	World Development Indicators (WDI) Database	2014	Not applicable
18	Adolescent fertility rate	Number of births per 1,000 women ages 15-19	World Development Indicators (WDI) Database	2017	Not applicable

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
19	Population of children who cannot read by end-of-primary school age	%	World Development Indicators (WDI) Database	Not applicable	Not applicable
20	Lower secondary gross completion rate	%	World Development Indicators (WDI) Database	2017	Not applicable
	- Ratio of girls' to boys' completion rate		World Development Indicators (WDI) Database	2017	Not applicable
21	Lower secondary enrollment rate	%	World Development Indicators (WDI) Database	2017	Not applicable
	- Ratio of girls' to boys' enrollment rate		World Development Indicators (WDI) Database	2017	Not applicable
22	People using basic drinking water services	% of population	World Development Indicators (WDI) Database	2017	Not applicable
23	People using basic sanitation services	% of population	World Development Indicators (WDI) Database	2017	Not applicable
Resilience and Sustainability					
24	CO ₂ emissions	Metric tons per capita	World Development Indicators (WDI) Database	2014	Not applicable
25	Countries without wealth depletion	% of countries	Staff estimates based on WB data	2014	Not applicable
26	Average annual deforestation change	%	World Development Indicators (WDI) Database	2015	Not applicable
27	Marine protected areas	% of territorial waters	World Development Indicators (WDI) Database	Not applicable	Not applicable
28	Number of refugees by country or territory of asylum (millions)	Number	World Development Indicators (WDI) Database	2018	Not applicable

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
29	Number of displaced persons, total displaced by conflict and violence	Number (high estimate)	World Development Indicators (WDI) Database	2018	Not applicable
Institutional Capacity					
30	Number of IDA countries that have an improved composite PEFA score across in dimensions across the pillars of budget reliability, transparency of public finances, and control in budget execution: (1.1) Aggregate expenditure outturn (9.2) Public access to fiscal information; (24.2) Competitive procurement methods	Number	PEFA Secretariat	2019	Not applicable
31	Unweighted average increase in tax-to-GDP ratio in those IDA countries with tax revenues below 15 percent of their GDP for three consecutive years	%	IMF WEO database; OECD Tax Statistics; GFS	Not applicable	Not applicable
32	Level of statistical capacity	scale from 0 to 100	World Development Indicators (WDI) Database	2018	Not applicable
33	Number of IDA countries with low or moderate risk from unsustainable debt	Number	World Bank Group, CPIA database	Not applicable	Not applicable
Tier 2: IDA-Supported Development Results					
Growth					
1	Farmers adopting improved agricultural technology	Millions	IDA projects' ISRs and ICRs	FY19	5-6 million
2	Area provided with new/improved irrigation or drainage services	Ha	IDA projects' ISRs and ICRs	FY19	1.0-2.0 million
3	People provided with new or improved electricity service	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	35-50 million
4	Generation capacity of renewable energy	GW	PADs	FY19	10 GW

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
5	Beneficiaries reached with financial services - People - Businesses	Number of people/businesses	IDA projects' ISRs and ICRs	FY19	3-4 million (of which 95% individuals, 5% businesses)
6	Beneficiaries in IDA countries of job-focused interventions	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	Monitored
7	Number of people with enhanced access to transportation services	Number of people (million)	IDA projects' ISRs and ICRs	FY19	90-105 million
8	Number of people provided with enhanced access to broadband internet	Number of people (millions)	IDA projects' ISRs and ICRs	Not applicable	50-60 million
Human Capital					
9	Beneficiaries of social safety net programs	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	30-40 million
10	People who have received essential health, nutrition and population services:	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	220-370 million
	a. Children immunized		IDA projects' ISRs and ICRs	FY19	85-140 million
	b. Women and children who have received basic nutrition services		IDA projects' ISRs and ICRs	FY19	100-150 million
	c. Number of deliveries attended by skilled health personnel		IDA projects' ISRs and ICRs	FY19	35-80 million
11	Number of large-scale assessments completed at primary or secondary level	Number	PADs	Not applicable	30-40 assessments
12	People provided with access to improved water sources	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	25-35 million
13	People provided with access to improved sanitation services	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	15-20 million

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
14	People provided with improved urban living conditions	Number of people (millions)	IDA projects' ISRs and ICRs	FY19	10-15 million
Resilience and Sustainability					
15	Projected energy or fuel savings	MWh and Mega joules	IDA projects' ISRs and ICRs	FY19	5.5x10 ⁹ -6x10 ⁹ MJ
16	Net GHG emissions	tCO2eq / year	Operations Portal and GHG Accounting Focal Points data submission files	FY19	Monitored
17	Countries supported toward institutionalizing disaster risk reduction as a national priority with IDA support	Number of countries	PADs, ISRs, ICRs and other projects' documentation	FY19	30-40 countries
Institutional Capacity					
18	Number of IDA countries publishing annual and timely debt reports	Number of countries	PADs, ISRs, ICRs and other project documentation	Not applicable	30-35 countries
19	Number of IDA countries that were provided statistical capacity building support by the WBG for the implementation of household surveys	Number of countries	PADs, ISRs, ICRs and other project documentation	FY19	>60 countries
20	Number of IDA FCS supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination	Number of countries	PADs, ISRs, ICRs and other project documentation	Not applicable	50% (to be converted into number of countries at the start of IDA19)
Tier 3: IDA Organizational and Operational Effectiveness					
Development Outcome Ratings					
1	Satisfactory outcomes of IDA Country Partnership Frameworks	%, IEG rating, 4-year rolling	IEG	FY16-FY19 (4-year rolling)	70%
2	Satisfactory outcomes of IDA operations:	%, IEG ratings, 3-year rolling	IEG	FY16-FY18 (3-year rolling)	
	- as a share of commitments				80%
	- as share of operations				75%

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
3	Client feedback in IDA countries on WBG effectiveness and impact on results	Average rating scale: 1-10	WBG COS Program	FY19	7
4	Client feedback in IDA countries on WBG knowledge	Average rating scale: 1-10	WBG COS Program	FY19	7
Performance and Quality					
5	Satisfactory Bank performance in IDA-financed operations	% , IEG Ratings	IEG	FY19	80% Monitored Monitored
	- Overall		IEG		
	- At entry		IEG		
	- During supervision		IEG		
6	Quality of M&E in IDA-financed operations	% IDA commitments, IEG ratings	IEG	(FY16-FY18) (3-year rolling)	60 %
7	ASA objectives accomplished	Client rating, %	World Bank Satisfaction Survey	Not applicable	80 %
8	Projects with beneficiary feedback indicator at design	%	World Bank PADs	FY19	100 %
Operational Efficiency and Responsiveness					
9	Disbursement ratio	%	World Bank SAP	FY19	20 %
10	Proactivity Index	%	World Bank SAP	FY19	80 %
11	Client feedback on WBG on responsiveness and staff accessibility	Average rating scale: 1-10	WBG COS Program.	FY19	7
12	Client feedback on WBG on collaboration with other donors	Average rating scale: 1-10	WBG COS Program.	FY19	8
Financial Sustainability and Budget Sustainability					
13	IDA Budget Anchor	US\$ millions	World Bank SAP /IDA Financial Statements	FY19	<=100

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
14	Bank budget to Portfolio Volume Ratio (per US\$ billion under supervision)	US\$ million	World Bank SAP and Business Warehouse	FY19	Monitored
15	Average cost of IDA supervision projects (implementation support)	US\$ thousand	Business Warehouse	FY19	Monitored
Implementation of IDA Special Themes and Cross-cutting Issues					
Jobs and Economic Transformation					
16	Share of IDA18 CPFs which at reflect at least one of the following four key principles underpinning Economic Transformation: <ul style="list-style-type: none"> • Sectoral productivity • Value chain expansion • Increased productive capital stock or investment in energy, transport, manufacturing or services. • Export sector output/value added; Trade Facilitation 	%	CPFs	FY19	Monitored
17	Total private mobilization of WBG-supported operations/transactions in IDA countries <ul style="list-style-type: none"> - Direct mobilization - Indirect mobilization 	US\$ billions	World Bank SAP	FY19	Monitored
Gender and Development					
18	Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework	%	World Bank SAP, PADs and/or supporting documents.	FY19	60 %
19	Number of IDA-supported operations that address and respond to GBV	Number	World Bank SAP, PADs and/or supporting documents.	FY19	Monitored
Climate Change					
20	Share of climate co-benefits over total commitments in IDA-supported operations	%	World Bank SAP, PADs and/or supporting documents	FY19	30 %

	Indicator	Unit of Measure	Data Source	Date of Latest Results	Expected Range/Value for IDA19 (FY21-FY23)
21	Share of adaptation co-benefits over total climate co-benefits from IDA-supported operations	%	World Bank SAP, PADs and/or supporting documents	Not applicable	50 %
22	IDA financing commitments with disaster risk management co-benefits	(US\$ billion)	WBG CPF reviews	FY19	3-5 billion
	Fragility, Conflict and Violence (FCV)				
23	Facetime Index in FCS	Index	Staff calculations based on World Bank systems	FY19	Monitored
	Governance and Institutions				
24	Number of IDA countries with the lowest Human Capital Index supported to improve the sustainability of human capital financing (as per Governance PC#5)	Number	Staff calculations based on World Bank systems	Not applicable	15 countries
25	Number of countries supported by IDA to take IFF-related actions	Number	Staff calculations based on World Bank systems		20
	Disability				
26	Share of IDA IPF operations that applied the concept of universal access at design (% of approved IDA IPF in FY).	%	Staff calculations based on World Bank systems	Not applicable	Monitored

ANNEX 2: IDA’S PERFORMANCE-BASED ALLOCATIONS SYSTEM FOR IDA19

1. Country allocations resources – which provide unearmarked country envelopes, aligned with (Country Partnership Frameworks) CPFs – are fundamental to International Development Association's (IDA) value proposition. Under IDA19, the share of country allocations relative to IDA’s thematic windows will be increased, reversing the trend since IDA15 of increasing the number and scope of the windows. The Performance Based Allocations (PBA) system will remain the centerpiece of core resource allocations, while the Fragility, Conflict and Violence (FCV) allocations will enable targeted resource boosts linked to monitorable commitments in select IDA Fragile and Conflict-affected Situations (FCS).

2. The Country Performance Ratings (CPR) of IDA countries are determined annually, largely based on Country Policy and Institutional Assessment (CPIA) ratings. The CPIA assesses each country’s policy and institutional framework and consists of 16 criteria grouped into four equally weighted clusters: (i) economic management; (ii) structural policies; (iii) policies for social inclusion and equity; and (iv) public sector management and institutions. (See Box A2.1).¹⁷⁸ To ensure that the ratings are consistent with performance within and across regions, detailed questions and definitions are provided to country teams for each of the rating levels for each of the 16 criteria. This is followed by a process of institutional review of all country ratings before they are finalized.

3. The CPIA underpins IDA’s CPR but is not its only determinant. In addition to the CPIA, the IDA Portfolio Performance Rating (PPR),¹⁷⁹ which captures the quality of management of IDA’s projects and programs, enters in the calculation of the CPR. As in IDA18, the CPR in IDA19 will be calculated as:

$$\text{Country Performance Rating} = (0.24 * \text{CPIA}_{A-C} + 0.68 * \text{CPIA}_D + 0.08 * \text{PPR})$$

where CPIA_{A-C} is the average of the ratings of CPIA clusters A to C, and CPIA_D is the rating of CPIA cluster D.

Box A2.1. CPIA Criteria

A. Economic Management

1. Monetary and Exchange Rate Policies
2. Fiscal Policy
3. Debt Policy and Management

B. Structural Policies

4. Trade
5. Financial Sector
6. Business Regulatory Environment

C. Policies for Social Inclusion

7. Gender Equality
8. Equity of Public Resource Use
9. Building Human Resources
10. Social Protection and Labor
11. Policies and Institutions for Environmental Sustainability

D. Public Sector Management and Institutions

12. Property Rights and Rule-based Governance
13. Quality of Budgetary and Financial Management
14. Efficiency of Revenue Mobilization
15. Quality of Public Administration
16. Transparency, Accountability and Corruption in the Public Sector

¹⁷⁸ For details on the CPIA Questionnaire, see: <http://pubdocs.worldbank.org/en/203511467141304327/CPIA-Criteria-2017v2.pdf>

¹⁷⁹ The PPR reflects the health of the IDA portfolio, as measured by the percentage of problem projects in each country.

4. The formula underpinning the PBA system is presented below. Country performance (with an exponent of 3 in the allocation formula)¹⁸⁰ is the main determinant of IDA country allocations. Country needs are also taken into account through population size and GNI per capita. Population affects allocations positively (with an exponent of 1) while the level of GNI per capita is negatively related to allocations (with an exponent of -0.125). Specifically:

$$\text{IDA country allocation} = f(\text{Country Performance Rating}^3, \text{Population, GNI per capita}^{-0.125})$$

5. In IDA19, the base allocation will remain at SDR 15 million (equivalent to US\$20.7 million) per year (SDR 45 million, equivalent to US\$62.2 million, per replenishment) agreed in IDA18 to meet the fixed costs of country engagement and maintain an effective country program to benefit Small States, several of which are FCS.

6. Country allocations will be determined annually with changes reflecting, *inter alia*, the country's own performance and its performance relative to other countries, IDA eligibility and availability of IDA resources.

I. Sustainable Development Finance Policy (SDFP)

7. The forthcoming SDFP will assist IDA countries to pave a path of sustainable development finance that enhances progress toward achieving the SDGs. The SDFP will be closely linked to the IMF/WB LIC Debt Sustainability Framework (DSF) and impact IDA country allocations through performance-based set-asides providing appropriate and fair incentives for IDA countries to take policy steps to reduce debt vulnerability risks. (See Annex 9.)

II. FCV Envelope

8. IDA19 will consolidate, simplify and refine the financing toolkit available to IDA countries experiencing a range of FCV challenges through the FCV Envelope. The FCV Envelope will provide tailored support, **comprised of three FCV-related country allocations**. The exceptional regimes under IDA18 (the Post-conflict regime, Risk Mitigation Regime and Turn Around Regime) will be discontinued. The Post-conflict regime phase-out applicable to South Sudan will also be discontinued,¹⁸¹ as the country could potentially apply to the FCV Envelope. See Annex 3 for more details on the FCV Envelope.

III. Other Exceptions

9. The following specific exceptions to the PBA formula will be in place in IDA19:
- a. As endorsed by IDA Participants during the IDA18 MTR, a 7 percent cap on the total country-allocable envelope will be applied to countries with significant access to

¹⁸⁰ The CPR exponent was reduced from 4 in IDA17 to 3 in IDA18 to increase the poverty-orientation of the regular PBA system. This will allow an increased IDA engagement in the poorest countries, notably the broader group of FCS, most of which have low per-capita GNI levels, while preserving the principle of performance orientation in the allocation system.

¹⁸¹ As the only country in the Post-conflict regime, South Sudan had been phasing out to the regular PBA formula levels by FY23 as per the original phase out period established under the Post-conflict regime.

International Bank for Reconstruction and Development (IBRD) and IDA in cumulative terms. In IDA19, this will apply to Pakistan which falls in this category.

- b. IDA will continue to provide additional allocations for crisis response through the Crisis Response Window (CRW). (See Annex 6.)
- c. IDA will continue to support regional integration through a scaled-up Regional Window which will now support (i) Development Policy Financing instrument under the Regional Window; (iii) Regional Window financing for single-country operations that clearly demonstrate positive cross-border spillovers for health pandemics, natural disasters and adoption of innovative technologies; and (iv) funding on credit terms to regional organizations with proper safeguards to ensure that such interventions exclusively benefit IDA countries. (See Annex 5.)
- d. IDA will continue to support development opportunities for refugee and host communities through the WHR (Window for Host Communities and Refugees). (See Annex 4.)
- e. IDA will continue to offer non-concessional financing under strict circumstances through the Scale-up Facility (now the Scale-up Window). (See Annex 8.)
- f. The PSW continues to support International Finance Corporation (IFC) and MIGA to mobilize private sector investments into IDA FCS and IDA-only countries. (See Annex 7.)
- g. Finally, eligible countries can qualify for exceptional allocations to help finance the cost associated with the clearance of arrears to IBRD and/or IDA.¹⁸²

V. Disclosure

10. IDA countries are informed of the performance assessment process, which is increasingly integrated into the country dialogue. Starting in IDA14, the numerical ratings for each of the CPIA and CPR criteria have been fully disclosed on IDA's external website. Starting in IDA15, the country allocations and commitments have been disclosed annually to the Executive Directors of IDA on an *ex post* basis (i.e., at the end of each FY) to increase transparency. Starting in IDA16, the country allocations and commitments have been disclosed on IDA's external website.

¹⁸² IDA, *Further Elaboration of a Systematic Approach to Arrears Clearance* (2007), available at <http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1172525976405/3492866-1172526109259/ArrearsClearanceMZ.pdf>.

ANNEX 3: IMPLEMENTATION ARRANGEMENTS: FRAGILITY, CONFLICT AND VIOLENCE ENVELOPE

1. **IDA19 creates a Fragility, Conflict and Violence (FCV) Envelope that will contain resources to support IDA countries facing different kinds of FCV risks.** (See Figure A3.1 where financing tools are represented on a stylized ‘U curve’.) The FCV Envelope will enable IDA to seize opportunities and respond with greater agility to the dynamic needs of IDA Fragile and Conflict-affected Situations (FCS) clients. It will also enable IDA to offer support that is targeted and tailored to the prevailing conflict and fragility dynamics specific to each IDA FCS. The FCV Envelope offers a strong incentive and accountability structure, including Board discussion of all eligibility notes.

Box A3.1. Common Features of the FCV Envelope

The three allocations comprising the FCV Envelope will share several common features.

In-cycle identification. Eligibility for an allocation can be assessed at any time in the IDA cycle. Countries may apply in FY20 so that allocations are available at the start of IDA19. A country may move between different types of allocations within the Envelope through the IDA cycle, but may receive only one allocation at any given time.

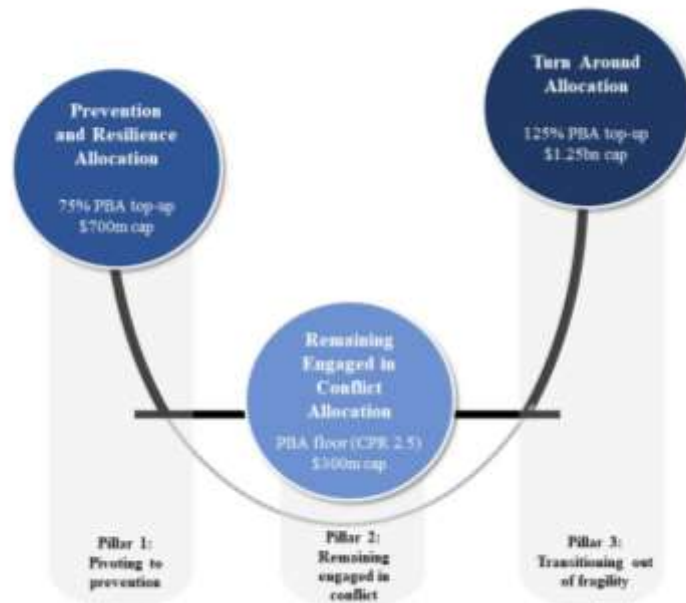
Eligibility-based processing. Each allocation will have an initial eligibility process, and continued eligibility will be based on annual reviews. Decisions to access the FCV Envelope will be made by Development Finance in concurrence with Operations Policy and Country Services in the same way as for IDA18 RSW projects. Teams will consult with relevant stakeholders in country, including with the UN, when developing the eligibility notes. Where possible, eligibility and annual review processes will be synchronized with the country’s CEN (Country Engagement Note) /CPF (Country Partnership Framework) /PLR (Performance and Learning Review) cycle. If country circumstances change and eligibility arises off-cycle, countries will prepare an Eligibility Note. All eligibility notes, whether submitted as part of the CEN/CPF/PLR or as a standalone document, will be submitted to the Board for discussion.

PBA-aligned financing. Allocations will supplement the country’s PBA by a percentage amount, up to a national top-up cap for the IDA19 period. Financing will be on the same terms as the country’s PBA. Financing from the FCV Envelope should not bring a country’s allocation above seven percent of total country allocations. Countries receiving an FCV-related allocation may continue to access IDA windows.

Prioritization within the country program. With the increased allocation, the country portfolio will be recalibrated to focus more directly on the purposes and activities for which the allocation is made.

2. The FCV Envelope will comprise three FCV-related country allocations:
- a. The ***Prevention and Resilience Allocation (PRA)*** will provide enhanced support for countries at risk of escalating into high-intensity conflict or large-scale violence.
 - b. A new ***Remaining Engaged during Conflict Allocation (RECA)*** will enable IDA to maintain a base level of engagement in a small number of countries that experience high-intensity conflict and have extremely limited government capacity.
 - c. The ***Turn Around Allocation (TAA)*** will support countries emerging from conflict, social/political crisis or disengagement, and where there is a window of opportunity for IDA to either re-engage or intensify engagement to support these countries to pursue major reforms to accelerate the transition out of fragility and build resilience.

Figure A3.1. FCV Envelope



Prevention and Resilience Allocation (PRA)

3. **As a key financial tool in the pivot to prevention, the PRA will support governments to take proactive measures against escalating conflict and violence.** It will provide enhanced support for countries at risk of escalating into high-intensity conflict or large-scale violence, where the Government is committed to addressing the underlying drivers of conflict and violence. The PRA will enable more agile responses to changing fragility and conflict dynamics, while also ensuring country ownership.

4. **PRA eligibility will be based on two criteria:** (i) a quantified indicator that identifies countries that are at risk of escalating into high-intensity conflict or large-scale violence;¹⁸³ and (ii) the Government has in place a strategy or plan acceptable to IDA that describes the concrete steps that the country will take to reduce the risks of conflict or violence, and the corresponding milestones the Government commits to implement with support from the PRA. These eligibility criteria are designed to provide a basis for IDA programming that is genuinely country-led and focused on reducing conflict and violence.

¹⁸³ Data show that the existence of small-scale conflict is one of the strongest predictors of large-scale conflict, reflecting the notion that violence breeds violence. With this in mind, indicators to identify those countries at highest risk of escalating into high-intensity conflict include: (i) countries that already experience some low-level conflict, measured as between 2 and 10 conflict-related deaths per 100,000 people, and an absolute number of conflict-related deaths above 250; and (ii) countries experiencing a rapid deterioration of the security situation, meaning a number of conflict-related deaths between 1 and 2 per 100,000 people, an absolute number above 250, and an increase in conflict-related deaths that is at least double the previous year. This criterion will be based on data from the Armed Conflict Location and Event Data Project (ACLED) and/or the Uppsala Conflict Data Program (UCDP). Below that range, regular PBA can be used to address low risks of conflict, and above that range, the country may become eligible for the RECA. For inter-personal violence, the criterion will be measured as more than 50 intentional homicide-related deaths per 100,000 people using United Nations Office on Drugs and Crime data.

5. **The PRA will top up a country's PBA by 75 percent, up to a national top-up cap of US\$700 million per country for IDA19.**¹⁸⁴ Financing will be provided on the same terms as the country's PBA. While this is a significant top-up, the WB assesses that there is ample demand and absorptive capacity to scale up meaningful programming in these countries, and that prioritization of prevention is warranted, given its net benefits, as outlined in *Pathways for Peace*.¹⁸⁵

6. **Countries receiving the PRA will recalibrate their IDA portfolio to focus on de-escalating the conflict and violence through development interventions.** This recalibration should be reflected in country dialogue as well as in the pipeline and portfolio of investments and analytical products, as appropriate to each context. The PRA will facilitate WB engagement with the Government on critical yet difficult issues and scale up best-fit preventive and inclusive approaches beyond business as usual. Countries may apply for the PRA at any time during the IDA19 cycle by demonstrating the risks, the Government's plan to address the risks and accompanying milestones, and the WB's supportive program.¹⁸⁶ Continued access to the PRA will be subject to annual reviews.¹⁸⁷

Remaining Engaged during Conflict Allocation (RECA)

7. **The RECA will provide a base level of support in rare cases in which a country's PBA is extremely low due to the often-related combination of high-intensity conflict and weak institutional capacity.** Based on lessons from IDA18 engagement in Yemen, this financing tool gives IDA the option to support countries in circumstances where, despite conflict, the WB can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country's future recovery.

8. **Eligibility for the RECA will be based on three criteria:** (i) a quantified indicator that identifies countries in high-intensity conflict;¹⁸⁸ (ii) a Country Policy and Institutional Assessment (CPIA) of 2.5 or below; and (iii) a proposed program that is consistent with the RECA.¹⁸⁹

¹⁸⁴ Downwards adjustments to this allocation may be warranted in certain circumstances, such as weak absorptive capacity or debt considerations.

¹⁸⁵ United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington DC: World Bank Group, 2018).

¹⁸⁶ A PRA Eligibility Note will address: (i) the risks of conflict and violence that the country is facing; (ii) the government's strategy to mitigate these risks; (iii) milestones that the government commits to meet with support from the PRA, similar to CPF indicators; (iv) a summary of other partners' activities; and (v) the WB's proposed approach, including partnerships, adjustments to the country program, including policy dialogue, portfolio, and pipeline. The Eligibility Note will be synchronized with the CEN/CPF/PLR cycle where possible. If off-cycle, the Eligibility Note will be submitted to the Board for discussion.

¹⁸⁷ A PRA annual review will address: (i) how PRA resources have been used and progress made in recalibrating the country portfolio; (ii) an update on risks and the Government's approach to mitigating these risks; (iii) the Government's performance against the agreed milestones; and (iv) updates to the WB program and/or the milestones. In cases where agreed milestones have not been met due to factors within the Government's control, access to the PRA will be suspended, and the country would return to regular PBA the following FY.

¹⁸⁸ The criterion will be measured as ten or more conflict-related deaths per 100,000 people using ACLED and/or UCDP data.

¹⁸⁹ RECA eligibility notes will be synchronized with the CEN/PLR cycle where possible. If off-cycle, the Eligibility Note will be submitted to the Board for discussion.

9. **The RECA will be used to finance a specific set of development activities focused on WB comparative advantage as a development actor in the country context.** The allocation will enable the country portfolio to focus on development activities that preserve institutions and human capital, such as delivery of basic services and capacity building in key institutions. The use of the allocation will seek to ensure value for money in achieving development outcomes, while recognizing that working in these contexts entails higher costs.

10. **In the following limited circumstances,¹⁹⁰ IDA funding in RECA countries¹⁹¹ may be provided directly to UN agencies and INGOs:¹⁹²**

- a. *A government request* to provide financing directly to organizations to carry out operations due to capacity constraints of the Government to effectively manage and implement operations;
- b. *Demonstrated value-added of IDA financing* to ensure activities and outcomes supported by IDA are consistent with IDA's development mandate and are additional (i.e., are not already planned or financed by executing parties);
- c. *Demonstrated attention to rebuilding national and/or local systems, including institutional strengthening and capacity building* in line with IDA's rationale for engagement during conflict by focusing on preserving development gains and building capacity for future recovery; and
- d. *Demonstrated attention to sustainability* including that the executing parties have a financing plan that goes beyond IDA to support recurrent costs.

11. **The RECA will top up a country's PBA on the same terms as its PBA.** If the country's CPR is 2.5 or below,¹⁹³ their PBA will be calculated on the assumption that their CPR is 2.5, up to a national top-up cap of US\$300 million.¹⁹⁴ RECA countries may also access IDA windows, including the Crisis Response Window (CRW).

12. **The RECA designation will enable more agile responses to changing conflict dynamics.** Countries may apply for the allocation at any time during the IDA19 cycle by demonstrating the WB's proposed approach, including the program, policy dialogue, partnerships and coordination, portfolio pipeline and risk management including regarding the potential impact of IDA's program on conflict dynamics. Continued access to the RECA will be subject to annual reviews.¹⁹⁵

¹⁹⁰ This is in addition to the circumstances where the WB operational policies already allow for such direct financing to UN agencies and/or INGOs.

¹⁹¹ This will apply to RECA countries accessing CRW or other IDA funding.

¹⁹² In such cases, no commitment charge would apply.

¹⁹³ Downwards adjustments to this allocation may be warranted in certain circumstances, such as weak absorptive capacity or debt considerations.

¹⁹⁴ During high-intensity conflict, it can be difficult to collect the data needed to generate the country's GNI per capita and population. Where this occurs, the average of the last three years of reliable data will be used for calculations.

¹⁹⁵ A RECA annual review will address: (i) how the RECA allocation has been used; (ii) conflict dynamics; and (iii) any adjustments to the WB program.

Turn Around Allocation (TAA)

13. **The TAA will provide enhanced support to countries that are emerging from conflict, or social/political crisis or disengagement, and where the Government is pursuing a reform agenda to accelerate its transition out of fragility and build resilience.** These are countries at a critical juncture in their development trajectory where there is a significant window of opportunity for IDA to help build stability and resilience to accelerate the transition out of fragility.

14. **Eligibility for the TAA will be based on three criteria:** (i) a CPIA of 3.0 or below, or a period of disengagement;¹⁹⁶ (ii) the Government has in place a strategy or plan acceptable to IDA that describes how the country is turning around, including the concrete steps that the country will take to implement a reform agenda to accelerate its transition out of fragility and build resilience, and the corresponding milestones the Government commits to implement with support from the TAA; and (iii) a CEN/CPF that makes a compelling case for WB support to the Government's reform agenda.

15. **The TAA will top up a country's PBA on the same terms as its PBA.** The top-up will be 125 percent of the country's PBA (i.e. more than double their PBA) up to a national cap of US\$1.25 billion per country during IDA19.¹⁹⁷ While this is a significant allocation, the WB assesses that there is ample demand and absorptive capacity to scale up meaningful programming in these countries.

16. **Countries receiving the TAA will develop/recalibrate their IDA portfolio to focus on the Government's reform agenda.** The TAA will help to scale up and focus the country portfolio on supporting the Government's efforts to implement major policy shifts to accelerate its transition out of fragility and build resilience. Countries may apply for the TAA at any time by demonstrating how the country is turning around, the Government's reform agenda, the WB's supportive program, and accompanying milestones.¹⁹⁸ Continued access will be subject to annual reviews.¹⁹⁹

¹⁹⁶ Currently, five IDA countries are disengaged from IDA, namely Eritrea, Somalia, Sudan, Syria, and Zimbabwe. These countries may choose to re-engage during IDA19 after clearing arrears to IDA and/or IBRD. In the case of Syria, as stated in the IDA18 Replenishment Report, commitment of IDA funds will require the following: (i) arrangements for the clearance of IDA arrears; and (ii) the WBG's ability to engage with an appropriate government counterpart and to effectively appraise and supervise projects in the country (whether through staff presence or the use of third-party monitoring agents). If Syria were eligible for the TAA, it could receive up to US\$1 billion, subject to performance.

¹⁹⁷ Downwards adjustments to this allocation may be warranted in certain circumstances, such as weak absorptive capacity or debt considerations. For countries with a CPR of 2.5 or below (including RECA countries moving to the TAA or other post-conflict countries with weak institutions), a CPR floor of 2.5 will be used to calculate their PBA before the 125 percent top-up is applied. The same can be done for a re-engaging country that has very low CPIA and/or CPR. In those rare cases, the CPR floor of 2.5 can be used to calculate their PBA, as if that country were coming from the RECA to the TAR. This eliminates the need for a PCPI.

¹⁹⁸ The TAA Eligibility Note will address: (i) the significant window of opportunity, and the government's strategy to seize this opportunity; (ii) milestones that the government commits to meet with support from the TAA, similar to CPF indicators; (iii) a summary of other partners' activities; and (iv) the WB's proposed approach, including partnerships, adjustments to the program, including policy dialogue, portfolio, and pipeline. The Eligibility Note will be synchronized with the CEN/CPF/PLR cycle where possible. If off-cycle, the Eligibility Note will be submitted to the Board for discussion.

¹⁹⁹ A TAA annual review will address: (i) how the TAA has been used and progress made in recalibrating the country portfolio; (ii) updates on the implementation of the Government's reform agenda; (iii) the Government's performance against the agreed milestones; and (iv) updates to the WB program and/or the milestones. In cases where agreed milestones have not been met, or relapse into conflict, access to the TAA will be suspended, and the country would return to regular PBA the following FY.

ANNEX 4: IMPLEMENTATION ARRANGEMENTS: WINDOW FOR HOST COMMUNITIES AND REFUGEES

1. **Purpose:** The Window for Host Communities and Refugees (WHR) will support operations that promote medium- to long-term development opportunities for refugee and host communities in IDA countries. The purpose of the WHR is to support refugee hosting countries to: (i) mitigate the shocks caused by refugee inflows and create social and economic development opportunities for refugee and host communities; (ii) facilitate sustainable solutions to protracted refugee situations including through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and (iii) strengthen country preparedness for increased or potential new refugee flows.

2. **Activities:** In line with the overall purpose outlined above, the WHR will support operations in host countries that focus on the medium- to long-term development needs of refugees and host communities, not humanitarian needs, which are the mandate of other organizations. Priority initiatives may include operations that: (i) promote refugees' welfare and inclusion in the host country's socio-economic structures; (ii) support legal solutions and/or policy reforms with regard to refugees, e.g., freedom of movement, formal labor force participation, identification documents and residency permits; (iii) help ensure access and quality of services and basic infrastructure to refugees and host communities; (iv) support livelihoods in host community areas, tailored to the needs and constraints of refugees and host community members; (v) support policy dialogue and activities to facilitate and ensure the sustainability of return where refugees go back to their country of origin; and (vi) strengthen government finances where these have been strained by expenditures related to their hosting responsibilities.

3. **Eligibility Criteria:** The eligibility criteria for the WHR will remain the same as in IDA18: (i) the number of UNHCR-registered refugees is at least 25,000 or 0.1 percent of the population; (ii) the country adheres to an adequate framework for the protection of refugees; and (iii) the Government has in place a strategy or plan acceptable to IDA that describes the concrete steps, including possible policy reforms, toward long-term solutions that benefit host communities and refugees. Based on these criteria, 14 countries are already eligible for financing in IDA18. Countries that are already eligible in IDA18 will not have to re-do the eligibility process. Rather, the first WHR project that is processed in IDA19 for each country will be accompanied by a short WHR strategy note. For countries that become eligible for the WHR during IDA19, the eligibility process will be the same as it was in IDA18. In addition, every PAD that uses WHR financing in IDA19 will include: (i) updated UNHCR numbers; (ii) an update of the country's refugee policy and institutional environment; and (iii) confirmation of the continuing adequacy of the protection framework, noting any recent changes or new risks.

4. **Financing:**

- a. **Volume:** The size of the window will be US\$2.2 billion (equivalent to SDR 1.6 billion).
- b. **Apportionment:** The WHR will finance up to 90 percent of the total project amount, complemented by at least 10 percent from the country allocation.

- c. ***Notional regional allocations:*** At the beginning of a Replenishment period, notional regional allocations will be determined based on the number of refugees in IDA countries eligible for support under the WHR. These notional regional allocations may be adjusted based on changes in refugee numbers and client demand during the IDA cycle. Each WHR-eligible country will have a minimum allocation of US\$10 million to enable programming at a certain scale. Allocations per country during an IDA cycle will be capped at US\$500 million.
- d. ***Terms of Financing:*** For countries at high risk of debt distress, WHR financing will be provided on grant terms. For countries at low to moderate risk of debt distress, financing will be provided 50 percent in grants and 50 percent in the applicable credit terms of the country.
- e. ***Sudden massive inflow of refugees:*** The WHR will provide 100 percent grants to countries that experience a sudden massive inflow of refugees, defined as receiving at least 250,000 new refugees or at least one percent of its population within the last 12 months from the beginning of the IDA19 cycle or during the IDA19 cycle.

ANNEX 5: IMPLEMENTATION ARRANGEMENTS: REGIONAL WINDOW

1. **Purpose.** The IDA Regional Window aims to promote development through regional approaches by providing top-up funding for eligible regional investments and activities. Regional projects support countries to come together to address challenges of small and fragmented markets, find regional solutions for challenges facing multiple countries, and promote global public goods. They help, among other things, to create larger and more integrated markets, improve connectivity, manage shared resources, exploit economies of scale, and facilitate collective action to address common goals.
2. **Lending Instruments.** Financial support from the IDA Regional Window is provided using Investment Project Financing (IPF)²⁰⁰ and starting in IDA19, Development Policy Financing (DPF).
3. **Eligibility Criteria:** IDA Regional Window operations, should meet all of the following four criteria (for exceptions, see paragraph 7):
 - a. The operation involves three or more countries,²⁰¹ all of which need to participate for the project's objectives to be achievable, and at least one of which is an IDA-eligible country. The minimum number of countries required to participate is reduced from three to two if at least one IDA-eligible Fragile and Conflict-affected Situations (FCS) participates in the project.²⁰²
 - b. The operation would have benefits, either economic or social, that spill over country boundaries, e.g., it would generate positive externalities or mitigate negative ones across country boundaries.
 - c. There is clear evidence of country and regional ownership of the operation, demonstrating the commitment of the majority of participating countries.
 - d. The operation provides a platform for a high level of policy harmonization between countries and is part of a well-developed and broadly-supported regional strategy.
4. **Allocations.** Resources from the IDA Regional Window are provided in addition to the IDA country allocations:
 - a. **Allocations to Regions.** At the beginning of each IDA cycle, each Region is given an indicative allocation for the three-year Replenishment implementation period. Actual allocations are made at the beginning of each fiscal year. Seventy five percent of funds available from the IDA Regional Window is allocated to the Africa Region. The remaining 25 percent is allocated to the other five Regions in proportion to each Region's share in total country allocations to those five Regions.

²⁰⁰ Operations can be designed as regular stand-alone projects/programs, Series of Projects (SOPs) or Multi-Phase Approaches (MPAs).

²⁰¹ See paragraph 7 of this Annex for exceptions to the minimum number of country requirement.

²⁰² Countries in Non-Accrual Status. When a country has loans or credits in non-accrual status and its participation is crucial to the region, it may still participate, but IDA financing is not directly provided to that country. A regional entity or another country participating in the project may take on the obligations of the country and implement the project on its behalf.

- b. **Allocations to Operations.** Actual allocations to each operation are determined by each Bank Region concerned. Operations are selected for their strategic relevance based on regional integration strategies. For IDA19, these strategic priorities include:
 - i. For Africa, sub-regional approaches to drivers of fragility in at least three sub-regions (the Sahel, Lake Chad area, and the Horn of Africa) and the Digital Economy for Africa.
 - ii. Globally, the Blue Economy, the Human Capital Project, provision of public goods such as marine litter, innovative technologies with strong spill-over effects to other IDA countries and specific needs of small islands.
 - c. **Financing Terms.** For each of the participating countries, the terms of financing under the IDA Regional Window (including credit/grant distribution), are fully harmonized with the terms of financing for country allocations.
 - d. **Leveraging (Co-financing Ratio).** Normally, at least one-third of a country's share of the cost of an eligible regional project or DPF comes from its country allocations and two-thirds come from the IDA Regional Window. This co-financing ratio, however, could be adjusted by the Bank Regions as follows:
 - i. **Resource Optimization.** To optimize the use of resources from the IDA Regional Window, a Region may choose a lower level of leverage.
 - ii. **Small States.** The contribution from a Small State's country allocation to regional projects in a given financial year is capped at 20 percent of its annual country allocation.
 - iii. **Exceptional Financing.** The contribution from a country allocation is capped at 20 percent during a Replenishment period for large projects (subject to Board approval).
 - e. **IDA and International Bank for Reconstruction and Development (IBRD) Borrowers.** When a regional project involves the participation of both IDA and IBRD-only countries, the IBRD-only borrowers finance their participation in the project through IBRD borrowings or from other resources.
5. **Regional Development Policy Financing (DPF).** Starting in IDA19, Regional policy lending may be provided to IDA countries that have a common policy framework for coordinating and sequencing reforms and when there is a strong case for the use of this instrument.
- a. To ensure selective use of limited resources to support DPFs, overall allocations to DPF will be capped at 10 percent of the IDA Regional Window.
 - b. Each region will identify DPF operations that are expected to support policy reforms in selected countries and areas of focus for each fiscal year, by the beginning of the fiscal year.
 - c. DPFs will adhere to Bank Policy "Policy for Development Policy Financing" which includes *inter alia* maintaining an adequate macroeconomic policy framework and support of a set of critical policy and institutional actions, underpinned by analytical work, agreed between the WB and participating IDA countries.

- d. The size of each participating country's DPF will be determined by the specific design of each operation, size of ongoing national DPFs and the fiscal needs (same as national DPFs), as well as the strength and depth of the reform program and agreements among participating countries.
- e. Each participating country will contribute at least one third of the country's share of the DPF from its country allocation. This co-financing ratio could be adjusted by the Bank Regions as laid out in paragraph 4.d above.

6. **Regional Organizations.**

- a. **Credits to Regional Organizations.** Starting in IDA19, the IDA Regional window may implement some projects with the support of regional organizations which have the capacity to repay IDA credits.²⁰³ In such cases, the IDA Regional Window will extend financing to the organizations on credit terms. Financing will be based on:
 - i. The nature and economic appraisal of the project—whether it generates revenues and returns that enable the regional organization to repay the credits;
 - ii. The entity is a bona fide regional organization that has the legal status, fiduciary capacity and the legal authority to carry out the activities financed. The ability of the regional organization to repay credits, taking into account, the regional organization's rating with rating agencies and/or assessments based on their revenue streams and cash flows.
 - iii. The ability of the regional organization to repay credits, taking into account, the regional organization's rating with rating agencies and/or assessments based on their revenue streams and cash flows.
- b. **Grants to Regional Organizations.** As part of IDA's support for regional operations, the IDA Regional Window may provide grants to regional entities to support the implementation of regional projects or to build regional entities' capacity for supporting strategic regional priorities, or both. Eligibility criteria:
 - i. The entity is a bona fide regional organization that has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.
 - ii. The entity does not meet eligibility requirements to receive an IDA Credit.²⁰⁴
 - iii. The costs and benefits of an activity to be financed with the IDA Grant cannot be easily attributed to national programs.²⁰⁵

²⁰³ In IDA18, this was done through a Board-approved waiver to channel credits through the West African Development Bank (BOAD) of the Western Africa Economic Monetary Union (WAEMU) Affordable Housing Project, and the Bank of Central African States (BEAC) to support strengthening Financial Institutions in the Central African Economic and Monetary Community (CEMAC).

²⁰⁴ A regional entity is eligible to receive an IDA Grant only if it lacks the legal capacity or authority to borrow or repay a loan.

²⁰⁵ The activities to be supported from the IDA grant should not produce direct or exclusive benefits to an individual participating country.

- iv.* The activities to be financed with an IDA Grant are related to regional infrastructure development, institutional cooperation for economic integration, or coordinated interventions to provide regional public goods.
 - v.* Grant co-financing for the activity is not readily available from other development partners.
 - vi.* The entity is associated with an IDA-funded regional operation or otherwise supports the strategic objectives of IDA on regional integration.
- c. **Cap on Grants to Regional Organizations.** The total amount of IDA Grants that each Region may provide to Regional Organizations is limited to 10 percent of the regional IDA envelope allocated to each Region during a replenishment.
 - d. **Governance.** Operations supported by the IDA Regional Window are approved by the Executive Board and are subject to regular Bank review and processing procedures for Investment Project Financing and Development Policy Financing.

7. Exceptions

- a. **Transformational Projects Located in a Single Country.** The IDA Regional Window may on an exceptional basis, finance a project located in only one IDA-eligible country when a project's physical implementation takes place in only one country but has clearly demonstrated potential for significant regional transformational impacts, and starting in IDA19, supporting global public goods such as addressing marine litter. All of the following criteria would need to be met:
 - i.* Clear articulation of the project's transformational or public good impact on the region, where three or more countries would receive substantial measurable spillover benefits from the project.²⁰⁶ The project would need to clearly demonstrate how spillover benefits would be monitored and reported.
 - ii.* The project would need financial participation of only the country where it is located; it would not need financial participation of any other country.
 - iii.* The project otherwise meets the eligibility criteria set out in paragraph 3 above.
- b. **Large Projects Relative to Country Allocation.** A country's contribution to the cost of a regional project may be capped at 20 percent during a Replenishment period where the cost of the project is very large relative to such three-year allocation.
- c. **Limit on Exceptional Financing.** During a Replenishment period, the total amount of IDA Regional Window funds provided under the two exceptions described above is limited to 20 percent of the total resource envelope for the IDA Regional Window.
- d. **Early Board Consultation.** When a Region intends to seek exceptional financing, Management consults the Board early in the process.

²⁰⁶ The required minimum number of beneficiary countries is reduced from three to two if at least one IDA-eligible FCS would be a beneficiary.

ANNEX 6: IMPLEMENTATION ARRANGEMENTS FOR THE CRISIS RESPONSE WINDOW

1. This Annex sets out the policy framework that governs the IDA Crisis Response Window (CRW). It covers the modalities for the CRW to: (i) respond as a last resort to severe economic crises, natural disasters, and public health emergencies; and (ii) respond at an earlier juncture to slower-onset crises, namely disease outbreaks and food insecurity.
2. IDA countries are subject to a variety of crises that can undermine their social and economic development efforts. The CRW provides IDA countries with a dedicated source of additional resources to respond to the impact of natural disasters, public health emergencies and economic crises. Such support is part of IDA's overall response to a crisis, complementing the roles of other development and humanitarian²⁰⁷ partners, and based on IDA's comparative advantages and development mandate.
3. **Objectives.** The main objectives of the CRW are to establish a systematic approach in IDA for crisis response; to provide additional and predictable financing to IDA-eligible countries hit by crises; and to enhance IDA's capacity to effectively participate in crisis response efforts.

I. CRW SUPPORT FOR SEVERE CRISES

4. **Principles.** CRW resources are intended as a last resort to assist IDA-eligible countries in coping with severe crises. Access is granted where alternative sources of funding are insufficient and where IDA participates in a concerted international response to a broadly recognized crisis. Operations financed by the CRW are also expected to include, where feasible, components or features designed to help prevent future crises or mitigate their economic and social impact—unless covered by other operations.
5. **Country Eligibility.** While all IDA-eligible countries are in principle eligible for CRW support, a country's access to the CRW depends on specific circumstances including the magnitude of the impact of the crisis, the country's access to alternative sources of financing (including IBRD), and its ability to use its own resources.
6. **Allocations.** CRW resources are allocated only in response to crises as described in paragraphs 7 (Natural Disasters), 8 (Public Health Emergencies), and 9 (Economic Crises).

Natural Disasters

7. **Natural Disasters.** CRW resources may be used to support IDA-eligible countries in the aftermath of an exceptionally severe natural disaster (e.g., earthquake, flood, drought and tsunami).
 - a. **Trigger.** CRW resources can be used only in the case of natural disasters that are exceptionally severe. Parametric data on disaster frequency and impact will be an

²⁰⁷ For instance, the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA).

important, but not the only, eligibility criterion to determine whether a country affected by a particular event qualifies to receive CRW resources.²⁰⁸

- b. **Crisis Eligibility and Size of Allocation.** In the immediate aftermath of a severe natural disaster, Management will review the available impact data to form an early assessment of a country's need for CRW resources. As immediate post-disaster impact data tends to be limited and evolving, an early assessment may also take account of whether the affected country has: (i) issued a declaration of emergency; (ii) requested CRW resources; and (iii) requested a Post-Disaster Needs Assessment (PDNA) or a Damage and Loss Assessment (DaLA).²⁰⁹ In addition, such assessment will take into account the WBG's capacity to respond without accessing the CRW; and will also outline, where relevant, cooperation with the UN—particularly the Office for the Coordination of Humanitarian Affairs (OCHA). The early assessment is updated as more data and information become available. The final decision on the size of the CRW allocation takes into account: (i) information on the severity of the crises and cost of recovery based on PDNA/DaLAs; (ii) number of affected persons (such as persons rendered homeless) and/or incurred loss of income or livelihood; (iii) estimates of impact on GDP; (iv) availability of resources to respond to the crisis;²¹⁰ (v) country's absorptive capacity; (vi) issuance of UN Flash Appeal; (vii) country size (e.g., Small States); and (viii) the CRW's past support to the country concerned.
- c. **Financing Terms.** The terms of financing are the same as those for financing from IDA Concessional Country Allocations ("country allocations") to the country concerned. However, if the natural disaster results in damages and losses of over a third of the country's GDP, its country allocations financing terms may be adjusted, based on an updated Debt Sustainability Analysis (DSA) in the aftermath of the crisis in accordance with Section IV of the Bank Policy "Financial Terms and Conditions of Bank Financing". CRW financing will then follow the adjusted post-disaster IDA financing terms applicable to the country.

Public Health Emergencies

8. **Public Health Emergencies.** CRW resources may be used to address public health emergencies that are of potential international importance.

- a. **Trigger.** CRW resources can be used only when:
 - i. the affected country has declared a national public health emergency; and

²⁰⁸ Parametric data—e.g., the magnitude of an earthquake on the Richter's Scale—may not always accurately reflect the impact of a disaster. The severity of the impact also depends on, for example, disaster preparedness and proximity to human settlements.

²⁰⁹ PDNAs/DaLAs provide a reliable, internationally recognized and government-owned mechanism to verify the impacts (damage and losses) of a disaster. They would also: (a) provide a comprehensive estimate of overall and multi-sectoral disaster recovery needs; (b) incorporate disaster risk reduction as an agreed element of the disaster recovery framework; and (c) reflect multi-stakeholder consensus over sectoral recovery strategies.

²¹⁰ For instance, resources available from the country's IDA portfolio, domestic sources, other external financing sources (including IBRD), and the amount of resources left in the CRW.

- ii.* the World Health Organization (WHO) has declared that the outbreak is of potential international importance, under WHO's Global Alert and Response System, in accordance with the International Health Regulations, 2005.
- b. Crisis Eligibility and Size of Allocation.** In the initial stage of a potentially CRW-eligible public health emergency, Management will review available impact data to form an early assessment regarding the need to access CRW resources. Such early assessment may also take into account: (i) support from other sources such as the Pandemic Emergency Financing Facility (PEF); (ii) whether the affected country has issued a declaration of a public health emergency; (iii) whether the affected country has requested CRW resources; (iv) whether the affected country has requested a Needs Assessment;²¹¹ (v) the WBG's capacity to respond without accessing the CRW; and (vi) cooperation with the UN—particularly the WHO—and other development partners. The assessment is updated as more data and information become available. The final decision on the size of the CRW allocation takes into account (i) information on the severity of the emergency and the cost of response; (ii) number of affected persons and/or incurred loss of income or livelihood; (iii) estimates of impact on GDP; (iv) availability of resources to respond to the crisis;²¹² (v) country's absorptive capacity; (vi) issuance of UN Flash Appeal; (vii) country size (e.g., Small States); and (viii) CRW's past support to the country concerned.
- c. Financing Terms.** The terms of financing are the same as those for country allocations to the country concerned.

Economic Crises

9. **Economic Crises.** CRW resources may be used to address severe economic crises that are caused by exogenous shocks and that affect multiple IDA countries (e.g., global food, fuel or financial crises). In providing CRW assistance, IDA seeks to mitigate the impact on vulnerable groups and protect core development spending at risk, for instance, in health, education, social safety nets, infrastructure and agriculture.
- a. Trigger.** CRW resources can be accessed if there is evidence of a severe economic crisis that is caused by an exogenous shock and that affects a significant number of IDA-eligible countries as follows:
 - i.* the crisis is expected to result in a widespread or a regional year-on-year GDP growth decline of three percentage points or more in a significant number of IDA-eligible countries;²¹³ or
 - ii.* in the event of a severe price shock that did not result in a GDP growth decline in line with the above trigger, but: (a) the shock is broad-based and deemed severe in terms of fiscal impact; (b) there is consensus that a concerted international response

²¹¹ A Needs Assessment would: (a) provide, in collaboration with other partners including the WHO, a comprehensive estimate of overall needs; (b) incorporate impact on countries' economies and public finances; and (c) reflect on the impact of the public health emergency on the countries' medium-/long-term development goals.

²¹² For instance, resources available from the country's IDA portfolio, domestic sources, other external financing sources, and the amount of resources left in the CRW.

²¹³ The projected GDP growth decline is assessed using data primarily from the IMF's World Economic Outlook.

is needed; and (c) the existing IDA allocations of affected countries are deemed insufficient to provide an adequate response.

b. Crisis Eligibility and Size of Allocation. Eligibility is determined primarily by the expected impact of the crisis on a country's GDP:

i. A year-on-year decline of GDP growth of three percentage points or more is the threshold to identify the countries that could be eligible for CRW funding (except in cases of a severe price shock that satisfy the conditions set out in paragraph 9.a.ii above). This preliminary ringfencing is vetted by an analysis of available fiscal data and other relevant data in line with the CRW's objective to protect or mitigate the impact of the crisis on core spending in the short-term and avoid derailing long-term development objectives. Based on the results of this analysis, countries where the crisis did not have a significant fiscal impact could be excluded from CRW eligibility, even if they did experience a decline in GDP growth of three percentage points or more.

ii. The allocation framework is based primarily on a fiscal analysis,²¹⁴ taking into account the impact on the country, resource needs and availability, the country's ability to effectively use resources, and the CRW's past support to the country concerned. Country allocations are calculated on a per capita basis to take account country size, and countries with the greatest impact are likely to receive proportionately more resources than those with a lower impact. In determining country allocation(s), consideration is given to including (i) a base allocation to ensure a meaningful response, particularly for Small States; and (ii) a cap on the resources allocated to any one country or group of countries,²¹⁵ such a cap could be particularly relevant in cases where the same event affects countries or groups of countries with different lags—to avoid the risk of a first-come first-served approach that could lead to depletion of finite resources.

iii. Typically, a two-stage approach is adopted in allocating resources where the bulk of the allocation (that is, at least 75 percent of the expected total) is assigned to eligible countries in the first round. Allocations may be subsequently adjusted using the share of resources not allocated at the first stage in light of additional country-specific information on crisis impact, resources required, and the capacity to mobilize and effectively use resources. The initial allocation to an individual country may be subsequently increased by up to 33 percent of the first stage allocation. Management submits a note to the Board with details of any second stage allocations in advance of seeking Board approval of projects and programs that will be financed by second stage allocations.

²¹⁴ The fiscal analysis required to support assessments of country eligibility and the size of the CRW allocation would cover government revenues, spending, and financing plans to estimate the core development spending at risk, where core development spending at risk is defined as the amount needed to maintain the pre-existing path of spending on education, health and operations and maintenance of existing infrastructure, and to maintain or potentially increase spending on safety nets, depending on the nature of the crisis.

²¹⁵ The cap was originally set at five percent of total resources for the pilot CRW. The cap to be set for economic crises thereafter could vary depending on the number of countries deemed eligible for CRW support.

- c. **Financing Terms.** The terms of financing are the same as those for country allocations to the country concerned.
- d. **Coordination with the IMF.** Where an economic crisis is caused by external terms of trade shocks or financial market disruptions, Management will reflect in its assessment the views of IMF staff on the overall extent and nature of the shock and, to the extent possible, the impact on the individual countries and relevant information regarding their macroeconomic policy frameworks, drawing primarily on existing publicly available IMF report(s). Staff of the Bank and the Fund will collaborate closely on specific country cases.

II. CRW SUPPORT FOR EARLIER RESPONSES TO SLOWER-ONSET EVENTS

10. **Principles.** CRW resources may also be used to support earlier responses to slower-onset events, namely, disease outbreaks and food insecurity. Whereas the devastating effects of sudden-onset crises like earthquakes can be observed more quickly and hence galvanize timely resource mobilization, the impetus to react to slower-onset crises may not be as apparent, especially during the early stages of such events. CRW early response financing is intended for slower-onset events which are identified as having the potential to escalate into major crises but are still in the early stages of progression. Should the event intensify into a severe crisis, countries could potentially seek additional CRW support as per paragraphs 4 to 9 above. CRW early response financing is also intended to support and incentivize resilience-building, as the provision of such resources will be linked to crisis preparedness efforts. Operations financed by the CRW are expected to include, where feasible, components or features designed to help prevent future crises or mitigate their economic and social impact—unless covered by other operations.

11. **Country Eligibility.** All IDA-eligible countries are eligible for CRW early response financing, provided that they:

- a. have in place a credible *preparedness plan*²¹⁶ for disease outbreaks and/or food insecurity prior to crisis, or develop such a plan subsequently;²¹⁷ and
- b. upon the disease outbreak or food insecurity event materializing, develop a credible *costed response plan* which will be assessed as part of the country's request for CRW early response financing.

12. **Allocations.** CRW resources are allocated only in response to slower-onset events as described in paragraphs 13 (Disease Outbreaks) and 14 (Food Insecurity).

- a. **Aggregate Limit.** CRW early response financing for both disease outbreaks and food insecurity is subject to an aggregate cap of US\$500 million.
- b. **Approvals.** Requests for CRW early response financing will be approved by the IDA Board of Executive Directors (IDA Board). Where CRW funds are used for pre-allocated Contingent Emergency Response Component (CERCs) to enable faster response to disease

²¹⁶ The preparedness plan must set out the operational procedures to respond to and contain a food security crisis or a disease outbreak. It should be based on an analysis of the country's and the region's exposure to food insecurity or disease outbreaks and address key drivers of risk.

²¹⁷ A plan that is developed post-crisis should be consistent with the post-crisis core IDA programming in Annex 10.

outbreaks and/or food insecurity, the IDA Board will—at the time of project approval—also approve the (i) pre-allocated amount of CRW funds; and (ii) CERC triggers.²¹⁸ Upon the CERC triggers being activated, Management will determine the *final* amount of CRW funds to be disbursed. Such *final* amount must not exceed the pre-allocated CRW amount that has been approved by the IDA Board.

Disease Outbreaks

13. **Disease Outbreaks.** CRW resources may be used to support interventions that help accelerate disease outbreak containment for high-risk outbreaks which pose a significant threat of spreading within a country or across countries, with potential to cause a large-scale regional epidemic or global pandemic.

a. **Triggers²¹⁹.** CRW early response financing can be accessed only if the disease outbreak:

- i. is due to a pathogen covered in paragraph 13.b.i;
- ii. meets the severity thresholds in paragraph 13.b.ii; and
- iii. passes the technical assessment in paragraph 13.b.iii.

b. **Crisis Eligibility.²²⁰** Eligibility is determined as follows.

i. **Pathogen Type:** Consideration will be given to outbreaks of viral pathogens with a primary zoonotic reservoir²²¹ or outbreaks due to deliberate or accidental release of pathogens previously eliminated from the human population.²²² Outbreaks of non-viral pathogens and pathogens currently endemic in human populations²²³ are excluded.²²⁴

ii. **Severity Thresholds:** Two epidemiological criteria are used to justify that an outbreak has met a minimum level of severity: (a) the number of laboratory-confirmed cases in the country having reached the pathogen-specific threshold; and (b) there is evidence that these cases are epidemiologically linked and arise from a single outbreak of sustained transmission of the pathogen within the human population—if attributing the source of infection is not feasible, a higher threshold of laboratory-confirmed case numbers alone is sufficient.²²⁵

²¹⁸ The CERC triggers for such projects will need to be in accordance with the CRW early response triggers.

²¹⁹ The CRW early response triggers will be finalized by Management before IDA19 implementation in July 2020. In finalizing the triggers, Management will ensure that CRW funding is channeled to events that would have typically been covered by the CRW—but at an earlier juncture. The CRW early response will complement other initiatives in the crisis toolkit through use of the principles of financial layering and differentiation based on the nature of response.

²²⁰ CRW early response coverage would be similar to that currently under the PEF Cash Window. The PEF Cash Window provides early and rapid funding to support surge responses to disease outbreaks that have the potential of spreading quickly within and across countries.

²²¹ These include novel influenza subtypes being transmitted within the human population, coronaviruses and filoviruses.

²²² Currently, smallpox.

²²³ Endemicity is defined here as continuous sustained human-to-human transmission of a pathogen in the global human population.

²²⁴ Examples of excluded pathogens are dengue, cholera, malaria, tuberculosis, measles and Human Immunodeficiency Virus.

²²⁵ Determination of whether an outbreak has reached these epidemiological thresholds will be based on publicly available epidemiological data published by the WHO (HQ or regional offices) and/or national public health agencies.

- iii. Technical Assessment:* An event deemed potentially eligible based on paragraphs 13.b.i and 13.b.ii above will be referred to subject matter experts—the WHO’s Strategic & Technical Advisory Group for Infectious Hazards (STAG-IH)²²⁶—for a technical assessment.²²⁷ For an outbreak to qualify for CRW early response financing, this technical assessment must verify: (a) that the outbreak is driven by human-to-human transmission, in the case that evidence of human-to-human transmission is available; (b) that the underlying incidence trends suggest continued growth in the weekly number of newly confirmed cases; and (c) unless the proposed outbreak response plan submitted by the country has been endorsed by the WHO, that this proposed plan is consistent with prevailing expert opinions in specialized agencies such as WHO and is aligned with applicable WHO public health recommendations relating to the outbreak in question.
- c. **Size of Allocation.** CRW early response financing for disease outbreaks shall be capped at (on a per country per event²²⁸ basis) the lower of US\$25 million or the cost of the country’s outbreak response plan.²²⁹ Determination of the actual amount of CRW allocation will take into account factors such as contributions from external partners and/or the affected country for outbreak response.²³⁰
- d. **Financing Terms.** The terms of financing are the same as those for country allocations to the country concerned.

Food Insecurity

14. **Food Insecurity.** CRW resources may be used to support interventions that help mitigate worsening food insecurity conditions which pose a significant threat of becoming a large-scale food insecurity crisis within a country or across countries.
- a. **Triggers²³¹.** CRW early response financing can be accessed only if the food insecurity event:
- i.* is primarily due to the drivers in paragraph 14.b.i;
 - ii.* meets the severity thresholds in paragraph 14.b.ii; and
 - iii.* passes the technical assessment in paragraph 14.b.iii.
- b. **Crisis Eligibility.** Eligibility is determined as follows.
- i.* **Type of Drivers:** As food insecurity itself is not covered by the CRW and could have a variety of causes, CRW early response financing will cover food insecurity

²²⁶ Constituted by WHO to provide independent analysis on infectious hazards that may pose a potential threat to global health security, STAG-IH members are leaders in the relevant fields of public health and science.

²²⁷ This technical group does not have a decision-making role on the use of CRW early response financing. Such allocations will be approved by the IDA Board; see paragraph 12.b of this Annex.

²²⁸ “Per event” is defined as an outbreak that is different and unrelated to a past or ongoing outbreak, as determined by the WHO.

²²⁹ See paragraph 11.b and 13.a.iii. Countries need to present a costed response plan to contain the evolving outbreak, and this plan must be endorsed by the WHO or pass the STAG-IH’s technical assessment.

²³⁰ If such non-CRW resources are forthcoming, the size of the CRW allocation would be reduced correspondingly, unless there for instance remains a financing gap for the costed response plan.

²³¹ See fn 210.

events primarily driven by natural disasters, economic shocks and/or public health threats.²³²

ii. Severity Thresholds: A food insecurity event in an eligible country must reach a minimum level of severity, determined by either: (a) food insecurity thresholds; or (b) country-specific analyses of risks.

1. *Food Insecurity Thresholds:* Food insecurity thresholds will be established to identify an eligible event which has the potential to become a major food insecurity crisis. These thresholds serve to provide a consistent risk measure across countries, where available.
2. *Country-specific Analyses:* Alternatively, an event can qualify based on country-level evidence and established local early warning systems. This applies particularly when the food insecurity thresholds in paragraph 14.b.ii.1 may not be available for a given country due to a lack of forecasting information.²³³ Additionally, this could apply in situations when food insecurity thresholds are available but have not been breached, but local-level indicators²³⁴ signal a significant cause for concern.

iii. Technical Assessment: An event deemed potentially eligible based on paragraphs 14.b.i and 14.b.ii above will be referred for a technical assessment.²³⁵ This technical assessment must: (a) where the food insecurity thresholds in paragraph 14.b.ii.1 are breached, verify that local food insecurity conditions corroborate the worsening outlook; (b) where the food insecurity thresholds are not breached (i.e., paragraph 14.b.ii.2), provide additional information to help inform the Bank's decision on whether CRW early response financing should be deployed; and (c) provide an assessment of the technical quality of the country's preparedness and response plans.

- c. **Size of Allocation.** CRW early response financing for food insecurity shall be capped at the lower of US\$50 million per IDA cycle or the cost of the country's response plan. Determination of the actual amount of CRW allocation will take into account factors such as contributions from external partners and/or the affected country for responding to the food insecurity event.²³⁶
- d. **Financing Terms.** The terms of financing are the same as those for country allocations to the country concerned.

²³² As per the existing CRW framework, food insecurity primarily driven by political or conflict-related causes are not covered.

²³³ For some countries, districts or time periods, there may not be FEWSNET / IPC data and food insecurity forecasts that are produced or available.

²³⁴ Such information may include disaggregated indicators of food insecurity, e.g., market prices, climate-related indicators and seasonal outlook assessments for crop and livestock conditions. The indicators would be selected to be consistent with international standards (including IPC reference tables and IASC Joint Inter-Sectoral Analysis Framework) and to represent operative common benchmarks of human welfare and livelihoods, such as acute malnutrition and mortality.

²³⁵ This technical assessment will be conducted by subject matter experts in the WB, in consultation with external experts. The external experts do not have a decision-making role on the use of CRW early response financing. Such allocations will be approved by the IDA Board; see paragraph 12.b of this Annex.

²³⁶ If such non-CRW resources are forthcoming, the size of the CRW allocation would be reduced correspondingly, unless there for instance remains a financing gap for the costed response plan.

ANNEX 7: IMPLEMENTATION ARRANGEMENTS FOR THE PRIVATE SECTOR WINDOW

1. **Purpose.** The objective of PSW is for IDA, through leveraging International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) platforms, to support mobilizing private sector investment and scaling up growth of a sustainable and responsible private sector in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations (FCS). PSW is one of the key instruments available to support IFC and MIGA's continued expansion in the most challenging IDA markets.

2. **Activities.** Four facilities have been established under PSW to support the following activities: i) a Blended Finance Facility to blend PSW funds with pioneering IFC investments across sectors with high development impact, including SMEs, agribusiness, health, education, affordable housing, infrastructure and climate finance, among others; (ii) a Risk Mitigation Facility to provide guarantees without sovereign indemnity to crowd-in private investment in infrastructure projects and public-private partnerships; (iii) a MIGA Guarantee Facility to expand guarantee coverage through shared first-loss and risk participation akin to reinsurance; and, (iv) a Local Currency Facility to provide local currency IFC investments in PSW eligible countries where capital markets are not developed and market solutions are not sufficiently available.

3. **Financing Instruments.** Financial support from the PSW is provided through several instruments including senior and subordinated loans, credit and political risk guarantees, quasi-equity and equity (through funded total return swaps), risk sharing facilities, and derivatives. As established under IDA18, as PSW moves into new markets, IDA Management may propose additional instruments and tools aligned with PSW objectives, criteria, and financial and risk parameters to address new conditions and needs. When a new facility or instrument is proposed under the PSW framework, it is presented to the PSW Secretariat, hosted in DFI, by the institution (either IFC or MIGA) responsible for implementation of the facility or the instrument, after ensuring compliance with its own policies and procedures. After the review by the PSW Secretariat, it is presented to the WBG-wide PSW Oversight Committee to ensure its alignment with the PSW objectives and criteria. On the IDA side, the financial parameters and risk guidelines are reviewed and approved by the Bank's Finance and Risk Committee (FRC), based on recommendation by its sub-committee, the New Business Committee (NBC). IDA Deputies are consulted for endorsement, following which, the proposed new facility or instrument are presented to the Boards of the respective Institution(s) for approval. Transactions supported by a new facility or instrument are approved by the relevant Boards.

4. **Eligibility criteria.** The following eligibility and prioritization criteria drive the selection of PSW supported projects:

- a. Country eligibility—IDA-only and fragile or conflict-affected IDA-gap and Blend countries, and the list of eligible countries will be confirmed at the beginning of IDA19 for the duration of the three-year IDA19 period, and adjusted for countries that fall back to IDA-only or FCS status.²³⁷ In addition, countries which have transitioned to IDA gap status

²³⁷ To be eligible for MGF, countries also need to be members of MIGA.

or out of FCS status by the end of IDA18 will be eligible to receive PSW support in IDA19. Furthermore, PSW resources can be used to support regional and/or programmatic investments where a maximum of 20 percent is invested outside of PSW eligible countries. On a case by case basis, support to activities in fragile or conflict-affected sub-regions of non-FCS IDA gap and Blend countries²³⁸ may be considered, subject to review by the PSW Oversight Committee, and approval by the Board in accordance with the PSW governance process; and facility-specific risk limits;

- b. Strategic alignment with IDA's poverty focus; the IDA special themes; WBG's country strategies; and the WBG's approach to supporting private sector investment and creating markets;
- c. Principles for using concessional finance in private sector operations:²³⁹ economic rationale for blended concessional finance, crowding-in and minimum concessionality, commercial sustainability, reinforcing markets, and promoting high standards.
- d. Risks borne by PSW, including financial loss as well as other risks (e.g. reputational risks, environmental and social (E&S) project risks, etc.).

5. **Financing terms:** Financing terms will be determined in line with the principles for using concessional finance as outlined above. Transparent risk-return management will ensure the establishment of appropriate pricing principles in light of the new risks assumed under PSW, as articulated in the Board paper. Recognizing the higher risk carried by PSW-enabled transactions, appropriate approaches established by Management to manage and share various risks will be used while still enabling high-impact projects in difficult markets. Potential losses associated with the PSW will be capped at the allocated US\$2.5 billion, and the risk management approach will be adjusted over time based on how the risk of the actual portfolio evolves.

6. **Governance.** Governance of the PSW is guided by the following principles: (i) *Accountability* through independent decision-making by each institution in line with its unique mandate and structures, and with the ultimate approval authority for use of PSW resources lying with the IDA Board of Executive Directors;²⁴⁰ (ii) *Oversight* through clear reporting and review, with the recourse to PSW OC in the event of disagreement on PSW use and otherwise, in accordance with the PSW Oversight Committee Procedure; (iii) *Conflict of interest management* through each institution vetting cross-institutional transactions independently, with arrangements between/among IDA, MIGA and IFC with respect to financing under PSW, negotiated on an arm's length basis to ensure fiduciary and institutional duties are not compromised; (iv) *fair compensation* through mutually agreed and articulated administration fees, reimbursable costs, and premiums to ensure IDA, IFC and MIGA are compensated for the risks it assumes while accounting for the development impact expected from projects through transparent subsidies; and

²³⁸ Sub-national fragility will be determined through a qualitative and quantitative assessment, including more than 25 conflict-related deaths per year, carried out by the FCV Group.

²³⁹ See *Blended Concessional Finance Principles for Private Sector Projects*, available at: https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/products+and+services/blended-finance/blended-finance-principles.

²⁴⁰ During IDA18, following endorsement from IDA Deputies, IDA Board of Executive Directors vested authority with Management to process PSW sub-projects under programmatic approaches as a way to promote consistency between IDA and IFC's respective Board approval processes.

(v) *Operational efficiency* through leveraging existing processes to the maximum extent possible without compromising other governance principles as outlined above; and (vi) *transparency and disclosure* of information on PSW-supported projects, in accordance with IFC and MIGA's respective information disclosure policies, and complemented by additional information on expected impacts and subsidies utilized.

7. **Implementation.** Implementation of the PSW under IDA19 will be guided by lessons from IDA18 experience.

- a. **Allocations.** The PSW is established within the IDA19 commitment authority with allocated IDA resources of US\$2.5 billion following the initial pilot under IDA18. Facility allocations are indicatively set at US\$800-900 million for the BFF, US\$500-600 million for both the LCF and the RMF and US\$500 million for the MGF reflecting evolving demand. As under IDA18, Management will retain authority to reallocate resources across the facilities and will keep the Board of IDA Executive Directors and IDA Participants apprised of any adjustments.
- b. **Implementation Support.** As under IDA18, IFC and MIGA will be responsible for all aspects of their respective transactions to be supported by the PSW including the origination, structuring and management of those transactions, based on the structure of each of the Facilities— Blended Finance Facility (BFF,) LCF and RMF for IFC, and MGF for MIGA. Under RMF, MIGA will act as Administrator of the RMF guarantees and IFC as administrator of the RMF account. All applicable IFC and/or MIGA policies and procedures (as the case may be) will apply with respect to the use of PSW resources in support of the relevant IFC and/or MIGA transactions. IDA's policies and procedures will not apply.

ANNEX 8: IMPLEMENTATION ARRANGEMENTS FOR THE SCALE UP WINDOW

1. **Purpose.** The IDA19 Scale-up Window (SUW) is designed to scale up IDA financing for high quality, transformational, country-specific and/or regional operations with a strong development impact. SUW resources are provided in addition to country allocations that countries receive, making them useful where country allocations are insufficient to support transformational initiatives.
2. **Country Eligibility.** IDA-eligible countries may receive SUW financing as follows, in alignment with IDA's forthcoming SDFP and the IMF's Debt Limit Policy:
 - a. **Countries subject to a Low-Income Country Debt Sustainability Analysis (LIC-DSA).** These countries are eligible only if they are at low or moderate risk of debt distress;
 - b. **Countries not subject to a LIC-DSA.** These are considered on a case-by-case basis, subject to: (i) confirmation of alignment with IDA's forthcoming Sustainable Development Financing Policy (SDFP) and the IMF's Debt Limit Policy;²⁴¹ and (ii) consultation across Chief Risk Officer (CRO), Macroeconomics, Trade and Investment Global Practice (MTI-GP), Operations, Policy and Country Services (OPCS), and Development Finance VPU (DFI).
3. **Allocations**
 - a. **Regional Allocations.** Resources from the SUW are allocated to each Region in proportion to the share of country allocations allocated to each Region, excluding countries at high risk of debt distress.
 - b. **Blend Country Ratios.** To appropriately balance SUW resources between Blend countries and other IDA-eligible countries, SUW financing to Blend countries is limited to their respective share of country allocations for SUW-eligible countries in the Region.
 - c. **Country Caps.** To avoid concentration of SUW resources, annual SUW financing to a country should not normally exceed its annual country allocation or one third of the country's indicative IDA19 country allocation, whatever is larger. However, there is flexibility for small countries.
4. **Project/Program Prioritization.** In addition to the country eligibility criteria set out in paragraph 2 above, the following criteria are used to select projects/programs.
 - a. The potential for transformational impact of the proposed project/program.
 - b. Alignment with WBG goals and IDA policy priorities.
 - c. Risk of debt distress status of the borrower.
 - d. The country's capacity to absorb non-concessional resources.
5. **Financing Terms.** IDA19 SUW provides non-concessional financing on International Bank on Reconstruction and Development (IBRD) lending terms applicable to the count

²⁴¹ Will be updated with the upcoming Sustainable Development Finance Policy.

ANNEX 9: IMPLEMENTING THE FORTHCOMING SUSTAINABLE DEVELOPMENT FINANCE POLICY

1. **This Annex recaps the key features of the forthcoming Sustainable Development Finance Policy (SDFP), sets forth a set of principles that will guide the implementation of the policy, and provides information on the implementation timeline.**

Basic framework of the policy

2. **The objective of the forthcoming SDFP will be to incentivize countries to borrow sustainably and to promote collaboration between IDA and other creditors in support of the countries' efforts to address their debt-related vulnerabilities.** The policy will achieve this objective by: (i) strengthening IDA recipients' incentive structures with appropriate accountability measures and closer operational linkages with country programs; (ii) enhancing collective action and partnerships among IDA countries, creditors and other development partners; and (iii) introducing more robust monitoring and accountability measures. The screening system proposed is forward looking by design – debt-distress risk ratings emerging from Debt Sustainability Analyses (DSAs) are based on forward-looking analyses of countries' debt sustainability prospects, taking into account not only baseline debt projections but also standardized stress tests. As such they more adequately reflect risks of debt over-accumulation.

3. **In terms of scope, the forthcoming SDFP will cover all IDA-eligible countries, including IDA-Gap and Blend countries.** The previous related policy, the Non-Concessional Borrowing Policy, focused on the grant-eligible and MDRI recipient countries. The broader scope responds to heightened debt risks in the context of a changing financing framework and increased demand for development financing which create challenges for all IDA countries, including Gap and Blend countries. It also reflects IDA's broader commitment to ensure that its resources are used prudently across the entire IDA portfolio.

4. **The policy will be developed in recognition of the multiple drivers of debt sustainability,** using concrete policy actions supported by lending, diagnostics and technical assistance while also promoting a global partnership that recognizes the primary role of borrower countries in ensuring debt sustainability. The policy changes helping to achieve the SDFP's objective will include broadening the scope of country coverage (see above); further strengthening the link with the DSA; enhancing public disclosure and transparency; and enhancing creditor outreach with broader scope and more information sharing, especially among the MDBs.

5. **The forthcoming SDFP will have two pillars.** The first pillar is the Debt Sustainability Enhancement Program (DSEP) that will enhance incentives for countries to move toward sustainable financing. This will include the clarification of debt reporting requirements to increase transparency. The second pillar is the Program for Creditor Outreach (PCO) that will facilitate information sharing, dialogue and coordination among creditors to help mitigate debt-related risk, building on IDA's global platform and convening role.

Debt Sustainability Enhancement Program

6. **The forthcoming SDFP will provide incentives for IDA countries to make improvements on an ongoing basis toward a sustainable borrowing path, recognizing the impact of exogenous shocks.** Countries at moderate, high risk of debt distress or in debt distress will have access to 100 percent of their core allocations, subject to meeting agreed policy actions to be implemented on a yearly basis. Incentives will take the form of a share of the country's allocation that will be set-aside and released upon satisfactory implementation of the agreed policy actions of their DSEP, through systematic application to all IDA-eligible countries on an annual basis. For countries at low risk of debt distress, no annual performance and policy actions will be set and they will maintain their full allocations. For countries at moderate risk of debt distress, the set-aside will be 10 percent. For countries at high risk of or already in debt distress, the set-aside will be 20 percent. With this system:

- a. Countries that meet their annual performance and policy actions will maintain their full allocations for the IDA19 period and subsequent replenishments;
- b. Countries at moderate or high risk of debt distress (or already in debt distress) that miss their annual performance and policy actions may lose their set-aside at the start of the third year of the IDA19 period, if it is not released before.

7. **Specific performance and policy actions include strengthening (i) fiscal sustainability; (ii) debt management; and/or (iii) the coverage and timeliness of reporting and public disclosure of public and publicly guaranteed debt.** The performance and policy actions will be developed in the context of IDA's country programs, based on diagnostics such as DSAs, DeMPAs, and Public Finance/Expenditure Reviews. They will be defined sufficiently early in the fiscal year (FY) to allow progress to be made against them prior to the decision on whether to release the set-asides. IDA will provide technical assistance to the countries to support implementation of performance and policy actions, as needed.

8. **Policy and performance actions may include borrowing limits.** Borrowing limits, such as zero ceiling for non-concessional borrowing, have proved to be particularly important for countries at high risk of debt distress. In addition to being an important benchmark for monitoring the country's performance on addressing its debt vulnerabilities, such borrowing limits will be useful to creditors, thus enhancing debt transparency.²⁴²

Program for Creditor Outreach

9. **The PCO implementation will promote stronger collective action among borrowers, creditors and international development partners.** Given the new development finance landscape, IDA's efforts to help countries increase capabilities required to address their debt-related vulnerabilities require cooperation and coordination by all involved, including non-Paris Club and other non-traditional creditors. The SDFP, through its PCO, will seek to strengthen coordinated actions by various actors to promote sound economic policies, prudent debt

²⁴² Other examples of policy and performance actions include integrating guarantees into debt management framework, undertaking and disclosing fiscal risk assessments of SOEs, or enhancing the framework for the evaluation, selection and execution of public investment projects. Selection of policy actions will be informed by Debt Sustainability Analyses and Debt Management Performance Assessments among other analytics.

management and sustainable lending practices. In the context of PCO, IDA also envisages that country-led platforms can bring together different stakeholders, including non-Paris Club creditors, in order to discuss the implications of financing choices for the country's development outcomes and debt sustainability.

10. **PCO will help to enhance transparency regarding macroeconomic indicators, debt sustainability assessments and other variables relevant to debt vulnerabilities.** Transparency is an integral part of good governance and sustainable development finance and thus is critical. PCO will also leverage DSEP for the purpose of enhancing debt transparency. Public disclosure of SDFP Committee decisions and debt-related country information at a user-friendly website in accordance with the WB Access to Information Policy will help to achieve this.

Implementation Arrangements of the SDFP

11. The following principles will guide the implementation of the policy:

- **Equity of treatment.** The implementation framework will seek to ensure equitable application of the policy across all IDA countries, including by calibrating performance and policy actions consistent with country context and capacity, especially for Fragile and Conflict-affected Situations (FCS) and Small States. By anchoring policies in country programs, implementation linkages with capacity building initiatives will be enhanced.
- **Simplicity and predictability.** The implementation framework will be presented in a simple and clear way. It will outline what steps are expected by borrower countries and by IDA. It will clarify how the set-asides will work for countries receiving Fragility, Conflict and Violence (FCV) Envelope allocations. Actions will focus on critical areas. In terms of predictability, countries at high risk of debt distress (or already in debt distress) could expect that one of the main actions would be linked to debt limits. Similarly, in countries with weaknesses in debt reporting, actions that support improved debt reporting could be expected. By keeping the policy actions and SDFP responses simple and accessible, IDA aims to send clear signals to borrowers and creditors.
- **Rules-based approach.** The implementation framework will include clearly defined rules, including on monitoring and reporting. For instance, it will clarify instances under which loan-by-loan considerations will be applied, such as for high return priority investments and for shocks such as natural shocks. It will also determine periodicity of reporting for different groups of countries, for instance Small States.

12. **Governance arrangements.** The governance arrangements of the forthcoming SDFP will seek to leverage IDA's accountability and decision-making framework. These arrangements will seek to ensure that the performance and policy actions: (i) are informed by sound diagnostics, such as DSAs, DeMPAs and Public Finance/Expenditure Reviews; (ii) aim to support an ambitious but realistic pathway toward improved debt management and related challenges; and (iii) are identified by the WB team in dialogue with the government in question. Country teams will submit their proposed policy actions for reviews at the regional level. These proposals would then be presented to the SDFP committee for recommendation, and approval by Senior Management. To ensure

proper oversight, the Board will be regularly informed, including through an annual SDFP implementation update.

13. **The SDFP Committee.** The Committee will be comprised of representatives of corporate departments whose responsibility is to ensure consistent and robust application of the SDFP. It will seek to ensure that the policy and performance actions proposed by the Regions are sufficiently ambitious, comparable across similar countries, and commensurate with the countries' capacity and challenges prior to recommending them to Senior Management for approval. The Committee will also review implementation of the agreed performance and policy actions. Based upon this review, it will make recommendations regarding the release of the set-aside, and/or adjusting financial terms, including any potential request for exceptional waivers to Senior Management. It will also report on the DSEP to the Board and oversee dissemination of information in accordance with the WB Access to Information Policy.

14. **The forthcoming SDFP will be aligned with IMF's Debt Limits Policy (DLP).** Lessons from the implementation of the NCBP and DLP will inform specific coordination arrangements.

Implementation Timeline

15. The SDFP is expected to be presented for Board approval in the third quarter of FY20, in coordination with the IMF's review of its DLP. Implementation arrangements will be in place for application of the policy at the start of IDA19 on July 1, 2020.

ANNEX 10: IDA'S CRISIS PREPAREDNESS AND RESPONSE TOOLKIT

1. **IDA has developed an extensive crisis toolkit over the years.** The toolkit covers different types of vulnerabilities at various points of the risk continuum—from upstream resilience-building to post-crisis interventions.²⁴³ Trust funds complement IDA's work in this area by supporting analytical products, technical assistance, capacity-building and piloting new solutions. The Global Crisis Risk Platform²⁴⁴ (GCRP) was established in 2016 to further galvanize a coherent institutional approach to crisis risk management, with a focus on addressing cross-border vulnerabilities and multidimensional risks.²⁴⁵ Compared to humanitarian actors, IDA's comparative advantages are in supporting resilience-building and enabling *development* responses to crises—with a focus on integrating crisis risk management into broader development agendas and country systems. Importantly, a key part of enhancing resilience involves investing in the basic building blocks of development, such as governance, quality infrastructure, health and education systems, social protection programs and macroeconomic stability—areas in which IDA has longstanding experience and expertise. In addition, IDA supports and complements other actors such as regional risk pools. Overall, the various risk financing tools are part of the broader package of financial solutions for managing crisis risks. More work remains to galvanize greater financial protection against crises, and the new Global Risk Financing Facility (GRiF) is an important partner to this vision. Work on the Pandemic Emergency Financing Facility (PEF) and Famine Action Mechanism (FAM) is underway and the World Bank will continue to explore complementarities between these initiatives and the IDA toolkit.

2. **IDA clients use the crisis toolkit in different ways across various risk areas. Some gaps exist in this usage.**

- a. For *natural hazards*, IDA financing for Disaster Risk Management is sizable, underpinned by rising client demand. The bulk of resilience-related activities has been funded by IDA country allocations. There is a strong orientation toward mainstreaming resilience, supported by partner initiatives such as the Global Facility for Disaster Reduction and Recovery (GFDRR) and the WB Tokyo Disaster Risk Management Hub. The priorities ahead are: (i) leveraging resources and mobilizing private capital for resilience; (ii) promoting more resilient and quality urbanization and infrastructure; (iii) supporting climate-resilient development; and (iv) improving effectiveness in Fragile and Conflict-affected Situations (FCS).
- b. For *food insecurity*, the key gaps identified include the need to strengthen mid- to long-term investments to tackle the root causes of severe food insecurity and bolster resilience, as well as to scale up consistent and predictable early action in response to food security warnings. The Famine Action Mechanism (FAM) seeks to address these challenges by

²⁴³ World Bank, *Review of the IDA Crisis Toolkit: Background Note* (May 31, 2019). This was presented to IDA Deputies as part of the June 2019 replenishment meeting.

²⁴⁴ First established in 2016 as the Global Crisis Response Platform, it was subsequently renamed the Global Crisis *Risk* Platform to emphasize a growing institutional focus on prevention and preparedness.

²⁴⁵ These are risks that span multiple risk types such as macroeconomic shocks, natural disasters, food insecurity, public health emergencies, and conflict and insecurity.

servicing as an umbrella mechanism to help tackle food insecurity across both resilience and response, in collaboration with partners.

- c. For **public health emergencies**, the IDA Regional Window has been the main vehicle for supporting disease surveillance, given the incentive of its 1:3 leverage of country allocations. Many IDA clients have considerable gaps in public health emergency preparedness and response capacities. Country demand for IDA financing to strengthen pandemic preparedness has increased since the 2014–15 Ebola crisis but remains relatively modest. For that crisis, IDA’s CRW provided \$420 million to Liberia, Sierra Leone and Guinea to contain the spread of infections and supported the governments in strengthening the resilience of their public health systems.
- d. Finally, IDA also supports **financial preparedness** to crises, for instance by integrating financial resilience into macro-fiscal planning, and by advancing reforms to legal and regulatory frameworks that are essential for building financial resilience. IDA also offers contingent financing tools such as Contingent Emergency Response Components (CERCs) and Catastrophe Deferred Drawdown Options (Cat DDOs), and client take-up is expanding. Moreover, IDA supports and complements other actors such as regional risk pools and the private sector.

3. IDA19 will advance the crisis risk management agenda in various ways, with a focus on further mainstreaming resilience-building. The varied findings across the risk areas in the Review of the IDA Crisis Toolkit²⁴⁶ call for the IDA19 policy elements to be targeted rather than broad-based. Importantly, resilience-building is part and parcel of development, and systematic risk-informed programming of PBA resources will be at the core of IDA’s work on prevention and preparedness, building on sound risk analytics.

- a. In terms of IDA19 policy commitments, under the Governance and Institutions Special Theme, IDA will support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions. Under the Climate Change Special Theme, IDA will support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes, by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.
- b. As for IDA financing, the Regional Window can support single-country operations with a strong focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers. The CRW will support greater utilization of CERCs, including through pre-allocated approaches to facilitate quicker deployment of funds. It will also enhance and make more explicit the linkages between CRW usage and subsequent programming of country allocations for resilience. Specifically, CRW recipients will be required to demonstrate a stronger focus on prevention and preparedness in their *post-crisis* core IDA programming.²⁴⁷ In IDA19, the CRW will also support earlier responses to slower-onset crises—namely, disease outbreaks and food insecurity. In

²⁴⁶ World Bank, *Review of the IDA Crisis Toolkit*: Background Note (May 31, 2019). This was presented to IDA Deputies as part of the June 2019 replenishment meeting.

²⁴⁷ This is to be reflected in country engagement products, particularly programming documents—CENs, CPFs, and PLRs. The documents should cite the amount of and rationale for CRW support already provided, lessons learnt and how these inform the country’s subsequent core programming. The aim is to demonstrate how prevention and preparedness have percolated beyond CRW-funded operations to broader core programming agendas.

addition, the new Fragility, Conflict and Violence (FCV) Envelope will provide dedicated resources to support IDA FCS facing different kinds of FCV risks.

- c. IDA is also looking to introduce commodity hedging intermediation to IDA countries before the end of IDA18. This product will help countries actively manage their fiscal exposure to commodity prices, broadening IDA's existing toolkit of risk management products offered to countries to deal with various risks that may affect their fiscal budgets.

4. **The GCRP will contribute to and complement the IDA19 agenda through analytical and convening services to support crisis prevention, preparedness and response.** The GCRP will contribute to ensure coherence in crisis risk management approaches across the institution, including through consistent integration of risks in sector- and country-level programming, and a systematic focus on incentivizing prevention and preparedness. It will also help raise staff awareness and uptake of IDA's crisis risk toolkit and overall crisis risk management approaches. In addition, the GCRP will support the development of metrics to monitor countries' progress toward crisis preparedness, with a proposed approach to be developed by end-FY21. Once these preparedness metrics are finalized Management will use them to guide IDA's country engagements through galvanizing dialogue on their preparedness gaps, and how preparedness may be improved as part of country and regional programming. Finally, the GCRP will support the rollout of the new CRW early response financing to slow-onset crises by facilitating technical assessments for consideration of cases that may warrant such use of CRW funds.

ANNEX 11: IMPLEMENTATION OF THE CONCESSIONAL PARTNER LOAN FRAMEWORK

1. This Annex summarizes the final proposed IDA19 Concessional Partner Loan (CPL) framework which maintains the IDA18 CPL framework while updating (i) the reference period for the Minimum Grant Equivalent Contribution benchmark and the discount rates, and (ii) providing new conversion options into eligible non-SDR currencies.
2. Key IDA19 CPL financing terms, as listed below, are proposed to remain the same as the IDA18 framework:
 - a. *Final Maturity*: of 25 or 40 years.
 - b. *Grace period*: The grace period would be 5 years for a 25-year loan or 10 years for a 40-year loan.
 - c. *Principal repayment*: Principal repayments of concessional loans would begin after the grace period. At that point, a straight-line amortizing repayment schedule would be applied. For 25-year credits, principal would amortize at a rate of 5 percent per annum while for 40-year credits, principal would amortize at a rate of 3.3 percent per annum.
 - d. *Coupon/ Interest*: IDA concessional loans would have an all-in SDR equivalent coupon of up to 1 percent²⁴⁸, hereinafter referred to as “maximum coupon rate”. Partners have the option to provide additional grant resources to buy down the difference between the maximum coupon rate and the CPL coupon rate if higher. For CPLs where the maximum coupon rate is negative, Partners have the additional option to provide a CPL with a coupon rate of 0 percent in the CPL currency and meet the remaining grant element requirement of the framework by providing a larger volume of CPL.²⁴⁹
 - e. *Prepayment*: In order to ensure IDA’s financial sustainability, IDA may prepay the outstanding balance of the CPL, in whole or in part, without penalty after giving not less than 12 months’ prior notice.
 - f. *Effectiveness*: based on the date on which the loan agreement is signed by both parties and upon the provision of the full unqualified amount of a coupon equalization grant, as applicable.
 - g. *Currencies*: For pledging purposes, IDA would accept concessional loans in SDRs, or any one of the SDR basket currencies, namely the US Dollar, Euro, Japanese Yen, British Pound and Chinese Renminbi. Subsequent to pledging, Partners may also request a conversion to eligible non-SDR currencies based on criteria agreed.

²⁴⁸ The all-in cost may also be achieved by providing additional grants to buy-down the loan coupon rate.

²⁴⁹ This implies a higher coupon rate than the maximum coupon rate in the CPL currency. Fair treatment across Partners will be ensured by using the actual coupon rate of the CPL to calculate the loan’s grant element to determine voting rights and compliance with the minimum grant equivalent contribution benchmark.

h. *Drawdown*: The concessional loans would be drawn-down in three equal annual installments over the IDA19 3-year period. Management may agree on a different draw-down schedule with the loan provider as it deems necessary.

3. **Grant Contribution**: Partners providing concessional loans in IDA19 are expected to provide basic grant contributions equal to at least 80 percent of the Minimum Grant Contribution Benchmark and target the total Grant Equivalent Contribution (which include basic contribution from grant and grant element of CPLs) to at least their Minimum Grant Contribution Benchmark. Partners could select their preferred Minimum Grant Contribution Benchmark as 100 percent of their total Grant Equivalent Contribution based on IDA17 or IDA18, as the Partner prefers. The Minimum Grant Contribution Benchmark could also be based on the Currency of Pledge, National Currency or SDR amounts, as the Partner prefers.

4. **Grant Element**: As in IDA18, upon receipt of the concessional funding from IDA Partners, the grant element of the CPLs (which reflect the concessional nature of the CPL coupon relative to the discount rate) will be recognized for voting rights and burden share purposes. The grant element is a function of the terms of a loan. The terms of the loan determine the cash inflows and outflows related to the loan and the grant element is effectively the ratio of the present value of the debt service to the present value of the loan disbursements, which can be expressed with the formula below:

$$1 - \frac{\sum_{i=1}^n (DF_i \times CFS_i)}{\sum_{j=1}^n (DF_j \times CFD_j)}$$

Where:

DF_i = Discount factor at period *i*, calculated using the discount rate of CPL framework

CFS_i = Cash flow from debt service at period *i*

DF_j = Discount factor at period *j*, calculated using the discount rate of CPL framework

CFD_j = Cash flow from loan disbursement at period *j*

5. As in IDA18, the currency-specific discount rate under the IDA19 Framework allow Partners to calculate the grant element in each individual currency. Table A11.1 below lists the discount rates by currency and by loan terms.²⁵⁰

²⁵⁰ As of March 29, 2019.

Table A11.1: IDA19 Discount rates

	IDA19 Discount Rates (%)	
	25-year CPL	40-year CPL
USD	2.97	3.25
EUR	1.28	1.63
JPY	0.09	0.44
GBP	1.74	1.93
CNY	4.13	4.61
SDR	2.25	2.57

6. **Maximum coupon rates:** As in IDA18, the coupon rate for the IDA19 CPLs would be subject to a maximum coupon rate of 1 percent in SDR. The equivalent maximum coupon rate for each currency is based on the principle that the grant element generated on CPLs in different currencies will be equivalent. For example, as shown in the table A11.2 below, a 1 percent SDR 25-year maturity loan will have the same grant element of 14.70 percent as a USD CPL with a coupon of 1.64 percent; a EUR CPL with a coupon of 0.13 percent; a JPY CPL with a coupon of -0.95 percent; a GBP CPL with a coupon of 0.54 percent; or a CNY CPL with a coupon of 2.67 percent.

Table A11.2: IDA19 Maximum Coupon Rates and corresponding grant element

	IDA19 Maximum Coupon Rates (%)	
	25-year CPL	40-year CPL
USD	1.64	1.55
EUR	0.13	0.24
JPY	-0.95	-0.75
GBP	0.54	0.48
CNY	2.67	2.62
SDR	1.00	1.00
Grant Element	14.70%	27.17%

7. Implications of coupon rate lower or higher than maximum coupon rate:

- a. As in IDA18, if a Partner provides a CPL with a coupon lower than the maximum coupon rate in a given currency, it would benefit from a larger grant element compared to providing a loan at the maximum coupon. For example, a 25-year CPL with a coupon of 0 percent in SDR would generate a grant element of 26.58 percent as opposed to a 1 percent SDR coupon generating grant element of 14.70 percent.
- b. As in IDA18, if a Partner would like to provide a CPL with a coupon rate higher than the Maximum Coupon Rate but lower than the Discount Rate²⁵¹ in a given currency, the

²⁵¹ Coupon rates cannot exceed the discount rate in a given currency otherwise the CPL doesn't generate a grant element.

Partner would be required to compensate for the difference through additional grants to “buy down” the terms of the CPL to the level of the Maximum Coupon rate.

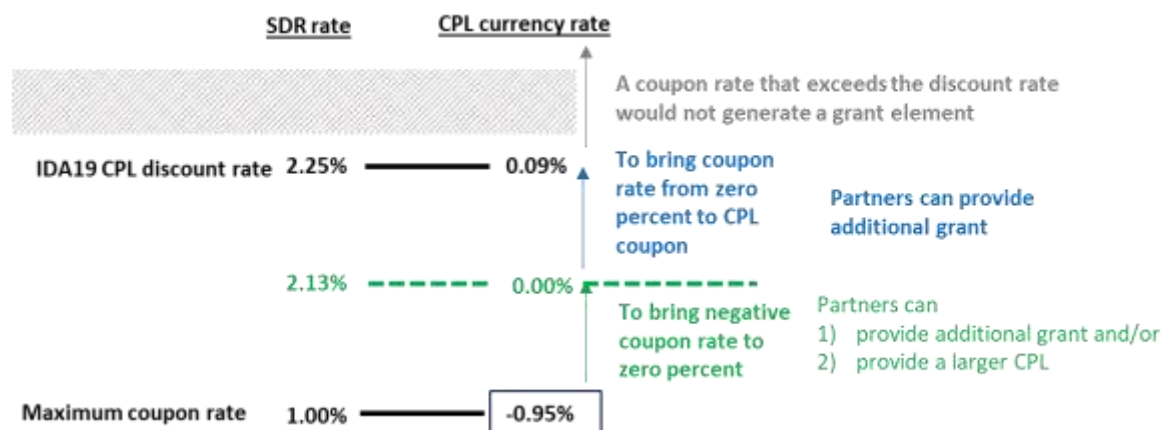
- c. If a Partner makes this additional grant payment up front, the required payment amount will be calculated based on the present value of the difference in future cash flows between the original coupon payments and the targeted coupon payments. The same discount rate in the CPL framework will be used in the present value calculation. The Partner can make the additional grant payment over several installments only if the CPL has the same disbursement schedule (which has a maximum period of 3-year) and if the present value of the additional grant payments is the same as if paying upfront. Table A11.3 illustrates the additional grant payments required for a buydown of 100bps to meet the maximum coupon rate in a given currency.

Table A11.3: Additional grant amount required for a buydown of 100bps to meet the maximum coupon rate

<i>(1,000 million, 25-year CPL)</i>		<i>(1,000 million, 40-year CPL)</i>	
Currency	Additional Grant required upfront in the loan currency (in million)	Currency	Additional Grant required upfront in the loan currency (in million)
USD	112	USD	163
EUR	128	EUR	197
JPY	141	JPY	228
GBP	123	GBP	189
CNY	104	CNY	140
SDR	119	SDR	175

- d. As in IDA18, if the Maximum Coupon Rate for a particular currency is negative, in addition to the option above (i.e., having a higher CPL coupon rate and making up for the difference in resulting grant element through a “buydown” grant), CPL providers would have the additional option of providing a CPL with zero percent coupon rate and making up for the difference in resulting grant element through a larger CPL. In such a scenario, a zero coupon would mean that the CPL coupon rate would be higher than the maximum 1 percent SDR rate. Fair treatment across Partners will be ensured by using the 0 percent coupon rate of the CPL to calculate the loan’s grant element to determine voting rights and compliance with the minimum grant contribution benchmark (aka, “80/20 rule”). See illustration in the Figure A11.1 below:

Figure A11.1: Illustrative example of how to bridge the difference between the Maximum Coupon Rate and the CPL coupon rate if higher



8. **Consistent with previous replenishments, IDA requires that Partners provide their Instruments of Commitment before IDA can sign a CPL agreement with the Partner country.** This requirement is to enhance the fairness between CPL providers and grant providers, where Instruments of Commitment are required before the grant payment can be received. In addition, in case a Partner plans to provide additional grant resources to lower the coupon rate on the CPL, IDA would require the payment of the additional grant by the Partner as a prerequisite for IDA to accept the disbursement from the CPL. This is to protect IDA from paying a high borrowing cost on CPL without receiving the related grant payment that ensures the required concessionality.

9. **Flexibility to provide CPLs in non-SDR currencies:** Partners will have some flexibility to provide CPLs in non-SDR currencies while ensuring financial and risk neutrality to IDA by using market instruments and ensuring fair and equal treatment among Partners.

10. **To ensure financial and risk neutrality to IDA, Partners who would like to include a CPL in its pledges will continue to be required to pledge the CPL in one of the SDR currencies,** with grant element calculated based on the published discount rates for the specific SDR currency, as per the current process. Partners have the option to convert the loan²⁵² into an eligible non-SDR currency upon signature of the loan agreement.²⁵³

11. **The conversion option will be allowed only for currencies that the World Bank Treasury is able to hedge through the market for the full life of the loan (25 or 40 years).** The eligible²⁵⁴ currencies for IDA19 based on this criterion are Canadian Dollars (CAD), Australian

²⁵² Or a portion of the loan.

²⁵³ The CPL loan will remain denominated in SDR currency, but sub-tranches can be disbursed and repaid in non-SDR currencies following conversion.

²⁵⁴ Given the limited liquidity of the CNY market in long tenors, any conversion from a CPL in CNY into another currency would be subject to market availability.

Dollars (AUD) and South African Rands (ZAR). CPL loan agreement for the eligible currencies will include additional legal provisions to enable market-based conversions, applicable market clauses and the flexibility offered in terms of size and timing in effecting conversions.

12. **The terms of such conversions (amount and coupon rate in the selected non-SDR currency) will be based on the hedge IDA can execute at prevailing market rates at the time of conversion with the applicable transaction fees.**²⁵⁵ The market conversions will be offered in a manner that ensures that they don't entail additional financial risks to IDA.

²⁵⁵ Transaction fees will be aligned with the WB's methodology for calculating transaction fees to cover for overhead and market counterparty risk.

ANNEX 12: DOCUMENTS PROVIDED FOR THE IDA19 REPLENISHMENT

November 15, 2018 in Livingstone, Zambia

Foreign Exchange Reference Period for the IDA19 replenishment (November 2018)

April 14-15, 2019 in Washington, D.C. USA

- Debt Vulnerabilities in IDA Countries: Policy Options for IDA19 (March 2019)
- IDA Voting Rights: An Interim Roadmap and Defining the Scope Toward of Long-term Roadmap (April 2019)

June 18-20, 2019 in Addis Ababa, Ethiopia

- Special Theme: Climate Change (May 2019)
- Special Theme: Gender and Development (May 2019)
- Special Theme: Jobs and Economic Transformation (May 2019)
- Special Theme: Governance and Institutions (May 2019)
- Special Theme: Fragility, Conflict and Violence (May 2019) (May 2019)
- The Demand for IDA19 Resources and the Strategy for their Effective Use (May 2019)
- Proposal for IDA18 IFC-MIGA Private Sector Window (May 2019)
- The IDA19 Results Measurement System (May 2019)
- Addressing Debt Vulnerabilities in IDA Countries: Options for IDA19 (June 2019)
- IDA19 Financing Framework (May 2019) (Confidential) *

October 21-11, 2019 in Washington, D.C. USA

- IDA18: Implementation Status and Proposed Reallocations
- Draft of IDA19 Deputies' Report
- Updated IDA19 Operational and Financing Framework (September 2019) (Confidential)*

December 12-13, 2019 in Stockholm, Sweden

- Draft of IDA19 Deputies' Report

* These papers were not publicly disclosed as per the World Bank's Access to Information Policy which excludes disclosure of papers that contain confidential financial projections.

ANNEX 13: DRAFT IDA19 RESOLUTION

Board of Governors

Additions to Resources: Nineteenth Replenishment

WHEREAS:

(A) The Executive Directors of the International Development Association (the “Association”) have considered the prospective financial requirements of the Association and have concluded that it is desirable to authorize a replenishment of the resources of the Association for new financing commitments for the period from July 1, 2020 to June 30, 2023 (the “Nineteenth Replenishment”) in the amounts and on the basis set out in the report of the IDA Deputies, “Additions to Resources: Nineteenth Replenishment,” (the “Report”), approved by the Executive Directors on [_____] [(modified on [_____]], and submitted to the Board of Governors;

(B) The members of the Association consider that an increase in the resources of the Association is required and intend to take all necessary governmental and legislative action to authorize and approve the allocation of additional resources to the Association in the amounts and on the conditions set out in this Resolution;

(C) Members of the Association that contribute resources to the Association in addition to their subscriptions as part of the Nineteenth Replenishment (“Contributing Members”) are to make available their contributions pursuant to the Articles of Agreement of the Association (the “Articles”) partly in the form of subscriptions carrying voting rights and partly as supplementary resources in the form of contributions not carrying voting rights;

(D) Additional subscriptions are to be authorized for Contributing Members in this Resolution on the basis of their agreement with respect to their preemptive rights under Article III, Section 1(c) of the Articles, and provision is made for the other members of the Association (“Subscribing Members”) intending to exercise their rights pursuant to that provision to do so;

(E) It is desirable to provide for a portion of resources to be contributed by members to be paid to the Association as advance contributions;

(F) Additional subscriptions and contributions are to be authorized for Contributing Members to provide compensation for the Association’s debt forgiveness commitments under the HIPC Debt Initiative; and to reflect the grant element of concessional loans made by Contributing Members to the Association;

(G) The Executive Directors of the Association have authorized the borrowing of concessional loans from Contributing Members (each a “Concessional Partner Loan”) (CPL) in the currencies and on the terms and conditions as approved by the Executive Directors and it is intended that the grant element of the CPLs will form part of the Contributing Member’s subscriptions and contributions hereunder;

(H) It is desirable to authorize the Association to provide financing in the form of grants, guarantees, equity investments, and the intermediation of risk management products in addition to loans; and

(I) It is desirable to administer any remaining funds from the replenishment authorized by Resolution No. [•] of the Board of Governors of the Association (the “Eighteenth Replenishment”) as part of the Nineteenth Replenishment.

NOW THEREFORE THE BOARD OF GOVERNORS HEREBY ACCEPTS the Report as approved by the Executive Directors, **NOTES** its conclusions and recommendations **AND RESOLVES THAT** a general increase in subscriptions of the Association is authorized on the following terms and conditions:

1. **Authorization of Subscriptions and Contributions.**

- (a) The Association is authorized to accept additional resources from each Contributing Member in the amounts and in the currencies specified for each such member in Columns 5, 6, 7, 9, and 11 of Table 1a-SDR attached to this Resolution, and each such amount will be divided into a subscription carrying voting rights and a contribution not carrying voting rights as specified in Table 2 attached to this Resolution.
 - (i) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members to compensate the Association for the Association’s debt forgiveness commitments under the HIPC Debt Initiative in the amounts and as specified in Column 9 of Table 1a-SDR attached to this Resolution.
 - (ii) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members to finance arrears clearance operations in the amount and as specified in Column 11 of Table 1a-SDR attached to this Resolution.
 - (ii) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members reflecting the grant element of a CPL in the amounts and currencies specified in Column 6 of Table 1a-SDR attached to this Resolution.
- (b) The Association is authorized to accept additional resources from any member for which no contribution is specified in Table 2 and additional subscriptions and contributions from Contributing Members incremental to the amounts specified for each such member in Tables 1a and 1b.
- (c) The Association is authorized to accept additional subscriptions from each Subscribing Member in the amount specified for each such member in Table 2.

- (d) The rights and obligations of the Association and the Contributing Members in respect of the authorized subscriptions and contributions in paragraphs (a) and (b) above will be the same (except as otherwise provided in this Resolution) as those applicable to the ninety percent portion of the initial subscriptions of original members payable under Article II, Section 2(d) of the Articles of Agreement (the “Articles”) by members listed in Part I of Schedule A of the Articles.

2. **Agreement to Pay.**

- (a) When a Contributing Member agrees to pay its subscription and contribution, or a Subscribing Member agrees to pay its subscription, it will deposit with the Association an Instrument of Commitment substantially in the form set out in Attachment I to this Resolution (“Instrument of Commitment”) and with respect to:
 - i. its contribution for debt forgiveness under the HIPC Debt Initiative, a Contributing Member will either include such contribution in an Instrument of Commitment or make a Debt Relief Transfer Contribution, as defined and specified in paragraph 9(a) of this Resolution; and
 - ii. a CPL, a Contributing Member will enter into written agreement(s) in such form as may be acceptable to the Association.
- (b) When a Contributing Member agrees to pay a part of its subscription and contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it will deposit (other than in respect of the grant element of a CPL) a qualified Instrument of Commitment in a form acceptable to the Association (“Qualified Instrument of Commitment”) and such member:
 - (i) undertakes to exercise its best efforts to obtain legislative approval for the full amount of its subscription and contribution by the payment dates set out in paragraph 3(b) of this Resolution; and
 - (ii) agrees that, upon obtaining such approvals, it will notify the Association that any parts of its Qualified Instrument of Commitment have become unqualified.

3. **Payment.**

- (a) Each Subscribing Member will pay to the Association the amount of its subscription in full within 31 days after the date of deposit of its Instrument of Commitment; provided that if the Nineteenth Replenishment shall not have become effective by December 15, 2020, payment may be postponed by the member for not more than 31 days after the Effective Date as defined in paragraph 6(a) of this Resolution.
- (b) Each Contributing Member that deposits an Instrument of Commitment that is not a Qualified Instrument of Commitment will pay to the Association the amount of its subscription and contribution in three equal annual installments no later than 31

days after the Effective Date or as agreed with the Association, January 15, 2022, and January 15, 2023; provided that:

- (i) the Association and each Contributing Member may agree to earlier payment;
 - (ii) if the Nineteenth Replenishment shall not have become effective by December 15, 2020, payment of the first such installment may be postponed by the member for not more than 31 days after the date on which the Nineteenth Replenishment becomes effective;
 - (iii) the Association may agree to the postponement of any installment, or part thereof, if the amount paid, together with any unused balance of previous payments by the Contributing Member concerned, is at least equal to the amount estimated by the Association to be required from that member up to the due date of the next installment for purposes of disbursements for financing committed under the Nineteenth Replenishment; and
 - (iv) if any Contributing Member deposits an Instrument of Commitment with the Association after the date when the first installment of the subscription and contribution is due, payment of any installment, or part thereof, will be made to the Association within 31 days after the date of such deposit.
- (c) If a Contributing Member has deposited a Qualified Instrument of Commitment and, upon enactment of appropriation legislation, notifies the Association that an installment, or part thereof, is unqualified after the date when it was due, then payment of such installment, or part thereof, will be made within 31 days after the date of such notification.
- (d) Each Contributing Member that makes a contribution through the grant element of a CPL will pay to the Association the amount of the Loan in three equal annual installments no later than 31 days after the Effective Date, January 15, 2022, and January 15, 2023 or as agreed with the Association.

4. **Mode of Payment.**

- (a) Payments pursuant to this Resolution will be made, at the option of the member:
 - (i) in cash, on terms agreed between the member and the Association; or
 - (ii) by the deposit of notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be nonnegotiable, non-interest bearing and payable at their par value on demand to the account of the Association.
- (b) The Association will encash notes or similar obligations of Contributing Members, on an approximately pro rata basis among Partners, in accordance with the encashment schedule set out in Attachment II to this Resolution, or as agreed between a Contributing Member and the Association. With respect to a

Contributing Member that is unable to comply with one or more encashment requests, the Association may agree with the member on a revised encashment schedule that yields at least an equivalent value to the Association.

- (c) The provisions of Article IV, Section 1(a) of the Articles will apply to the use of a Subscribing Member's currency paid to the Association pursuant to this Resolution.

5. **Currency of Denomination and Payment.**

- (a) Contributing Members will denominate the resources to be made available pursuant to this Resolution in SDRs, the currency of the member if freely convertible, or, with the agreement of the Association, in a freely convertible currency of another member, except that if a Contributing Member's economy experienced a rate of inflation in excess of ten percent per annum on average in the period 2016-2018, as determined by the Association, its subscription and contribution will be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the Association. Subscribing Members will denominate the resources to be made available pursuant to this Resolution in the currency of the member or in a freely convertible currency with the agreement of the Association.
- (b) Contributing Members will make payments pursuant to this Resolution in SDRs, a currency used for the valuation of the SDR, or, with the agreement of the Association, in another freely convertible currency, and the Association may freely exchange the amounts received as required for its operations. Subscribing Members will make payments in the currency of the member or in a freely convertible currency with the agreement of the Association.
- (c) Each member will maintain, in respect of its currency paid by it under this Resolution, and the currency of such member derived therefrom as principal, interest or other charges, the same convertibility as existed on the effective date of this Resolution.
- (d) The provisions of Article IV, Section 2 of the Articles with respect to maintenance of value will not be applicable.
- (e) Notwithstanding the foregoing provisions of this paragraph, a Contributing Member that makes a contribution through the grant element of a CPL will denominate and make payment of such CPL in SDRs or any other currencies approved by the Executive Directors and as defined in their respective loan agreements.

6. **Effective Date.**

- (a) The Nineteenth Replenishment will become effective and the resources to be contributed pursuant to this Resolution will become payable to the Association on the date (the "Effective Date") when Contributing Members whose subscriptions and contributions aggregate not less than SDR 10,128 million shall have deposited with the Association Instruments of Commitment, Qualified Instruments of Commitment, Debt Relief Transfer Notifications (as defined in paragraph 9(b) of

this Resolution) or duly executed concessional loan agreements to provide the CPLs, provided that this date shall be not later than December 15, 2020, or such later date as the Executive Directors of the Association may determine.

- (b) If the Association determines that the availability of additional resources pursuant to this Resolution is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Members to review the situation and to consider the steps to be taken to prevent a suspension of financing to eligible recipients by the Association.
- (c) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Nineteenth Replenishment, the Association may deem, prior to the Effective Date, to use one third of the agreed Replenishment amount.

7. **Advance Contributions.**

- (a) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Nineteenth Replenishment, the Association may deem, prior to the Effective Date, one third of the total amount of each subscription and contribution for which
 - (i) an Instrument of Commitment has been deposited with the Association;
 - (ii) a Debt Relief Transfer Notification (as defined in paragraph 9(b) of this Resolution) has been received by the Association; or
 - (iii) a duly executed concessional loan agreement for a CPL has been received by the Association;as an "Advance Contribution", unless the Contributing Member specifies otherwise in its Instrument of Commitment, Debt Relief Transfer Notification or concessional loan agreement for a CPL.
- (b) The Association shall specify when Advance Contributions pursuant to paragraph 7(a) are to be paid to the Association.
- (c) The terms and conditions applicable to contributions to the Nineteenth Replenishment shall apply also to Advance Contributions until the Effective Date, when such contributions shall be deemed to constitute payment toward the amount due from each Contributing Member for its subscription and contribution.
- (d) In the event that the Nineteenth Replenishment shall not become effective pursuant to paragraph 6(a) of this Resolution, (i) voting rights will be allocated to each member for the Advance Contribution as if it had been made as a subscription and contribution under this Resolution, and (ii) each member not making an Advance Contribution will have the opportunity to exercise its preemptive rights under

Article III, Section 1(c) of the Articles with respect to such subscription as the Association shall specify.

8. **Authority to Use Subscription and Contributions.**

- (a) Subscriptions and contributions will become available for use by the Association for financing to eligible recipients upon receive of the Instruments of Commitment and after the Effective Date, provided that Advance Contributions may become available earlier under paragraph 7(a) of this Resolution.
- (b) Any qualified part of a subscription and contribution notified under a Qualified Instrument of Commitment will become available for use by the Association for financing when the Association has been notified, pursuant to paragraph 2(b) (ii) of this Resolution, that such parts have become unqualified.
- (c) The Association may enter into financing commitments with eligible recipients conditional on such commitments becoming effective and binding on the Association when resources under the Nineteenth Replenishment become available for commitment by the Association.

9. **HIPC and Arrears Clearance Contributions.**

- (a) Contributing Members making an additional subscription and contribution to compensate the Association for forgiveness of debt under the HIPC Debt Relief Initiative or to finance arrears clearance operations, will do so either: (i) through an additional subscription and contribution to the Association's regular resources (a "Debt Relief Additional Contribution") or (ii) through a creditor-specific contribution for the benefit of the Association to the HIPC window or arrears clearance window of the Debt Relief Trust Fund ("Debt Relief Transfer Contribution").
- (b) Contributing Members making a Debt Relief Transfer Contribution will either (i) enter into a Contribution Agreement with the Association as administrator of the Debt Relief Trust Fund; or (ii) for Contributing Members that are already current contributors to the Debt Relief Trust Fund, send to the Association a notice of additional contribution or allocation to the appropriate window of the Debt Relief Trust Fund (each a "Debt Relief Transfer Notification"). Such Debt Relief Transfer Notification will provide for a contribution to be made to the appropriate window of the Debt Relief Trust Fund in the amount set forth in Columns 9 and 11 of Table 1a-SDR to this Resolution, to be payable in three equal annual installments no later than 31 days after the Effective Date, January 15, 2022, and January 15, 2023; provided that the Association and each Contributing Member may agree to earlier payment.
- (c) When any amount of a Debt Relief Transfer Contribution is paid to compensate the Association for forgiveness of debt under the HIPC Debt Initiative or to finance arrears clearance operations, such amount of the Debt Relief Transfer Contribution will be treated as a subscription and contribution under the Nineteenth Replenishment.

10. **Authorization of Grants, Guarantees, Equity Investments and Risk Intermediation.**
The Association is hereby authorized to provide financing under the Nineteenth Replenishment in the form of grants and guarantees, equity investments and through the intermediation of risk management products.
11. **Administration of IDA18 Funds under the Nineteenth Replenishment.**
 - (a) On the Effective Date, any funds, receipts, assets and liabilities held by the Association under the Eighteenth Replenishment will be administered under the Nineteenth Replenishment, subject, as appropriate, to the terms and conditions applicable to the Eighteenth Replenishment.
 - (b) Pursuant to Article V, Section 2(a) (i) of the Articles of Agreement of the Association, the Association is authorized to use the funds referred to in paragraph 11(a) above, and funds derived therefrom as principal, interest or other charges, to provide financing in the forms of grants, guarantees and equity investments under the terms, conditions and policies applicable under the Nineteenth Replenishment.
12. **Allocation of Voting Rights under Nineteenth Replenishment.** Voting rights calculated on the basis of the current voting rights system will be allocated to members for subscriptions under the Nineteenth Replenishment as follows:
 - (a) Each Subscribing Member that has deposited with the Association an Instrument of Commitment will be allocated the subscription votes specified for each such member in Table 2 on the effective payment date pursuant to paragraph 3(a) of this Resolution. Each Subscribing Member will be allocated the additional membership votes specified in Column c-3 of Table 2 on the date such member is allocated its subscription votes.
 - (b) Each Contributing Member that has deposited with the Association an Instrument of Commitment (other than in respect of the grant element of a CPL) will be allocated one third of the subscription votes specified for each such member in Table 2 on each effective payment date pursuant to paragraph 3(b) of this Resolution. Each Contributing Member will be allocated the additional membership votes specified in Column b-3 of Table 2 for its subscription on the date such member is allocated the first one third of its subscription votes.
 - (c) Each Contributing Member that has made a Debt Relief Transfer Contribution will be allocated a proportionate share of the subscription votes specified for such member in Column b-2 of Table 2 from time to time and at least semi-annually following payment of any amount of its Debt Relief Transfer Contribution to compensate the Association for forgiveness of debt under the HIPC Debt Initiative or to finance arrears clearance operations.
 - (d) Each Contributing Member that has provided a CPL in the amount provided in Table 1b will be notified by the Association of the grant element determined by the Association with respect to the CPL and will be allocated, in respect of such grant element, a proportionate share of the subscription votes specified for such member

in Column b-2 of Table 2 from time to time following payment to the Association of the CPL.

- (e) Each member that has deposited with the Association a Qualified Instrument of Commitment will be allocated subscription votes at the time and to the extent of payments made in respect of its subscription and contribution.
- (f) Any member that deposits its Instrument of Commitment after any of these dates will be allocated, within 31 days of the date of such deposit, the subscription votes to which such member is entitled on account of such deposit.
- (g) If a member fails to pay any amount of its subscription or subscription and contribution when due, or fails to pay when due any amount of (or due in connection with) a CPL, the number of subscription votes allocated from time to time to such member under this Resolution in respect of the Nineteenth Replenishment will be reduced in proportion to the shortfall in the net present value of such payments, but any such votes will be reallocated when the shortfall in the net present value of such payments causing such adjustment is subsequently made up.

- 1/ Indicative contribution, subject to government and/or parliamentary approval.
- 2/ Represents the investment income generated by using a regular encashment profile of 9 years.
- 3/ Includes an increase in basic share achieved through accelerated encashments.
- 4/ Includes supplemental contributions provided through accelerated encashments.
- 5/ Not a Member of IDA, but is associating themselves with IDA19 by providing resources for purposes, and on terms to be agreed separately between IDA and the donor.
- 6/ Total shares are calculated using the target amount of SDR 23,324.23 million. Partners' total shares do not add to 100 percent, resulting in a structural gap of 27 percent.
- 7/ Basic shares are calculated using the target amount of SDR 22,523.23 million.
- 8/ HIPC and arrears clearance contributions are calculated by applying HIPC shares agreed by Partners in the past replenishments, unless otherwise indicated by an individual Partner, to the total HIPC cost for IDA19 of SDR 656.00 million and the total IDA19 target contribution for arrears clearance of SDR 145.00 million respectively.

1/ Indicative contribution, subject to government and/or parliamentary approval.

2/ Not a Member of IDA, but is associating themselves with IDA19 by providing resources for purposes, and on terms to be agreed separately between IDA and the donor.

3/ Contributions of countries with an average inflation rate exceeding 10 percent over the 2016-2018 period would be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the association.

4/ The amounts in currency of contribution (CoC) exclude individual acceleration credits (when applicable) and grant elements of concessional loan (when applicable), both of which are included in the SDR amounts. The equivalent (CoC) amount of any individual acceleration credit or grant element of concessional loan is shown separately in columns 3 and 4 respectively.

5/ Canada's contribution comprises grant and grant element of concessional loan. Grant element was calculated in USD, based on the currency of the concessional loan pledged by Canada.

Table 1b. Concessional Loan Contributions to the Nineteenth Replenishment

Contributing members	Loan amount				Loan terms		Grant element from loan	
	SDR Million	Currency	FX	Currency Million	Maturity	Coupon rate in loan currency terms	SDR Million	Currency Million
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Belgium ^{1/}	337.67	EUR	1.23230	416.11	10-40	0.00%	107.28	132.20
Canada ^{1/2/}	455.47	USD	1.38318	630.00	5-25	1.20%	84.21	116.48

1/ Indicative contribution, subject to government and/or parliamentary approval.

2/ Concessional loan is pledged in USD, with an option to convert the loan to CAD per IDA19 CPL framework

Table 2. Subscriptions, Contributions, and Votes
(amounts in US\$)

Part II	Current Status (before IDA19)						Allocation for Exercise of Preemptive Rights to Maintain Part II Voting Power				Additional Resources Provided under IDA19 in SDRs or Freely Convertible Currencies				Adjusted Voting power				
	Subscriptions Carrying Votes (\$)	Contributions (\$)	Total Cumulative Resources (\$)	Subscription Votes	Membership Votes	Total Voting Power %	Subscription Carrying Votes (\$)	Subscription Votes	Membership Votes	Total Voting Power %	Subscription Carrying Votes (\$)	Subscription Votes	Contributions (\$)	Total Additional Resources (\$)	Subscription Votes	as % of part II	Membership Votes	Total Votes	Total Voting Power %
Member	(a-1)	(a-2)	(a-3)	(a-4)	(a-5)	(a-6)	(c-1)	(c-2)	(c-3)	(c-4)	(e-1)	(e-2)	(e-3)	(e-4)	(f-1)	(f-2)	(f-3)	(f-4)	(f-5)
SENEGAL	2,831,799	0	2,831,799	30,201	57,500	0.27%	26,500	1,060	2,500	0.27%	0	0	0	0	31,261	0.39%	60,000	91,261	0.27%
SERBIA	29,901,768	0	29,901,768	39,558	57,500	0.30%	34,700	1,388	2,500	0.30%	0	0	0	0	40,946	0.51%	60,000	100,946	0.29%
SIERRA LEONE	1,286,460	0	1,286,460	13,876	57,500	0.22%	12,175	487	2,500	0.22%	0	0	0	0	14,363	0.18%	60,000	74,363	0.22%
SINGAPORE	1,093,858	255,881,441	256,975,299	26,944	56,600	0.25%	23,650	946	2,500	0.26%	91,750	3,670	64,764,585	64,879,985	31,560	0.39%	59,100	90,660	0.26%
SLOVAK REPUBLIC	3,169,841	30,662,521	33,832,362	36,697	57,500	0.29%	32,200	1,288	2,500	0.29%	4,525	181	3,202,536	3,239,261	38,166	0.47%	60,000	98,166	0.29%
SOLOMON ISLANDS	159,092	0	159,092	1,913	57,500	0.18%	1,675	67	2,500	0.18%	0	0	0	0	1,980	0.02%	60,000	61,980	0.18%
SOMALIA	1,286,460	0	1,286,460	13,876	57,500	0.22%	12,175	487	2,500	0.22%	0	0	0	0	14,363	0.18%	60,000	74,363	0.22%
SOUTH SUDAN	602,425	0	602,425	6,297	56,600	0.19%	5,525	221	2,500	0.19%	0	0	0	0	6,518	0.08%	59,100	65,618	0.19%
SRI LANKA	5,098,957	0	5,098,957	54,153	57,500	0.34%	47,500	1,900	2,500	0.34%	0	0	0	0	56,053	0.69%	60,000	116,053	0.34%
ST. KITTS & NEVIS	228,296	0	228,296	2,705	57,500	0.18%	2,375	95	2,500	0.18%	0	0	0	0	2,800	0.03%	60,000	62,800	0.18%
ST. LUCIA	261,694	0	261,694	3,051	57,500	0.18%	2,675	107	2,500	0.19%	0	0	0	0	3,158	0.04%	60,000	63,158	0.18%
ST. VINCENT & GRENADINES	127,479	0	127,479	1,638	57,500	0.18%	1,425	57	2,500	0.18%	0	0	0	0	1,695	0.02%	60,000	61,695	0.18%
SUDAN	1,703,121	0	1,703,121	18,203	57,500	0.23%	15,975	639	2,500	0.23%	0	0	0	0	18,842	0.23%	60,000	78,842	0.23%
SYRIAN ARAB REP.	1,604,268	0	1,604,268	17,204	57,500	0.23%	15,100	604	2,500	0.23%	0	0	0	0	17,808	0.22%	60,000	77,808	0.23%
TAJKISTAN	632,946	0	632,946	7,023	57,500	0.20%	6,150	246	2,500	0.20%	0	0	0	0	7,269	0.09%	60,000	67,269	0.20%
TANZANIA	2,831,799	0	2,831,799	30,201	57,500	0.27%	26,500	1,060	2,500	0.27%	0	0	0	0	31,261	0.39%	60,000	91,261	0.27%
THAILAND	5,112,832	9,069,328	14,182,160	54,708	57,500	0.34%	48,000	1,920	2,500	0.34%	7,200	288	5,076,006	5,131,206	56,916	0.70%	60,000	116,916	0.34%
TIMOR-LESTE	484,250	0	484,250	5,031	56,600	0.19%	4,425	177	2,500	0.19%	0	0	0	0	5,208	0.06%	59,100	64,308	0.19%
TOGO	1,286,460	0	1,286,460	13,876	57,500	0.22%	12,175	487	2,500	0.22%	0	0	0	0	14,363	0.18%	60,000	74,363	0.22%
TONGA	127,479	0	127,479	1,638	57,500	0.18%	1,425	57	2,500	0.18%	0	0	0	0	1,695	0.02%	60,000	61,695	0.18%
TRINIDAD & TOBAGO	2,278,239	0	2,278,239	24,380	57,500	0.25%	21,400	856	2,500	0.25%	0	0	0	0	25,236	0.31%	60,000	85,236	0.25%
TUNISIA	2,549,480	0	2,549,480	27,298	57,500	0.26%	23,950	988	2,500	0.26%	0	0	0	0	28,256	0.35%	60,000	88,256	0.26%
TURKEY	10,414,930	234,123,512	244,538,442	133,951	57,500	0.58%	117,525	4,701	2,500	0.58%	18,675	747	13,181,274	13,317,474	139,399	1.72%	60,000	199,399	0.58%
TUVALU	33,567	0	33,567	353	56,600	0.17%	300	12	2,500	0.18%	0	0	0	0	365	0.00%	59,100	59,465	0.17%
UGANDA	2,831,799	0	2,831,799	30,201	57,500	0.27%	26,500	1,060	2,500	0.27%	0	0	0	0	31,261	0.39%	60,000	91,261	0.27%
UKRAINE	10,514,641	0	10,514,641	108,598	56,600	0.50%	95,275	3,811	2,500	0.51%	0	0	0	0	112,409	1.39%	59,100	171,509	0.50%
UZBEKISTAN	2,079,348	0	2,079,348	22,357	57,500	0.24%	19,625	785	2,500	0.24%	0	0	0	0	23,142	0.29%	60,000	83,142	0.24%
VANUATU	328,631	0	328,631	3,752	57,500	0.19%	3,300	132	2,500	0.19%	0	0	0	0	3,884	0.05%	60,000	63,884	0.19%
VIETNAM	2,549,480	0	2,549,480	27,298	57,500	0.26%	23,950	958	2,500	0.26%	0	0	0	0	28,256	0.35%	60,000	88,256	0.26%
YEMEN, REPUBLIC OF	2,644,692	0	2,644,692	26,191	57,500	0.25%	22,975	919	2,500	0.26%	0	0	0	0	27,110	0.34%	60,000	87,110	0.25%
ZAMBIA	4,531,337	0	4,531,337	48,261	57,500	0.32%	42,350	1,694	2,500	0.32%	0	0	0	0	49,955	0.62%	60,000	109,955	0.32%
ZIMBABWE	6,924,993	0	6,924,993	73,294	57,500	0.40%	64,300	2,572	2,500	0.40%	0	0	0	0	75,866	0.94%	60,000	135,866	0.40%
Subtotal Part II	664,923,929	9,585,948,699	10,250,872,628	7,667,478	8,156,900	48.20%	6,727,225	269,089	355,000	48.21%	3,634,450	145,378	2,565,223,155	2,573,184,030	8,081,945	100%	8,511,900	16,593,845	48.41%
Subtotal Part I	1,363,415,569	258,723,952,203	260,087,367,772	15,301,730	1,704,748	51.80%									15,904,735	100%	1,777,248	17,681,983	51.59%
Grand Total	2,028,339,498	268,309,900,902	270,338,240,400	22,969,208	9,861,648	100.00%									23,986,680	100%	10,289,148	34,275,828	100.00%

Notes: **Current Status** (a-1) to (a-6): It is assumed that the members that have outstanding commitments to subscribe or contribute to any previous Replenishment will fulfill their obligations. Amounts have been calculated, for purposes of the voting rights adjustment, by multiplying the subscriptions and contributions up to and including the Third Replenishment (which were expressed in terms of U.S. dollars of the weight and fineness in effect on January 1, 1960) by 1.20635 and adding thereto the dollar equivalents of the subscriptions and contributions under the Fourth through Eighteenth Replenishments at the agreed exchange rates.

Allocation of Additional Votes with respect to Encashment: Subscription votes have been allocated on the imputed value of these contributions based on the related encashment schedule rather than the nominal amounts shown in contribution tables. For the Nineteenth Replenishment, this is included in column (b-1) for Part I countries, and for Part II contributing countries in column (e-4).

Additional Resources Provided under IDA19 in SDRs or Freely Convertible Currencies: The amounts shown in column (e-4) represent the additional resources provided under IDA19 by Part II members in SDRs or freely convertible currencies, as set out in Table 1A-CoC. The U.S. Dollar equivalent has been obtained by converting the SDR amount using the average exchange rates for the U.S. Dollar against the SDR over the period March 1 to August 31, 2019 (SDR1=USD1.38318). These amounts are divided into subscriptions carrying votes (columns (c-1) and (e-1)) and contributions (column (e-3)).

Update of Part II members: The table has been updated to reflect the expected membership status of Part II members.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Addition to Resources: Nineteenth Replenishment

Instrument of Commitment

Reference is made to Resolution No. ____ of the Board of Governors of the International Development Association entitled “Additions to Resources: Nineteenth Replenishment”, which was adopted on _____, 2020 (“the Resolution”).

The Government of _____ HEREBY NOTIFIES the Association pursuant to paragraph 2 of the Resolution that it will make the _____²⁵⁶ authorized for it in accordance with the terms of the Resolution in the amount of _____ [of which _____ amount represents the grant element of a Concessional Partner Loan].²⁵⁷

(Date) (Name and Office)²⁵⁸

²⁵⁶ This form of Instrument of Commitment may be used for a Contributing Member’s regular contribution, any Debt Relief Additional Contribution, and any Grant Compensation Additional Contribution either under separate instruments or combined. Contributing Members fill in the words “subscription and contribution” for both regular contributions and Debt Relief Additional Contributions; and Subscribing Members fill in the word “subscription” only.

²⁵⁷ Pursuant to paragraph 5(a) of the Nineteenth Replenishment Resolution, members are required to denominate their subscription and contribution, or subscription only, as the case may be, in SDRs, in the currency of the member if freely convertible, or with the agreement of the Association in a freely convertible currency of another member. Payment will be made as provided in paragraph 5(b) of the Resolution.

²⁵⁸ The instrument is to be signed on behalf of the Government by a duly authorized representative.

**Encashment Schedule for IDA19 Contributions
(Percent of Total Contributions)**

<u>Fiscal Year</u>	<u>Standard Schedule</u>
2021	3.1
2022	7.7
2023	13.5
2024	15.6
2025	15.8
2026	14.2
2027	12.6
2028	10.2
2029	7.3
	<hr/>
	100.0

- 1/ Indicative contribution, subject to government and/or parliamentary approval.
- 2/ Represents the investment income generated by using a regular encashment profile of 9 years.
- 3/ Includes an increase in basic share achieved through accelerated encashments.
- 4/ Includes supplemental contributions provided through accelerated encashments.
- 5/ Not a Member of IDA, but is associating themselves with IDA19 by providing resources for purposes, and on terms to be agreed separately between IDA and the donor.
- 6/ Total shares are calculated using the target amount of SDR 23,324.23 million (equivalent to US\$32,261.61 million). Partners' total shares do not add to 100 percent, resulting in a structural gap of 27 percent.
- 7/ Basic shares are calculated using the target amount of SDR 22,523.23 million (equivalent to US\$31,153.68 million).
- 8/ HIPC and arrears clearance contributions are calculated by applying HIPC shares agreed by Partners in the past replenishments, unless otherwise indicated by an individual Partner, to the total HIPC cost for IDA19 of SDR 656.00 million (equivalent to US\$907.37 million) and the total IDA19 target contribution for arrears clearance of SDR 145.00 million (equivalent to US\$200.56 million) respectively.
- 9/ US\$ amount is calculated using ID19 SDR/US\$ foreign exchange reference rate of 1.38318.

TABLE A14.2: CONCESSIONAL LOAN CONTRIBUTIONS TO THE NINETEENTH REPLENISHMENT

Contributing members	Loan amount				Loan terms		Grant element from loan		
	USD Million	Currency	FX	Currency Million	Maturity	Coupon rate in loan currency terms	USD Million	Currency Million	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Belgium	1/	467.06	EUR	0.89092	416.11	10-40	0.00%	148.39	132.20
Canada	1/ 2/	630.00	USD	1.00000	630.00	5-25	1.20%	116.48	116.48

1/ Indicative contribution, subject to government and/or parliamentary approval.

2/ Concessional loan is pledged in USD, with an option to convert the loan to CAD per IDA19 CPL framework