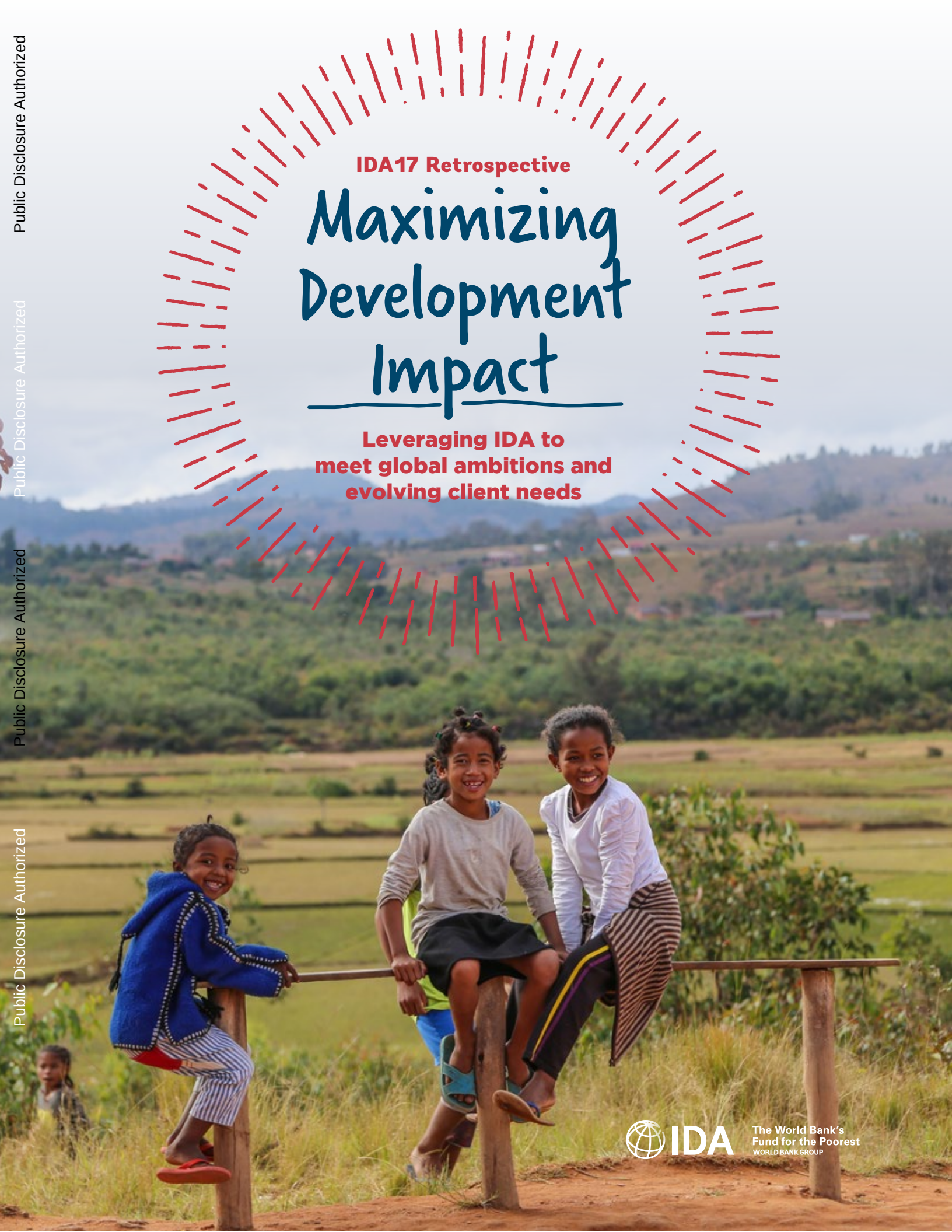
IDA17 Retrospective

Maximizing Development Impact

Leveraging IDA to meet global ambitions and evolving client needs



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IDA17 Retrospective: Maximizing Development Impact

Leveraging IDA to Meet Global Ambitions and Evolving Client Needs

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

ADB	Asian Development Bank
AfDB	African Development Bank
AfDF	African Development Fund
AFR	Africa Region
AIIB	Asian Infrastructure Investment Bank
ASA	Advisory Services and Analytics
CCSA	Cross-Cutting Solution Area
CEN	Country Engagement Note
CPA	Country Programmable Aid
CPF	Country Partnership Framework
CPL	Concessional Partner Loan
CPR	Country Performance Rating
CPIA	Country Policy and Institutional Assessment
CRW	Crisis Response Window
CSO	Civil Society Organization
DIME	Development Impact Evaluation
DPF	Development Policy Financing
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
EITI	Extractive Industries Transparency Initiative
EU	European Union
FCS	Fragile and Conflict-affected State
FCV	Fragility, Conflict and Violence
FY	Fiscal Year
GDP	Gross Domestic Product
GNI	Gross National Income
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
ICT	Information Communications Technology
IDB	Inter-American Development Bank
IoC	Instrument of Commitment
IDA	International Development Association
IDA17	Seventeenth Replenishment of the International Development Association
ICR	Implementation Completion and Results Report
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
JIP	Joint Implementation Plan
LCR	Latin America and Caribbean Region
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MIGA	Multilateral Investment Guarantee Agency
MNA	Middle East and North Africa Region
MSP	Multi-Sectoral Plan
MTR	Mid-Term Review
NCBP	Non-Concessional Borrowing Policy
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PBA	Performance Based Allocation
PforR	Program-for-Results
RMS	Results Measurement System
SAR	South Asia Region
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
SDR	Special Drawing Right
SUF	Scale-up Facility
UN	United Nations
VAT	Value-added Tax
WBG	World Bank Group
WDR	World Development Report
WHO	World Health Organization

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FOREWORD

It is a pleasure to introduce the *IDA17 Retrospective: Maximizing Development Impact. Leveraging IDA to Meet Global Ambitions and Evolving Client Needs.* In 2013, our shareholders came together in tough economic times and pledged to step up efforts to end extreme poverty. With a package of large-scale policy commitments and generous contributions from 51 donor countries, we delivered a replenishment of US$55 billion. This record figure reflected our partners' belief that investing in IDA countries helps secure future prosperity for all countries.

This report examines how IDA delivered—to the penny—on its commitments during the period from July 2014 to June 2017. Looking at these years, we see how three key factors shaped our work and challenged us to think differently about the way we work in the poorest countries.

First, the Sustainable Development Goals (SDGs), adopted by countries globally in 2015, raised the bar for international development cooperation, creating a shared awareness that "business as usual" would leave too many poor and vulnerable people languishing. IDA17 responded to this challenge through four "special themes": inclusive growth, gender equality, climate change and fragility and conflict.

Second, developing countries striving to meet the SDGs—and those coping with crises both new and old—called for financing at levels far above previous eras. IDA17 not only made sure this happened for the poorest countries but also made innovations to IDA's financial model which mobilized significant additional financing and laid the groundwork for an even more effective IDA18. The innovations introduced in IDA16 and IDA17 generated roughly US$15 billion for the IDA17 period. And third, a range of complex cross-border challenges required new responses. The Ebola outbreak in West Africa and the refugee crisis, for example, have had a global effect, posing risks for developing and advanced economies alike. In the Horn of Africa, we partnered with others to help millions of people affected by famine, while working with governments to bring about longer-term stability.

Many more achievements can be celebrated. One of our key partners since IDA's establishment in 1960, India, graduated from IDA at the end of IDA16—together with Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, and Georgia—as a result of a remarkable development path. We helped many countries that are doing well but have stubborn pockets of poverty: IDA projects helped build schools, health clinics, and roads; electrify rural areas; make agriculture more productive; and stabilize countries' finances.

Innovations pioneered in IDA17 are helping our bold IDA18 replenishment to meet growing demand and global challenges. In our increasingly interconnected world, investments in IDA countries bring benefits for the global community. This is particularly true in areas affected by conflict and fragility, where supporting prosperity and livelihoods helps build a more secure and stable world for everyone.

I look forward to continuing to work with IDA's global coalition. With the commitment and enthusiasm of our shareholders, clients, World Bank staff, civil society partners—and especially IDA's diverse stakeholders—we will deliver many more remarkable and lasting results for the world's poor.

Kristalina Georgieva
CEO, World Bank

EXECUTIVE SUMMARY

The seventeenth replenishment of the International Development Association (IDA17) was a milestone in improving the scale and impact of IDA's investments for the world's poor.[1] During the three year replenishment period (from July 1, 2014, to June 30, 2017) IDA delivered the largest and most ambitious program of assistance to date, providing US$55 billion of concessional assistance to the world's poorest developing countries.

Implemented at a time of heightened global ambitions and growing global complexities, IDA17 delivered a strong core program for its clients and fulfilled a broad range of policy commitments agreed with its partners, while adapting to new client demands and opportunities. The IDA17 core program supported clients fighting stubbornly high poverty, with many facing significant development and capacity challenges in building functioning economies. At the same time, IDA once more demonstrated its competence to adapt to evolving global circumstances. Implementation of a strong package of financial and policy innovations enabled IDA17 to respond swiftly and effectively to support countries in facing new threats such as climate change, pandemics, and a dramatic refugee crisis that could reverse hard-won gains in poverty reduction. In addition, through leveraging resources, knowledge, and the private sector, IDA17 responded to the global call to unlock new opportunities to mobilize greater resources for greater development impact.

This retrospective takes stock of the IDA17 program, the innovations it introduced, its performance and results, and it distills lessons that prepare IDA for IDA18 and beyond. To provide a picture of what IDA achieved, how, and for and with whom during the IDA17 period, this report covers three areas: (1) The rapidly-evolving global economic and development landscapes; (2) The results achieved through IDA's work with client countries and other partners; and (3) The unfinished agenda, which demands an ongoing, broad-based commitment to achieving results through IDA as the world's global alliance for the poor.

THE EVOLVING GLOBAL CONTEXT

IDA17 was implemented in a context of volatile economic recovery, heightened global aspirations, intensifying client demand, and the need to provide robust solutions to fragility and crisis. The development environment was characterized by several trends:

The world confronted a large, unfinished development agenda, in spite of much progress made over the last decades. The period of the Millennium Development Goals (MDGs) was concluded with many development gains by 2015. Yet 500 million people still live in extreme poverty in IDA countries and many experience heightened vulnerability. Some IDA countries have also been faced with fragility in its many forms: forced displacement within countries and across borders, natural disasters, economic crises, political instability and conflict, climate change-related shocks, and pandemics such as Ebola. These events have a disproportionate impact on the poor and most vulnerable. In addition, despite economic growth slowly improving in IDA countries, growth rates remain low, and growing debt burdens and mounting demographic pressures in some regions pose particular threats to poverty reduction.

The global community stepped up its ambitions to confront this large and urgent task at a time of limited resources. It committed to fulfill the promise of a compelling global agenda agreed for 2030 – the Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda, and the Paris climate and Sendai disaster agreements.

1 IDA donors and borrower country representatives meet every three years to agree on IDA policy, financing, and allocation rules. The seventeenth replenishment of IDA (IDA17) was agreed with IDA's shareholders during replenishment consultations in 2013. The IDA17 Deputies Report *Additions to IDA Resources: Seventeenth Replenishment - IDA17: Maximizing Development Impact* was approved by the Executive Directors of IDA on March 25, 2014.

With today's environment more complex than ever before, global development, peace and security are demanding robust, multilateral solutions. The world is facing a range of increasing, multidimensional challenges: global economic headwinds; fragility and conflict; violent extremism; large refugee flows; climate change; natural disasters; and health crises and pandemics. These require a broader, coordinated international response across multiple policy areas. As the world becomes more and more interconnected, challenges facing one country have stronger spillover effects for others. While two decades of rapid globalization resulted in increased trade and financial integration, accompanied by a decline in global inequality, not everyone has benefitted. As part of the tools available to the international community to foster collective action, IDA—in partnership with others—is well-positioned to support the poorest and most fragile countries address these challenges, to the benefit of all.

A STRONG RECORD OF HELPING COUNTRIES IMPROVE THE LIVES OF THE POOREST

IDA17 showed that IDA brings a unique and powerful set of services that can deliver results at scale; results that go beyond project outcomes to include shifts in the way the world comes to understand poverty and its causes, the way it mobilizes and allocates its resources, and in how it delivers them for the greatest good:

- Delivering concrete results. IDA17 saw many advances for the poor, realizing—in many cases—years of joint efforts by client countries, IDA, and other development partners. To name just a few: IDA enabled the construction or improvement of more than 60,000 kilometers of roads, helped immunize almost 70 million children, and provided 35 million people with access to new or better water sources and 15 million with improved sanitation facilities. IDA projects provided electricity to 35 million people and its investments helped finance the construction or rehabilitation of about 1.5 gigawatts of renewable energy. IDA worked with dozens of countries to enhance national statistical systems, tax systems, and public financial management to ensure sound fundamentals for their continuing efforts to ensure each public dollar is spent for the greatest benefit.

- Uniting a global coalition to strengthen a multilateral approach. A coalition of 51 donors, including four new, emerging-market donors – India, Indonesia, Malaysia and Thailand – contributed for the first time to the record IDA17 package of US$55 billion. IDA17 prepared, launched and tested important financial innovations (such as Concessional Partner Loans) to scale up resources to invest in the poor. The innovations jointly generated an additional US$15 billion in financing for the poorest and most vulnerable countries. Building on preparatory work performed during IDA16, these innovations paved the way for IDA to access capital markets for the first time during IDA18, based on a triple-A rating.

- Catalyzing private sector support. IDA together, with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), plays an important role in both helping remove the barriers to private sector investment in support of poverty reduction and in attracting that support. During IDA17, World Bank Group (WBG) investments and collaborations directly attracted US$4.64 billion of private capital to initiatives in IDA countries. Recognizing that sometimes both the private sector and WBG tools can be insufficient to deliver funds to urgent, high-risk priorities, the WBG created the US$2.5-billion IDA18 IFC-MIGA Private Sector Window to attract private sector investment in IDA-only countries, with a focus on fragile and conflict-affected states (FCSs).

- Supporting country solutions for long-term growth, backed by well-targeted donor resources. IDA is an important source of development finance to its clients—providing on average 18 percent of the development aid that they receive —and it has proven its ability to scale up support when asked. With its belief in a country-driven development model, 85 percent of IDA17 core resources supported strategies jointly developed with country authorities across various sectors and themes. The other 15 percent, managed through special windows, responded to the increasing number of crises, the demand for regional approaches to development, and for scaling up access to development finance. The IDA Regional Program, for example, supported regional connectivity by expanding infrastructure in Southern Africa and in the Pacific; and helped mitigate impact of forced displacement on communities hosting refugees in the Horn of Africa. To foster inclusive growth, IDA17 embraced an agenda built upon job creation that spanned multiple dimensions, including financial access and inclusion, efficient public spending, and a closer attention to governance and accountability in the extractive sector.

- Sharing knowledge and bringing together partners to deliver tailored, flexible, and timely solutions to development challenges. During IDA17, IDA-eligible countries received more than 1,800 advisory services and analytics (ASA) products such as analyses, policy recommendations, and research reports, ensuring that IDA's experience and technical expertise continued to play an important role in enhancing its operations and clients' capacity. Another vital feature of IDA's support to countries is its ability to bring together the broadest array of development actors around key issues or initiatives, locally, regionally, and globally. To further strengthen accountability in public management, for example, 27 IDA countries are participating in the Global Partnership for Social Accountability, which builds the capacities of civil society organizations and governments in gathering beneficiary feedback.

- Focusing the world's attention, and global support, on universal development challenges: climate change; gender equality; and FCSs.

  - On climate, IDA17 made enormous strides in integrating climate and disaster risk in all national development planning and prioritizations, mitigating the impact of climate risks on the poorest. An unprecedented US$10 billion in climate co-benefits were generated during IDA17, helping many IDA countries move to development that is more climate-resilient, with lower greenhouse gas emissions.

  - On gender, IDA17 took steps to improve its ability to respond to the stark challenges posed by remaining inequalities between women and men, boys and girls. The WBG adopted a new gender strategy for FY16-23, for the first time covering the entire WBG at large. IDA also deepened the integration of gender considerations across its operations, launching an array of activities in new areas: addressing gender-based violence in FCSs; strengthening the knowledge base of what does (and what does not) work to close the gender gap in earnings, productivity, assets, and agency; and taking action to improve the availability and quality of gender data in IDA countries. The new WBG strategy raises expectations even higher and focuses on tangible actions and results, such as better jobs for women, removing barriers to women's asset ownership, and enhancing women's voices.

  - On fragility, IDA17 stepped up its engagement in countries affected by fragility, conflict and violence (FCV), providing a global public good given the extensive spillover effects of such situations. Through a considerable expansion in financing (about one-third more than in IDA16), as well as reliance on new analytical tools and enhanced knowledge of what works and what does not, IDA17 sharpened its focus on drivers of fragility and violence. Recognizing that an effective response to fragility requires strengthened collaboration, IDA forged innovative partnerships, including with the United Nations (UN), at the global and local levels. Among notable developments regarding fragile and conflict-affected countries during IDA17, IDA re-engaged with Myanmar for the first time in 32 years and also returned to work with the Central African Republic, utilizing the new "turnaround regime" to provide support for political, security, humanitarian and development activities. IDA also backed Somalia as it faced famine in the spring of 2017. Ultimately, all these joint engagements seek to support institutional development in the most fragile countries and support their eventual transition from fragility to resilience.

- Responding swiftly, effectively, and with the flexibility to adapt to new threats and opportunities. IDA17 met increasing demand by optimizing the management of IDA's liquidity framework, generating additional resources at the Mid-Term Review to create a new, non-concessional Scale-up Facility (SUF) and also providing exceptional support to the sudden refugee influx in Lebanon and Jordan. In addition, the Regional Program continued to emphasize and buttress regional solutions to development challenges. Through an enhanced Crisis Response Window (CRW), IDA17 responded to 10 natural disasters, a public health emergency, and an economic crisis, affecting in total 24 countries. The CRW was core to IDA's Ebola response in Liberia, Guinea, and Sierra Leone, enabling the deployment of additional health workers, strengthened community-based care and triage, and increased diagnostic capacities. IDA17 also contributed US$1.8 billion to the international response on the famine in Yemen and Africa in 2017.

- Supporting inclusive growth as an integral part of the solution to the growing global inequality gap. Jobless growth in some countries presents immense challenges and future growth needs to

create work for all, regardless of age and gender. With an estimated 600 million job seekers entering the labor market over the next decade, IDA17 set out to strengthen its emphasis on creating work opportunities and close to 400 jobs-relevant projects were under implementation or in development in IDA countries by the end of the term, according to WBG data.

An Unfinished Agenda: Preparing for IDA18 and Beyond

In delivering on IDA17 commitments, and reflecting its tradition of evolving quickly to meet changing circumstances, IDA listened to its clients, learned from experiences, and adapted its business model, financing framework, and priorities. The capacity for continuous learning and adaptation is one of IDA's main strengths. As such, IDA17 introduced a number of important changes to its policy and financing frameworks, led by a dialogue with IDA's shareholders on how impact and resources could be stretched further. This has laid a solid foundation for IDA18, IDA19, and beyond to introduce further transformative actions. They can be categorized into four broad areas:

Serving IDA's evolving client base and addressing country vulnerabilities. As the client base continues to evolve and become more diverse, IDA will need to maximize its capacity to be flexible and responsive. IDA's ability to innovate is rooted in its fidelity to the longstanding core business model: country based, non-earmarked, performance-based support, with a focus on results. While IDA17 experimented with the introduction of non-concessional terms through the SUF for the most creditworthy clients looking to increase the transformational impact of their investments, it also enhanced support to those clients that struggled to address FCV.[2] In terms of financing, the IDA17 reorientation toward fragility in IDA's allocation framework increased financing for FCSs by about one-third, leading to even more far-reaching enhancements in IDA18. More broadly, IDA17 experiences emphasized the heterogeneity across FCSs, promoting a response to the more diverse and interlinked drivers and risks of FCV, and leading to a more differentiated approach to tackling these challenges, tailored to country contexts in IDA18. In addition, IDA18 saw the introduction of a new financing window to support work with refugees. This new instrument enshrines the lessons of IDA17.

Shaping IDA's policy agenda. Work on promoting inclusive growth and strengthening governance and accountability in IDA17 laid the ground for the new IDA18 special themes on "jobs and economic transformation" and "governance and institutions". The other IDA17 special themes—gender equality, climate change and FCSs—were continued in IDA18.

Realizing WBG synergies. IDA17 piloted Joint Implementation Plans to strengthen synergies between the WBG institutions at the country level, laying the foundation for more formal collaboration mechanisms to be launched during IDA18. The Joint Implementation Plans have been an effective tool for bringing together teams from the World Bank (comprising IDA and the International Bank for Reconstruction and Development or IBRD), the IFC, and MIGA to address some of the steepest challenges in key sectors, countries, and regions, with the potential for stronger private and public sector synergies. Looking ahead, the IDA18 Private Sector Window and the WBG "maximizing finance for development" approach will provide additional tools to strengthen delivery of solutions that bring the public and private sectors together.

Leveraging IDA. IDA17 further strengthened its focus on value for money by combining enhanced results management and cost-effectiveness with leveraging financing, knowledge, and partnerships—including through enhanced collaboration across the WBG. The financial innovations introduced in IDA17 scaled up financing during the replenishment period and became the stepping stone for the groundbreaking innovations launched through the hybrid financial model of IDA18, including capital market access. IDA17 was an important intermediate step in securing IDA's long-term financial viability. This period also provided a powerful demonstration of how to realize the "billions to trillions" agenda, which aims to leverage development finance even more while maintaining a focus on IDA's core mission and concessional financing for low-income countries.

2 Fragility, conflict, and violence (FCV) is a critical development challenge that threatens efforts to end extreme poverty and promote shared prosperity.

In retrospect, IDA17 has validated the principles behind IDA's ongoing role as the world's fund for the poor: that results, at scale, can best be realized through a multilateral, country-based model, built on a sound financial basis, that identifies and delivers help to the areas where more support is needed. Over the course of program implementation, IDA17 placed emphasis on solidifying some of its core strengths as a: (i) sound investment with sustainable capacity to grow when needed; (ii) long-term investor in development and premier development institution for the poorest; (iii) leader in taking on the advancement of global public goods, and (iv) flexible and responsive agency helping to tackle emerging threats and opportunities.

While the recently-launched IDA18 replenishment responds to the challenges confronting IDA countries and builds on IDA's proven ability to evolve, some key IDA roles should be strengthened over IDA19 and beyond. Looking ahead, IDA countries continue to face major development challenges and vulnerabilities. Poverty is increasingly concentrated in the most fragile countries, which face a range of risks. The development agenda of countries that are on a path to graduate out of IDA is also increasingly complex, requiring strong economic transformation. All countries are facing the challenge of climate change. And the debt situation of some countries has started to deteriorate, reducing their scope to aggressively finance the development they need. These evolving challenges, paired with institutional considerations in IDA and the WBG at large, are bringing some important and topical themes on the agenda to be addressed through upcoming replenishment consultations and design. These include, but are not limited to: increasing debt accumulation in IDA countries; graduation needs and transition support; mobilization of the private sector to enhance development impact; and ongoing and even greater challenges in FCSs and in crisis response.


• অভ্যর্থনা
• রেজিস্ট্রেশন
পরিবার পরিকল্পনা, মা-শিশু-কৈশোরকালীন
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• ফার্মেসী

INTRODUCTION

This report examines what the International Development Association (IDA) achieved during the IDA17 period (July 1, 2014 to June 30, 2017), and takes a close look at how IDA continues to maximize development impact to deliver these results in a fluid and challenging global environment. This report covers three areas essential to understanding both IDA's efforts and the environment in which it works: (1) The rapidly-evolving global economic and development landscapes; (2) The results achieved through IDA's work with client countries and other partners; and (3) The unfinished agenda, which demands an ongoing, broad-based commitment to achieving results through IDA as the world's global alliance for the poor.

It discusses the IDA17 overarching theme of "Maximizing Development Impact," which was supported through leveraging public and private sector resources and knowledge. It also describes progress on implementation of the four special themes selected for the IDA period. The special themes are areas that shareholders decided to put emphasis on and include the following: Inclusive growth; Gender equality; Climate change; and Fragile and conflict-affected states (FCSs). The IDA17 policy and financing package was agreed with IDA's shareholders during replenishment consultations in 2013, the outcomes of which are summarized in the IDA17 Deputies Report.[3] This retrospective discusses how IDA achieved the policy commitments under the overarching theme and special themes, as per the Deputies' Report, and illustrates them through examples. A full overview of the status of the policy commitments at the end of IDA17 is presented in Annex 1.

Brief stories from IDA, as well as examples of projects implemented during the IDA17 period, illustrate the impact of IDA at the country and the personal levels throughout this report. Considering that IDA engages with its clients over the long-term and that implementation of IDA projects ranges from one to seven years, these examples often include projects approved during previous replenishment periods. Where the IDA17 program is discussed, unless indicated otherwise, the report refers to projects approved during IDA17 (although naturally results for these projects, in most cases, are still to emerge given the time lags involved in development work). Further details on IDA projects and results are available at http://bit.ly/IDAProjectDocs and http://IDA.Worldbank.org/Results.

Finally, the report will discuss how IDA[4]—as part of the World Bank Group—is evolving and maximizing the leverage of its financial and knowledge resources to help the international community and developing countries address the toughest challenges that we face today.

3 World Bank. 2014. *Additions to IDA Resources: Seventeenth Replenishment - IDA17: Maximizing Development Impact. Washington, DC: World Bank.*

4 Throughout the report, World Bank and the abbreviated Bank refer to IDA and IBRD; World Bank Group refers to IDA, IBRD, IFC, and MIGA.


Maths
Adding 4-digit
6730
+2408
9138
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5626
+2454

CHAPTER 1

IDA17 AT WORK AMID GLOBAL PROGRESS AND CHALLENGES

IDA17 was implemented in a context of volatile economic recovery, heightened global aspirations, intensifying client demand, and the need to provide robust solutions to fragility and crisis. The circumstances IDA clients face, and the environment that IDA operates in, are constantly changing, demanding that IDA constantly adapt. In this regard, the development environment during IDA17 was characterized by three key trends:

The period of the Millennium Development Goals (MDGs) concluded in 2015 with many development gains; yet, at the transition to the Sustainable Development Goals (SDGs), many IDA countries faced a large, unfinished development agenda. About 500 million still live in extreme poverty in IDA countries and many of these nations experience heightened vulnerability. Some IDA countries have also been increasingly experiencing fragility in its many forms: forced displacement within countries and across borders, natural disasters, economic crises, political instability and conflict, climate change-related shocks, and pandemics such as Ebola. These events have a disproportionate impact on the poor and most vulnerable. In addition, despite economic growth slowly improving in IDA countries, growth rates remain low, and debt accumulation and mounting demographic pressures in some regions pose threats to poverty reduction.

The global community stepped up ambitions to confront this large and urgent agenda at a time of limited resources. It committed to fulfill the promise of a compelling global development agenda agreed for 2030: the SDGs, the Addis Ababa Action Agenda, and the Paris climate agreement and Sendai disaster risk reduction framework The World Bank Group (WBG) twin goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner are aligned with the SDGs and help client countries deliver on the 2030 agenda. The flagship report Poverty and Shared Prosperity 2016: Taking on Inequality presents trends in global poverty and shared prosperity and is a call to action through its explanation of the benefits of development investment. The vision on how the WBG can reach its twin goals and support the 2030 agenda was further developed by a collaborative process between the Board of Executive Directors and management under the auspices of the report, Forward Look.[5]

With today's environment more complex than ever before, global development, peace and security are demanding robust, multilateral solutions. The world is facing a range of increasing and complex challenges —global economic headwinds; fragility and conflict; violent extremism; large refugee flows; climate change; natural disasters; and health crises and pandemics. Yet official aid flows to low-income and IDA countries have slowed down in recent years as this global turbulence

5 World Bank. 2016. *Forward Look: A Vision for the World Bank Group* in 2030. Washington, DC: World Bank.

has been growing and posing new threats to development gains. Section 2 of this chapter examines the global aid environment and emphasizes the need for a robust and growing source of funds for lower-income countries that are often bypassed by foreign investment and that cannot count on private flows or remittances to fund their development agendas.

SECTION 1: ECONOMIC AND SOCIAL DEVELOPMENTS IN IDA COUNTRIES

Given the incredible complexity of today's world, sustaining global development, peace and security demands robust and multidimensional solutions that draw upon the widest possible support. As the world becomes more and more interconnected, challenges facing one country have stronger spillover effects for others. While two decades of rapid globalization resulted in increased trade and financial integration, accompanied by a decline in global inequality, not everyone has benefitted, and this is possibly the most pressing priority for all who support multilateral solutions. While there have been signs of income growth for the bottom 40 percent of income-earners in most developing countries[6], it is imperative that the international community does more to make economic gains more inclusive, particularly in IDA countries. While inequality decreased in the majority of IDA countries over the past 20 years, income data confirms that the inequality gap grew in a significant number, emphasizing the need to promote growth that brings both jobs and real income gains.

The world embraced a new global development agenda in 2015 midway through the IDA17 period, characterized by several landmark agreements and policy shifts: the transition from the MDGs to the SDGs; the Addis Ababa Action Agenda; the Paris climate agreement; and the Sendai framework. To galvanize international and national efforts, the WBG established ambitious yet achievable twin goals, striving to, first, end extreme poverty by 2030 and, second, promote shared prosperity in a sustainable manner. To deliver on this agenda, the WBG realigned its activities, resources, and organizational model. The new model aims to better support clients in delivering development solutions by advancing knowledge of what works and by working as "One WBG", leveraging the strengths of all core WBG institutions: IDA, IBRD, IFC, and MIGA.

FROM MILLENNIUM TO SUSTAINABLE DEVELOPMENT GOALS

At the close of the MDG period in 2015, it was clear the world had made significant development strides since 1990 (figure 1):

- The first MDG target, to halve the 1990 poverty rate in developing countries (at that time defined as people living on US$1.25 a day or less), was achieved. The latest available poverty data from 2013 show that poverty in developing countries by that time had declined significantly to 17 percent of the developing world living on less than US$1.90 a day. In IDA countries, poverty levels remain much higher (28 percent), especially in FCSs (35 percent; figure 2).

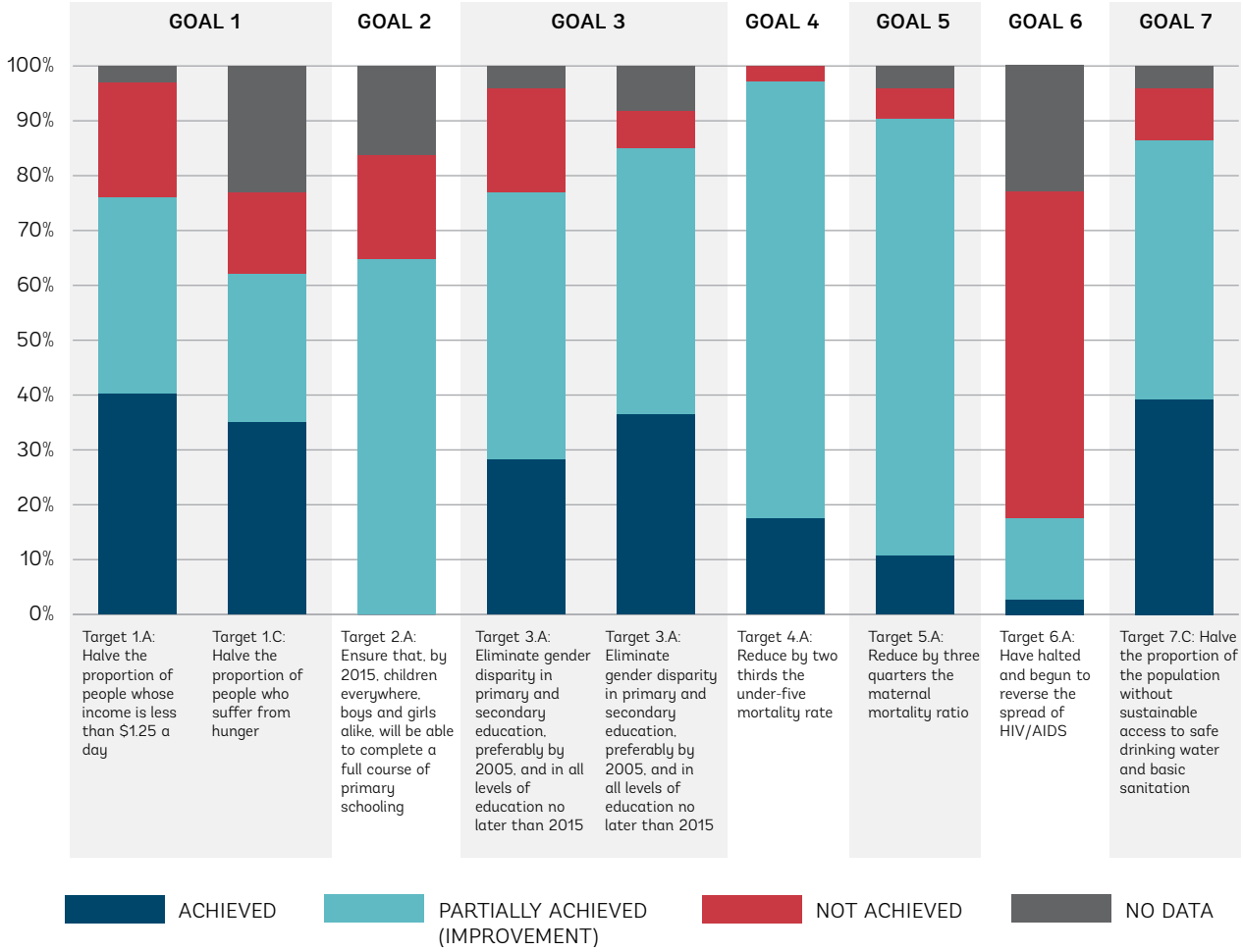
- Over half of developing countries and 40 percent of IDA countries achieved the goal to halve their poverty rates by 2013. If we also include improvements in poverty rates, more than three-quarters of developing and IDA countries saw higher incomes among the poorest households over the period 1990-13 (figure 3). For FCSs, the picture was more clouded. Only 60 percent improved poverty rates or achieved the goal, and 40 percent of FCSs fell into even greater poverty.

- On education, millions of children who were unlikely to survive their fifth birthday went on to school in ever greater numbers during the MDG period.

- The proportion of undernourished people in developing regions almost halved and primary school enrollment reached 91 percent.

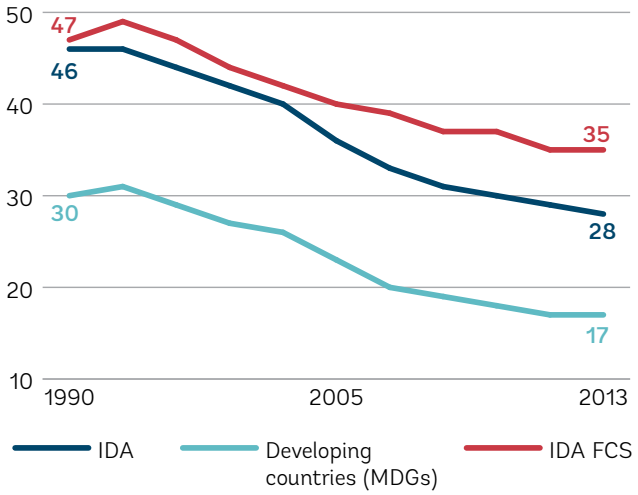
6 World Bank. 2016. *Poverty and Shared Prosperity 2016: Taking on Inequality*. Washington, DC: World Bank Group.

Figure 1. MDG Achievements in IDA Countries (selected goals)



Source: UN MDG Indicators.

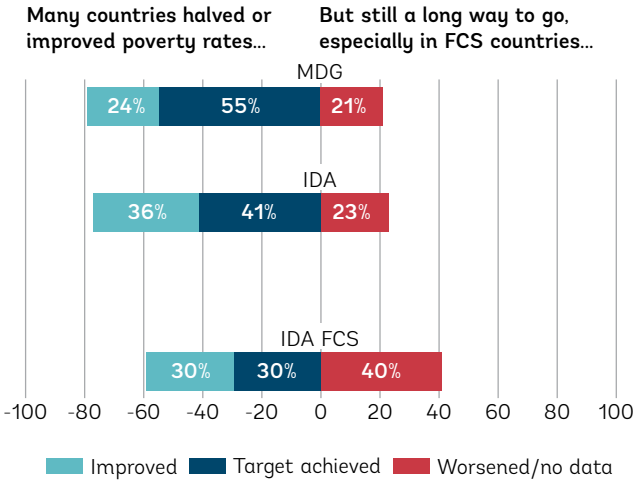
Figure 2. Poverty Ratio: People Living on Less than US$1.90 a Day



Source: World Bank, based on FY17 FCS and IDA eligibility lists.

Note: "Developing countries" represent those whose MDG poverty indicators were monitored and available at http://mdgs.un.org/unsd/mdg/Data.aspx.

Figure 3. Remaining Poverty



Source: World Development Indicators.

Note: Based on FY17 FCS and IDA eligibility lists. "Developing countries" represent those whose MDG poverty indicators were monitored and available at http://mdgs.un.org/unsd/mdg/Data.aspx.

- Partly due to gains in the fight against HIV/AIDS, malaria, and tuberculosis, the under-five mortality rate declined by more than half, with national targets met in over half of developing countries.

- Most countries met their target of halving the proportion of people who lack access to improved sources of water.

Despite important development gains, significant challenges remain amid the push to meet the SDGs and the rest of the 2030 agenda. Three of these stand out: the depth of remaining poverty, the unevenness in shared prosperity, and the persistent disparities in non-income dimensions of development. With an estimated 460 million people—or about 28 percent of the population in IDA countries—still living on less than US$1.90 a day in 2015, extreme poverty remains unacceptably high and has become increasingly concentrated in two regions: Sub-Saharan Africa and South Asia. Non-income disparities, such as limited access to quality education and health services, pose a bottleneck to sustained poverty reduction and shared prosperity. Growth has slowed steadily in recent years and may not recover to levels seen during the MDG period, making it more difficult to achieve the eradication of poverty in all forms. Heightened risks and environmental concerns are a major challenge, especially to address the impact of climate change on the natural resources upon which the poorest depend.

Box 1. Development Progress in IDA Countries, Despite Hurdles

The IDA17 Results Measurement System showed that development progress by individual IDA countries, measured against the MDGs, also translated into improvements across many other key indicators, in spite of the challenging global economic environment:

- GDP per capita of IDA countries in constant 2010 US dollars increased to US$1,239 from US$1,125 in 2012.
- Between 2010 and 2013, global extreme poverty—defined as people living on less than US$1.90 a day—dropped to about 11 percent from 16 percent, meaning that close to 320 million people (a group roughly the same as the population of the US), escaped extreme poverty during that time.
- In the same period, extreme poverty in IDA countries fell to 29.4 percent from 33.6, representing 32.9 million people.
- Malnutrition prevalence for children under five fell to 34 percent in 2015 from 37 percent in 2012.
- Under-five mortality drastically decreased to 73.17 percent in 2017 from 84.54 percent in 2014.
- Maternal mortality decreased to 439 per 100,000 births in 2015 from 502 in 2010, and access to improved sanitation went up to 44.0 percent of total population in 2015 from 41.4 percent in 2011.
- The ratio of girls to boys in secondary education increased to 88.6 percent in 2014 from 87.5 percent in 2011.
- Reflecting in part demographic trends and the rapid growth of labor forces, employment-to-population ratios remained roughly constant, increasing on aggregate to 63.8 percent in 2016 from 63.5 percent in 2011, but falling to 46.9 percent from 47.2 percent for youth.
- The household electrification rate increased to 55 percent in 2017 from 49 percent in 2014, possibly reflecting improvements in data quality. Likewise, access to an improved water source increased to 75 percent in 2017 from 72 percent in 2014.
- The mobile cellular telephone subscription rate went up from 63.5 percent in 2012 to 77.2 percent in 2016.

Fragile Economic Growth Continues to Constrain IDA Countries

The global economic environment weakened during the IDA17 period. Global growth reached a post-crisis low of 2.4 percent in 2016 (figure 4). Economic conditions have gradually improved, with global growth picking up, supported by a broad-based cyclical recovery in advanced economies, diminishing headwinds among commodity-exporting countries, and higher growth in key commodity importers.

Against this backdrop, IDA countries experienced a slowdown in growth. Annual growth in gross domestic product (GDP) in IDA countries dropped around 1 percentage point between IDA16 and IDA17, to an average of 4.6 percent. The slowdown was broad-based but more pronounced among IDA-blend countries—those clients that are eligible to borrow from IDA as well as IBRD—as the oil price plunge weighed heavily on oil exporters (e.g., Nigeria, and Republic of Congo). For details, see figure 4.

Towards the end of IDA17, GDP growth in IDA countries started to recover. The improvement was most notable among IDA-gap countries—those clients that have per capita incomes above IDA's operational cutoff for more than two consecutive years but are not determined creditworthy for IBRD lending—and was supported by a rebound among commodity exporters (Ghana, Honduras) and continued solid growth among commodity importers (Djibouti, Kosovo). IDA-blend countries experienced a much weaker recovery due to setbacks in some oil exporters (Bolivia, Nigeria). IDA-only countries continued to expand at a steady pace.

Increased external pressures during IDA17 led many IDA countries to experience currency depreciation and draw upon reserves. Current-account deficits increased across IDA countries in 2015 from their 2014 levels, and narrowed somewhat but remained elevated in 2016. Subsequent nominal exchange rate depreciations contributed to a rise in inflation. However, inflation began to ease in a number of countries, especially in non-oil exporters, toward the end of 2016, reflecting strong external disinflationary pressures from lower oil prices. The uptick in commodity prices, along with central bank interventions, helped commodity exporting countries to mitigate currency pressures in 2017 (figure 5).

Figure 4. Economic Growth in the World and IDA Countries[7]

Figure 4.A. GDP Growth – Global

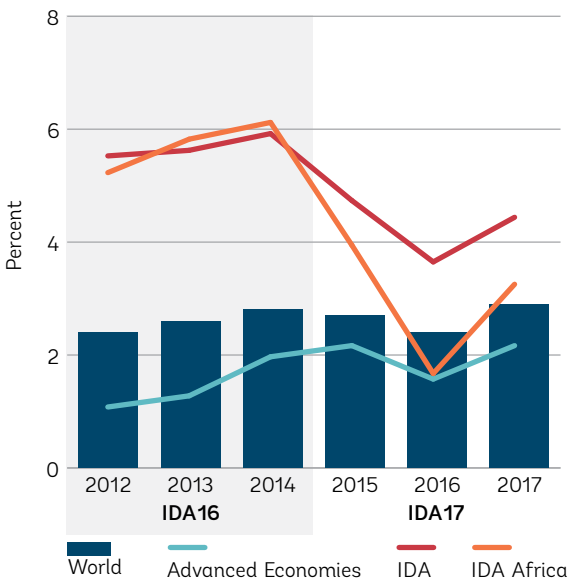
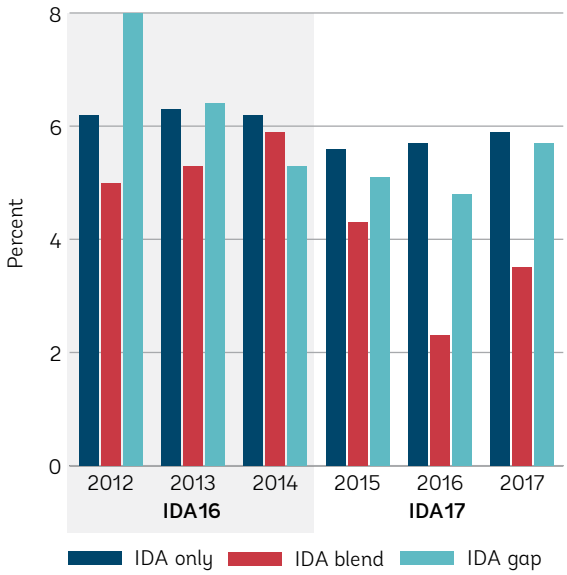


Figure 4.B. GDP Growth – IDA Groupings



Sources: J.P. Morgan, World Bank.
Note: Aggregate growth rates calculated using constant 2010 US dollars GDP weights.

7 See Annex 3 for a list of IDA-eligible countries.

Figure 5. Average Inflation and Real Effective Exchange Rate in IDA Countries

Figure 5.A. Inflation

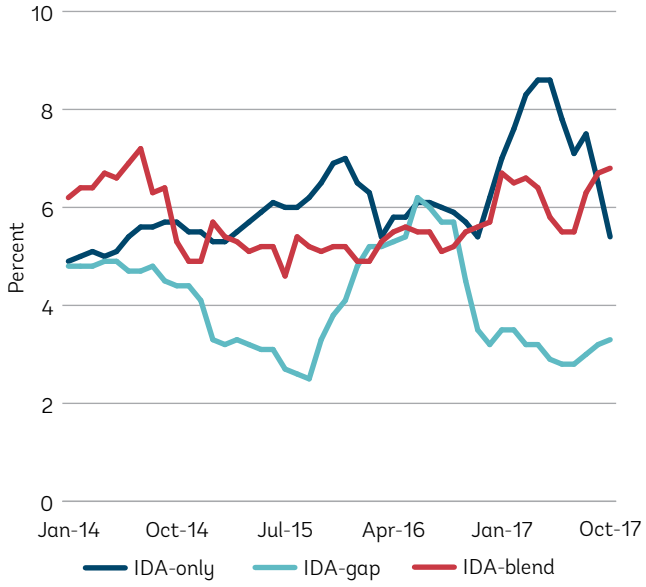
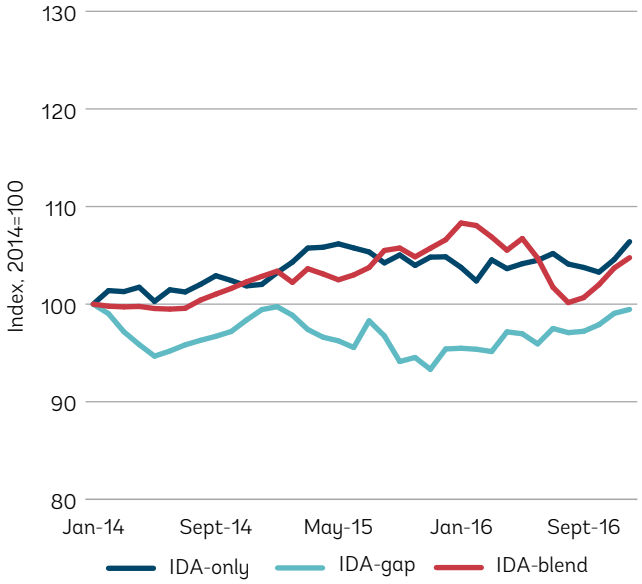


Figure 5.B. Real-effective Exchange Rate



Source: World Bank.

MORE COUNTRIES GRAPPLE WITH FRAGILITY AND CONFLICT

Rising geopolitical tensions amplified growth challenges in IDA17, with a concomitant increase in the number of fragile and conflict situations from 28 in 2015 to 31 in 2017. Growth weakened among FCSs, partly due to intensifying conflict (such as in Burundi) or weak response to natural disasters (e.g. Haiti). However, growth rebounded in the Ebola-affected countries (Guinea and Sierra Leone) toward the end of IDA17, helped by strong support from foreign aid.

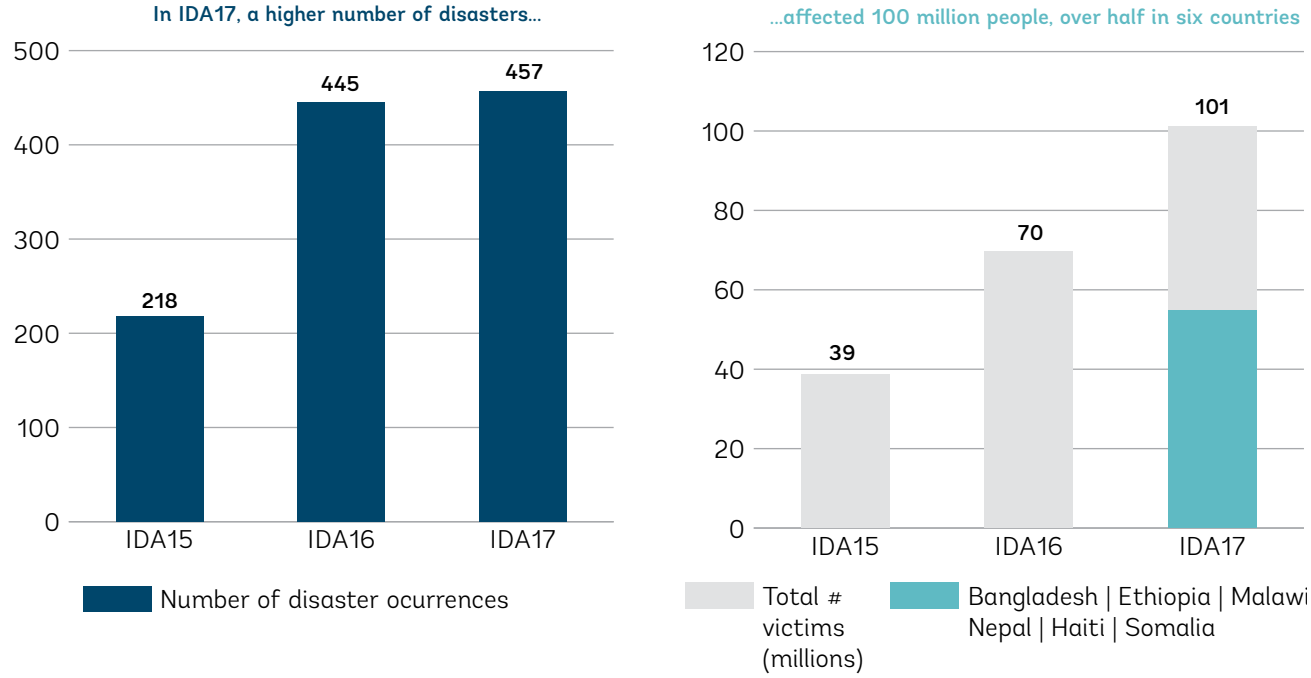
IDA countries also experienced a rising frequency and greater severity of natural disasters. Over 100 million people were affected by crisis during IDA17, representing a 45 percent increase compared to the three previous years (figure 6). Disasters in six countries were responsible for over half the number of victims during the period. The increase in the number of affected people was due to severe droughts and food insecurity affecting Ethiopia, Malawi, Somalia, and Haiti; floods and tropical cyclones affecting Bangladesh and Haiti; and the devastating earthquake that struck Nepal in 2015. The drought in Ethiopia during September 2015 – April 2017 was the event that affected the highest number of people (10.2 million).

Climate change exacerbates the risks posed by such disasters to IDA countries as they strive to boost growth and address inequality. The Bank's *Shock Waves*[8] report has estimated that the number of people living in poverty could jump by tens of millions—perhaps as many as 100 million—by 2030 unless forceful action is taken to adapt and to mitigate risks related to climate change. These shocks go beyond natural disasters and include waterborne diseases and pests that become more prevalent during heat waves, floods, or droughts, as well as failed crops through changing rainfall patterns, and steep food price increases that follow extreme weather events.

Pandemics, which can cause millions of deaths and erase as much as 1 percent of global GDP, rank alongside climate change as urgent threats to development gains. Recent analyses estimate that the annual global cost of moderately severe to severe pandemics is roughly US$570 billion or 0.7 percent of global income.[9] With unprecedented mobility of people, products, and

8 World Bank. 2016. *Shock Waves: Managing the Impacts of Climate Change on Poverty*. Washington, DC: World Bank.
9 World Bank. 2016. *World Bank Group Global Crisis Platform*. Washington, DC: World Bank.

Figure 6. Natural Disasters in IDA Countries



World Bank, based on Emergency Events Database (EM-DAT: http://emdat.be/.

food, the myriad of disease-causing microorganisms is also increasingly mobile. No nation is immune to this growing global threat that can be posed by an isolated outbreak of an infectious disease in a seemingly remote part of the world. While outbreaks are inevitable, strong health systems can allow countries to better detect and respond to diseases and prevent an outbreak from becoming a pandemic.

Persistent gender disparities—particularly the disproportion of men and women in the workforce and the imbalance in their incomes—are glaring barriers to more rapid, and more inclusive, economic prosperity. All countries need to do better to promote the full and equal participation of women and men given the tremendous scope to generate significant benefits for individuals, families, and economies. Women's labor force participation and job quality in IDA countries consistently trail those of men.

Governance remains a critical IDA priority, given that weak institutions and opaque systems erode public trust and directly impact economic potential. There is a well-established correlation between aggregate governance metrics and per capita income across countries, yet this link is tough to break and real improvements in public institutions take time. Many IDA countries face even sterner challenges in strengthening governance given often challenging prevailing conditions, such as fragility and conflict.

Disasters in six countries were responsible for over half the number of victims during the period.

RISING RISK OF DEBT DISTRESS

IDA17 has seen debt levels in low-income countries grow rapidly. Debt risk ratings deteriorated between 2014 and 2017 in 20 percent of IDA recipients as a result of widening fiscal deficits—largely due to greater infrastructure spending, falling revenues from natural resource exports and currency depreciations, and—in some cases—increased recourse to central bank advances (figure 7). An increasing number of IDA countries also have accessed debt markets, both international and domestic. Government debt remains elevated, reflecting the slow progress in reducing fiscal deficits and highlighting the need for governments to continue their efforts to mobilize domestic revenue and rationalize public spending.

Figure 7. Average Fiscal Balance and Government Debt in IDA Countries

Figure 7.A. Fiscal Balance

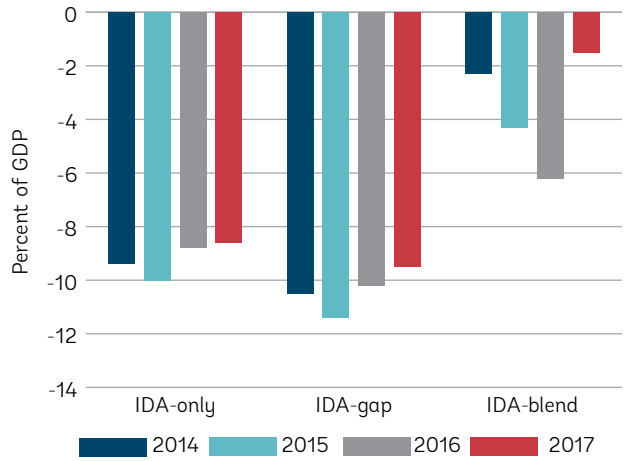
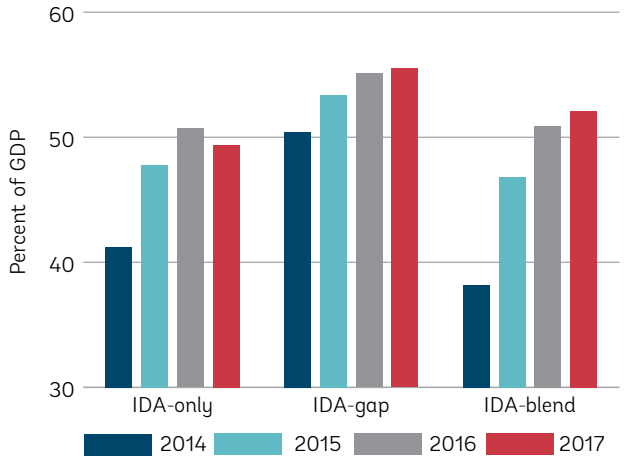


Figure 7.B. Government Debt



Sources: World Bank, IMF.
Note: Unweighted averages of countries within the country group.

SECTION 2: IDA WITHIN THE GLOBAL DEVELOPMENT FINANCE LANDSCAPE

The past 30 years have seen dramatic changes in global financing for development, with the share of official aid flows diminishing in relative terms. In 1990, official sources accounted for almost 50 percent of net financial flows to low- and middle-income countries.[10] By 2015, they represented less than 10 percent. The level and composition of net financial flows to developing countries have changed rapidly, fueled by the continued growth of net private capital flows, including remittances that have risen more than five-fold since 2000. Today, private flows and worker remittances combine to be the most significant source of development financing.

However, 95 percent of the rapid increase in private flows has been captured by middle-income countries, while official aid continues to account for half of financial flows in low-income nations and more than one-third in IDA countries. While middle-income countries posted impressive double-digit annual growth rates in net financial flows during the 1990-2016 period, low-income countries have lagged, posting below 1 percent annual growth rates. Low-income countries have been largely bypassed by the positive global trend in foreign direct investments and worker remittances, and, still rely heavily on stable official flows as private flows remain volatile and elusive. See figures 8, 9, and 10.

10 Also see: Adugna, Abebe, Rocio Castro, Boris Gamarra, and Stefano Migliorisi, 2011, Finance for Development: Trends and Opportunities in a Changing Landscape. Washington, DC: World Bank.

Figure 8. Net Financial Flows[11] to Developing Countries (US$ billion)

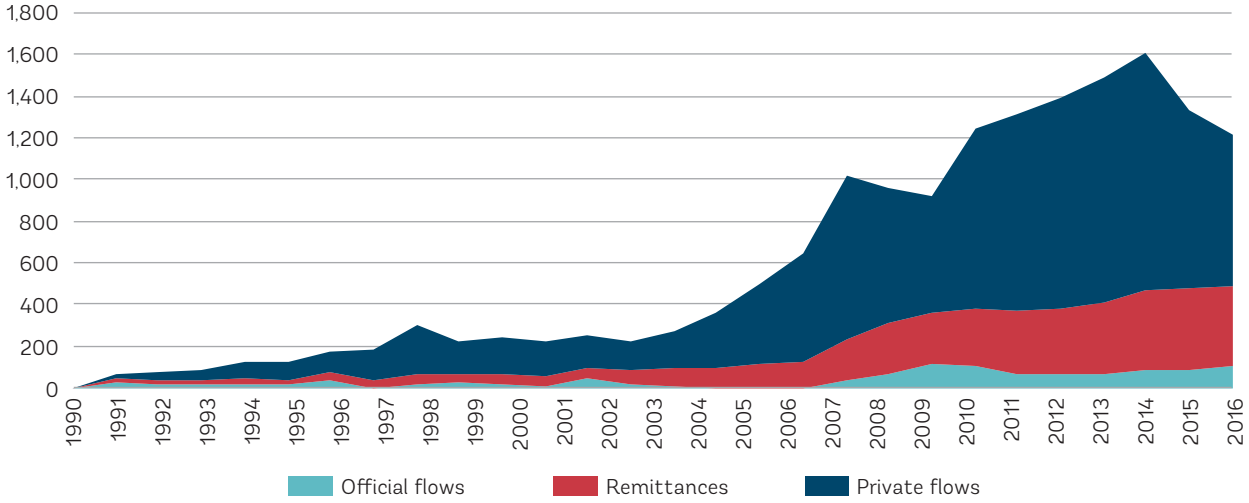


Figure 9. Net Financial Flows to Low-income Countries (US$ billion)

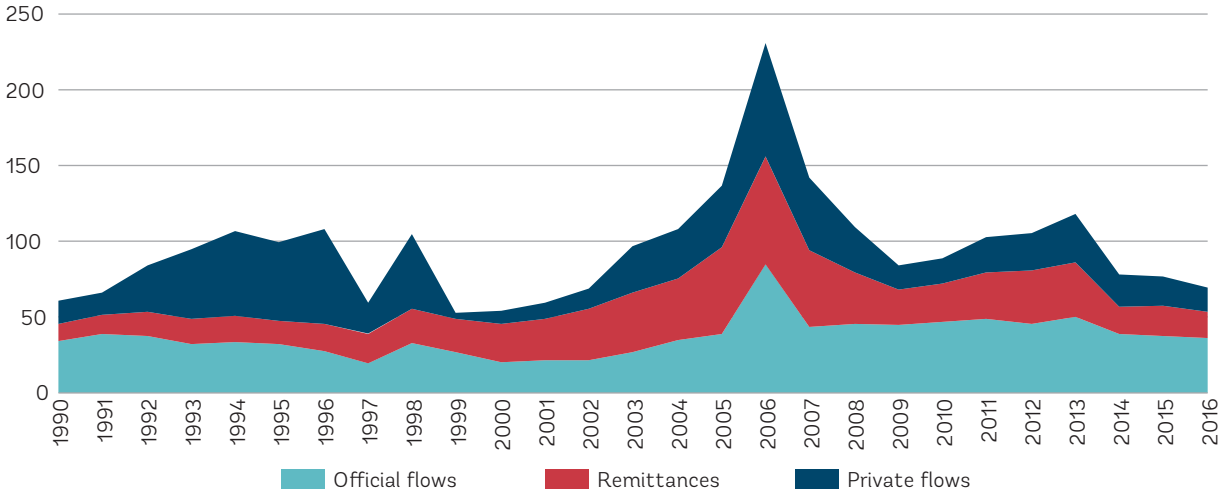
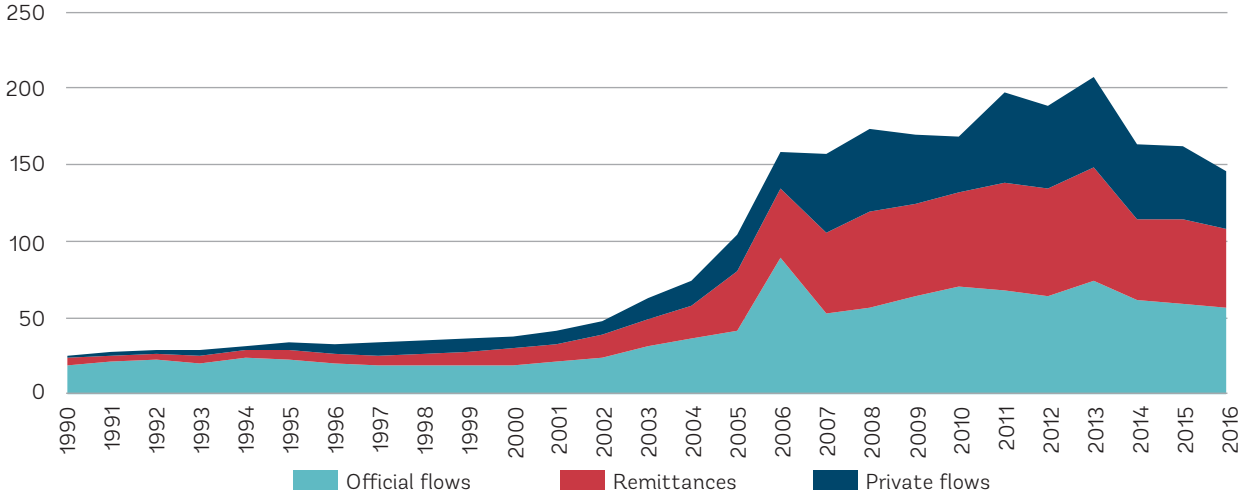


Figure 10. Net Financial Flows to IDA Countries (US$ billion)



Source (figures 8, 9, 10): World Bank based on data from the Organisation for Economic Co-operation and Development (OECD), World Development Indicators.

11 Net financial flows comprise of: private flows (foreign direct investments, portfolio investments, and long-term debt), worker remittances, and official flows which include official development assistance (ODA), and long-term debt.

After reaching a peak in 2013, the flow of ODA grants to the developing world is trending down, with a 3 percent average decline over the last five years in IDA-only countries. This softening in ODA grant flows is reflected in the so-called multi-bilateral flows, bilateral development financing channeled through and implemented by multilateral agencies, often in the form of trust funds. At the World Bank, contributions to trust funds have declined by 6 percent on average a year after reaching a peak in 2014. This decline has significant implications for IDA countries considering that 56 percent of these funds are disbursed to IDA countries.[12] This is emerging at a time when multi-bilateral aid channels, such as trust funds, now comprise more than 10 percent of total ODA (see box 2).

Humanitarian assistance has been the fastest-growing type of ODA with an annual growth rate of 11 percent since 2000. Largely delivered through bilateral channels, humanitarian aid accounted for 13 percent of ODA in 2016. IDA17 strongly recognized the need to complement the growth in short-term humanitarian assistance with medium- and longer-term development plans that address the drivers of fragility and conflict, help seize opportunities to support turn-around countries, and build resilience by enhancing financing for FCSs.

Box 2. Trust Funds: A Complement to IDA Assistance

Trust funded operations managed by the World Bank support IDA's engagement in priority areas, including the thematic priorities identified for IDA17. Trust fund resources complement operations by helping to ensure that WBG staff, policy makers, and partners have the data, knowledge, and evidence needed to design effective programs and policies. They are also important catalysts for innovation, for scaling up proven approaches, and for expanding the frontiers of the development agenda. During IDA17, trust funds aligned with IDA's priorities and provided complementary financing.

Trust funds have supported "upstream" work that underwrote more innovative and effective investments. For example, the Jobs Umbrella Multidonor Trust Fund supported a small pilot of US$1 million to identify and develop opportunities to help the private sector create more and better jobs in Bangladesh. The fund does this by: (1) building a stronger understanding of job dynamics in both the formal and informal labor markets; (2) designing short-term, bottom-up pilot projects in specific sectors with high potential for creating inclusive jobs; and (3) doing groundwork—via consultations with government, the private sector and other stakeholders—for the adoption and pursuit of a medium-term jobs agenda. The activity contributed directly to the design of a US$100-million IDA investment focused on export competitiveness for jobs in Bangladesh.

- Trust funds in IDA17 – key facts: US$6.3 billion in recipient-executed trust funds (59 percent to FCSs) that benefitted 58 IDA countries.
- Largest recipients were Afghanistan (US$2.7 billion), Ethiopia (US$742 million), and Bangladesh (US$350 million).
- Largest shares went to public administration (30 percent), followed by education (17 percent); agriculture, fishing and forestry (13 percent); and health (10 percent).

12 Projects based in IDA countries received the largest share of funding from the World Bank's Financial Intermediary Funds. Over FY13-FY17, these funds committed a total of US$5.1 billion to projects in IDA countries. In FY17, this is equivalent to 40 percent of all project commitments. However, transfers to the WBG from Financial Intermediary Funds declined to US$700 million in FY17 from US$1.1 billion in FY14.

Box 2. Trust Funds: A Complement to IDA Assistance (continued)

Trust funds that have "joint co-financing"—that is, are funded by both IDA and donor funding but overseen by the Bank—provided US$2.8 billion in co-financing, equal to 43 percent of the total recipient-executed trust funds for IDA countries. During IDA17, trust funds supported US$3.3 billion in stand-alone projects, many of which complemented IDA investments for greater development results.

The largest IDA country trust fund for both co-financing (US$916 million) and stand-alone financing (US$1.8 billion) during IDA17 was the Afghanistan Reconstruction Trust Fund. Established in 2002, this Fund has paved the way for longer-term investments by IDA for the country's reconstruction. It has helped increase primary school attendance from 4.3 million in 2008 to more than 7.2 million by 2014 (39 percent girls). It has also provided access to electricity for 6.2 million people, connected 17.4 million people to roads, and 20.3 million people to water and sanitation.

During IDA17, the CRW's support to help contain the Ebola virus in Liberia, Sierra Leone, and Guinea (discussed further in chapter 2), was complemented by the Ebola Recovery and Reconstruction multi-donor trust fund.

Trust funds also enabled evaluations that support the design of future IDA projects. The Umbrella Facility for Gender Equality funds regional Gender Innovation Labs that conduct impact evaluations of development interventions to generate evidence on how to close the gender gap in earnings, productivity, assets, and agency. With the results of impact evaluations, these Labs support the design of innovative, scalable, evidence-based interventions to address gender inequality. For example, evidence from Gender Innovation Labs impact evaluations in Liberia and Uganda on effective skills development programs for adolescent girls has influenced large-scale investments. Building on the results from these evaluations, the Sahel Women's Empowerment and Demographic Dividend project established 'safe space clubs' that will be offered in combination with other types of innovative support, such as vocational training and entrepreneurship grants.

Trust funds also allowed for constructive engagement with low-income countries that are not currently IDA-eligible due to issues like arrears, paving the way to future re-engagement. The State and Peacebuilding Fund supported a US$20-million program in Somalia that led the way for the reengagement of the international community by putting in place core government systems and related capacity.

Several financial intermediary funds provided significant additional resources to the World Bank for IDA co-financing, stand-alone projects, and preparation and supervision during IDA17. Examples include the Global Partnership for Education (US$731 million), the Global Agriculture and Food Security Program (US$162 million), the Strategic Climate Fund (part of the Climate Investment Funds – US$157 million), and the Global Environment Facility (US$117 million).

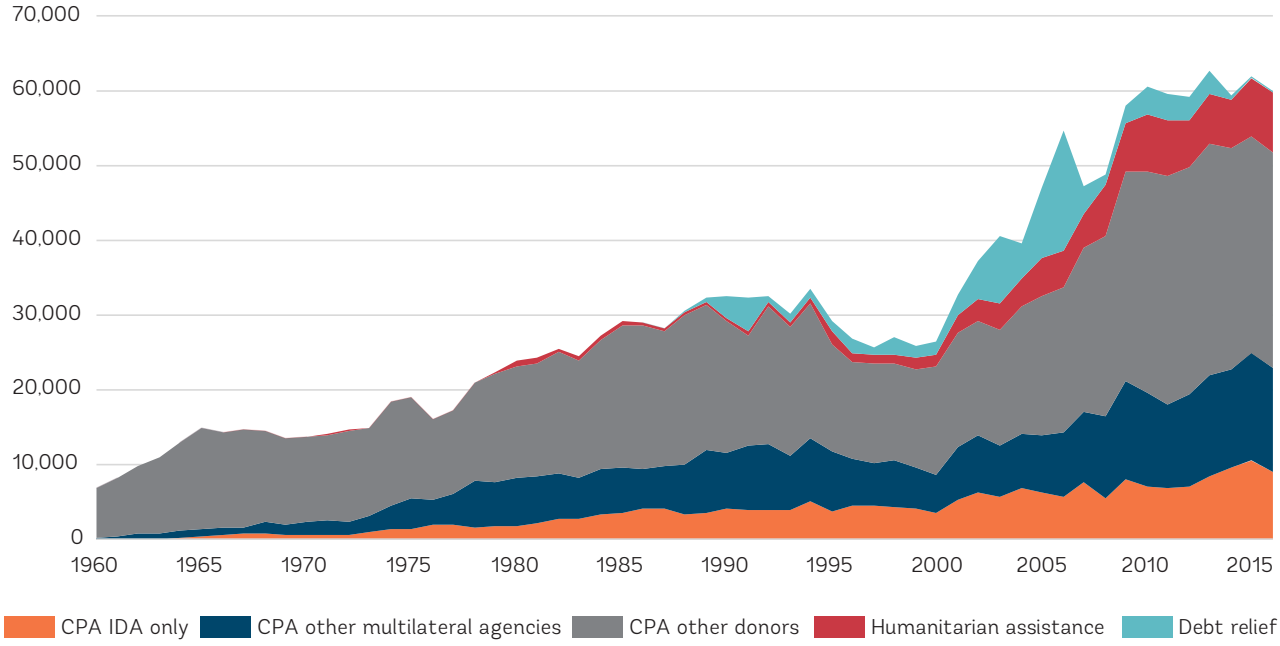
IDA AS A KEY SOURCE OF GLOBAL FINANCING

IDA is the most stable and predictable source of development financing for the poorest countries, while the share of private resources flowing to these countries lags. Programmable aid[13] provided by IDA to its clients tripled between 2000 and 2016. IDA increased its share of total programmable aid to 18.4 percent during the IDA17 period, a four-percentage point increase over IDA16. However, as seen in the case of middle-income countries, development financing is maximized when private flows accelerate at a rapid pace. IDA17 recognized the need for leveraging private resources and for IDA to play an important role as a catalyst for increasing the flow of domestic and foreign private capital. IDA17 enhanced IDA-IFC-MIGA synergies for IDA countries by promoting Joint Implementation Plans and expanding the scope of IDA guarantees to attract and leverage private resources. This strong commitment to crowding-in private capital and working together as one WBG would lead to the creation of the Private Sector Window in IDA18.

IDA remains an important source of development financing to its diverse client base and has proven its capability to scale up to meet new challenges.

IDA remains an important source of development financing to its diverse client base and has proven its capability to scale up to meet new challenges. IDA's share of net ODA flows is particularly high in a number of small island economies that face specific vulnerabilities, as well as in several large economies facing deep poverty at sub-national levels and countries undergoing momentous transitions. IDA has accounted for 17 percent of the total programmable aid to IDA countries over the last five years (figure 11). From a sector perspective, IDA's share in total ODA is significant. IDA accounts for almost 35 percent of ODA for disaster prevention and preparedness, 22 percent of reconstruction, relief and rehabilitation, 20 percent in agriculture, 17 percent in water supply and sanitation, and 14 percent in education.

Figure 11. Country Programmable Aid to IDA Countries (US$ billion at 2015 prices)



Source: World Bank, based on OECD data.

13 Country programmable aid (CPA) is the portion of aid that providers can program for individual countries or regions, and over which partner countries could have a significant say. Developed in 2007, CPA is a closer proxy of aid that goes to partner countries than the concept of ODA.

CHAPTER 2

DELIVERING ON IDA17

SECTION 1: IMPACT AND KEY RESULTS

IDA is characterized by its ability to help countries deliver development impact at scale; it is the biggest single source of concessional funds available to the poorest developing countries. IDA's convening power and its own extensive knowledge base are as essential as these financial resources for countries looking for innovative, proven, and broadly-supported poverty reduction programs. Through the support of a strong coalition of donors—including countries that have emerged or are progressing out of poverty themselves—IDA is able to magnify the impact of the resources it manages by leveraging it with other public and private resources, as well as knowledge. During the IDA17 period under review, IDA helped:

- Immunize 69.2 million children;
- Provide essential health, nutrition, and population services to 263.4 million people;
- Successfully contain the Ebola Virus Disease in Sierra Leone, Guinea, and Liberia over the 2014-2016 period;
- Cover an additional 23.7 million people with social safety nets;
- Build or improve 61,054 km of roads;
- Provide improved water access to 34.2 million people;
- Deliver better sanitation facilities to 14.5 million people;
- Connect 34.7 million people to electricity sources;
- Construct or upgrade 1,492 megawatts of renewable energy generation;

During the IDA17 period, IDA helped immunize 69.2 million children, provide improved water access to 43.2 million people, and connect 34.7 million people to electricity sources.

- Strengthen national statistical systems in 48 countries;
- Reform tax policy and administration in 20 countries;
- Improve public financial management in 33 countries.

A full account of IDA17 results can be found in the IDA17 Results Measurement System.[14,15]

IDA's results reflect decades of honing its focus on discovering what works, and what doesn't. It relies on a rigorous approach to self-evaluation to ensure lessons are recognized and absorbed across the institution to lead to concrete development gains. This process has made IDA a "pioneer in results measurement", according to an assessment by the Independent Evaluation Group (IEG).[16]

14 World Bank. 2017. *IDA17 Results Measurement System*. Washington, DC: World Bank.

15 The IDA17 results measurement system includes a complete list of indicators with baselines and achievements. Note that data reported on Tier 1 (which reports long term development outcomes and the broader context of IDA countries in which the WBG operates) of the IDA17 Results Measurement System (RMS) does not include graduate countries (including India). Tier 2 indicators (which track development results in IDA countries supported by IDA) do include projects from these countries as they were still being implemented with IDA resources during IDA17.

16 Independent Evaluation Group (IEG). 2016. *Learning from IDA Experience: Lessons from IEG Evaluations*. Washington, DC: World Bank.

Box 3. India's Inspiring Rise from Early IDA Client to Development Donor

India was one of the first countries to draw on IDA resources and since 1961 has benefited from over US$50 billion across 340 operations, at times accounting for half of all IDA commitments around the world. India shifted to becoming a recipient of IDA transitional support in FY14 and it elected to graduate from all IDA financing at the end of FY17 to free up these concessional resources for other countries. Having been a partner and beneficiary of IDA for 57 years, India has become a donor to IDA over the last two replenishment cycles, with US$180 million pledged for the IDA18 cycle.

IDA's partnership with India has contributed to, and evolved with, the country's remarkable development story. Since the early 1960s India has advanced from a primarily agrarian economy with large food deficits, deeply entrenched poverty, low levels of literacy, and poor health indicators, to one which is now self-sufficient in food production, whose proportion of population in absolute poverty has dramatically declined and whose literacy rates have risen, and where health indicators have improved. India is now a global player with one of the world's fastest-growing economies.

Select highlights of IDA's impact in India	
Water	26 million rural people with improved water supply, thanks largely to an approach that empowered rural communities to construct and operate their own water supply systems across 10 operations.
Rural livelihoods	45 million poor women with improved livelihoods through self-help groups. US$20 billion accessed from formal finance institutions in the last five years alone.
Health	2.6 million estimated lives saved under IDA-supported national Tuberculosis Control Program. 15 million people diagnosed and treated by the program to which IDA contributed.
Roads	24,200 km of all-weather rural roads built or rehabilitated since 2004.
Agriculture	390,000 hectares of barren or unproductive sodic land reclaimed.
Education	20 million out-of-school children enrolled through India's Education for All Program, to which IDA contributed over 15 years.

The IDA-India partnership underscores the value of concessional resources and the leveraging of the World Bank's knowledge and development experience. While IDA's resources were small relative to India's financing needs, the lending and associated support was invaluable in spurring greater effectiveness in critical national and state-level programs, for example, targeting primary education or control of tuberculosis and HIV/AIDs. IDA's support also helped maintain a long-term approach to tackling development challenges in a vast and diverse country. Strong outcomes in health, education, and agriculture reflect multiple projects often spanning decades, years that were essential in assessing performance and adjusting policies and operations as needed.

The depth and breadth of IDA's partnership with India and the lessons that emerged from its operations there have benefited the World Bank enormously. Experience with programs in rural livelihoods, community water management, and other sectors has informed IDA operations around the world. India is now not only a newly-established IDA donor, it is also emerging as a source and partner for the Bank for disseminating global knowledge about effective approaches to development.

HUMAN CAPITAL

EDUCATION

Education is a powerful driver of development and is one of the strongest instruments for reducing poverty, improving health, gender equality, and stability. IDA countries have made significant progress in making sure more children have a chance for education. For example, in IDA countries, 80 percent of children are now enrolled in primary education, and the gender gap in enrollment has narrowed to just 1 percent.

IDA's support to education in IDA17 aimed to accelerate learning for all with a focus on improved learning outcomes to address increased demand for skills, post-basic education, and early childhood education (see box 4). IDA supported targeted yet comprehensive educational programs to increase teacher competency, provide adequate instructional materials, and strengthen accountability in the schooling system. It also promoted use of innovative approaches, such as technology-driven and distance learning models so teachers can continue to be with their students even while upgrading their skills and knowledge. One of IDA's major successes over the three-year period was helping recruit or train roughly 7 million teachers, an enormous leap from the 800,000 of IDA16. Gender sensitivity was a factor in 94 percent of all project designs, a major increase from 69 percent at the start of IDA17. IDA also works on education in FCSs supporting communities in their role as first responders in emergencies (see "Many Faces of IDA" story on Haiti below). IDA's investment and support aim to make education systems more responsive and adaptable in trying conditions, ensuring that youth get a chance to get an education even when their country is struggling with conflict and fragility.

In Tanzania, the Education Program-for-Results (PforR), launched in 2014, provided direct financing to schools to buy textbooks, as well as other learning materials and laboratory equipment. It supported training for more than 50,000 teachers; and provided incentive grants to more than 600 of the most-improving schools. The Program's reform incentives led to more timely and reliable release of public education sector finance, improved the collection and publication of data on school performance, and enabled better staffing at schools. These reforms have driven rapid improvements in learning outcomes, with primary school examination pass rates more than doubling from 30 percent to 68 percent between 2012 and 2016. IDA investments of US$122 million were augmented by co-financing from the UK's Department for International Development (DFID) and the Swedish International Development Cooperation Agency (Sida).

IDA helped recruit or train 7 million teachers during IDA17

In spite of strong results, progress still lags in many countries. The number of students completing secondary education in IDA countries is still just 50 percent of those who start. During IDA17, investments in education dropped by about 10 percent as compared to the IDA16 period, due to reduced support to large countries such as India and Pakistan, with India's transition to IBRD status. However, education naturally continues to be a high priority for IDA, reflected in The World Development Report 2018 – Learning to Realize Education's Promise. IDA continues in its role as the largest implementer of the Global Partnership for Education, which works towards equitable quality education for all by 2030.

Box 4. IDA17's Evolving Commitment to Education

In IDA17, IDA committed over US$5 billion towards education projects in its client countries, nearly 10 percent of total commitments (figure B4.1). IDA has provided over US$25 billion in support to the education sector since IDA12, representing 50 percent of the WBG's overall education financing (figure B4.2). Through funding, knowledge, tools, and advisory support, IDA has consistently supported countries in making progress towards education objectives. At the country level, IDA is a significant source of education aid, contributing more than 40 percent of education development assistance for five IDA countries and over 20 percent of such aid for 13 others over the last decade.

Figure B4.1. IDA Commitments to Education Sector

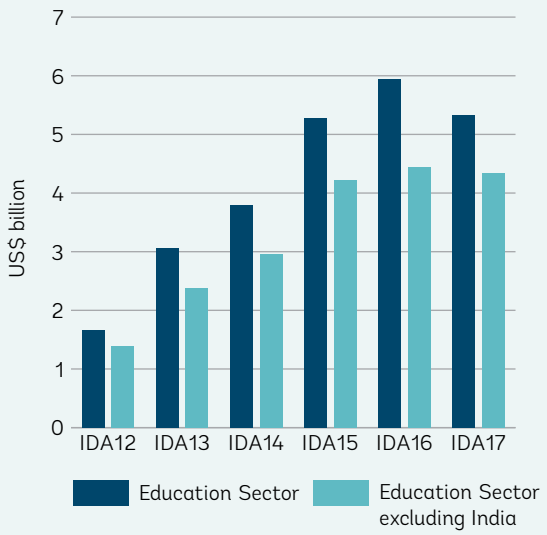
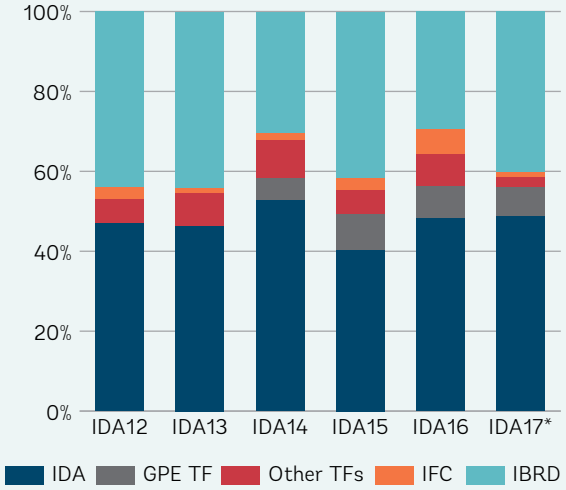


Figure B4.2. IDA Contribution as Percentage of Total WBG Commitments to Education Sector



Source: World Bank.
Note: GPE TF = Global Partnership for Education trust fund; Other TFs = other trust funds.

IDA's support to education is evolving, as financing to early education and tertiary/vocational learning is increasing relative to primary education. Primary education projects in IDA17 accounted for 25 percent of IDA education commitments, down from 39 percent in IDA12. Vocational skills and tertiary initiatives in IDA17 represented 34 percent of education-related IDA commitments, a near doubling from the 18 percent share reflected in IDA12.

A decline in IDA education-related financing (of around US$600 million) during IDA17 was largely driven by a reduction in commitments to large, transitioning borrowers. Major declines in commitments to Pakistan and India were partially compensated by increased IBRD financing for education. In contrast, the largest increase in commitments was driven by a single Program-for-Results initiative in Nigeria, with US$600 million in project commitments. Education projects can be "lumpy" and the top-five IDA beneficiaries accounted for 60 percent of education commitments in IDA17. India remained the largest education borrower in IDA17, accounting for 18 percent of total education commitments.

The 2018 World Development Report and the recently-launched Human Capital Project are also expected to have a positive impact on increasing quality of education investments in IDA client countries. The Human Capital Project is an accelerated effort to encourage investment in people as a critical step to boosting inclusive economic growth and ending extreme poverty and will launch in 2018.

The Many Faces of IDA: Haiti

Photo: A classroom in Haiti, where the government is rebuilding its education system.

Click here for more on the Haiti – Education for All project.

Haiti has sought to rebuild the nation's education system after the devastation of the 2010 earthquake, focusing on making schools more accessible and improving the quality of education. The Education for All Project directly benefited more than 900,000 children. Among them is Jessica Prudent, an 11-year-old student: "I really like French, social science, and math...I would like to be a nurse so that if someone in my family is ill, I can care for them. To succeed, I have to finish school. I must study a lot to move to the next class. The Education for All Program has enabled me to get this far. Without it, I don't know where I would be...."

HEALTH

IDA is committed to helping governments achieve universal health coverage by 2030—essentially the same objective as the third Sustainable Development Goal—which has the potential to transform the health and well-being of individuals and societies. IDA17 stepped up health financing by about 50 percent to US$4.6 billion from US$3.1 billion over the IDA16 period. IDA-funded operations provided essential health, nutrition, and population services to 263.4 million people during IDA17, substantially more than the target of 63-65 million set at the start of the period.

In spite of significant progress in the health situation in IDA countries, many of them still face large coverage gaps, in particular in poor and marginalized communities. Universal health security means protecting everybody, not merely because it is the equitable thing to do, but because with infectious diseases, health security can only be achieved if everyone is protected. It both depends on and complements broader efforts to strengthen health systems and make them more resilient, one reason why IDA is supporting broader health systems across all relevant sectors.

IDA health investments are complemented by the Pandemic Emergency Financing Facility, an innovative insurance-based mechanism that helps countries respond to rare, high-severity disease outbreaks to prevent pandemics (see box 25), and the Global Financing Facility in support of Every Woman, Every Child, which supports priority investments to improve maternal and child health outcomes.

IDA's work with its partners on health emergencies has proven its adaptability and its capacity in bringing financial and technical resources to bear, quickly and effectively. During the Ebola virus outbreak in Guinea, Liberia, and Sierra Leone, IDA provided emergency support through a US$518-million package, including US$390 million in grants from the Crisis Response Window (CRW). The project in support of people affected by Ebola was designed in just 36 days, and disbursements were made only nine days after approval. Such speed was essential, as the world was facing the worst outbreak in the history of the disease, infecting about 28,000 people and killing over 11,000 of them. To assist the affected countries, IDA financed essential supplies and drugs, personal protective equipment and infection prevention control materials, health worker training, hazard pay and death benefits

to Ebola health workers and volunteers, contact tracing, vehicles, data management equipment, and door-to-door public health education outreach. The Ebola epidemic exposed the weaknesses in the countries' health and public health systems, in addition to their emergency response capacity. Indeed, all three countries' hospitals and clinics were rapidly overwhelmed by the influx of Ebola cases and the catastrophic loss of health workers to the disease. Accordingly, after the epidemic, support was provided to accelerate and sustain the recovery of health systems in those countries. Building on these experiences with using CRW resources for Ebola and the possible future need to respond to such events, the eligibility criteria for CRW were expanded to cover public health emergencies and epidemics in IDA countries that are of potential international importance.

Similarly, in response to the severe conflict in Yemen, IDA looked for ways to speed its assistance to sustain and protect people most at risk. The answer was to work through the World Health Organization (WHO) and UNICEF as implementing partners. Building on previously successful initiatives in Yemen's health sector, the World Bank, WHO, and UNICEF relied on

The Many Faces of IDA: Senegal

Ndeye Ngom lives in a village in the Fatick region of Senegal where the IDA-financed Nutrition Enhancement Program introduced monthly weighing sessions for children to ensure they are growing properly.

"I kind of panicked when they told me the baby is malnourished. This is not a disease we know," Ndeye says about finding out her daughter was underweight. However, following the session, Ndeye was taught how to make a special porridge as a complementary food to help Khady Faye, 9 months, recover quickly.

At the start of the millennium, Senegal experienced widespread malnutrition, with stunting affecting as many as 30 percent of children under 5 years of age. In response, the Government of Senegal—with support from IDA—shifted its approach on nutrition to a community-based, holistic strategy.

Through the program, the Senegalese government provides a range of services that includes health education, breastfeeding promotion, counseling on infant and young child feeding, monthly weighing sessions, micronutrient supplementation, conditional cash transfers, targeted food security support, and more. Today, the stunting prevalence in Senegal has fallen to 19 percent, making it one of the lowest in Sub-Saharan Africa. For children like Khady, Senegal's decisive steps and clear prioritization to reduce stunting has paved the way for what could be a dramatic improvement for their prospects.

Click here for more details on the Nutrition Enhancement Program in Senegal. Click here for more details about the program's impact and the importance of the World Bank's nutrition work.

Photo: Ndeye Ngom and her daughter, Khady Faye.

Nearly 7 million Yemenis have received access to essential health, nutrition, and population services (60 percent of whom were female, and nearly 80 percent children under the age of five).

each organization's unique strengths to provide timely, essential services to the Yemeni population. The need in Yemen is acute. Nearly 50,000 Yemenis have been killed or wounded, over three million people are internally displaced, and 14 million people face food insecurity. A lack of sufficient access to health care facilities has compounded this crisis, contributing to a sharp rise in cholera cases following the first reports in October 2016. In response, IDA approved grants totaling US$200 million to help deliver critically-needed services to Yemenis most affected by the conflict, while at the same time preserving the capacity of Yemen's health system. Nearly 7 million Yemenis have received access to essential health, nutrition, and population services (60 percent of whom were female, and nearly 80 percent children under the age of five).

SOCIAL PROTECTION

IDA supports social protection and labor programs as a central part of its mission to reduce poverty through sustainable and inclusive growth. IDA17 assisted countries to move toward more harmonized social protection systems to improve resilience to shocks and help their populations become more productive through investment in human capital and access to jobs and opportunity. Social protection programs under IDA17 reached 23.7 million beneficiaries, of which 4.1 million people in FCSs, outstripping its initial target of 1.5 to 5 million people. IDA programs help individuals and families manage risk, cope with chronic or transitional poverty, and find better livelihoods and jobs. IDA's work embraces evidence-based knowledge and financing solutions including: social safety nets in the form of cash transfers, public works programs, and fee waivers; employment services and active labor market programs; old-age pensions, social care and disability services.

In spite of a doubling of countries with social protection systems in place since 2000 (to 149), coverage by social protection schemes remains a global challenge, as only one in every five poor people in the lowest-income countries is covered by any form of social protection. Building effective safety nets is most difficult in low-income countries due to higher proportions of populations who are poor, weak capacities to design and maintain effective and scalable social protection schemes, and limited public finances to underwrite these programs.

To address these tough challenges, total spending on social protection has been on the rise in both low- and middle-income countries. Accordingly, IDA17 increased social protection financing to US$6.3 billion, from US$4.4 billion in IDA16. IDA financing helps create basic infrastructure for delivery of social protection programs such as social registries, poverty targeting mechanisms, payment systems to deliver cash transfers to beneficiaries, management information, monitoring and evaluation systems. These investments leverage public funding for long-term and more inclusive social protection and labor programs. Many countries in Africa are introducing flagship social safety net programs and are rapidly expanding their coverage. In Tanzania, the Productive Safety Net Program had grown to cover 10 percent of the population in 2016 from 2 percent in 2014. In Senegal, the National Cash Transfer Program has expanded to 16 percent of population from 3 percent in four years. IDA, in partnership with other development partners, also launched the Inter-Agency Social Protection Assessments, practical tools that help countries improve their social protection systems by analyzing their strengths and weaknesses and offering options for further action.

The Many Faces of IDA: Pakistan

Social protection can take many forms and can combine with other services to provide the greatest assistance to people most in need. In Pakistan, IDA support has provided cash grants, to support families who were temporarily displaced as a result of security operations launched by the Government in Khyber Pakhtunkhwa and the Federally Administered Tribal Areas (FATA) to root out the local pockets of militants.

Launched in 2015, the IDA-financed FATA Temporarily Displaced Persons Emergency Recovery Project helps facilitate the return and rehabilitation of displaced families through an early recovery cash grant program. The program provides a one-time grant of US$350 per family and a livelihood support grant of US$160 per family in four monthly installments of US$40. In addition, to encourage long-term improvement in children's health, families are provided with a cash grant of US$75 and immunization, screening, and referral services. The program has adapted and heavily drawn from earlier experiences with the use of innovative identification systems and biometric verification for enrolment, technology-based payment systems through debit/automated teller machine (ATM) cards, and grievance management. The program is not only a step forward towards strengthening emergency response through safety net delivery systems but is also conceived as an adaptive safety net.

The program has helped 340,000 registered families of the temporarily displaced persons by providing them with unconditional cash transfers, and 300,000 families with children between 0-2 years of age, offering them with child health sensitive conditional cash transfers. In addition, the safety net delivery systems built through this project helped enhance the capacity of the government to better respond to future crises.

The program has helped 340,000 temporarily displaced families by providing them with unconditional cash transfers.

Click here for more on the FATA Temporarily Displaced Persons Emergency Recovery Project.

AGRICULTURE

Agricultural development is one of the most powerful tools to end extreme poverty and boost shared prosperity through job creation in the farm and rural non-farm sectors. Eighty percent of the poor live in rural areas and most rely on agriculture for their livelihoods. Most of the income gains needed to end poverty by 2030 will therefore need to come from activities in rural areas. Growth in the agriculture sector is two- to four-times more effective in raising incomes among the poorest people compared to other sectors. Providing the food needed in growing cities can also offer significant prospects for agribusiness development and job growth in the broader food system.

Agriculture development is critical to feed a projected 9.7 billion people by 2050 and reduce undernourishment more quickly. Meeting the rising food demand and ending hunger and food insecurity requires improving agricultural productivity to deliver adequate, nutritious and safe food, bolstering

The Many Faces of IDA: West Africa

"When we harvest the beans, we sell them to the cooperative. They offer us a higher price than the market, and they pay on the spot," says farmer Fatou Yalindiaye, of Senegal. "We also have a surplus at home to feed our family and we are able to feed our livestock with the hay from the harvested plants."

Climate change has hit farmers hard in parts of West Africa. Shorter and more erratic rainy seasons and more frequent extreme weather events—such as droughts and floods—are already impacting harvests. Despite long days of back-breaking work, many farmers are no longer able to harvest enough for their families. And according to projections, climate change could cut yields even more – by as much as 25 percent in the future.

The IDA-funded West Africa Agricultural Productivity Program (WAAPP), which works to build a food system to feed every West African, is making agriculture more climate-smart across 13 West African countries. This project has developed and distributed 160 climate-smart crop varieties, provided climate-smart technologies, and trained farmers on climate-smart practices.

Farmers are learning climate-smart techniques such as composting and agroforestry, and getting access to technologies like more efficient water harvesting systems. WAAPP assistance has helped around 5.7 million West African farmers be more productive, resilient, and deliver climate-smart outcomes such as lower greenhouse gas emissions—which is important since agriculture is also a major part of the climate problem and generates 19 to 29 percent of total greenhouse gas emissions.

Click here for more about the impacts of this program and here for project details and documents.

Photo: Fatou Yalindiaye (left) and his family sharing a stew made using a new variety of drought-resistent, high-yield cowpea.

resilience to climate change, and lowering greenhouse gas emissions. IDA17 maintained a strong investment in agriculture at US$7.4 billion, compared to US$7.1 billion in IDA16 and US$5.6 billion in IDA15. Setting out to benefit between 19-23 million people, the range of IDA17 activities ultimately reached 36.5 million people (of which 17.1 million were female). These included investments in climate-smart agriculture, food quality, agribusiness and value chains, rural livelihoods, and agricultural employment.

IDA leveraged its support to agriculture by acting through three key partnerships: (i) Support to the Consultative Group on International Agricultural Research (CGIAR) helps scale up proven capacity to generate improved technologies and knowledge to enhance food security in IDA countries; (ii) The Global Agriculture and Food Security Program (GAFSP), hosted by the World Bank since 2010, provides public and private financing for agriculture in IDA countries to raise incomes and reduce hunger; (iii) Support to the Agricultural Market Information Systems, an

inter-agency platform, helps enhance global food market transparency and facilitate coordinated policy responses across Group of 20 (G20) countries for global food security.

In Bangladesh, where 70 percent of the poor live in rural areas, with IDA's support, about 1.5 million farmers adopted over 40 demonstrated technologies that helped raise farm productivity and incomes through the use of improved varieties, post-harvest technologies, and better farm product pricing via commodity collection and marketing centers. This helped boost productivity improvements in Bangladesh's agricultural areas from 14 percent to 52 percent for crops, and by over 50 percent for livestock and fisheries. Farm incomes increased by over 47 percent for the poorest smallholder farmers. New and improved post-harvest technologies helped reduce post-harvest loss of high value commodities.

INFRASTRUCTURE

TRANSPORT AND DIGITAL DEVELOPMENT

Transport is a crucial driver of economic and social development, bringing opportunities for the poor and enabling economies to be more competitive. Transport infrastructure connects people to jobs, education, and health services; it enables the supply of goods and services around the world, and allows people to interact and generate the knowledge and solutions that foster long-term growth. Rural roads, for example, can help prevent maternal deaths through timely access to childbirth-related care, boost girls' enrolment in school, and increase and diversify farmers' incomes by connecting them to markets. IDA17 supported works that built, repaired, or upgraded 61,054 kilometers of rural and non-rural roads, well beyond its target for the period of 40,000 – 50,000 kilometers.

This work reflects the understanding that transport is at the heart of critical development challenges, considering that: transport accounts for about 23 percent of the world's energy-related CO_2 emissions; cities will be home to some 5.4 billion residents by 2050; and the number of vehicles on the road is expected to double to 2 billion by 2050. Today, an estimated one billion people in low-income countries still lack access to an all-weather road, while high mobility costs cut the disposable income of the poor who often lack reliable and affordable public transportation.

IDA17 supported works that built, repaired, or upgraded 61,054 kilometers of rural and non-rural roads.

In developing countries, public officials, businesses, and citizens are also working together to harness the transformative power of digital development to make services more efficient, to catalyze economic development, and strengthen social networks. IDA's work on digital development focused on mainstreaming information and communication technology (ICT) across sectors through scaling up digital connectivity and technology innovation for competitiveness, service delivery, and more accountable and open governance. More than 75 percent of people around the world now have access to a cell phone, with the number of global mobile-cellular subscriptions quickly approaching 7 billion. The IDA17-approved Digital Malawi Program Phase 1 is supporting investments to increase access of citizens, government, and businesses to affordable, high-quality internet services and to build the core infrastructure to support digital public service delivery.

Overall, IDA17 work in the transport sector focused on four primary goals: universal access; efficiency, safety, and green mobility; building and maintaining interurban and rural roads; and implementation of the key initiatives outlined in the 2016 World Development Report: Digital Dividends.

The Many Faces of IDA: Kiribati

Photo: Tenneke Matireei, a local ambulance driver in Kiribati.

"Today, I feel that the patients we transport feel more comfortable because the road is in a much better condition," says Tenneke Matireei, an ambulance driver in Kiribati. "Our fleet of ambulances will also last longer now that the road is complete because back then they would not last a year before breaking down."

Click here for more on the Kiribati Road Rehabilitation Project.

In Kiribati—where a single route serves as a vital link for the 60,000 people who call South Tarawa home—the IDA-financed Kiribati Road Rehabilitation Project rehabilitated 48.5 kilometers of road, providing safe, all-weather access between the main town of Betio and the airport at Bonriki. The design included the installation of footpaths, improved drainage, speed humps, solar street lighting, and road signage, all to improve user safety. It links the communities of the atoll to social services, including government, education, health, the airport, the port, local wharves, markets, churches, non-governmental organizations, and businesses. This single project also shows how IDA's participation can draw in support from other donors; the Asian Development Bank and the Australian Department of Foreign Affairs and Trade collaborated in funding the rehabilitation of the road.

Main road before...

...and after IDA-backed improvements.

During IDA17, IDA-financed operations provided access to electricity to about 35 million people.

In Tanzania, IDA helped city residents embrace new rapid transit services. Since opening in May 2016, the number of commuters using Dar es Salaam's Bus Rapid Transit system had quickly grown to 40.1 million, or an average of 178,000 riders a day by August 2017. The new bus system was financed by IDA to support Tanzania's economic growth and provide reliable, cost-effective public transport. It serves as a catalyst for businesses, which have sprouted up around terminals and in previously inaccessible areas of Tanzania's commercial capital, creating jobs and increasing tax revenue. The operation, the Dar es Salaam Urban Transport Improvement Project, is also supporting gender-responsive design features, such as the establishment of a mobile phone-based gender harassment reporting system and mapping to enable authorities to investigate and take appropriate action on any abuse or violence against women when using public transport. Furthermore, the project has integrated training of women to become drivers in this male dominated profession.

WATER AND SANITATION

Water is at the center of economic and social development; it is vital to maintain health, grow food, manage the environment, and create jobs. Despite water's importance, over 663 million people in the world still lack access to improved drinking water sources. However, increasing access is not enough. Meeting IDA17 targets, IDA-financed operations provided 34.2 million people with improved water sources—including 9.2 million in FCSs—and a further 14.5 million people with improved sanitation facilities.

- In Ethiopia, a project focused on water supply, sanitation and hygiene—one of the largest IDA-funded operations in the sector—helped 2.4 million people gain access to water, and 1.8 million people enjoy improved access to sanitation.

- In Tanzania, safe water supplies were provided to over 12 million people, including an estimated 7 million women. Improved sanitation services were provided to over 5 million people. The Tanzania program's community-driven development approach also allowed primary beneficiaries to manage their own water and sanitation facilities and participate in water resources management.

Water is at the center of climate change, with impacts felt by different countries and areas of economic activity through rainfall, snowmelt, storm surges, and rising seas. A considerable proportion of natural disasters in developing countries, such as floods, droughts and cyclones, are related to water. IDA17 investments, such as those above, were driven by the WBG's vision for a Water-Secure World for All and supported clients overcome water-related challenges vis-à-vis climate change, food security, urban development, disaster risk management, health, and energy.

ENERGY

Today, more than one billion people live without electricity, which is an improvement since 2012. Another 3 billion cook or heat their homes with polluting fuels, resulting in indoor and outdoor air pollution that causes about 4.3 million deaths each year. During IDA17, IDA-financed operations provided access to electricity to about 35 million people, surpassing the performance standard of 15-20 million people. Direct access (defined as the number of people who benefited from new grid-based or off-grid household connections) increased from 23.2 million in IDA16 to 25.7 million in the IDA17 period, while inferred access (the number of people who benefited from Bank-funded generation capacity) increased from 6 million to 9 million over the same period.

IDA further completed the construction or rehabilitation of about 1.5 gigawatts of generation capacity of renewable energy (compared with 1 gigawatt completed in the IDA16 period). IDA contributed to more than 4.3 million megawatt hours of projected lifetime energy savings in the IDA17 period, which dwarfs the 970,000 megawatt hours of projected lifetime energy savings achieved in the IDA16 period.

IDA's energy strategy, detailed in a 2013 directions paper,[17] mirrors the objectives of the Sustainable Energy for All Initiative and the Sustainable Development Goal 7: achieving universal access, accelerating improvements in energy efficiency, and doubling the global share of renewable energy by 2030. IDA17 engagement in the energy sector has

17 World Bank. 2013. *Toward a Sustainable Energy Future for All: Directions for the World Bank Group's Energy Sector*. Washington, DC: World Bank.

helped client countries secure the affordable, reliable, and sustainable energy supply needed to end extreme poverty and promote shared prosperity. This required a concerted push on sustainable options for energy access, including solar and wind, on-grid and off-grid, as well as other viable, low-carbon solutions that reflect every country's unique circumstances.

In Bangladesh, for example, with IDA's support, one million traditional stoves were replaced by affordable, user-friendly, improved stoves, and at a pace that was almost two years ahead of schedule.

IDA support also made a large difference in increasing access to electricity in Rwanda. Far surpassing its original targets, the number of households connected to electricity through the national grid increased to 755,340 (equivalent to a national access rate of almost 32 percent) from about 110,000 (or 6 percent) in 2009 (also see story below for an example of the project's benefits).

FINANCE, INDUSTRY, AND TRADE

TRADE AND COMPETITIVENESS

Evidence shows that countries open to international trade tend to grow faster and provide more opportunities to their populations. World trade has only partially recovered from the deceleration over the 2000s and the global financial crisis. IDA countries continue to seek new avenues to deepen integration while making trade work for the poor and addressing other global challenges (such as climate change and the refugee crisis) that complicate country efforts but have also offered new opportunities for the private sector. IDA helps its client countries improve their access to developed country markets and enhance their participation in the world economy.

Developing countries also struggle with indirect factors that hinder their access to global markets, such as anti-competitive business practices, regulatory environments that are unfavorable to business growth and investment, or limited infrastructure capacity. Even a country with liberal and transparent trade policy suffers if its markets are not connected, and many of the "bottom billion" live in countries—or regions of countries—that are landlocked, remote, or otherwise ill-served by international trade links.

IDA17 helped clients overcome the trade obstacles they face, including by providing clients advice on: elimination of unnecessary non-tariff measures; poverty and labor impacts of trade policies and shocks; global and regional integration, including free trade agreement negotiations and World Trade Organization accession and participation; and policies to enhance trade competitiveness and help clients reap gains from openness to trade and manage adjustments to external shocks. IDA17 also helped its clients strengthen trade corridors, and to enhance connectivity between firms, markets, and consumers. Altogether, IDA17 stepped up its efforts to further the trade agenda, including by increasing its active trade portfolio to US$2.7 billion at the end of IDA17 from US$1.6 billion at the outset.

IDA financed the Governance for Competitiveness Technical Assistance Project for Rwanda, which helped position the country as one of East Africa's premier business tourism locations. With IDA support, the Rwanda Convention Bureau was established in 2014, a central coordination body for meetings, incentives, conferences, and events, that is the first such facility in the region. Between 2012 and 2016, the Convention Bureau directly engaged in organizing high profile events such as the World Economic Forum, the Global African Investment Summit, the African Union Summit, and Coca-Cola's annual continental corporate meeting. The Convention Bureau led to new revenues exceeding US$37 million in 2015 and US$47 million in 2016.

FINANCE AND MARKETS

Developing nations will require US$4 trillion of investment to achieve the SDGs by 2030. Capital markets will play a key role for farmers, businesses, pensioners, or potential infrastructure investors by providing long-term finance and risk management tools. IDA, in close collaboration with the IFC, champions more robust financial systems to foster investor confidence, savings mobilization, and good governance. IDA17 boosted financial stability, as well as long-term finance and risk management, in IDA countries through activities that included capital markets, infrastructure finance, housing finance, pensions and insurance, agriculture and rural finance, and disaster risk finance. In addition, IDA supported financial inclusion, which was identified as an enabler for seven of the 17 SDGs.

In Mongolia, an IDA-backed program is supporting Mongolian small and medium enterprises (SMEs) in the non-mining sectors to strengthen their export capabilities and expand access to export markets. A web-based pledge-notice registry was launched

in February 2017, enabling creditors to search for existing interests on movable assets that they intend to use as collateral and to file security interest on their approved collaterals. In addition, the IFC-supported Law on Tangible and Intangible Movable Property Pledge went into effect on March 1, 2017. The new law, along with the registry, allows SMEs to offer moveable assets such as accounts receivable, inventory, livestock, equipment, and future income as collateral to banks; a major move to improve access to finance for SMEs. The system also reduces the need for paper documents and notifies creation of pledge-rights to existing and prospective lenders. To date, around 90,000 pledge-notices have been registered, of which: 38 percent for equipment, 24 percent for livestock, 5.4 percent for account receivables, and 2 percent for vehicles. Women account for 24 percent of the total borrowers.

In Senegal, the IDA-financed Multi-Sectoral Structural Reform Development Policy Financing Project is promoting good governance and supporting more equitable access to infrastructure services to attract private investment and improve governance. The program focused on removing the key bottlenecks in two sectors critical for inclusive growth, setting the stage for increased private sector participation in electricity generation and encouraging the entry of new private internet service providers. The reforms have been complemented by public investment and incentives to ensure a more equitable access to infrastructure services, which will help to narrow the very large gap in reliable access to electricity and ICT between urban and rural areas. Moreover, the reforms will help the country shift toward a cleaner energy mix, bringing important benefits to the country over the long-term.

IDA has led efforts on credit registries under a variety of situations. In Afghanistan, IDA supported the first credit registry, which had generated US$1.1 billion of financing as of June 2016. The credit registry has seen more than 122,000 borrowers sign up so far (20 percent are women). Some 54 entities, including 10 microfinance institutions are providing data and obtaining credit reports electronically. In Liberia, with support of IDA, a collateral registry was launched during the Ebola crisis in 2014. In less than a year, US$227 million worth of loans were registered. Additionally, Moldova's new legal framework for insolvency—supported by IDA knowledge and financing—resulted in a 10 percent increase in recovery rates by creditors within three years.

IDA focuses on helping client countries develop deep, resilient, and affordable housing finance markets that are accessible to middle-, lower- and informal-income households. The Nigerian Mortgage Refinance Facility was developed as part of the wider Nigeria Housing Finance Project supported by a US$300 million IDA loan. The facility completed its first bond issue in July 2015, supported by a government guarantee. In Tanzania, an IDA housing finance project created the Tanzania Mortgage Refinance Company as part of a broader push to help grow the housing microfinance sector and expand the supply of affordable housing.

IDA has also embraced the opportunities promised through new and innovative financial technology. In Ethiopia and Madagascar, IDA supports digital payments and wealth storage industries that dramatically increase inclusion.

Tackling the Toughest Global Challenges

From its support for climate resilience to the creation of jobs to bring former combatants back into society, IDA rallies others to jointly confront tough issues for the common good and helps make the world more secure. No other international institution has the mandate, cross-sector knowledge, and resources to respond to complex global challenges with an exclusive focus on the world's poorest countries. In our increasingly interconnected world, investments in IDA countries bring positive spillovers for the global community, especially in areas affected by conflict and fragility, contributing to global peace and security.

IDA's main channels for addressing cross-cutting, global issues that affect all countries are its operations on the ground, its dialogues and partnerships with client countries and other organizations, and through World Bank strategies, action plans, and systems. This section provides examples of how IDA's work on the ground addresses these global challenges in ways that benefit IDA countries and the global community.

Climate and Disaster Risk Management

Climate change presents a clear, near-term threat to poverty elimination efforts. Poor people and poor countries are vulnerable to a wide range of climate-related shocks: natural disasters that destroy assets and livelihoods; waterborne diseases and pests that become more prevalent during heat waves, floods, or droughts; crop failures from reduced rainfall; and spikes in food prices that follow extreme weather events.

From 2008 to 2017, nearly 4.7 million people in Bangladesh benefited from construction and repair of hundreds of multipurpose disaster shelters and improved early warning systems.

In light of the global trend toward more frequent and intense disasters, better management of such risks – including those arising from climate change – is increasingly at the core of IDA's work, which focuses on five key areas: 1) understanding risk, 2) reducing risk, 3) improving emergency preparedness, 4) providing disaster risk financing, and 5) supporting emergency recovery. During IDA17, client demand for disaster risk management financing and knowledge services has continued to be strong, driven by a combination of increased awareness and understanding of disaster risk and the unfortunate continuation of large-scale catastrophes, like the Nepal Earthquake in 2015.

IDA is a key partner in helping developing countries meet their commitments under the Paris climate agreement. Given that many IDA countries have low carbon emissions and yet are highly vulnerable to the effects of climate change, IDA17 focused on ensuring that countries are prepared to cope with such impacts by pioneering new solutions, such as better weather data and forecasting, drought resistant crops, disaster insurance, cyclone-resistant houses, and warning systems.

IDA also helps countries mitigate the impacts of climate change by finding innovative ways to harness energy from the sun, wind, and water, and to reduce carbon emissions by helping to make industries more efficient and sustainable. In Bangladesh, where two-thirds of the country is less than five meters above sea level, floods are increasingly damaging homes, farm production, businesses and infrastructure. But with investments in improving capacity to respond to emergencies, building resilient infrastructure and homes, and adapting farming systems, the country has become a model for disaster preparedness and climate adaptation and mitigation. From 2008 to 2017, nearly 4.7 million people in Bangladesh benefited from construction and repair of hundreds of multipurpose disaster shelters and improved early warning systems. Another successful program in Bangladesh provided 2.2 million rural households with access to electricity from renewable sources for 2.2 million households through an IDA-supported project that provides solar home systems.

In a rapidly urbanizing world, cities are increasingly prone to natural hazards and climate shocks and IDA is working with countries to address these challenges. IDA17 saw approval of the Malawi Floods Emergency Recovery Project, which takes a programmatic approach to tackle not only immediate recovery after floods but also to address the long-term needs of affected communities. The project merges livelihood restoration and economic recovery with climate resilience, offering food security, systematic disaster management, infrastructure rehabilitation, and other resilient upgrades.

IDA17 introduced various disruptive innovations that bridge the gap between technology and on-the-ground user needs to build resilience against climate change, thereby improving operational quality (see box 15). For example, a new system in Burkina Faso harnesses cellular network signals to detect rainfall to inform flood preparedness. In Sri Lanka, mobile weather stations, constructed using open-source hardware and software, use SMS data to inform water reservoir managers.

CONFLICT AND FRAGILITY

Conflict and fragility provide fertile ground for poverty by undermining economic development and personal security. Today, about 2 billion people live in countries where development outcomes are affected by fragility, conflict, and violence (FCV). As the world's poor become concentrated in countries affected by conflict and fragility–current estimates show that by 2030 roughly half of the world's poor are expected to live in such countries–IDA's work is becoming more urgent.

IDA17 supported countries affected by conflict and fragility by providing financing and the knowledge needed to rebuild resilient institutions and economies, reducing the risks of fragility and conflict, and by putting in place the building blocks people need to resume peaceful and productive lives. For example, the LONDO Project in the Central African Republic has helped create over 17,000 temporary jobs to maintain over 1,000 kilometers of roads. Operating in some of the most remote areas of the country–including areas still under the control of armed groups–the project is bringing income and hope to citizens. "The money I earn helps me meet my needs and take care of my family," said Carine Data, a beneficiary of the project. "My father is dead, so I depend on myself. I have been able to put a bit of money aside to buy a rickshaw once my contract expires. I plan to use the remainder to enroll in an evening class to prepare for my future."

Even in fragile and conflict situations, IDA is there for the long haul, staying in a country after the cameras leave and ensuring that results are sustained. For example, the National Solidarity Program in Afghanistan helped establish more than 35,000 democratically-elected community development councils across the country's 34 provinces. From 2003 to 2016, the councils identified and implemented tens of thousands of smaller projects to provide access to electricity, water and sanitation, roads, and irrigation. The project provided grants for 3,000 development projects in Kandahar alone.

IDA is also helping countries improve lives and access to services for refugees and internally displaced people. A special allocation of IDA17 resources is helping the governments of Jordan and Lebanon provide opportunities to Syrian refugees. Although both countries are not usually eligible for IDA resources, the Board approved the support on an exceptional basis to help both countries deal with a large influx of refugees from Syria. In 2017, the government of Jordan began implementing policies to attract new investment—and more jobs—to Jordan to help employ more refugees and local citizens. In Lebanon, IDA support is helping the government improve the quality of its public education system and expand access to Syrian refugee children.

CLIMATE AND DISASTER RISK MANAGEMENT

IDA is a key partner during crises and emergencies. IDA's Crisis Response Window—further discussed in chapter 2, section 5—supported severe, often recurring crises that go beyond national scales, such as the famine in East Africa, the conflict in Yemen, the Ebola outbreak in West Africa, and earthquakes in

Haiti and Nepal in 2010 and 2015, respectively. In 2017, the CRW provided support to South Sudan, Kenya, Yemen, Ethiopia, and Somalia to respond to extensive drought and famine. In Ethiopia, support from IDA and other donors since 2005 has helped build a large safety net system that has allowed the government to respond quickly to the drought. CRW funding in 2017 helped the government expand the program to 18.2 million people, providing food or cash transfers to vulnerable people. In addition to being able to rapidly respond to the crisis, the safety net system is helping Ethiopia break a cycle of appeals for emergency food assistance.

GENDER EQUALITY

No country, community, or economy can achieve its potential or meet the challenges of the twenty-first century without the full and equal participation of women and men, girls and boys. Failure to fully unleash women's productive potential represents a major missed opportunity, with significant consequences for individuals, families, and economies. IDA countries face wide gaps in economic opportunity, with women's labor force participation and job quality consistently trailing those of men.

Overall, IDA is helping countries achieve significant results in promoting gender equality. In basic education, the gender gap in IDA countries has narrowed to just 1 percent. In IDA17, more than 17 million women benefited from IDA-financed rural and agricultural development projects, nearly 12 million women were covered by social safety net programs, and more than 23 million women received prenatal care during a visit to a healthcare provider.

Many IDA operations address gender equality head on–tackling issues that prevent women from getting an education, staying healthy, and contributing equally to economic growth. For example, more than 6,000 women in Ethiopia are benefiting from a special line of credit to help female entrepreneurs grow their businesses. The funding is helping increase annual business earnings by an average of nearly US$3,400.

IDA's support has helped Bangladesh make remarkable progress in ensuring access to primary education for both boys and girls. The country's net enrollment rate at the primary school level increased from 80 percent in 2000 to 98 percent in 2015, and Bangladesh has achieved gender parity in access to education at the primary and secondary level. In East Africa's Great Lakes region, where conflict and violence against women remain significant challenges, IDA is supporting integrated health and counseling services, legal aid, and economic opportunities for survivors of sexual and gender-based violence. More than 22,000 women have benefited from maternal and reproductive health services and immediate and long-term support for survivors.

SECTION 2: MAXIMIZING DEVELOPMENT IMPACT

IDA17's overarching theme of "Maximizing Development Impact" acknowledges IDA's determination to make the best use of scarce resources and its own policy framework in support of the world's development ambitions. IDA17 served to calibrate IDA's focus on leveraging private investment, public resources, and knowledge with greater effectiveness and efficiency. It spurred IDA to strengthen IDA's own instruments while emphasizing its value for money approach, its accountability to shareholders and clients, and its alignment of resources to WBG goals and strategy. *IDA delivered on all policy actions underpinning the goal of "Maximizing Development Impact", as agreed with shareholders during IDA17 replenishment consultations.* Annex 1 presents a full overview of the status of policy commitments at the end of IDA17.

As part of the "Maximizing Development Impact" agenda, and in line with international agreements on the SDGs and the Addis Ababa Action Agenda,[18] IDA17 moved to further leverage development spending as a way to realize the "from billions to trillions" agenda.[19] This emphasis reflected the realities discussed in chapter 1: emerging global economic headwinds as well as geopolitical pressures and shifts that together were constraining ODA commitments from many donor countries, at a time of heightened development challenges, growing demand, and the need to finance the ambitious 2030 agenda. IDA17 anticipated these conditions and ensured IDA was prepared to meet these challenges while getting more out of existing multilateral platforms and crowding in other sources of development financing.

1. LEVERAGING PRIVATE RESOURCES

The Addis Ababa Agenda stressed the importance of leveraging and mobilizing resources, particularly emphasizing that private capital should be a key driver for growth, job creation, and realization of the SDGs.[20] Private investment and foreign direct investment are weak in many IDA countries, at 16 percent and 3 percent of GDP, respectively.[21] Many factors contribute to this: weak macroeconomic and regulatory environments, vulnerable financial sectors, perceived political risks, small market sizes, high transport costs and infrastructure bottlenecks, country risks that impact banks' risk-weighted assets and available financing levels, and information asymmetries and coordination problems.

Recognizing that "Maximizing Development Impact" in IDA countries required a strong private sector contribution, IDA17 continued to provide a central platform for support to this sector in IDA countries and increased direct mobilization of private investments. Reflecting this commitment, between FY15-17, IDA invested a total of US$25.8 billion to support private sector development through policy and investment lending (figure 12). By providing a mix of finance and policy-based operations, IDA supported work to improve regulatory quality, strengthen macroeconomic and structural policies, provide quality infrastructure, and enhance labor market and skills development. Additionally, much of IDA's support to infrastructure provides short-term jobs and critical long-term conditions for private sector growth.

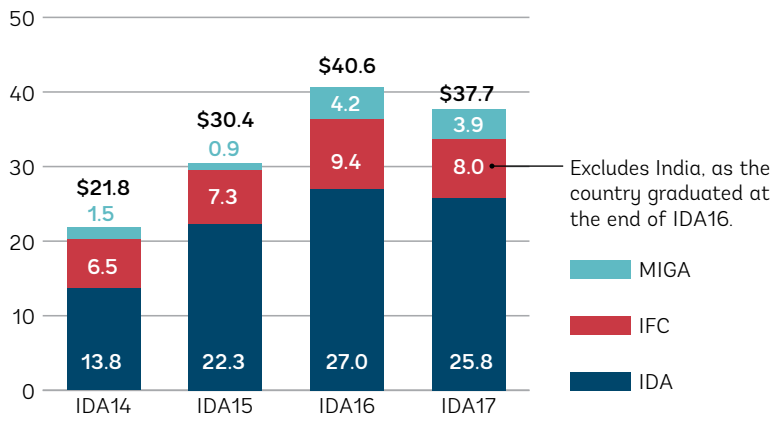
18 At the *Third International Conference of Financing for Development*, organized by the UN in July 2015.

19 In 2015, the WBG, together with the IMF and other multilateral development banks, outlined their commitment financing the effort for the post-2015 development agenda and to scale up the amount of financing, moving from "billions" in official development assistance to "trillions" in development investments of all kinds: public and private, national and global. Also see: World Bank. 2015. *From Billions to Trillions: Transforming Development Finance*. Washington, DC: World Bank.

20 UN Sustainable Development Summit 2015, Also see: *Transforming our World: the 2030 Agenda for Sustainable Development*.

21 Sources: World Bank, based on World Development Indicators, International Development Statistics, and OECD/ Development Assistance Committee Statistics in 2014.

Figure 12. IDA, IFC and MIGA Support to Private Sector Development (US$ billion)



Source: World Bank Group.

Note 1: IDA amounts reflect commitments to all countries receiving IDA support, and IDA17 commitments therefore include exceptional transition support to India. IFC and MIGA amounts reflect commitments to IDA eligible countries, and therefore IDA17 commitments exclude India, as the country graduated from IDA at the end of IDA16.

Note 2: The slight dip from IDA16 to IDA17 is due to a number of once-in-a-generation projects in Pakistan, Africa and South Asia, such as a major hydropower investment in Pakistan (Dasu Hydropower Phase I); a rural electrification investment in Bangladesh (Rural Electricity Transmission and Distribution); and a large hydroelectric project in Eastern Africa (Regional Rusumo Falls Hydroelectric Project), all committed during IDA16.

Note 3: IDA supports IDA clients through loans mainly for public procurement of infrastructure projects, policy support to improve IDA countries' business environment and guarantees to the private sector. IDA support covers the following sectors: water, sanitation and waste management; transportation; energy and extractives; information and communication; industry, trade and services; and financial sector. IFC supports the private sector directly mainly through loans and equity. MIGA support to private sector is through political risk insurance guarantees.

TACKLING CONSTRAINTS TO PRIVATE SECTOR DEVELOPMENT ON BOTH PUBLIC AND PRIVATE SECTOR SIDES

IDA's sister organizations, IFC and MIGA, have also stepped up their engagements in IDA countries. During IDA17, IFC invested about US$ 8 billion on its own account—and taken into account mobilization[22] from other investors over US$14 billion—about US$1.2 billion more than in IDA16. About half was invested in Sub-Saharan Africa. The investments were primarily focused on supporting financial institutions, infrastructure, and natural resources. IFC dedicated about US$400 million to advisory services in IDA countries, representing 63 percent of its overall advisory program funding over the IDA17 period. Over this time, MIGA issued about US$4 billion in guarantees for 35 projects in IDA countries, similar to IDA16 commitments. MIGA invested predominantly in East Asia and the Pacific and Sub-Saharan Africa, with infrastructure (especially the power sector) as its primary focus. MIGA estimates that the total private financing catalyzed in IDA countries during IDA17 could reach as high as US$37.5 billion. (For further details, see the companion paper on "IDA17 Support by Global Practices").

The "One WBG"—IDA together with IFC and MIGA—has worked jointly to tackle constraints to private sector development in both the public and private sectors. Together, the WBG directly mobilized US$4.64 billion[23] of private capital in IDA countries during the IDA17 period (US$1.1 billion in FY15, US$700 million in FY16, and US$2.84 billion in FY17).[24]

IDA17 strengthened WBG collaboration through the adoption of Joint Implementation Plans. These provide a country- and region-level, sector-based platform for WBG institutions to synchronize support, identify constraints, and catalyze private financing. By the end of IDA17, 29 Joint Implementation Plans

22 Core Mobilization is defined as financing from entities other than IFC that becomes available to clients due to IFC's direct involvement in raising resources. This definition is different from "direct" mobilization defined in footnote 23 for WBG mobilization under the IDA17 RMS.

23 Based on calculations under the strict definition and methodology used for private capital *directly mobilized*. This is defined as financing from private entities other than the WBG that becomes available to IDA clients at financial close due to the WBG's active and direct involvement in raising those resources. It excludes private capital attracted (or mobilized) by others international financial institutions, including IFC and MIGA.

24 This value represents financing from private entities other than the WBG that becomes available to IDA clients at financial close when the WBG is contractually engaged in raising resources. To further improve the quantification of private capital mobilized to IDA countries, two new and broader measures ("Private investment catalyzed by WB in IDA countries", and "Total private mobilization of WBG-supported operations/transactions in IDA countries") have been introduced in the IDA18 RMS, based on the definitions and methodology developed by the Multilateral Development Bank Task Force on Measuring Private Investment Catalyzation.

Box 5. Overcoming Complex Challenges through Joint Planning to Boost Mali's Exports

In today's global economy, each country needs to make the most of every competitive advantage but many struggle to translate home strengths into export success. In Mali, IDA is striving to help the government, agribusiness, and small-scale farms in seizing opportunities to export processed agriculture products, especially in the mango and livestock sectors.

Progress requires cooperation, investment, and support across many levels of the value chains that underpin the mango and livestock sectors, providing a perfect opportunity to showcase the concepts behind WBG's Joint Implementation Plans. The Mali Joint Implementation Plan underpins three key aims: to use large-scale pilot projects in Sikasso and Kayes to demonstrate how partnerships between major agro-industry players and smallholder farmers, combined with private investment, can strengthen the value chains; (ii) to leverage IDA funding to deliver policy, regulatory, finance, infrastructure, and market gains; and (iii) to then repeat and expand these approaches across the country.

This joint planning allows IDA and the IFC to partner in weaving together many complex strands with a clear, comprehensive vision. In the mango value chain, IFC's investment in a mango processing company are facilitated by IDA projects that aim to make it easier for farmers and agribusinesses to get raw materials, in sufficient quantities, quality and in the best time possible. At the same time, IDA is helping boost smallholder farmer access to markets through improvements to 1,900 kms of roads, the development of collection facilities, support to a high-tech overhaul of intermediation approaches, and through campaigns to defeat fruit flies and promote good farming practices.

In the livestock industry, a proposed IFC investment in a modern slaughterhouse targeting exports to West Africa ties in with IDA efforts to support cattle fattening, feeding, and irrigation in support of animal feed production. At the same time, IDA is talking to stakeholders around key reforms that would also underpin export success.

Mali's mango value chain has a clear international competitive advantage but only 7 percent of total production (12 percent of eligible varieties) were exported in 2016. It is also a major center in West Africa for livestock rearing with over 30 percent of total livestock production but less than 0.5 percent used for fattening purposes. IDA and IFC believe the Joint Implementation Plan draws on the strengths of all actors – IDA, IFC, agribusinesses, farmers, and the government – to boost these results.

were operational in IDA countries, exceeding the original target by almost 50 percent. Of these, 18 were implemented in Africa. Almost half of the plans focus on energy projects, and almost a third on agribusiness activities. As expected, they have provided a structure for complex collaborations that include multiple and sequential interventions over extended periods, as seen in Mali, for example (see box 5).

Experience with Joint Implementation Plans emphasized the interdependency and synergies of public and private sector interventions. Lessons included: the importance of recognizing the complexity of joint project interventions; the need for an approach that embraces multiple teams (both client and WBG); the importance of a certain level of scale for efficiency; and taking a longer-term view of the outlook of the sector. These lessons helped WBG

teams in their work and informed the broader WBG collaboration with countries and across transactions. The WBG is now exploring ways to use this approach to implement new WBG diagnostic and programming tools, such as Country Private Sector Diagnostics, and it also serves to inform the new WBG "maximizing finance for development" approach.

IDA'S EXPANDED GUARANTEES TOOLBOX

Guarantees remain an important vehicle for delivering IDA support, particularly to high-impact initiatives such as infrastructure projects, and IDA17 introduced a public sector product to complement existing private sector guarantees.[25] This kind of support to governments and state-owned enterprises strengthened private sector confidence in the ability of these state actors to pay and perform as expected. During IDA17, IDA approved seven guarantee operations, including the first public

The Many Faces of IDA: Zambia

"For quite a long time, we've had quite a bit of interest from the private sector in terms of investing in renewable energy in general, and in solar in particular," says Andrew Chipwende, chief executive officer at Industrial Development Corporation of Zambia. "We haven't had the coherent structure within which to implement this, (but now), with Scaling Solar, what we've been able to do is to develop a coherent, transparent process that the investor and investing public, the private sector, are able to work towards ...the attainment of this 600-megawatt (MW) target, which has been set for renewable energy in Zambia."

Only about one-fourth of the population in Zambia has access to electricity. At the peak of a power supply crisis in 2015-17, the country experienced up to 10 hours a day of "load shedding" or blackouts. In response to this challenge and as part of the WBG's Scaling Solar Energy Guarantee Project, IDA and IFC collaborated to develop a standardized set of project documents to ensure proper risk allocation between private and public sectors. The first pilot round for up to 100MW in Zambia has brought a record 6 US cents per kilowatt hour for solar power in Africa. The auctions held in May 2016, for two solar photo-voltaic plants of up to 50 MW each attracted some of the world's top renewable energy developers. Riding on the success of the first round, a second round of auctions is planned to be launched for up to 300MW in 2018.

Following the success of IDA17 activities, a US$2.8-million guarantee was approved in 2017. It will leverage approximately US$48 million in private sector-led investment that will support the development of a 34-Megawatt peak solar photo-voltaic power plant.

Click here for more on the Scaling Solar Energy Guarantee Project, and here for a story about the groundbreaking auctions that have created new solutions for Zambia's interest in solar energy.

25 IDA's Board approved the new guarantee tool in December 2013, fulfilling its IDA17 commitment early. See *Enhancing the World Bank's operational policy framework for guarantees*, November 19, 2013.

Box 6. Guarantees Close a Finance Gap in Ghana's Efforts to Deliver Affordable, Clean Energy

Ghana faces a shortage of reasonably-priced fuel for power generation and is turning to natural gas, having already made the most of its hydropower potential. To help the country source natural gas from offshore fields, IDA, IFC, and MIGA teamed to offer a range of guarantees and loans that leveraged a further US$700 million from private lenders.

The Sankofa Oil and Gas Project is developed by two private investor sponsor groups—Eni of Italy and Vitol of the Netherlands—working in partnership with Ghana National Petroleum Corporation, which is both an equity investor and aggregator in reselling Sankofa gas to Ghana's domestic power sector.

The project is expected to reduce Ghana's carbon emissions and help it meet its international commitments on climate mitigation, while ensuring it has a stable, efficient, and affordable source of energy.

To enable the Sankofa Oil and Gas Project, IDA provided a US$500 million payment guarantee that supports timely payments for gas purchases by the Ghana National Petroleum Corporation, complemented by an additional US$200 million enclave loan guarantee from IBRD. IFC provided US$300 million in debt financing and MIGA approved a US$215-million guarantee.

sector loan guarantee, which provided an early sign of confidence in this new line of support. The US$1.2 billion committed under these seven guarantees leveraged US$9.9 billion in private capital; a leverage factor of eight-times the IDA funds employed. (For further details, see the companion paper on "IDA17 Support by Global Practices".)

LOOKING AHEAD

IDA17 showcased and confirmed IDA's ability to attract private sector support for a range of projects worldwide. The new IFC-MIGA Private Sector Window of IDA18 should further enhance this record, supported by the WBG "maximizing finance for development" approach. IDA's own engagements remain focused on public sector interventions but as these efforts indicate, it recognizes there are opportunities for IDA to do more to directly incentivize and support private sector engagement in IDA countries. IFC and MIGA's experience with working in IDA frontier markets showed that there is a need for well-targeted direct public support, applied appropriately, to help mitigate the high risks for private investments, address market failures, and promote public goods.[26] The "maximizing finance for development" approach encourages WBG cooperation to help countries maximize their development resources, specifically by drawing on private financing and sustainable private sector solutions to provide value for money and meet the highest environmental, social, and fiscal responsibility standards. At the same time, it emphasizes retaining scarce public financing for those areas where private sector engagement is not optimal or available.

IFC will also reposition its advisory services to support the market creation effort, aided by a new Advisory Strategy and the Creating Markets Advisory Window. Advisory services will focus on targeting regulatory barriers to investment, helping new and existing clients build capacity to overcome investment constraints and develop bankable projects. IFC will further build on proven advisory solutions that help governments implement reforms; enable public-private partnership transactions; build standards and good practices across industries; and increase client performance. Another tool to help increase development impact of IFC's investments is the recently-introduced Anticipated Impact Measurement and Monitoring Framework. The framework assesses the development impact of IFC's operations along two main dimensions: project outcomes (indirect and direct impacts) and contribution to market creation (catalyzed changes in the market beyond those linked to the project.)

26 Also see *WBG Collaboration: Proposal for an IFC-MIGA Private Sector Window* in IDA18, IDA18 Replenishment Paper, June 8, 2016.

II. LEVERAGING PUBLIC RESOURCES

Recognizing that societies can only be as productive and resilient as their public institutions, IDA and its partners sharpened their efforts to ensure that public resources are mobilized and utilized for the greatest possible impact. Weak institutions are at the heart of the challenges many IDA clients face in poverty reduction. The inextricable link between poor governance and persistent poverty is difficult to break, however, as building and operating successful public institutions is a long-term challenge for governments, even in ideal circumstances. The complexity of this challenge is compounded by the volatile conditions found in many IDA countries (particularly in FCSs), where human security, social cohesion, political stability, and economic activity can be uncertain and volatile. IDA supports a broad array of activities that contribute to improved state institutions, public oversight, and accountability, including those that promote public feedback and citizen oversight, transparency programs, and rule-of-law and regulatory programs. These measures help to protect citizen rights and security, encourage private sector growth, and public participation in efforts to spend public resources efficiently and effectively, and hold administrations accountable for their performance.

STRONGER PUBLIC FINANCIAL MANAGEMENT AND GOVERNANCE

Building on its past efforts to help countries improve effectiveness and accountability in the use of their public resources, IDA17 provided clients access to a range of technical expertise in the field of governance that has been gained in local settings but that is augmented by access to the WBG global knowledge base. The organizational restructuring and the creation of Global Practices brought together over 700 specialists from across the WBG that work on implementation of financial management, anticorruption and procurement with those who work on systemic reforms of the public sector. Bringing these teams together has generated a more holistic and integrated approach to our work in governance by linking upstream policy design with downstream implementation issues. It has also allowed the Governance Global Practice to tap more effectively into the deep professional and country knowledge of staff in the field.

Reflecting the centrality of governance issues to development, the portfolio committed to public sector transparency and capacity continues to be the largest component of the World Bank's governance support to IDA countries. IDA17 delivered 28 projects worth around US$900 million that had significant expenditure and finance management aspects and it penned more than 200 studies focusing on related systems and areas for future investment. Another US$400 million from Bank-managed trust funds augmented this work on public financial management.

Box 7. Modernizing and Streamlining Public Financial Management in Ethiopia

Among its 28 projects in support of stronger government financial systems, IDA provided a US$33 million credit to the Government of Ethiopia in 2016 to help its efforts to improve and modernize its public expenditure management systems. The project helped Ethiopia strengthen the effectiveness of internal control systems to ensure proper expenditure management. By streamlining and automating financial management systems, the project improved budget planning and execution, payroll processing, and financial reporting.

The project also improved the regulatory and institutional framework for procurement, which is a central element of public expenditure. In addition to introducing a certification program for procurement staff, the project enhanced the capacity of federal and regional procurement regulatory bodies in market research, data collection, and performance monitoring.

The number of countries that strengthened tax policy and administration with IDA17 support increased from 12 to 20.

To help IDA countries generate the money they need to better deliver services and strengthen institutions, IDA17 helped efforts to support better tax policies and administrative capacity through projects totaling US$44 million. In Bangladesh, for instance, the VAT Improvement Program is working to increase the number of registered active value-added taxpayers, improve the transparency of tax administration, and boost tax intake as a proportion of GDP. The World Bank created a new Global Tax Team to further deepen analytical expertise and provide IDA countries and development partners with a central point to turn to for issues around public resource management. The Bank also teamed with the International Monetary Fund (IMF) to provide clients a Tax Administration Diagnostic Assessment Tool, which measures tax administration performance and provides a global benchmark.

ENGAGING CITIZENS TO MAKE PUBLIC INSTITUTIONS MORE TRANSPARENT, ACCOUNTABLE, AND EFFECTIVE

A country's citizens play a vital role in holding public institutions accountable and making them more effective and transparent, and IDA17 ensured they also have a say in IDA project design, particularly if the project directly touches their livelihoods. This was the aim of the 2014 WBG Strategic Framework for Mainstreaming Citizen Engagement in Operations, which set out to find and adopt the best ways for people to provide feedback on Bank projects. Today, 92 percent of projects include a beneficiary feedback indicator in the results framework, compared to 38 percent at the beginning of the IDA17 cycle, and almost 100 percent of projects were based on designs that benefitted from public input compared to only 25 percent in FY14.

To further strengthen accountability in public management, 27 IDA countries are participating in the Global Partnership for Social Accountability, which builds the capacities of civil society organizations and governments in gathering beneficiary feedback. The Open Government Partnership also includes 17 IDA countries that are committed to transparency, accountability, and citizen participation, and this number is projected to grow during IDA18.

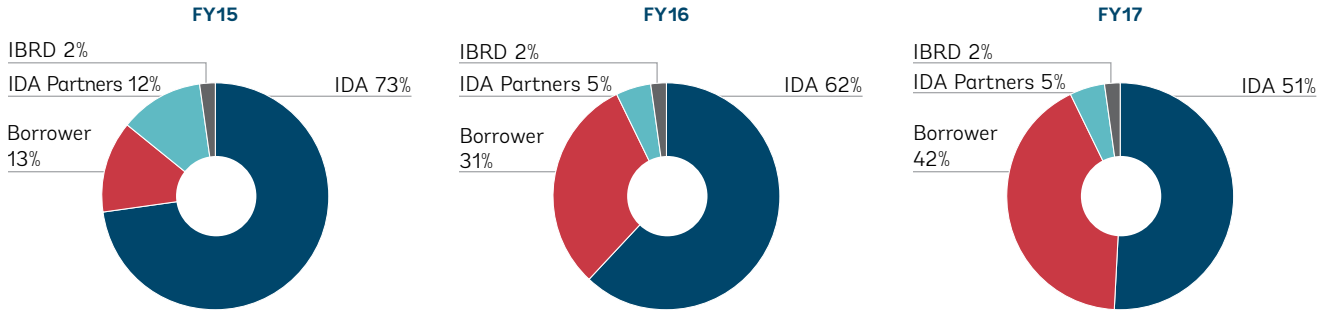
ENGAGING PARTNERS TO LEVERAGE PUBLIC RESOURCES

IDA resources leveraged significant financial contributions from governments and other development partners. IDA17 period saw a significant increase in co-financing from governments and other development partners. IDA's share of total project financing (including IDA, IBRD, borrowers and partners) dropped to 51 percent in FY17 from 73 percent in FY15, while the share coming from others jumped to 49 percent from 27 percent in the same period (figure 13). Regionally, the Africa region received the maximum total project financing, followed by South Asia, and East Asia and the Pacific. It is notable that in South Asia, co-financing from clients during the IDA17 period exceeded IDA financing (47 percent from IDA and 50 percent from borrowers) as a result of two PforR operations supporting large programs with counterpart funding of US$5.5 billion each.

Reflecting the complex challenges in supporting FCSs, IDA significantly boosted its partnerships, particularly with the UN. The World Bank channeled US$1.8 billion through UN agencies in IDA17 (compared with US$500 million in IDA16 and US$1 billion in IDA15), with fragile countries or those in conflict receiving 70 percent of total UN contracts. Through partnering with the UN, IDA supported emergency operations in Yemen, and operations in South Sudan and Haiti, as well as the response to the Ebola outbreak. Among UN agencies, UNICEF received the largest support at US$800 million and then the UN Development Programme at US$250 million.

The World Bank's collaboration with the UN in FCSs has been guided and improved by a new partnership framework drafted in 2017. This strategy emphasizes a joint approach to analyzing country situations and planning World Bank and UN responses, ensuring they mesh with a country's development plans. For example, seven pilot projects were created under a UN-World Bank Joint Humanitarian-Development-Peace Initiative in the Central African Republic, Cameroon, Guinea Bissau, Somalia, Sudan, Pakistan, and Yemen.

Figure 13. Project Co-financing



IDA17 further stepped up partnerships with other multilateral development banks, such as the African Development Bank (AfDB), ranging from exchanges at the corporate level about financial innovations to working closely on the ground. IDA and the African Development Fund (AfDF) worked together in the run up to IDA17 by exchanging ideas and experiences on innovative approaches to financing development and other topical issues affecting both institutions, such as "graduation" from IDA to IBRD, the financial terms offered by each institution to client countries, and ensuring debt sustainability. Both institutions are also collaborating on other continent-wide and global partnerships, such as the Consultative Group on International Agricultural Research (CGIAR), the Global Agriculture and Food Security Program (GAFSP), and the Sustainable Energy for All initiative (see chapter 2, section 3 for further details). Project collaboration includes, for example, in Nigeria, the Water Sector Reform Project III co-financed and with a complementary project in Rivers State supported by the AfDB. The two projects share a management unit, financed by the AfDB. Close cooperation was also central to the IDA-financed Regional and Domestic Power Markets Development Project in the Democratic Republic of Congo, which rehabilitates power generating units in Inga.

During IDA17, the WBG built upon its strong partnership with the Asian Development Bank (ADB) and forged a cooperation framework with the Asian Infrastructure Investment Bank (AIIB). The strong cooperation between ADB and the WBG is evident in the partnership to support Pacific island countries in maximizing economic opportunities, creating jobs, and delivering services. WBG and ADB have shared liaison offices in a number of countries in the Pacific, have coordinated closely on budget support operations and have undertaken joint financing of operations in some areas. An example of how IDA has partnered with ADB and other development actors is the Solomon Island's Tina River Hydropower Development Project. The US$240-million operation is co-financed by seven other partners, including the ADB, which is expected to provide co-financing of US$30 million. The project is slated to have wider transformational benefits well beyond the power sector.

The emergence of the AIIB also presented a new partnership opportunity. IBRD, IDA, and the AIIB signed a co-financing framework agreement soon after AIIB opened its doors in early 2016. Since then, the AIIB and WBG have co-financed projects, including supporting power generation in Pakistan, where AIIB provided US$300 million in co-financing for the Tarbela Fourth Extension Hydropower Project. At completion, the project will add 2,820 megawatts of capacity with clean, renewable, low-cost annual electricity generation of over 4,800 Gigawatt-hours.

LOOKING AHEAD

IDA17 experiences led to the new governance and institutions special theme in IDA18, and IDA is strengthening its focus on measuring results in these key areas to highlight the gains that can be made through good governance and sound institutions. Up to IDA17, the World Bank used four results indicators to measure the strengthening of public financial management, albeit at a high level. In IDA18, governance indicators have been simplified and made more tangible. For example, IDA18 now uses a target of an increase in the tax-to-GDP ratio to above 15 percent in IDA countries to reflect their success in building the resources needed to support public services.

III. LEVERAGING KNOWLEDGE

BOLSTERING THE "KNOWLEDGE BANK" AND CREATING A "SOLUTIONS BANK"

Together with long-term financing and its strong convening power, knowledge is a core part of the unique value that IDA brings to its clients. In line with the Bank's organizational reform and vision, IDA17 underscored the importance of sharpening the institutional focus on generating knowledge, promoting knowledge exchanges across countries, gathering and sharing impact evaluations and lessons learned, as well as providing better technical solutions and higher-quality support. Through the Bank's Open Learning Campus, a massive open online course on climate science engaged over 7,000 participants from 39 African countries. Throughout IDA17, capacity building support through the online campus was provided to e-Learning Africa, a pan-African event in support of ICT-supported education, training, and skills development.

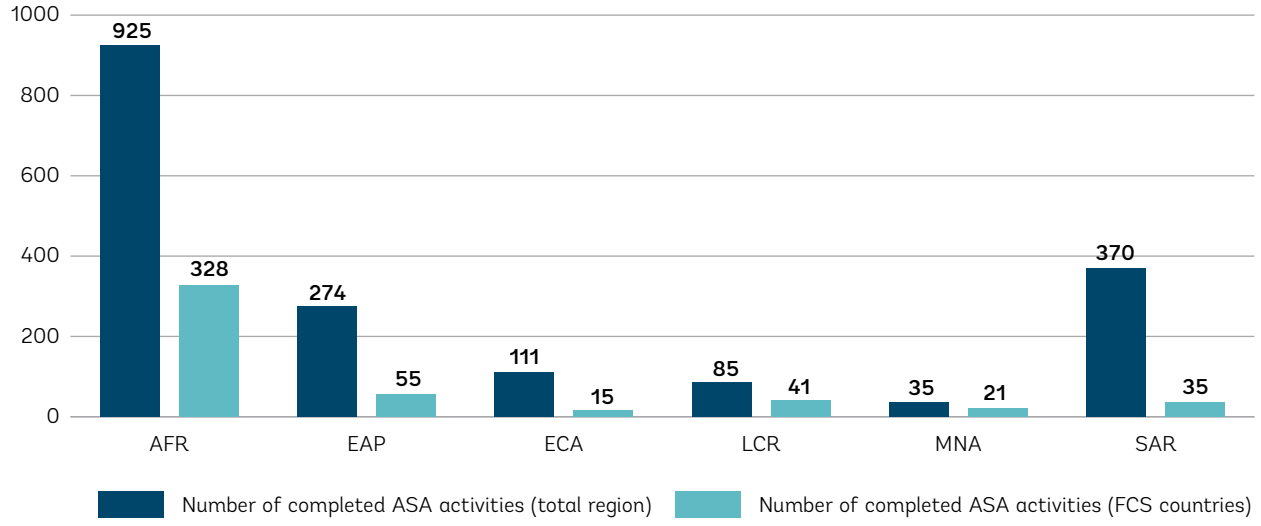
IDA's non-lending activities, including its advisory services and analytics (ASA) work, continued to play an important role in enhancing its operations. During IDA17, 1,800 ASA products—such as analyses, policy recommendations, and research reports—were completed for IDA-eligible countries (figure 14) compared to about 1,000 under IDA16.[27] The volume of ASA works relating to FCSs more than doubled to 495 in IDA17 from 227 in IDA16, representing 28 percent of all ASAs compared to 23 percent in IDA16.

Sound economic management hinges on good data; without reliable and regular statistical information, development flounders. Accordingly, IDA17 has provided clients financing and technical assistance to help them strengthen statistical services. During IDA17, the Bank funded 61 stand-alone statistical capacity building projects in 48 countries (of which 20 were FCSs); and an additional four projects that contained a statistical capacity building component in three countries. The Statistical Capacity Indicator (which provides an assessment of the capacity of a country's national statistical system) for IDA countries was 62.8 in 2017 compared to 62.2 in 2014. Some examples:

- The US$150-million Strengthening Systems for Social Protection and Civil Registration Project in Nepal aims to improve the coverage of social security allowances and civil registration, and the delivery of social security allowances.

- The eBurkina Faso Project is a US$20-million project to improve the government's capacity in and use of information and communication technologies to provide information and public services, and foster entrepreneurship in the digital economy, with a special focus on agriculture and rural areas.

Figure 14. Advisory Services and Analytics Completed in IDA17



Source: World Bank.

27 These numbers – for both IDA16 and IDA17 – do not include advisory and analytical work addressing multiple countries or that had a regional or global focus and that may have included IDA-eligible countries.

Box 8. Highlights of the Ways Knowledge Products Can Drive Development

- Toward a Blue Economy: A Promise for Sustainable Growth in the Caribbean (2016) showcased the critical importance of oceans to economic activity and presented a policy and investment framework. Its recommendations have been taken up at the Small States Forum, and similar analytical work is now being replicated in Asia and Africa.
- In Pakistan, the National Financial Inclusion Strategy provided a foundation for a range of World Bank support for financial sector reforms, including facilities potentially worth more than US$580 million that will benefit housing, infrastructure, and financial inclusion efforts more broadly.
- Regional reports such as Stitches to Riches: Apparel, Employment, and Economic Development in South Asia (2016) and South Asia's Turn – Policies to Boost Competitiveness and Create the Next Export Powerhouse, (2016) were instrumental in supporting clients in thinking through reforms for improving competitiveness, exports, and creating quality jobs.
- In East Asia, the Pacific Possible study of 2017 focuses on a set of potentially transformative development opportunities that Pacific Island countries have over the next 25 years and looks at policy actions that could realize them. In Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy (2016), World Bank analysis presents a path for Vietnam to reach upper-middle-income status in 20 years.

- The US$50-million Kenya Statistics Program for Results supports the Kenya National Bureau of Statistics in generating better and more accessible data.

A recent report by the IEG on Data for Development[28] judged that the World Bank's work in building the capacity of national statistical organizations led to "significant successes" in host countries. The report indicated the Bank continues to have an important role to play, particularly in supporting global data collection on prices and poverty, assisting in household surveys, and coordinating and funding support for national statistical organizations. The IDA18 RMS now tracks the number of IDA countries that are provided statistical capacity building support for the implementation of household surveys, as well as the number of lending operations with civil registration vital statistics.

The number of IDA operations that drew lessons from impact evaluations or other assessments for project design jumped to 75 percent in FY17 from 50 percent in FY13. During this period, one of the key initiatives was the creation of a central library for impact evaluations that were drawn from across the Bank and that are now available to staff. Additionally, the Bank teamed with the UK DFID to create a trust fund that will underwrite impact evaluations across developing countries, allowing policy makers to test, evaluate, and expand innovative approaches. This fund is initially targeting five areas critical for IDA countries: shared prosperity, governance, climate change, gender, and FCSs.

To improve the ways the WBG provides its assistance, the Science of Delivery work program is helping teams better understand today's challenges, gain access to know-how on implementation issues and lessons learned. The Global Delivery Initiative, a collaboration across a growing group of organizations, seeks to promote the Science of Delivery approach by gathering widely-scattered knowledge of what works in international development (see box 10).

28 Independent Evaluation Group (IEG). 2017. *Data for Development: An Evaluation of World Bank Support for Data and Statistical Capacity.* Washington, DC: World Bank.

Box 9. Ensuring Development Results through Monitoring and Evaluation

Several initiatives were introduced in IDA17 to develop and adopt a wide range of evidence-based tools and approaches to strengthen monitoring and evaluation, including:

- The launch of the Results Measurement and Evidence Stream in 2014. This was the first Group-wide initiative that brought together staff, knowledge, innovations, standards, and operational solutions on results measurement and evaluation. This initiative established results measurement as a profession at the WBG, promoted standards across the institution, and shared knowledge around innovative measurement and evaluation techniques, inside and outside the Group. There are now 260 members of this unit across the WBG.

- Reforms resulting from the Implementation Completion and Results Report. These included new methods for gathering lessons learned that ensure they are gathered, processed and made available quickly.

- Reforms of Core Sector Indicators in FY15 to streamline, update, and make them more useful for corporate reporting. Twenty-five new Corporate Results Indicators were developed in close coordination with Global Practices.

- Inclusion of new sub-sections in Project Appraisal Documents and Implementation Completion and Results reports to describe the project's results framework or theory of change, providing a coherent results foundation and high-quality monitoring and evaluation throughout the project cycle.

- A WBG-wide Evaluation Framework laying out core principles and standards for different types of evaluations, their use, and dissemination.

- Increased staff incentives and other measures to strengthen skills, build capacity, and improve the quality of monitoring and evaluation. Steps included staff training and new guidance notes on how to develop good quality results frameworks and provide monitoring and evaluation in operations.

Taken together, these steps aim to significantly improve the scope and quality of WBG monitoring and evaluation to bring them to a far higher standard than that of recent years.

A new PBS documentary, The Crowd and the Cloud, which aired for the first time on the PBS networks across the US in April 2017, brings data like this to life by showing us the real lives behind data points. The "Data for Development" segment in the fourth episode, "Citizens4Earth", follows Living Standards Measurement Study team member Talip Kilic as he travels to rural communities in central and southwestern Uganda. In the episode, James Muwonge, the Director of Socioeconomic Surveys at the Uganda Bureau of Statistics, explains why household surveys like the Uganda National Panel Survey are so important for investment decisions and policy-making, particularly in IDA countries like Uganda.

Box 10. Gathering and Using Know-How – Wherever It Is – to Improve Delivery

Launched in 2015, the Global Delivery Initiative (GDI) is a partnership of international development institutions, practitioners, implementing agencies, non-governmental organizations, academic institutions, and the private sector. During IDA17, GDI:

- Analyzed lessons learned from over 4,000 projects spanning all IDA countries that helped identify frequent delivery challenges such as poor stakeholder engagement, electoral cycles, and cultural and behavioral change. Based on these findings, GDI helps task teams to predict potential delivery challenges and come up with solutions.
- Produced more than 120 case studies, delivery notes, toolkits, and videos based on interviews with over 100 task team leaders, of which around one-quarter drew on lessons from IDA countries. All this knowledge is being shared among Bank operational teams, governments, universities, and other numerous other institutions, such as think tanks.
- Provided direct support to about 50 proposed operations across 12 WBG Global Practices based on lessons learned in similar projects. IDA clients receiving such support included Madagascar, Mozambique, Mongolia, Dominican Republic, Kenya, Uzbekistan, Bangladesh. Project "fact sheets" were provided to 44 projects (21 in IDA countries) to ensure that knowledge and experience was woven into the WBG's work from the design stage.
- Convened 14 workshops and conferences for clients and development practitioners from multilateral development banks, non-governmental organizations, and government ministries to enhance understanding of delivery challenges.
- Developed and launched the GDI platform, which enables practitioners to connect, share knowledge, and find comprehensive solutions on specific delivery challenges. This platform was accessed more than 17,000 times in one year.

Beyond IDA17, GDI is working on developing "country-specific" solutions to delivery challenges, as well as catering to specific delivery challenges associated with achieving sustainable development goals.

SOUTH-SOUTH KNOWLEDGE SHARING: IDA'S ROLE AS A KNOWLEDGE CONNECTOR

IDA17 broadened and refined its approach to helping countries share with each other their knowledge and experiences with development; the so-called South-South connection. Guided by the views of partners in the South-South Facility trust fund, IDA17 saw the adoption in 2016 of a new strategy for this facility that supports "programmatic" delivery of knowledge exchanges – shifting away from a funding mechanism that supported individual exchanges. The new strategy aims to help clients find and implement solutions to their key development challenges by: (i) connecting countries to participate in multiple exchanges over 2-3 years; (ii) making available knowledge-sharing experts who will ensure appropriate design, implementation, and monitoring of knowledge exchanges; and (iii) providing the tools and services to ensure that a country's institutions are well prepared to share their knowledge with other countries. For example, to strengthen the effectiveness of country institutions and improve their service delivery through embracing knowledge and peer-learning, the Bank:

- Developed, tested, and fine-tuned a comprehensive set of tools (such as workshops and written material) that help public sector institutions better realize their potential and improve service delivery by more systematically documenting, sharing, and using their operational experiences and solutions in solving critical challenges.

- Supported the implementation of organizational knowledge sharing capacity building engagements with sectoral and thematic centers of excellence in several IDA countries—Ethiopia (agriculture), Kenya (devolution, environment), Nigeria (urban transport

Box 11. New Research Hub Shares Malaysia's Lessons with More than 50 Developing Countries

The WBG Global Knowledge and Research Hub in Malaysia, created in 2015 as the first of its kind, serves as a global platform to bring Malaysia's development experience to other countries and to carry out innovative development policy research on national, regional, and global issues.

The research hub gathers and presents elements of Malaysia's experience that can serve as tailored lessons for other countries, including information around public sector management, economic development and planning, and modern and integrated financial services. It also engages in development policy research in partnership with local and international research institutions, pursuing activities such as enterprise surveys on the informal sectors in Myanmar and Lao PDR and providing material for the annual *Doing Business* report.

During IDA17, the Hub engaged in over 50 knowledge exchanges and learning activities with the participation of over 50 IDA countries. For example:

- A delegation from Ethiopia went on a study visit to Penang and Kuala Lumpur in April 2016 to learn of the Malaysian experience on special economic zones for industrial development.
- To support the nascent insurance industry in Myanmar, the Malaysian Hub convened Malay and Thai senior insurance regulators and private company representatives (e.g., from AIG, Met Life and Prudential) in mid-2016 for knowledge sharing with over 90 participants from Myanmar.
- Malaysian officials shared their experiences in strengthening pro-development institutions at a joint Vietnam-World Bank conference on economic governance in Hanoi n 2016.

and agriculture and rural development), Niger (public health); Senegal (education), Togo (trade and transport and mining), and Uganda (agriculture).

- Built an online peer-learning platform at www.knowledgehubs.org focusing on the "how to" of knowledge sharing and showcasing the experiences of a wide range of knowledge sharing champions through webinars, e-discussions, interviews, or blog posts.

An example of IDA17 South-South knowledge exchange is 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. Additionally, the Investing in Africa Forum has been convened three times in Addis Ababa, Guangzhou, and Dakar to promote investment in Africa.

IV. IDA'S OPERATIONAL EFFECTIVENESS

Given the focus on maximizing development impact, to deliver the ambitious package of policy measures and performance targets that underpinned the IDA17 framework, the WBG undertook various organizational and operational reforms during IDA17 to boost its efficiency and impact. The IDA Results Measurement System is the central pillar of IDA's strong results culture. The system has been continually refined since its launch in IDA13 to strengthen IDA's focus on results monitoring and measurement at the country, program, and project levels. IDA17 further strengthened IDA's ability to monitor and measure, building on the IDA16 addition of indicators that measure IDA's operational and organizational effectiveness. Highlights are discussed in this section. More details can be found in the IDA17 Results Measurement System (RMS).

ORGANIZATIONAL REFORMS

- **New organizational structure.** To help staff better collaborate and share knowledge across such a multifaceted organization, the WBG created Global Practices and Cross-Cutting Solution Areas. By the end of 2017, 1,300 or 79 percent of IDA projects in the lending pipeline and 36 percent of projects in the active lending portfolio drew upon multiple Global Practices, while around half of the WBG's advisory work reflected contributions from multiple Global Practices. In FY17, 95 percent of clients in IDA countries reported that the Bank brought global expertise to its advisory and analytical work, up from 88 percent in FY15 and the percentage of IDA clients reporting that such activities were likely to achieve intended outcomes rose to 90 percent in FY17 from 84 percent in FY15.

- **Reduced administrative expenses.** The Bank is on target to realize savings of about US$340 million following an expenditure review started during IDA17 as part of the WBG approach to foster a culture of efficiency through a US$400-million WBG-wide expenditure review program. In addition, IDA kept its administrative expenses below revenue and further reduced its administrative costs (as a share of lending portfolio).

- **Disclosing project preparation and implementation cost.** Based on the IDA17 commitment to *publicly disclose preparation and implementation costs for IDA projects*, table 1 presents the values of average preparation and implementation cost, per IDA project, for each fiscal year of the IDA17 cycle.

Table 1. IDA17 Average Preparation and Implementation Cost per Bank-Financed Project and Guarantees in IDA Countries

IDA Bank Budget US$ ('000)	FY15	FY16	FY17
IDA Annual Average Preparation Project Cost[29]	361	379	314
IDA Annual Average Implementation Project Cost[30]	168	170	176

OPERATIONAL REFORMS

- **New country engagement model.** In 2014, a new approach to country engagement was introduced to better serve clients and support the goals of eliminating extreme poverty and increasing shared prosperity in a sustainable manner. The new model encompasses all of the WBG's principal entities working together as one WBG, it repositions the Bank to provide customized development solutions and align its activities with the twin goals, and encourages to work more in partnership with others, including the private sector. The new country engagement model draws on Systematic Country Diagnostics (SCDs) to inform Country Partnership Frameworks (CPFs) more comprehensively. At the end of IDA17, 91 percent of IDA country strategies were underpinned by SCDs. IEG has found the new country analytics and engagement model unveiled during IDA17—utilizing these Diagnostics and Partnership Frameworks—to be key in assessing trade-offs and making strategic choices.[31]

29 Figures disclosed include Bank budget costs associated to preparation of approved projects (Investment Project Financing, Development Policy Financing, and Program-for-Results) in all IDA countries (including blend) during a fiscal year. Expenses include staff costs (labor), travel, and consultant fees (excluding reimbursables and external funds) and costs of fiduciary and safeguards applicable to IDA lending preparation.

30 Figures disclosed include Bank Budget costs associated to implementation of active projects (Investment Project Financing, Development Policy Financing, Program-for-Results) in all IDA countries (including blend) during a fiscal year. Expenses include staff costs (labor), travel, and consultant fees (excluding reimbursables and external funds) and costs of fiduciary and safeguards applicable to IDA lending supervision.

31 Independent Evaluation Group (IEG) 2017. World Bank Group Country Engagement: An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership Framework, Washington, DC: World Bank.

Table 2. Direct Links to IDA17 Overarching Theme and Special Themes in Country Strategies (by Number of Country Partnership Frameworks

	CPF Objectives	CPF Cross-cutting Theme
Overarching	22	1
Special Themes		
Inclusive Growth	24	4
Climate Change	18	8
Gender	9	13
FCV	3	5

Source: World Bank.
Note: CPFs adopted during IDA17 totaled 23.

- **IDA17 special themes (inclusive growth, climate change, gender equality, and fragile and conflict-affected states) featured more strongly in country programs.** The 23 CPFs endorsed during this period reflected IDA17 priorities in their country programs as key objectives, or cross-cutting areas (table 2). Beyond direct focus areas and objectives, these Frameworks included specific milestones, annexes, and proposed programs that translated IDA special themes into practical, concrete projects.

- **Moving in the right direction on speed of delivery.** During IDA17, the median time from concept note to first disbursement shortened by 3 months to 25 months, although this missed the target of 19 months. This can be partly explained by the expansion of the overall IDA portfolio—including big infrastructure and regional programs—and the greater share of resources allocated to high-risk or low-capacity situations, such as FCSs and small states. However, moving forward, continued attention to make further improvements to the speed of delivery is important. Preparation time from project concept note to Board approval, over which the Bank has more control, dropped to 13.8 months from 15 during IDA17.

- **Increased operational efficiency through simplification.** New reporting approaches and "dashboards" helped simplify project preparation and portfolio monitoring, sharpening overall efficiency. Additionally, the WBG introduced an improved projects portal, reformed procurement systems to reduce processing times, simplified risk rating tools, streamlined documentation for investment projects, and brought trust funds into the operations management portal as further improvements.

Box 12. What Others Say about IDA

IDA's performance has been subject to several assessments and reviews carried out by shareholders, shareholder groups, non-governmental organizations, and think-tanks. The assessments uniformly conclude that the World Bank is a top performing organization with global reach and intellectual leadership, which has played a critical role in tackling some of the world's biggest problems such as conflict, fragility, migration, climate change, disaster, and crisis response. Some highlights:

UK Department for International Development's 2016 Multilateral Development Bank Review (MDR)

- IDA was one of only three agencies out of 41 assessed that received top ratings both on delivering against UK priorities and on organizational strengths.
- The MDR highlighted IDA's "global reach, technical capacity, breadth of funding instruments, and convening role".
- The MDR recognized IDA for its ability and capacity in managing risk well and constantly delivering against tough objectives even in a more pressing and challenging environment.
- The MDR highlighted the World Bank's central role in the global system for over 70 years as it tackled some of the world's biggest problems including "protracted conflict and security threats, mass migration, extreme poverty, disease, disasters and climate change".

Box 12. What Others Say about IDA (continued)

Multilateral Organization Performance Assessment Network Review of IDA (2015-16)

- IDA was assessed as a highly satisfactory. The assessment highlighted IDA as a "mature and high-performing organization, which meets the requirements of an effective multilateral organization that is both fit for purpose and can anticipate and adjust to a changing world". It further highlighted the World Bank's comparative advantage, its solid internal structures, policies, top-notch financial knowledge and strong intellectual leadership.
- The Bank excelled in four key areas: unparalleled global reach and financial resources; strong country-level engagement; ability to anticipate and adjust to a changing global environment; and robust oversight, accountability, and due diligence structure.
- The assessment recognized the IDA's the main source of financing for most developing nations which provides "strong intellectual leadership on a broad range of issues of global importance".

Australia Department of Foreign Affairs and Trade (DFAT) Multilateral Organization Performance Assessment of IDA (2016)

- DFAT recognized IDA's strong presence in all countries that are "beneficiaries of Australian aid through bilateral, regional and global channels". The Bank is highlighted for scaling up its engagement with Pacific Island countries.
- The assessment reports that "The Bank Group has also made efforts to strengthen its financial foundations and capacity, in part through the expenditure review exercise that resulted in administrative savings of US$400 million." This helped in building funding flexibility.
- The Bank excelled as "a global leader in coordination, collaboration and knowledge sharing, including its platform role in providing public goods, such as supporting and reporting global poverty data and producing high-quality poverty diagnostics and publications."
- The Bank was rated strong on DFAT's effective accountability mechanism, ascribed to its "several accountability mechanisms to ensure financial management, auditing, risk management and fraud prevention."

Aid Transparency Index of IDA (2016)

- The 2016 Aid Transparency index ranked IDA "very good" for the second consecutive year. The World Bank was among the top-six that consistently performed well.
- The World Bank is distinguished as a "very good" organization that has met the Busan commitment, a list of principles that are key to making development cooperation effective in support of international development.
- The World Bank is commended for its efforts in "dramatically improving the timeliness and comprehensiveness of its aid information." The bank reduced the burden on development partners to provide data while significantly increasing the quality of the data.

Center for Global Development and the Brookings Institution aid assessment (2014)

- A 2014 assessment by the Center for Global Development and the Brookings Institution named IDA as one of the international community's top performing donors, citing IDA's low administrative costs, more predictable aid flows, and large project size relative to other donors.

Box 13. Better Understanding the Costs of Development in Different Fields

To gain deeper understanding and be able to compare operational expenses and costs across countries and by the type of project, IDA piloted 'unit cost' exercises in three Global Practices: Health, Nutrition, Population (HNP); Water; and Energy.

- In HNP, the objective of the pilot was to estimate the costs per birth delivery at health facilities of results based financing in health sector operations in Congo and Zambia. This pilot effort learned that: (i) Country and local context is a major factor; (ii) Detailed cost information by activity is often unavailable; (iii) Robustness of cost calculations depends on the type of estimation methodology; and (iv) Need for more systematic impact evaluations that gather detailed cost information.

- The Water Global Practice had embarked on a similar exercise in 2009 through the Africa Infrastructure Country Diagnostic, a major multi-year attempt to analyze the unit cost of outputs in multiple infrastructure sectors, including water. This diagnostic showed that project components, as well as unit costs, differ significantly over time and place, and that determining the efficiency of different water investments is very complicated, partly because of the difficulty in unbundling cost components and in part because of a lack of comparators.

- The Energy Global Practice reviewed four recent WBG power sector studies building on the Africa Infrastructure Country Diagnostic, with a primary focus on transmission lines and electrification in Africa. The pilot highlighted many reasons other than inefficiency as to why costs may vary, such as: (i) Technical design and specification (e.g., voltage levels, or single/double circuit); (ii) Geographical location, terrain, and climate (e.g., mountainous, wet, urban); and (iii) Market conditions (such as project and market size, or procurement method).

- **Greater agility.** The Agile Pilots Initiative is working to enhance institutional responsiveness, flexibility, and efficiency. Experience through these pilot initiatives led to streamlined reporting procedures for staff; a new lending instrument that allows for Board approval of an overall financing envelope for a long, large, or complex program and authorizes Bank management to commit that financing in smaller phases (or projects and operations); and greater delegation of project restructuring authority to Bank management.

- **Greater transparency in procurement.** A new procurement framework was introduced in July 2016 with the objective of increasing the flexibility, efficiency, and transparency of procurement processes. The framework ensures that the procurement fiduciary integrity of World Bank projects is maintained, while providing greater choice in procurement approaches. One example is the use of Hands-on Expanded Implementation Support in Papua New Guinea where the Bank was able to accelerate the Emergency Tuberculosis Project while providing a transfer of procurement skills to the government in the project's critical start-up phase.

- **Stronger safeguards.** The Bank completed an extensive review of its environmental and social safeguards and adopted the new Environmental and Social Safeguards Framework in March 2017, expanding protections for people and the environment in Bank-financed projects. It introduces comprehensive labor and working conditions protection; an over-arching non-discrimination principle; community health and safety measures that address road safety, emergency response and disaster mitigation; and a responsibility to include stakeholder engagement throughout the project cycle. The framework also places greater emphasis on the use of borrower frameworks and capacity building.

- **Better results measurement.** IDA17 relied on an enhanced RMS to monitor progress in IDA countries, as well as progress on the IDA17 special themes and IDA's own effectiveness.

Box 14. Tailoring Support to Cope with Insecure Environments – Lessons from Afghanistan

To support the World Bank's ongoing efforts in Afghanistan while also ensuring staff safety, the WBG relied on approaches that combined financing flexibility with a shift in locations.

Recognizing the increasing security risks of a large presence of international staff in the Kabul office, most international staff were moved to Dubai in March 2014. Third-party monitoring was undertaken for several important, geographically scattered investment programs.

To ensure continued financial support in a fluid environment, longer-term programs are often approved initially for a short period and then extended with additional financing if they are performing well. This allows greater flexibility to restructure in a timely way and transfer funds between operations.

OPERATIONAL EFFECTIVENESS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS

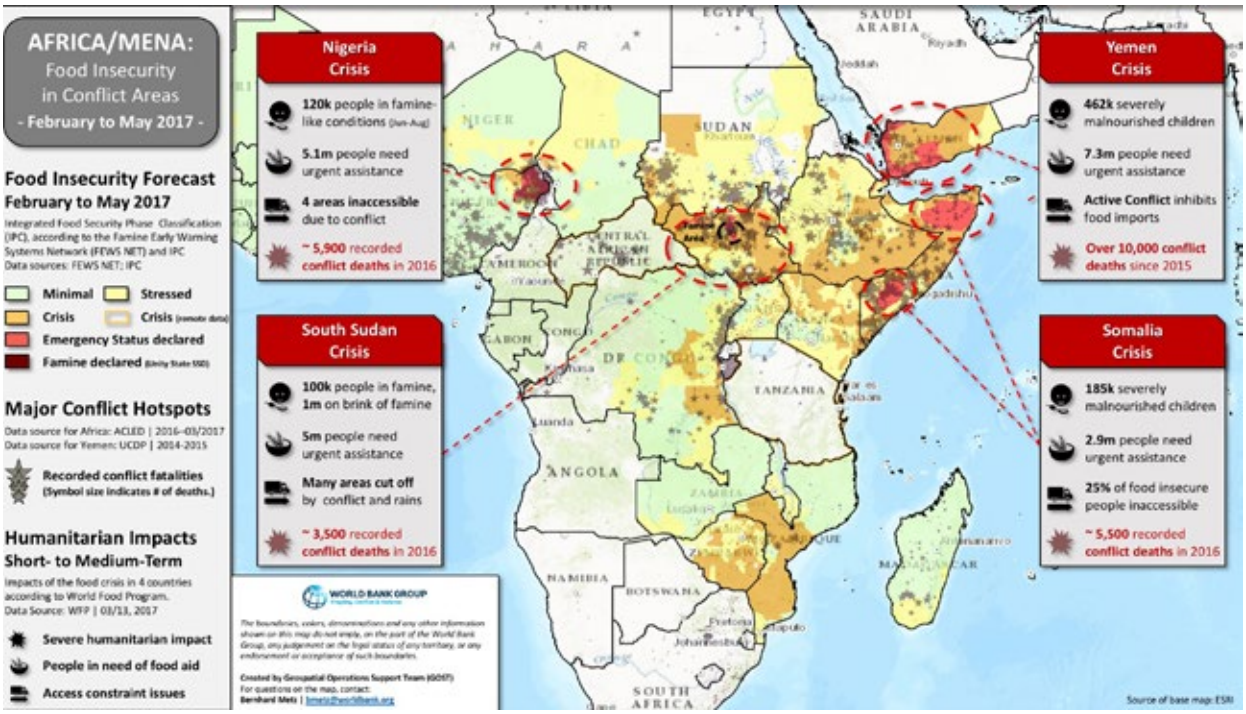
The new crosscutting team for FCV, based in Washington, D.C., with a global operations support team in Nairobi, enhances and expands the WBG's strategic work with FCSs. The FCV group provides analysis around and approaches to fragility, knowledge management, country advisory, partnerships, and responses to forced displacement. The team added 36 professional staff in IDA FCSs at the end of FY17, bringing the FCV crosscutting team's size to 372.

IDA17 led to reforms around increased operational coordination, support for tailored solutions, and learning through new standards for government contracting of UN agencies using Bank funds (now in place for five of 10 key UN partners). It also created a UN response unit to aid Bank teams and prepared guidance notes on the WBG's mandate and authorizing framework in FCSs.

WBG teams aim to improve project design to help better cope with insecure environments, including through third-party supervision, remote monitoring systems in inaccessible areas, and operations through non-governmental organizations or UN agencies. Lessons from Afghanistan (see box 14) demonstrate that, despite security risks, the WBG can still have an impact if there is flexibility and willingness to adopt innovative approaches.

Bringing high technology approaches to bear in fragile and conflict-affected settings. Geospatial platforms—which allow people on the other side of the world to access real-time data and analysis through ICT—are increasingly leveraged as tools for remote planning and monitoring of project interventions, complementing activities on the ground. For example, geospatial analysis in the context of the famine response in early 2017 delivered map-based diagnostics to expose the interrelation of various crisis drivers and outcomes, including food insecurity, conflict dynamics, and forced displacement (figure 15). In addition, mapping of development needs and the local presence of partner organizations has helped to effectively plan relief and development support in countries like Somalia and South Sudan, despite significant access constraints for WBG teams.

Figure 15. Geographic Mapping for Analysis and Communication of Related Crisis Issues



Source: World Bank Group Climate Change Action Plan (2016-2020).

Box 15. Drones, Phones, and Big Data: Putting 'Disruptive' Technologies to Work

Digital innovation is changing the development landscape rapidly. 'Frontier' or 'disruptive' technologies offer many advantages in helping Bank teams meet local needs and challenges. These new technologies can be developed and used with little cost, can be scaled to almost any challenge, and are more agile in grasping new opportunities. IDA projects implemented during IDA17 worked through drones, remote sensing, big data, 'smart cities', the internet of things, social media, digital identification, geo-reference data, mobile money, smart energy, and more to deliver critical assistance to clients. For instance:

- Providing access to affordable, reliable, and sustainable energy by leapfrogging traditional grid-based and urban-focused generation and distribution systems.
    - » Off-grid services: "Pay-as-you-go" services on mobile payment systems are driving energy access in East Africa. In Ethiopia, over 1 million households are gaining access to energy with solar lanterns and home systems. In Mozambique, access in rural areas through off-grid renewable solutions, such as solar panels, has provided power to over 500 health centers and 300 schools.
    - » Smart grids: Smart metering, distribution automation, and advanced supervisory control and data acquisition systems offered significant improvements in the reliability, flexibility, efficiency, and sustainability of power grids. Smart grids are boosting the uptake of renewable energy in countries such as Vietnam, Kenya, Niger, Laos, and the Dominican Republic.

- More cost-effective project monitoring in remote areas and fragile situations. In the wake of the security crisis in Mali, a new monitoring system collected information from beneficiaries via tablet computers and mobile phones.

- Using internet, mobile communications, and social media to better respond to crisis situations such as floods, earthquakes, epidemics, and conflict. In Nepal, engineers used a customized phone application to survey over 700,000 damaged households following the 2015 earthquake. Drones helped guide post-disaster needs assessments in Vanuatu. In Guinea, Liberia, and Sierra Leone, mobile phones were used to make direct payments to Ebola response workers.

- Using big data for real-time monitoring of project progress and using smart systems to automate tasks. In Vietnam, the Mekong Delta Climate Resilience project is expanding monitoring systems using remote sensing on water quality and modelling.

- Digitizing public records for better access to public and financial services. IDA supports digitization of civil registries, health records, education records, and land rights. In Nepal, IDA supported the establishment of a population register and the expansion and adoption of e-payment for social security allowances.

- Smart cities: The use of 'smart systems'—ranging from energy-saving street lights like to connected, real-time water sensors—can help municipal administrations save money and improve services. In Bangladesh, a smart city information communications technology system is being developed for an urban development project.

The Many Faces of IDA: Kosovo

Kosovo faced a daunting challenge in the wake of the conflict there in 1999, as tens of thousands of properties were left damaged, destroyed, or abandoned. Complicating matters, property ownership and sales were often unregistered, owing to weak services. A US$12-million Bank initiative is changing this: Kosovo's Real Estate Cadastre and Registration Project has helped improve tenure security and develop land and property markets across the country. Now, ownership is being registered through a simplified system, and rights to property are being guaranteed. A specialized drone was used for cadaster mapping.

The project also promoted the importance of women's property rights. For example, experts from the World Bank met with women from the Krusha village to encourage ownership rights. The village is populated largely by war widows, yet less than 8 percent have property titles.

In addition, the project helped renovate central and regional cadaster offices, introduced the Kosovo Land Information System across the office network, and created a national "Geoportal" that has seen a surge in the number of users since 2016. The number of property transactions registered has nearly doubled, from 27,500 in December 2008 to around 50,000 today. Furthermore, the average number of days it takes to record the purchase or sale of property in the land administration system has been reduced from 30 days in 2008 to less than 10 days today. Around 162,000 people recorded use or ownership rights as a result of the project and 146,192 land parcels were recorded – including 3,040 building plots and 41,552 apartment units. Women recorded more than 500 building plots and 6,981 apartment units.

Click here for more on the Real Estate Cadastre and Registration project in Kosovo.

Photo: The World Bank's Innovation Labs are testing the use of aerial drones in World Bank projects, including in Kosovo.

SECTION 3: SPECIAL THEMES: INCLUSIVE GROWTH, GENDER EQUALITY, CLIMATE CHANGE, AND FRAGILE AND CONFLICT-AFFECTED STATES

IDA Special Themes, introduced in IDA14, help sharpen and guide IDA's priorities agreed with shareholders in country program implementation. The IEG, in its report Learning from IDA Experience: Lessons from IEG Evaluations, found that these "thematic areas are fully consistent with the WBG's twin goals and the SDGs."[32] Three IDA17 special themes were carried forward from IDA16: gender equality, climate change, and FCSs. In addition, IDA17 introduced the new theme of inclusive growth.

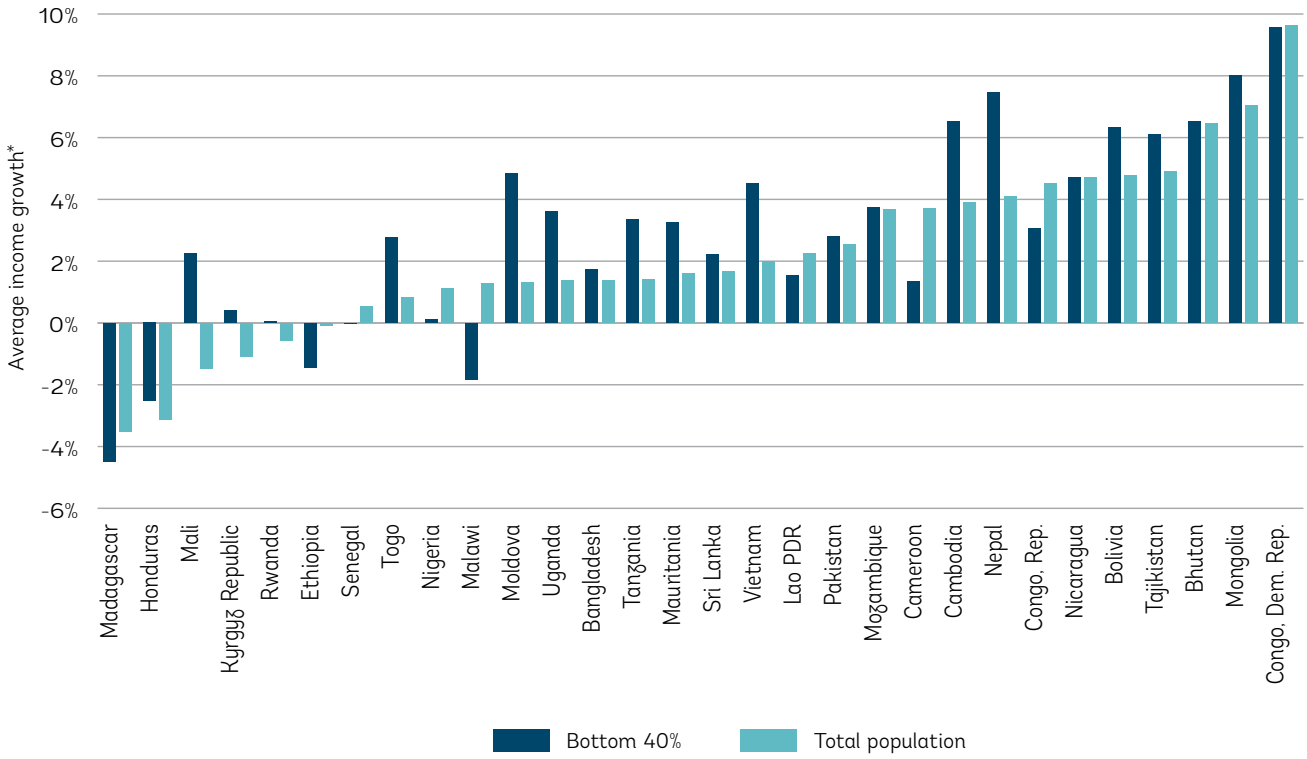
1. INCLUSIVE GROWTH

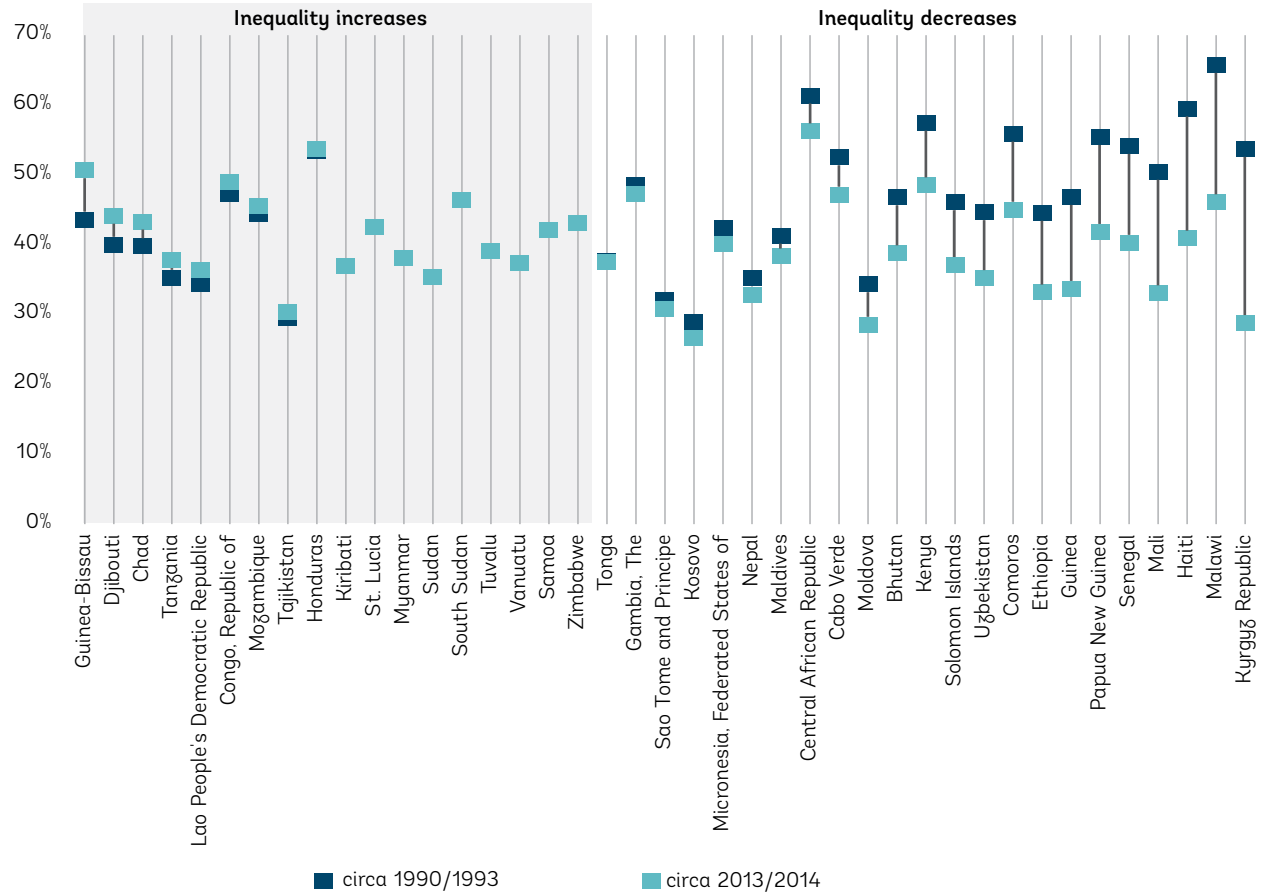
ADDRESSING INEQUALITY IN IDA COUNTRIES

IDA17 adopted "inclusive growth" as a special theme to reflect the urgent need to address rising inequality in many IDA countries, as well as its centrality to achieving the WBG's twin goals. In spite of positive trends, including signs of income growth for the bottom 40 percent of income-earners in most developing countries, much remains to be done to make growth more inclusive in IDA countries.[33] Available income data confirms that while inequality decreased in the majority of IDA countries over the past 20 years, the gap still widened in a significant number (figure 16).

32 Independent Evaluation Group (IEG). 2016. *Learning from IDA Experience: Lessons from IEG Evaluations*. Washington, DC: World Bank.
33 World Bank. 2016. Poverty and Shared Prosperity 2016: Taking on Inequality. Washington, DC: World Bank Group.

Figure 16. Inclusive Growth Seen Across Most IDA Countries





Source: World Bank, based on PovCalNet.

[1] *Note:* *Annualized growth in mean income/consumption per capita during a 5-year period between 2003 and 2013.

IEG lessons emphasize that IDA17's focus on inclusive growth brought previously missing attention and a comprehensive approach, particularly to the issues of jobs, youth employment, financial inclusion and natural resource management for poverty reduction. There remains the need to sharpen the poverty focus of this agenda, especially to: reach the rural poor; emphasize fiscal and environmental sustainability; promote quality education and skills development; expand diagnostics; identify links between challenges; and design more innovative delivery models. For instance, as IEG reports, a comprehensive approach has been missing in the Bank's youth employment programs – indicating the need for strong diagnostics to inform policy and program design.

GENERATING JOBS

To confront the jobless growth in many IDA countries, IDA17 augmented its efforts to attract private sector help by focusing even more closely on the employment agenda to identify ways it could help accelerate job creation. This challenge is immense in IDA countries and is aggravated by demographic pressures, with an estimated 600 million new entrants into the labor market over the next decade (based on latest data from IDA18). Reflecting IDA17's greater emphasis on creating work opportunities, close to 400 jobs-relevant projects were under implementation or in development in IDA countries by the end of the IDA17 term. The Bank also created the Jobs Cross-Cutting

The Many Faces of IDA: Ethiopia

Serkalem Belay had a growing business refurbishing old vehicle parts for sale at her workshop, but she struggled to find the money to make the most of her opportunities. She applied for a loan of 700,000 Birr from Wasasa, a microfinance institution supported by the Women Entrepreneurship Development Project. Serkalem had applied for business loans in the past, but had never been able to obtain a loan size that met her needs. Serkalem used the loan from Wasasa to purchase additional workshop materials and to hire new employees. In three months, Serkalem's workshop had grown from six to 12 full-time employees and her monthly profits jumped 50 percent.

Since 2012, Ethiopia has drawn upon IDA funds and expertise to dramatically transform the landscape for in favor of women entrepreneurs, supporting over 10,000 women with loans and business training. The Women Entrepreneurship Development Project that supported this initiative is an IDA investment lending operation designed to address the key constraints for growth-oriented women entrepreneurs in Ethiopia.

The project's objective is to increase earnings and employment for women-owned enterprises in Ethiopia. It created the country's first ever women-entrepreneur focused line of credit in 2013 and the sudden demand has been staggering. The Women Entrepreneurship Development line of credit is providing roughly US$2 million in loans to growth-oriented women entrepreneurs every month, far exceeding initial targets. In tandem, several hundred women participate each month in the project's cutting-edge entrepreneurship training program, which draws lessons from modern cognitive psychology and equips participants not only with business skills in the traditional sense, but also with the ability to think like an entrepreneur.

Click here for more on The Women Entrepreneurship Development Project.

Photo: Serkalem Belay owns an industrial machinery workshop.

Solutions Area (now the Jobs Group) and the umbrella multi-donor trust fund on jobs, among other initiatives.

Guided by the 2013 World Development Report on Jobs, IDA17 strengthened its knowledge base and introduced a new analytical product: "Jobs Diagnostics". The patterns of growth and economic transformation and their links to jobs vary considerably across IDA countries. At the same time, a common theme in many IDA countries is that, despite growth, economic transformations lag or the process fails to generate quality, sustainable jobs. "Jobs Diagnostics" therefore analyze both the supply and demand sides of the labor market to give a comprehensive picture of the opportunities and challenges in them. In total, 15 jobs diagnostics (including six in FCSs)[34] were developed during IDA17 and have laid the groundwork for better job-oriented strategies and operations at country level. For example, in Zambia, the jobs diagnostic (together with a value chain analysis) supported by the Let's Work Partnership, steered IDA support towards areas with the best prospects for connecting the poor with quality work. The design of the Zambia Agribusiness and Trade Project was also shaped by these analytics, connecting smallholder farmers with commercial aggregators and small- and medium-sized agricultural processing facilities.

Several lessons emerged from the Jobs Diagnostics tool for delivering more successful jobs outcomes: the jobs diagnostics help expand access to markets, promote labor mobility, support urbanization, strengthen the capabilities of firms, and help create a lower-risk business environment for investors. First, expanding access to markets through improved infrastructure, trade integration, and value chain strengthening is central to improving firm dynamics, job creation, and productivity, and to enabling more rapid structural transformation. Second, supporting labor mobility through building skills, risk mitigation, and enhanced access is critical to better connect workers to jobs. Third, supporting urbanization, including the development of secondary towns helps establish an environment that supports both the demand and supply side of the jobs equation. Finally, translating the themes above into jobs and economic transformation requires addressing constraints to private sector investment by strengthening the capabilities of firms and enhancing the risk-return environment, including through infrastructure investment, an improved investment climate, and markets that provide the right incentives. To enhance the effectiveness of the diagnostic tools, continued efforts are needed to close data gaps, especially in standardized business data for labor demand, given the dominance of the informal sector and household-based enterprises in most IDA countries.

FINANCIAL INCLUSION

IDA17 support to financial access—another key aspect of inclusive growth—was an integral part of progress toward the WBG goal of Universal Financial Access by 2020. The WBG put forward this goal in 2013 and set targets such as access to a transaction account by one billion previously unbanked adults. As part of this effort, IDA provided technical, advisory, and financing support to 23 countries during IDA17, more than doubling the target of the IDA17 policy commitment. Of these countries, 12 are in Sub-Saharan Africa. This support includes comprehensive programs of technical, knowledge, and financial support for the design and implementation of national financial inclusion strategies, reforms and investments in innovative payment and financial services.

A common theme in many IDA countries is that, despite growth, economic transformations lag or the process fails to generate quality, sustainable jobs.

The broader and smarter use of data is central to the financial inclusion agenda under IDA17, showcased in the Bank's support to the Global Findex Inclusion Database (Global Findex). Global Findex is managed in partnership with the Bill and Melinda Gates Foundation to better measure innovative payments, mobile banking, and financial literacy. The Global Findex database measures how adults use accounts, make payments, save, and manage risk in more than 140 economies representing more than 90 percent of the world's population. As of 2017, the Global Findex covered about 60 percent of IDA economies. Policymakers in IDA economies have used Global Findex to help them develop national financial inclusion strategies in partnership with IDA and others. For example, the State Bank of Pakistan uses the Global Findex in its financial inclusion strategy and Nigeria uses it to track progress toward national financial inclusion goals.

34 These countries are Afghanistan, Bangladesh, Burkina Faso, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Haiti, Kenya, Kosovo, Kyrgyz Republic, Moldova, Rwanda, Sierra Leone, Tajikistan, and Zambia.

FOSTERING GOOD GOVERNANCE OF PUBLIC RESOURCES

IDA17 continued to support governments seeking to improve the quality and efficiency of public service delivery to foster inclusive growth. During IDA17, the Governance Global Practice was formed to leverage global best practices to provide IDA support and it brought together IDA's diverse efforts in supporting reforms in public financial management, tax policy and administration, procurement, and capable, inclusive and accountable institutions. Ultimately, the aim is to ensure IDA countries can better generate, manage, and use public resources for the greatest impact. For example, in Burundi, IDA supported program-based budgeting, improved government statistics, a revamped mining code, and introduced more predictable tax policy; and in Bangladesh, the Value-Added Tax (VAT) Improvement Program is working to increase the number of registered, active VAT taxpayers.

To help ensure that the poor are able to share in the prosperity from mineral discoveries in IDA countries, IDA17 strengthened its focus on governance and accountability in the extractive sector. IDA remained the partner of choice to provide technical assistance on oil, gas, and mining sector reforms to its clients —an important role considering the transformative nature of extractive industries. At the end of IDA17, the extractives sector portfolio amounted to US$810 million across more than 60 resource-rich countries. IDA support was extended to almost all countries—52 in total—eligible under the Extractive Industries Transparency Initiative (EITI). IDA assistance focused on furthering the implementation of this initiative, as well as improving legal and regulatory frameworks and revenue collection from extractive industries and increasing local content and the impact of extractive industry investment.

A country's commitment to sound management of its mineral wealth can bring a number of immediate benefits, including lower-cost financing. For example, Moody's Credit Rating Agency cited Senegal's candidacy in EITI as a reason for upgrading the country's credit rating in 2014. Many other countries see these and other benefits and are following suit. Albania passed legislation in 2015 requiring all hydrocarbon contract holders and national and local governments to report all revenues and payments based on an EITI standard. Other examples:

- Mongolia developed an electronic reporting system for its mining and petroleum companies under the EITI requirements that has been used by 987 mining companies since its launch in 2015. The country also helped improve dealings between local communities and miners by creating community development agreement models to guide their relations.

- IDA partnered with the AfDB on a new online portal for African mining laws (the Africa Mining Legislation Atlas), which aims to support capacity building among law makers and improve accessibility of mining laws across Africa.

- IDA provided support for improvement and updates of legal regimes for oil, gas, and mining in client countries in, among others, the Democratic Republic of Congo, Madagascar, Malawi, Mozambique, Sierra Leone, Mongolia, Uganda, and Myanmar.

Under IDA17, the Bank deepened its efforts to help countries be more transparent around their budget processes. In particular, it promoted the "BOOST" data tool, launched in 2010, to help countries make their spending data more accessible, allowing for better use in budget preparation and promoting better analysis and accountability. Essentially, it is a way to enhance a government's ability to design and manage policies for inclusive growth. Combining a government's own data with a template format, the BOOST data platform makes highly granular fiscal data accessible and ready-to-use. IDA17 delivered BOOST databases and user manuals in 36 IDA countries (including in seven countries heavily reliant on natural resources), considerably surpassing the target to prepare 20 BOOST packages. The tool has resulted in better access and improved spending analysis, with almost half of the 36 countries agreeing to publicly disseminate their BOOST platforms. In addition to supporting public spending reviews, the BOOST databases have also underpinned results indicators in lending (e.g., in Tanzania) and to support government open data initiatives (as in Burundi).

The BOOST framework is also part of the WBG's efforts to help Haiti improve its public financial management approaches, which will be essential to the island nation's continued recovery from recent disasters and its efforts to help its poorest citizens. BOOST is helping the government bring together badly fragmented information on public spending and the resulting database is being used for analysis to prepare a Public Expenditure Review. In addition, the BOOST exercise in Haiti has identified data quality issues, as well as problems in budget classification, that now can be addressed to ensure better use of public spending and investment.

LOOKING AHEAD

While the platform for inclusive growth during IDA17 was broad-based and progressive, it will benefit from a greater focus and a narrowing of the scope of this important agenda. IDA17 experiences with Jobs Diagnostics point to the need to better integrate jobs in analytical work, and country programming and lending. There need to be specific goals in terms of job creation, job quality, and labor markets among the outcomes for vulnerable population groups. A new generation of jobs lending operations is emerging, drawing from country jobs strategies that address macroeconomic fundamentals, labor supply, and labor demand in a balanced manner. Many are youth employment programs, responding to the record number of young people becoming working age; 60 million each year globally. Building on the integrated public and private solutions to the jobs agenda during IDA17, IDA18 introduced a new special theme on Jobs and Economic Transformation and, in addition, established a new instrument to crowd in private sector investments, the IFC-MIGA Private Sector Window.

II. GENDER EQUALITY

While gaps between women and men, boys and girls are decreasing in IDA countries, many gender equality challenges remain. The maternal mortality rate remains very high and IDA countries face major gaps in economic opportunity, with women's labor force participation, employment status, job quality, and access to productive inputs consistently trailing those of men. Financial inclusion remains a challenge: while more than 79 percent of adult women and men in IDA countries remained unbanked in 2014, women trail men by nine percentage points. Women and girls in IDA countries often continue to be deprived of voice and agency, and experience a high incidence of gender-based and sexual violence, especially in situations of fragility and conflict. IDA countries will still require continued support to close these gaps. Under IDA17, the WBG took steps to improve its ability to respond to the stark challenges posed by remaining inequalities between women and men, boys and girls. Coming on the heels of the *2012 World Development Report on Gender Equality and Development*, and drawing on lessons from the implementation of IDA16, IDA17 set out to accelerate the World Bank's work to reduce gender gaps.

IEG evaluations have validated these trends. Its reviews have confirmed that there is greater gender integration across IDA country strategies, including effective mainstreaming within health, education and community-driven development portfolios. The World Bank's internal focus is raising the bar on commitments and analytics, including impact evaluations, as envisaged in the Gender Strategy. At the same time, IEG has noted the need to intensify actions to address gender-based violence against women and their economic empowerment; gender mainstreaming across sectors, data and statistics; and strengthening monitoring and evaluation systems for gender – key focus areas of IDA18 efforts.

TOWARD MORE CONCRETE GENDER RESULTS

The IDA17 gender focus was guided by the WBG Gender Strategy[35] that was adopted in December 2015, the result of consultations with over 1,000 stakeholders in 22 countries. IDA helped spark the development of this new strategy, which sets a higher bar by focusing on tangible activities that transform lives by effectively closing opportunity and outcome gaps between males and females. The strategy focuses on four objectives: (i) Improving human endowments – health, education and social protection; (ii) Removing constraints for more and better jobs; (iii) Removing barriers to women's ownership of and control over assets; and, (iv) Enhancing women's voice and agency and engaging men and boys. It seeks to address unfinished business in areas such as maternal mortality, while taking aim at emerging challenges such as those associated with ageing populations, climate change, slow economic growth, and lagging job opportunities. The launch of the new strategy helped influence the design of new operations, and new modules of ongoing operations, especially during the second half of the IDA17 cycle.

- For instance: In India's Jharkhand state, a US$63-million IDA credit is supporting the Socioeconomic Empowerment of Adolescent Girls and Young Women Project to help 680,000 adolescent girls and women in 17 districts complete their secondary education and acquire market-driven skills. They also receive life skills training in resilience as well as in communication, problem-solving, and goal-setting, on rights and protection (covering topics such as early marriage, child labor, safe migration, and gender-based violence), health and nutrition, sanitation, and financial literacy.

35 World Bank. 2015. *World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction, and Inclusive Growth.* Washington, DC: World Bank.

The Many Faces of IDA: India's Bihar State

Shakila Khatun is a small holder farmer in Purnea district of Bihar, India. Like many small farmers she could not get a fair price for the maize she produced; until last year, she was forced to sell her maize to a trader who bought it without explaining how he arrived at the offered price. Things are different now. Khatun is part of a smallholder farmers' "producer company", a collective managed by 1,465 women farmers. Last year, she sold nearly 30 metric tons of maize to the company, earning 20 percent more than the previous year.

"We are happy with the way things are going. Our target is to procure at least 5,000 metric tons. Last year we did 1,048," Khatun says. Members of the company use online trading platforms to discover fair prices for their produce. The company runs the transactions and stores the produce in a warehouse.

Khatun is one of hundreds of thousands of women in Bihar who have been helped through the IDA-backed Bihar Rural Livelihoods Project, popularly known as JEEViKA (livelihoods). The decade-long project has seen more than 1.8 million women from rural poor households organize into nearly 150,000 self-help groups, 9,500 village organizations, and 161 federations. So far, these community institutions have leveraged nearly US$93 million from commercial banks while mobilizing more than $23 million in their own savings.

The impact has been significant. The community institutions have reached more than 400,000 farmers with a one-stop-shop for agriculture including credit, inputs, digital agriculture extension, and farmers' field schools. They have supported many women in developing nutritious kitchen gardens at home and an intensive campaign on health, nutrition, water, sanitation and hygiene resulted in significant changes for women and households.

Photo: Women farming smallholder plots in India's Bihar state are forming their own groups to get better prices, rather than relying on opaque and unfair trading systems

All regions implemented and monitored specifically-tailored gender action plans under IDA17. All regions had active gender action plans under IDA17, serving to focus the attention of regional management on development outcomes for men and women and proving useful in garnering support for activities to empower women and girls at the country level.

IMPROVING ACCOUNTABILITY, MONITORING, LEARNING AND INNOVATION

A central objective under IDA17 was improving gender accountability, monitoring, learning, and innovation. In FY17, a new gender tag was launched in the operations portal to help track projects that seek to narrow a gender gap related to the Gender Strategy's four pillars and that have a clear results chain for achieving and measuring results. The new tag helps track outcomes through the Bank's standard operational reporting mechanisms. On data, IDA17 helped roll out activities to increase sex-disaggregated data and gender statistical capacity in 21 IDA countries.

Regional "Gender Innovation Labs" have been created to evaluate innovations in promoting women's economic opportunity. The Gender Innovation Labs conduct impact evaluations, often of IDA-funded projects, that assess the outcome of development activities to generate evidence on how to close the gender gap in earnings, productivity, assets, and agency. Three labs were active in the Africa, South Asia, and East Asia, and the Pacific regions during IDA17. The Labs performed 75 impact evaluations, with most taking place in IDA countries in Africa. For instance, a 2016 impact evaluation of non-cognitive skills development in Togo demonstrated that women who received innovative entrepreneurial training —focused on personal initiative—saw their profits increase by 40 percent, compared to 5 percent for those who had received traditional business training. This project is now being replicated in operations in Ethiopia, Mauritania and Mozambique, as well as in Mexico (an IBRD client), and in a program in Jamaica run by the Inter-American Development Bank (IDB).

IDA17 enhanced its ability to prevent and address gender-based violence. The WBG's involvement in addressing this scourge falls into three broad categories: first, supporting programs to reduce intimate partner violence; second, developing interventions to improve the safety and security of women in public transport systems and the workplace; and third, developing integrated health and livelihood approaches for women in conflict areas who are at risk of displacement, violence, and rape. Progress has been achieved around intimate partner violence legislation. In 1976, only one country had laws against intimate partner violence. In 2015, 127 of the economies covered in the publication Women, Business and the Law 2016 had such laws. Nonetheless, violence against women and girls continues to be among the most egregious and commonly experienced abuses of women's rights. Almost one-third of women globally have experienced either physical or sexual violence or both by an intimate partner. Treatment and support for survivors is critical, but across the globe the majority of women (60 percent) who experience violence never seek help or report violence to anyone.[36]

In spite of challenges related to changing behaviors within households, IDA17 focused on increasing IDA's impact against gender-based violence, building on lessons from IDA16. A notable example of a larger project dedicated to gender in the IDA17 cycle includes the US$200-million Multi-Sectoral Crisis Recovery Project for North Eastern Nigeria of 2017, which is working to increase access to public services for women, to mitigate and prevent gender-based violence, and promote the engagement of women in peace-building and conflict resolution. In addition, the US$205-million Sahel Women's Economic Empowerment and Demographic Dividend regional project has been working with the governments of Burkina Faso, Chad, Côte d'Ivoire, Mali, Mauritania, and Niger to empower adolescents and women through access to health care and conditional cash transfers, in order to prevent early marriages and school dropout.

LOOKING AHEAD

The past two decades have seen significant progress in raising living standards and closing gaps between men and women, especially in education and health, yet critical disparities persist in economic opportunity as well as in voice and agency of women and girls. Improvements mask steep income variance in access to services, with women in poorer households and poorer countries facing widening gaps with their richer counterparts. Increased access to schools has helped close female-to-male gaps in enrollment, completion of primary school, and transition to secondary school in all developing regions. However, issues of learning and quality of services remain, and in some regions, reverse gender gaps—whereby males are disadvantaged—are appearing at secondary and tertiary levels.

36 World Bank. 2014. *Empowering Women and Girls for Shared Prosperity*. Washington, DC: World Bank.

Women lag behind men in most measures of economic opportunity. Even though the gap between male and female labor force participation narrowed between 1990 and 2013, female labor force participation remains around 55 percent. Women are less likely to work full time, and when they work they earn 10 to 30 percent less than men.[37] Female owners of formal small and medium-sized businesses face a credit gap of roughly US$300 billion.[38] Gains in voice and agency are uneven, with changes in the enabling environment still not fully translated into practice. Gender-based violence is a constraint to women's voice and agency, especially in FCSs. Companies realize they are affected as well, particularly in countries with high incidence of intimate partner violence, where they often record a loss of productivity. More countries have adopted laws against child marriage, but in one-third of the countries for which data are available, more than 30 percent of girls are married by age 18. The proportion of seats held by women in national parliaments has increased from 13 percent in 1990 to 22 percent in 2014, but these are small absolute gains. Gender equality is also about changing the norms and expectations about female and male roles and ultimately changing power relations, with men as key actors for, and beneficiaries of, fostering a more balanced distribution of power within governments, companies, formal and informal institutions, and households.

For IDA, there is much to be done to address this unfinished business. Moving forward, IDA's work in the area of gender requires a stronger focus on impact evaluation, tracking of results and lessons learned. For IDA18 and beyond, concrete measures that can contribute to these objectives include:

- Impact evaluations on women's economic empowerment have informed policy and operations, especially in Africa, but need to be expanded. New Regional Gender Action Plans will be launched and implemented in the Europe and Central Asia Region, the Middle East and North the Africa Region, and Africa Region.
- The experience from IDA17 also shows the importance of focusing on results and value for money with greater use of evidence and lessons learned when working to close gaps. Implementation of the new gender strategy involves rolling out a tracking mechanism to better capture lessons and results throughout the implementation cycle and, critically, at the close of an IDA-funded project. It will be important to continue to build on the work that has been done under IDA17 in these areas

III. CLIMATE CHANGE

With climate change threatening to roll back decades of development gains and put prosperity out of reach for millions of people, IDA continued its special theme focus on this issue during IDA17. Managing risks from more frequent and intense disasters and climate events is essential to safeguarding development results and achieving the WBG goals of eradicating extreme poverty and improving shared prosperity in a sustainable manner. Many IDA countries are highly vulnerability to climate change, but have low total greenhouse gas emissions (figure 17).[39] The WBG's Shock Waves Report notes that the impact of climate change related shocks on poverty reduction alone could result in more than 100 million additional people living in poverty by 2030.

MAINSTREAMING CLIMATE AND DISASTER RISK MANAGEMENT

IDA17 positioned the WBG to be an essential partner for integrating climate risk into national development and project planning and prioritization, enhancing the security and stability of the poorest from climate shocks. IDA17 generated about US$10 billion in climate change co-benefits, delivered through 259 projects.[40] The portion of climate-related financing under IDA commitments steadily increased to 22 percent in FY17 from 17.4 percent in FY16 and 16 percent in FY15 (also see figure 18).

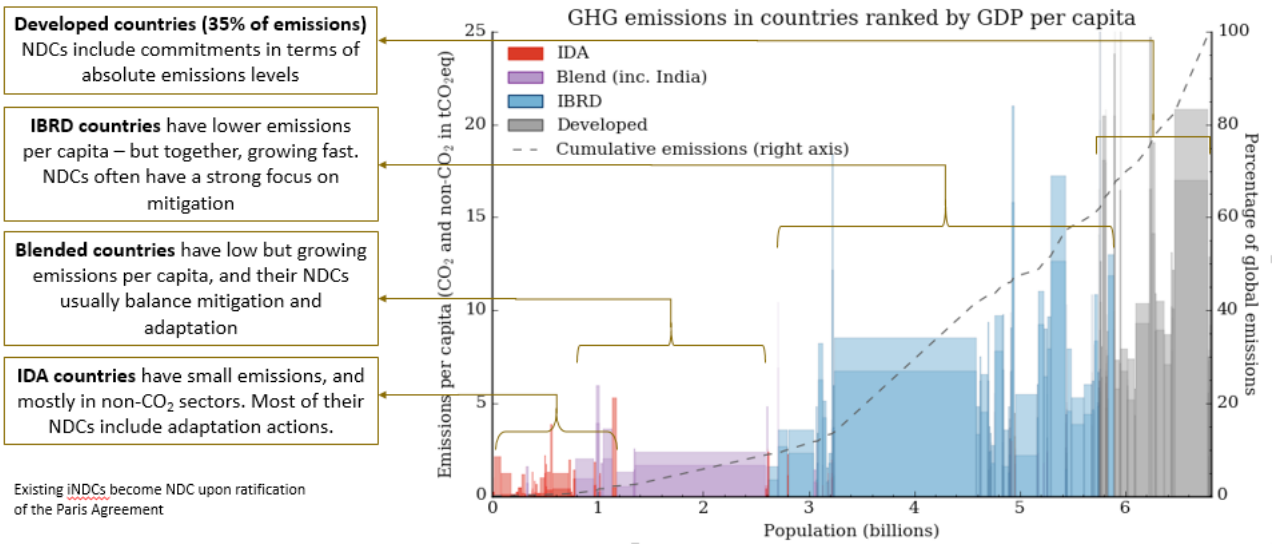
37 World Bank. 2011. *World Development Report: Gender Equality and Development.* Washington, DC: World Bank. And World Bank. 2014. Gender at Work: A Companion to the World Development Report on Jobs. Washington, DC: World Bank Group.

38 International Finance Corporation and Global Partnership for Financial Inclusion. 2011. *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.* Washington, DC: International Finance Corporation.

39 In 2012, the average total emissions including Land-Use Change and Forestry were 59.4 million tons CO_2 equivalent for IDA countries and 364.8 million tons CO_2 equivalent for non-IDA nations. The emissions of IDA countries account for about 9 percent of the current global greenhouse gas emissions based on World Resources Institute CAIT data, April 2016.

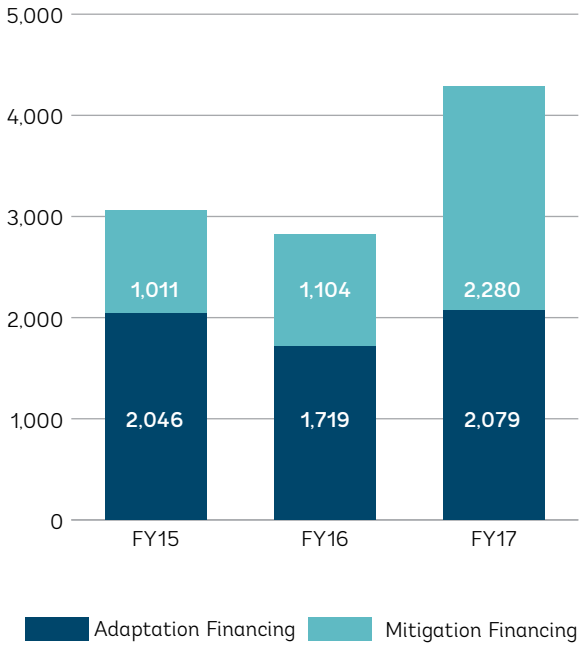
40 Fulfilling an IDA17 policy commitment, the Bank also started to systematically measure the share of IDA investments with disaster risk management co-benefits. Building on an FY12-15 pilot utilizing a co-benefit tracking system, the Bank can now systematically capture the financing of disaster risk management in all its lending operations, irrespective of their objective(s).

Figure 17. IDA Countries are Highly Vulnerable and Low Emitting



Source: World Bank Group Climate Change Action Plan (2016-2020), based on WBG data.

Figure 18. IDA Climate-related Lending Commitments (US$ million)



Source: World Bank.

All IDA country strategies have incorporated climate change and disaster risks. Thirty CPFs and Country Engagement Notes reached Board approval during IDA17, of which 29 incorporated climate and disaster risks at decision stage, and 24 incorporated these at the concept stage. It can be difficult in such settings to ensure adequate coverage of climate change risks due to competing priorities that warrant urgent attention.

The Many Faces of IDA: Vietnam

"Why are you talking about disaster preparedness, do you want disasters to come to you?" says Tran Thi Duong, chairperson of the Women's Union of Duy Phu commune in Vietnam's central Quang Nam province, recalling a question a fellow villager posed when she raised the topic. "That very night, a flash flood hit. One family was almost buried in mud when their house collapsed. After that incident, the villagers really understood the need for disaster preparedness," she recounted.

Duong was among representatives from 100 communes across central Vietnam who had met to discuss and share lessons following the implementation of disaster risk management activities in their communities. In the past two decades, disasters in Vietnam have caused more than 13,000 deaths and damage to property in excess of US$6.4 billion. Floods in 2010 destroyed 350,000 houses and caused disruption to telecommunications, irrigation systems, energy supplies and transport networks.

As a part of IDA's ongoing US$150-million Managing Natural Hazards Project, the Government of Vietnam is using US$18.5 million to support community-based disaster risk management across 100 communes in 10 central provinces. The preparation and implementation of the project is supported with technical assistance from The Global Facility for Disaster Reduction and Recovery to help integrate global best practices on disaster risk management. The approach it uses is unique as it recognizes that communities know best when it comes to living with natural hazards. It takes into account the knowledge and expertise of local villagers, which has proven effective in reducing losses from disasters.

Duong is now an advocate for the community-based disaster risk management investments in her commune. "In the past, there was nowhere to go when a storm or flood hit. Now we can go to the community shelter, built with funding from the project." She added, "When storms and floods come, trees and even houses are uprooted. People have been killed by lighting. From the training, we know how to protect ourselves when storms and floods come. We know how to strengthen our houses, and how to avoid getting struck by lightning."

Based on the success of the project's first phase, community-based disaster risk management activities will be rolled out across the remaining 73 communes using project funding, and may be expanded to other provinces in the future.

Click here for more on the Managing Natural Hazards Project.

Photo: A flood preparedness drill in Duy Tan commune, before the annual flood season in July.

Box 16. Making Climate Change a Key Priority in Country Analytics, Strategies, and Investments: the Uganda Experience

Uganda offers an example of how climate change can be well-incorporated into a country strategy. The 2015 Systematic Country Diagnostic referenced the potential impact of climate change on growth. For example, climate risks were identified as a constraint to infrastructure development and agricultural productivity. Building on this work, and reflecting the government's desire for support in addressing climate change, the FY16-21 Country Partnership Framework developed the case for inclusion of climate considerations. It identifies corresponding activities that boost climate adaptation and mitigation measures. These support not just the IDA17 commitment, but help meet Uganda's long-term needs for the development of a resilient landscape program. For example, the Country Partnership Framework discusses the development of integrated water and forest resources management plans for key catchments to mitigate impact of irrigation challenges in dry years. Improved management of Uganda's natural resources is essential given that the country has been consuming its natural resources at an unsustainable rate, and the impacts are likely to impact the poor disproportionately.

A key lesson learned from the experiences in Uganda during IDA17 is that early engagements and deeper dialogues with country teams help drive stronger climate narratives in country diagnostics and thus raise the ambitions of Country Partnership Frameworks. Accordingly, the IDA17 commitment related to such Frameworks has been expanded during the IDA18 process to now also include country diagnostics to ensure a deeper consideration of climate change in IDA countries.

One of the remaining challenges with incorporating climate change considerations into Country Partnership Frameworks is highlighting climate change as a possible risk factor to the country's macroeconomic performance in the longer term, whether as a threat to fiscal sustainability or disruption to growth sectors. The result is that Frameworks still show shades of compartmentalizing climate change into resource management pillars rather than core discussions around growth, jobs, and competitiveness. The inclusion of climate risks and Nationally Determined Contributions considerations into the Systematic Country Diagnostic guidance (as well as increasing the use of Development Policy Operations to track incorporation of climate considerations in countries' fiscal policies and regulations, as committed through the IDA18 replenishment) are expected to help better mainstream the climate change narrative into countries' macroeconomic frameworks in the years ahead.

All IDA17 operations have been screened for climate and disaster risk. This new and essential screening step helps IDA further reflect climate and disaster resilience in key development policies, programs, and projects for its clients. Specifically, the WB Climate and Disaster Risk Screening Tools link operational teams to climate projections, country adaptation profiles, and disaster risk data sources from the WBG's Climate Change Knowledge Portal. The data, combined with users' understanding of the subject matter and country context, generates an early due diligence characterization of risks to help inform dialogue, consultation, and planning processes at the project and program levels. The tools provide a systematic process for an initial consideration of short- and long-term climate and disaster risks in programs and investments. For example, the Bangladesh Regional Waterway Transport Project took action to incorporate climate and disaster risks into project design following the screening process, including enhancing the resilience of terminals and landing stations through design adjustments that account for climate hazards. This included recognition of an expected increase in variation in river flows and more intense and frequent extreme storm events. Nevertheless, more efforts are needed to further integrate resilience measures into IDA operations building on the initial risk screening results to achieve enhanced project design and implementation and involve more detailed analysis around the most appropriate resilience-building measures; and implement these measures.

The Many Faces of IDA: Nicaragua

"With this road constructed here, I now plan to expand and open another restaurant and a hotel along the road because of increased number of visitors," says Gioconda Saenz Ibarra, a local restaurant owner in Nicaragua's Caribbean coast area.

The Caribbean coast region of Nicaragua is vulnerable to heavy rainfall and floods and the area needed all-weather roads to help attract tourism and allow people to move more freely. An IDA-funded rural road improvement project constructed more than 26km of concrete roadway, which was specifically designed to withstand climate change impacts. The project benefitted nearly 53,000 people by giving them a dependable and safe connection between their Caribbean region and the Nicaraguan mainland, and it provided 400 temporary jobs during construction. Not only will the improved road between Bluefields and San Francisco enhance the region's allure as a tourist destination, it will also enable residents access to markets and services and should contribute to the growth of long-term employment. The majority of local population are Creoles, who are of African origin and speak a Creole Caribbean English. Others include native groups of Ramas and Garifunas, as well as Miskitos and Mayangnas indigenous people. The construction of an adjacent road section to complete the connection to Managua is being financed by the IDB.

Photo: Gioconda Saenz Ibarra (left) and her restaurant.

IDA17 delivered an integrated approach to climate change investment planning within a set of IDA countries through multi-sectoral plans (MSPs) and investments. In total, IDA17 achieved the creation of 24 MSPs out of the targeted 25 countries. Developing the MSPs proved to be complex, and success in informing country processes and investments varied considerably across countries. Some were particularly strong (e.g., Ghana, Cameroon, São Tome and Principe, Honduras, and Nicaragua), while others were less clearly linked with future operations and investments (e.g., Vietnam). Challenges to preparing these plans included specific climate data constraints and limited platforms for coordination across sectors. The process in those countries that undertook an MSP demonstrates the benefits of a programmatic approach to climate change planning (see box 17).

Box 17. Key Lessons of Developing Multi-Sectoral Plans and Investments

Overall, the MSP process has highlighted the benefits of programmatic approaches to climate change planning. This multi-sector effort has shown that there is a need to shift climate change planning efforts beyond a project-by-project approach, and toward one that is structured as a long-term, strategic selection of linked investment projects and activities. Doing so will help to achieve large-scale, integrated, and systematic impacts that can leverage co-financing opportunities. Highlights and lessons from the MSP process with climate change indicated that:

- Understanding climate and disaster risk is clearly needed. In almost all MSP countries, there is a need for increased awareness of climate change, its current and future impacts, and the likely projected changes in key variables. In many countries, for example Uzbekistan and Ghana, meteorological and hydrological networks are managed by different entities, presenting challenges on information collation. Also, although Bank sectors such as natural resource management and agriculture have undertaken climate-related risk and scenario assessments in almost all selected countries, the inclusion of current and future risk scenarios into medium- and long-term development planning remains preliminary. There is also a clear need for specific and context-relevant climate information that is easily understood. Translating climate scenarios for specific areas and sectors is challenging, so it may be useful to take approaches that can use historical and anticipated changes in climate.
- Strengthening coordination across sectors is challenging, but it pays off. Dialogue that facilitated information sharing among stakeholders strengthened the coordination, planning, implementation, and monitoring processes linked to climate change and extreme weather risk management, particularly in Nicaragua and Honduras. However, in most other countries, there were very limited platforms (or none at all) for such coordination, and the teams had to form these. This added to the time taken for the work to be conducted and then integrated into country processes.
- Embedding MSPs into the Systematic Country Diagnostic/Country Partnership Framework process helps with coherence internally and in the country.
- Using a programmatic approach is essential for integrating climate and disaster risk and resilience into development sectors. The MSP approach, or similar integrated planning approaches, need time. Future efforts could start with a smaller set of sectors or look to a selected part of the country, rather than attempting to be all-encompassing. With time and through improved engagement of different stakeholders, such processes have the potential for serving as the longer-term planning mechanism for investment and policy changes that mainstream climate and disaster risk and resilience across development interventions.

Although the MSP process presented varied challenges and was not entirely implemented as envisaged, the effort in the countries looks promising and is providing inputs into other initiatives. Since the IDA17 policy commitments were agreed, the climate and disaster resilience area has seen many international advancements, including additional support for such multi-sector planning from the Pilot Program for Climate Resilience, the Green Climate Fund supporting similar efforts, and countries establishing comparable processes for their Nationally Determined Contributions as part of the United Nations Framework Convention on Climate Change. In addition, the WBG's Systematic Country Diagnostic process now covers many of the cross-sector, diagnostic-related efforts envisaged in the MSPs.

SUSTAINABLE ENERGY FOR ALL

IDA17 helped countries develop national energy action plans and investments to achieve the Sustainable Energy for All objective of universal access to energy by 2030. IDA17 supported clients in developing affordable, reliable, sustainable and modern energy systems, through direct investments, and by enabling investments through guarantees and "de-risking" mechanisms. For instance, the Ghana Sankofa Gas Project used a US$500 million IDA guarantee—alongside an additional US$200 million IBRD guarantee—to spur US$7.9 billion in commercial funding for upstream gas development. After commissioning during the second quarter of 2018, this project will ensure a secure supply of domestic gas to power plants and will replace expensive and polluting liquid fuels (see box 18). The Tanzania Rural Electrification Program, which benefitted from US$200 million IDA financing, attracted about US$1.1 billion in public co-financing and US$500 million in commercial financing, enabling a boost in the supply of renewable energy in rural areas while strengthening sector institutional capacity. The Kenya Electricity Modernization Project, financed by an IDA credit of US$250 million, complemented by an IDA Guarantee of US$200 million and co-financing of US$312 million, provided 619,000 people with access to electricity and helped improve utility operations and management.

Box 18. Snapshot of WBG Work on Sustainable Energy for All in IDA17

IDA has a long track record of supporting the expansion of energy access, both on- and off-grid, and rural and urban electrification. Tens of millions of people have gained access to electricity as a direct result of IDA programs and financing. The vast majority of the energy portfolio—whether power generation, energy efficiency, support to clean cooking and heating, technical assistance and policy support, and transmission and distribution—contributes in one way or another to improved or expanded energy access. Examples include:

In Kenya, IDA supports over US$1.3 billion of geothermal generation, transmission, distribution, off-grid and clean cooking investments. This has helped Kenya expand electricity access rates from 23 percent in 2009 to about 50 percent (about 4 million households) in 2016. IDA, the Global Partnership for Output-Based Aid and Kenya Power have teamed up to provide safe, reliable and affordable electricity in Nairobi's slums, where the number of new connections rose from 5,000 in 2014 to 150,000 in 2015.

In Bangladesh, the Solar Home Systems Program—the fastest growing program of its kind in the world—has provided 4.2 million rural homes and shops with access to modern energy. Based on the experience from this successful project, the renewable energy program in Bangladesh is diversifying into renewable energy-based mini-grids, solar irrigation pumps, and improved cookstoves, with support from the World Bank. Currently, 10 mini-grids are providing grid-quality electricity to 3,500 rural customers. About 500 solar irrigation pumps have been installed and more than 1 million improved cookstoves have been disseminated.

In Rwanda, the IDA-supported Electricity Access Scale Up and Sector Wide Approach Project is the largest single project contributing to the country's Electricity Access Rollout Program. Between 2009 and 2017, the project has connected nearly 1.2 million people (or 256,816 connections) to the grid, and helped take electricity to 88 percent of schools, 76 percent of health centers, and more than 94 percent of administrative centers in the country. Thanks to the project, the rate of grid-connected electricity access in Rwanda had risen to 32 percent in 2017, compared to just 9 percent in 2009.

In Ethiopia, through the IDA-financed Ethiopia's Electricity Network Reinforcement and Expansion Project, the World Bank is supporting efforts to improve the reliability of the electricity network and to scale up energy access through off-grid solutions, helping provide electricity to over one million households, mostly with solar lanterns and solar home systems.

IDA assistance to support Sustainable Energy for All goes far beyond just financing. IDA17 provided technical assistance that helped its clients create enabling environments to support renewable energy development, including building institutional capacity, supporting the design of appropriate legal and regulatory frameworks, transferring knowledge on modern planning methodologies and tools, and structuring mechanisms to address off-take and credit risk.

LOOKING AHEAD

IDA17 successes—combined with the growing ambition and demand from client countries for climate change mitigation—has created a greater focus on greenhouse gas accounting and carbon pricing, support to renewable energy projects, and more upstream engagement on private sector investments:

- Beyond mainstreaming climate change considerations in project design, IDA18 built on this IDA17 achievement and has introduced an even greater focus on greenhouse gas accounting as well as an internal shadow price of carbon. Building a carbon price into investment decisions helps IDA clients more cost-effectively reduce greenhouse gas emissions. It will be important for the climate-related financing in IDA18 to maintain or even surpass what IDA clients achieved in IDA17. This could pose a challenge, however, as countries with traditionally high climate co-benefits have recently graduated from IDA (e.g., India and Vietnam).

- The dramatic decrease in the cost of solar and wind energy technologies globally will change the mix of renewable energy projects supported under IDA18. While large hydropower facilities comprised many of the renewable energy generated in IDA17, current expectations are that IDA18 will support only a few relatively large hydropower energy projects in large countries, and a large number of smaller non-hydropower renewable energy projects (solar, wind, geothermal, and other).

- Building on IDA17 experiences, the "maximizing financing for development" initiative incorporates greater emphasis on policies, institutions and regulations to encourage and enable private sector investment in renewable energies and also on improving financial viability of the sector and infrastructure (i.e., transmission) to absorb larger volumes of variable renewable energy and commercially-financed generation projects.

IV. FRAGILE AND CONFLICT-AFFECTED STATES

FCV not only threaten millions of lives globally, they also represent serious threats to the achievement of SDGs and put existing development gains at risk. Despite tremendous progress in reducing the number of extreme poor in the world in the last quarter century, extreme poverty in FCSs is rising. It is estimated that 50 percent of the world's poor are expected to live in IDA FCSs by 2030. Trends show an increase in the number of conflicts and their changing nature introduces more complexity as to their causes (see chapter 1). FCV is not just limited to the poorest countries, it can also be found in higher-capacity countries, including at subnational levels. The causes and consequences of fragility are often not confined by borders and can generate negative spill-overs for other countries through violent extremism and forced displacement. Violence and conflict have displaced an estimated 60 million people, including 20 million refugees. Fragility is also intertwined with global dynamics such as migratory and demographic pressures, illicit flows of drugs and arms, and climatic and environmental stresses. These factors require a sustained engagement in FCSs and a commitment to responses that adapt to different forms of fragility and that can stretch from active conflict to fragility traps and emerging instability.

Enhancing IDA17's engagement in FCSs not only scaled up resources but also introduced a differentiated approach that takes into account different dimensions of fragility and promotes the tailored responses. IDA17 boosted resources to FCSs to US$10.2 billion in real terms from US$7.7 billion during IDA16. This was made possible by changing the weight allocated to performance in IDA's allocation framework (see chapter 2, section 4 for further details), as well as through the introduction of exceptional allocations for countries at an important juncture in their development trajectory. Countries that could access these additional resources had "turn-around" potential for moving quickly out of their fragile situations (see box 19).

IEG evaluations confirm that "since IDA identified support to FCSs as a strategic priority, there has been demonstrable improvement in Bank Group support and IDA effectiveness" in these countries. An important lesson on required resources to successfully support fragility situations was that "projects in FCSs will need more support because they are prepared more rapidly and have weaker

Box 19. IDA17's Support to Vulnerable but Advancing Nations Through the Turn-Around Regime

The new exceptional allocation regime for countries facing "turn-around" situations was introduced in Madagascar, Guinea-Bissau, and Central African Republic as they looked to accelerate their transition out of fragility. Together, these countries received support totaling US$552 million during IDA17 under the Turnaround Regime: Central African Republic (US$72 million in FY17); Guinea-Bissau (US$20 million in FY16-17); and Madagascar (US$460 million in FY16-17).

- In the Central African Republic, a return to constitutionality with the election of a new president and the National Assembly was seen to represent a turnaround situation as envisaged under the IDA17 regime. Strong WBG involvement in central and eastern regions of the country and in front-line areas—where the Bank is the first development actor to reengage significantly—constituted significant contributions to long-term peace-building in the country, progress toward the WBG's twin goals, and improvement of the population's living conditions in FCSs.

- In Guinea-Bissau, the Bank saw clear signs of emerging resiliency in 2014-15 and a joint Bank-UN mission found that the authorities' commitment to policy changes offered an opportunity to enter an era of stability and progress supportive of sustained medium- to long-term growth and development, despite a clearly present risk of rising political vulnerability. Enhanced IDA support focused on rapid strengthening of basic services provision and social assistance to the poor, and support for key reform efforts and investments required to boost inclusive growth and strengthen the country's development potential. Owing to a deteriorating political environment, the Turnaround Regime program was ultimately discontinued; however, the WBG has been able to sustain its engagement with the authorities, and the government continues to implement WBG operations reasonably effectively.

- In Madagascar, a return to constitutional order opened the way for the country to reestablish a positive development track by addressing key sources of fragility: weak governance and rule of law; a high rate of poverty and social exclusion; a lack of private sector investment to support growth and generate employment.

The differing levels of progress and outcomes seen among the three IDA17 recipients of exceptional Turnaround Regime support are consistent with the finding in the World Development Report 2011: Conflict, Security, and Development that the path out of fragility is often very long and uneven, with countries experiencing periods of progress that can be interrupted by cycles of repeated violence and instability. Further to the unpredictable nature of "turn-around" situations, for IDA to effectively engage in countries characterized by promising but inherently fragile turnaround opportunities, it is crucial that resources and support be provided in a timely manner when there is enough reform momentum to make best use of those resource.

client capacity", especially considering that "the average administrative budget to support IDA operations in FCSs declined" while allocations to these clients increased.[41] IDA17 policy commitments integrated many lessons for further improvement from IEG's comprehensive evaluation of Bank engagement with FCSs[42]—with particular focus on: mainstreaming fragility in the new country engagement model; conducting enhanced fragility assessments to help integrate fragility and conflict risks in the design of country assistance strategies and programs (with better associated monitoring); and paying greater attention to results on the ground. Other key areas include more attention to inclusive growth and jobs strategies, taking greater advantage of Bank Group synergies, and scale up in FCS allocations as well as administrative budget support to IDA operations in these countries. The IDA17 mid-term review and subsequent discussions for the next replenishment, have also emphasized the importance of staffing and new mechanisms to help address issues of protracted forced displacement—which, for example, led to the creation of the new refugee sub-window in IDA18.

LEARNING FROM SUCCESSES AND SHORTCOMINGS IN IDA'S WORK WITH FRAGILE AND CONFLICTED-AFFECTED STATES

IDA17 better tailored its approaches for fragility by learning from operational experiences—including greater engagement beyond the Harmonized List of Fragile Situations,[43] focus on long-term mitigation, and attention to supranational and regional dynamics. During IDA17, the WBG initiated a review of its definition of fragility and the underlying metrics used for identifying it. The review highlighted the need to: (i) provide greater attention to relevant fragile situations beyond those on the harmonized list; (ii) focus on mitigating the sources of long-term FCV in addition to responding to harmful outcomes; and (iii) pay greater attention to supranational and regional dynamics, as well as the ripple effects from migratory and refugee movements, illicit flows of drugs and arms, and climatic and environmental stresses. The Bank also developed a working model for identifying fragility based on an expanded set of metrics, including key outcome indicators and Country Policy and Institutional Assessment (CPIA)-based fragility risk factors. This work further informed the differentiated approach articulated under IDA18, a policy commitment to adopt a new measure of fragility and to identify countries at risk of violence and conflict.

Through integrated strategies and programs, and using new analytical tools, IDA17 was better able to address the sources of fragility and violence. Under IDA17, the WBG committed to use analyses of fragility and conflict drivers to inform its CPFs for FCSs. Risk and Resilience Assessments[44] are now part of country diagnostics and strategy processes. In 2016, the World Bank produced a guidance note on fragility assessments to establish a more systematic approach across countries and regions. Increasingly, preparation of Risk and Resilience Assessments includes development partners to ensure a shared vision of the dynamics of fragility and possible responses, and these studies are seen to have greatly benefitted the range of WBG strategy and planning work with clients.[45] For example, in response to the political crisis in Burundi, a Risk and Resilience Assessment was conducted in April 2016 and updated in February 2017. The assessment provided concrete recommendations in response to its analysis of drivers and risks, including having communities take on project decision-making to prevent elite capture and political manipulation. The Assessment also recommended building conflict prevention and trust-building components into projects, establishing clear guidelines for beneficiary selection and geographic selection of projects, the use of third-party monitoring and reliance on international and national non-governmental organizations to ensure neutrality, and the inclusion of fragile/conflict indicators into project monitoring and evaluation. Other examples of how Risk and Resilience Assessments have influenced CPFs in FCSs include commitments to better geographic or demographic targeting of service provision (health, education, sanitation) in Ukraine; strengthening of systems for financial management, including expenditure policy and planning, in Afghanistan; and improving social and economic participation and representation through the Citizens Charter program, also in Afghanistan.

41 Independent Evaluation Group (IEG). 2016. *Learning from IDA Experience: Lessons from IEG Evaluations*. Washington, DC: World Bank.
42 Independent Evaluation Group (IEG). *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States*. Washington, DC: World Bank.
43 The WBG annually releases the Harmonized List of Fragile Situations. The first such list was compiled in FY06 and has gone through a series of changes in terms of classification from the Low-Income Countries Under Stress List (2006-2009), to the Fragile States List (2010), to the now Harmonized list of Fragile Situations (2011-2015). The concept and the list have evolved as the WBG's understanding of the development challenges in countries affected by violence and instability has matured.
44 Fragility Assessments have been replaced by the Risk and Resilience Assessment, which represents an improvement in the previous methodology by including an assessment of risks and triggers, as well as operational recommendations.
45 Independent Evaluation Group (IEG). 2017. *World Bank Group Country Engagement: An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership Framework*. Washington, DC: World Bank.

Building on greater knowledge and understanding of what works in FCSs, IDA17 supported clients in creating jobs in spite of the fragility they face. In addition to the Jobs Diagnostics rolled out in six FCSs, the Integrated Framework for Jobs in Fragility and Conflict synthesizes the Bank's operational knowledge on the issue. The effort has further included a stocktaking of employment and peace-building jointly with the UN and the International Labour Organization. Impact evaluation of ongoing projects informed project and program design of new projects, including the Evidence for Peace program, which seeks to increase the quantity and quality of impact evaluation evidence and data while addressing critical knowledge gaps in the sector with the view to inform more effective policies and programs. At the end of IDA17, 35 impact evaluations in 23 countries (including 13 different FCSs), covering more than US$2.1 billion of Bank operations, were ongoing or finalized.

PARTNERSHIPS IN SITUATIONS OF FRAGILITY, CONFLICT AND VIOLENCE

The WBG has strengthened its partnerships with the UN, other multilateral development banks, and bilateral development partners for a more effective response to fragility. The WBG has also continued to engage in the International Dialogue on Peacebuilding and State-building, a partnership that brings together the G7+ countries, donors and civil society actors. The UN and WBG have collaborated on strategy, operations, and analytical work. They undertook joint fragility assessments in Guinea-Bissau and Cameroon in 2015 and in Central African Republic in 2016. The Recovery and Peacebuilding Assessment approach to conflict engagement and planning—a partnership between the UN, WBG, and the European Union (EU) in transition situations—was reviewed and updated, with one such exercise performed in response to the peace agreement reached in Mali in 2015. The WBG has also expanded its partnership with the UN High Commissioner on Refugees, building on experience from operations in the Great Lakes and the Horn of Africa.

Box 20. Partnering Across the Development-Humanitarian-Security Nexus

The Citizens' Charter Afghanistan Project introduced a new multi-sector approach to deliver a broader range of basic services and help foster trust between citizens and the state. The Citizens' Charter is the first inter-ministerial program where ministries collaborate on a single program in both rural and urban areas. This project also brings with it several innovations in terms of social mobilization, women's participation, and technical service delivery.

In 2016, IDA made a US$200-million grant under the Yemen Emergency Health and Nutrition Project to deliver critically-needed services to Yemenis most affected by the conflict, while at the same time preserving the capacity of Yemen's health system. The project was innovative in its use of UN agencies, in this case the World Health Organization and UNICEF, as implementing partners. As of June 2017, nearly seven million Yemenis (60 percent of which are female, and nearly 80 percent of which are children under the age of five) had received access to essential health, nutrition, and population services.

In the same year, IDA undertook the Development Response to Displacement Impacts Project in the Horn of Africa to improve access to social services, expand economic opportunities, and enhance environmental management for host communities affected by refugees in targeted areas of Djibouti, Ethiopia and Uganda. The project was delivered through a community-development approach to: (i) build grassroots institutions; (ii) ensure communities are heard in decision making; (iii) strengthen decentralized government administrative functions; and (iv) invest in public service delivery and social mobilization to enhance social cohesion among beneficiary communities.

In April 2016, the WBG re-engaged in the Central African Republic. Together with the EU and UN, it quickly conducted a Recovery and Peacebuilding Assessment to gain a joint understanding of the challenges facing the country and to prioritize work covering political, security, humanitarian and development activities over 2017-21. It was innovative in that it sought and reflected public views in setting the priorities for the resulting peacebuilding plan and its implementation strategies. It also broke new ground by establishing a new institutional framework and partnership to guide the implementation phase. This framework was instrumental in generating US$2.2 billion in support from an international donor conference in Brussels in 2016.The thorough analytical work that went into the assessment also resulted in IDA becoming the biggest donor to the Central African Republic.

The Many Faces of IDA: Central African Republic

"The project helped me a lot because I was unemployed despite having a master's degree," says Bertrand Barafa Wikon, who secured a job as a team leader in Begoua under the IDA-backed LONDO initiative. "In the short time that I have worked, I have already been able to earn enough money to support my family. I am even getting ready to start up my own business."

The World Bank's LONDO Project has created thousands of temporary jobs amid crisis (LONDO means "stand up" in Sango, the official language). The project has helped maintain nearly 1,500 kilometers of roads in 49 sub-prefectures. So far, 23,750 of the 35,500 temporary jobs expected by the end of the project have already been created.

In Bimbo, the most densely populated suburb in the capital city of Bangui, which benefited from this operation in mid-2016, the views of Albert Panga, the sub-prefect of the area, speak volumes about the impact of the LONDO initiative: "The project was very well received because it created 500 jobs in my area and has had a major impact on sanitation, with the clearance of clogged streets, the cleaning of drains, the collection of garbage on the sides of the roads, and the cleaning of public places and administrative centers," he says.

Photo: Construction work underway in the Central African Republic

The Many Faces of IDA: Yemen

Zahra'a Hajar, a widow, and her three children, were forced to leave Haradh to seek safety in Mustaba (Hajjah) because of the spread of the fighting in Yemen. Zahra'a has received her first income from her participation in a cash-for-work project.

"The (project) provided us a job by which we built the hut that now shelters us," says Zahra'a. "We are now building the hut's roof. The winter now is very cold, but we can enter our hut to sleep, safe from winds and rains. We did not expect anyone to provide us with this kind of shelter".

Yemen has been engulfed in conflict for more than two-and-a-half years, experiencing economic collapse, famine, and the world's largest Cholera epidemic. Making full use of IDA's ability to respond rapidly, IDA has provided more than US$1.13 billion in resources since July 2016 to address the growing need of vulnerable Yemenis. The Yemen Emergency Crisis Response Project financed under IDA17 has placed a premium on preserving hard-won institutional and implementation capacity while supporting Yemenis affected by conflict, insecurity, and rising poverty. Ongoing activities focus on achieving results in three critical areas spanning the "humanitarian-development nexus": investments in human assets; investments in institutional assets; and preparations for national recovery and reconstruction. The emergency operations underway have represented an effective WBG/UN collaboration – where the WBG contributes financing as well as technical and operational expertise and UN Agencies provide assistance on the ground through UNDP, WHO, and UNICEF.

To date, IDA—jointly with its partners—has ensured that 5 million children have been immunized against polio, 7.1 million Yemenis accessed primary health care services, and 700,000 women and children under five have received basic nutrition services. Since the Cholera outbreak, IDA has ensured successful treatment of more than 350,000 suspected cases and the training of 3,200 health workers.

The project has provided cash transfers to over 1.33 million households, or 7 million individuals, that has helped poor Yemenis buy food and necessities.

Click here for more on the Yemen Emergency Crisis Response Project. Click here for UNDP project videos and from UNICEF here. You can also learn of the experiences of one female health educator supported through the program by clicking here to see a World Bank video.

Box 21. Re-engagement with Myanmar

Following a long period of military rule and isolation, Myanmar today is one of the least developed countries in Southeast Asia (with a population of 51.4 million, the country has an estimated per capita GDP of US$1,105). More than two-thirds of Myanmar's poor live in rural areas where decades of under-investment have severely limited access to essential infrastructure and services. Yet beginning in 2011, Myanmar launched major political and economic reforms, including a focus on reducing rural poverty and a vision of "people-centered development" as a guiding principle for key reform frameworks that aimed to reverse decades of top-down planning. The WBG re-engaged with Myanmar in 2012 in support of its historic transition.

At the end of IDA17, the portfolio consisted of 13 operations with a total commitment of US$2.08 billion. Investments have focused on expanding and improving basic social services, providing critical economic infrastructure and building fundamental state institutions and systems. The largest sectors are energy and mining (27 percent), transportation (16 percent) and water, sanitation and flood protection (13 percent).

- Under the National Electrification Project, an estimated 700,000 people in rural areas have new or improved access to electricity at around 140,000 households.
- Under the Decentralizing Funding to Schools Project, US$80 million is being spent on 47,000 schools benefiting 9.2 million students, including stipends to 150,000 poor students to help them continue their schooling.
- Through the Essential Health Services Access Project, 11,824 primary health care facilities received grants to improve their readiness to deliver services that are essential for maternal and child health, emergency referral, and other forms of support for patients.
- In Rakhine state, grants are provided to electrify 1,300 public facilities (schools, rural health centers and religious buildings) by an off-grid solar system. Another off-grid solar electricity system is serving 44 villages in the two most conflict-affected, Muslim-majority townships.
- The National Community Driven Development Project has supported the construction of about 15,000 sub-projects across 8,500 villages, home to over 5.3 million people. In doing so, the project has constructed over 5,200km of rural roads, increased access to clean water by improving over 2,600 water sources, rehabilitated more than 2,500 schools, and created over 2.8 million person days of paid labor.

A new UN-WBG partnership network helps solve operational bottlenecks through developing mutually agreed implementation tools. Innovative partnerships were developed in Myanmar, Yemen, Central African Republic, and Somalia in support of political transitions. In the area of crisis response, UN and WBG regional and country teams have worked together to support Ebola response and longer-term recovery planning for affected countries. At the same time, the Ebola crisis highlighted remaining operational challenges, such as the difficulty for borrowers with low capacity to contract UN agencies for provision of required assistance and lack of off-the-shelf tools to efficiently formalize such engagements.

LOOKING AHEAD

The enhanced engagement in FCSs during IDA17 prepared the ground for a further step up during IDA18. Recognizing that different situations in these countries require varied responses, IDA18 has articulated an even further differentiated approach tailored to country contexts. This approach also emphasizes the imperative of prevention and the need for the WBG to adopt a stronger risk-based approach. This led to the design of the new IDA Fragility Conflict and Violence Risk Mitigation Regime under IDA18 to incentivize investments in prevention. The regime allows four eligible countries (Guinea, Nepal, Niger, and Tajikistan)

to access additional funding of up to 33 percent of their regular IDA18 allocation. Related IDA18 policy commitments underscore the importance of shifting to a risk-based approach notably by expanding the way the Bank identifies fragile situations and by investing into knowledge and evidence on the role of development cooperation in prevention of conflict.

Other policy commitments under IDA18 build on the experiences gathered under IDA17, notably on the need to ensure that CPFs in FCSs and other countries at risk are informed by Risk and Resilience Assessments and that partnerships drive the Bank's strategic engagement in these situations. In light of the continued urgency to address gender-based violence in FCSs and the initial experiences under IDA17 in working with refugee host communities, IDA18 put a dedicated focus on increasing operations that support the self-reliance of refugees and host communities and increasing the number of operations that aim to prevent and address gender-based violence. In addition, limitations of current financing mechanisms to support refugees and the knowledge base built under IDA17 (e.g., through the Bank's flagship report on refugees), led to the design of the IDA18 sub-window on refugees.

Box 22. IDA17 Support to Refugees and Displaced People

During IDA17, the Bank financed several forced displacement-related projects to help countries mitigate the impacts of conflict or facilitate post-conflict recovery. They also comprised exceptional projects in non-IDA countries—Lebanon and Jordan—that benefit both Syrian refugees and their host communities.

Examples included country-based and regionally-focused activities:

- Great Lakes Displaced Persons and Border Communities Project – US$20 million;
- Development Response to Displacement Impacts Project for Africa – US$175 million;
- Citizens' Charter Afghanistan Project: Emergency Regional Displacement Response – US$127.7 million;
- Central African Republic: Service Delivery and Support to Communities Affected by Displacement Project – US$28 million;
- Jordan: Economic Opportunities for Jordanians and Syrian Refugees – US$100 million;
- Lebanon: Reaching All Children with Education Support Project – US$100 million.

Beyond these projects, IDA17 acted to improve its knowledge around a wide range of fragility-related issues, including the global forced displacement crisis. In 2016, the WBG launched the flagship report Forcibly Displaced – Toward a Development Approach Supporting Refugees, the Internally Displaced Persons, and Their Hosts. This report, jointly conducted with UN High Commissioner on Refugees, described the need for a development approach that helps forcibly displaced people and host communities, in particular by looking at the medium- and long-term socioeconomic issues. The development approach is complementary to humanitarian responses and helps forcibly displaced persons cope with specific vulnerabilities while ensuring that host communities continue their efforts to reduce poverty in the face of the added demands posed by the inflow of displaced people. This approach is now reflected in a new IDA18 facility for refugees and host communities that will help refugee-hosting countries to manage the medium-term, socioeconomic dimension of refugee situations and to advance a "progressive" policy agenda.

The WBG has also increased its analytical work on a range of topics related to forced displacement, including macroeconomic and fiscal issues, labor, strengthening relevant data for evidence based work, poverty, and social development.

IDA18 has a new strategic, differentiated approach to tackling fragility and cross-border dimensions. It is underpinned by new financing instruments that have increased the focus on addressing and mitigating the root causes of fragility and displacement. IDA countries can now access resources to support efforts to mitigate emerging risks of fragility, strengthen preparedness, and promote more effective, equitable and sustainable solutions for both refugees and their host IDA countries.

SECTION 4: IDA17 LENDING TRENDS[46]

Reflecting the evolving priorities of IDA's shareholders, the IDA17 allocation framework enhanced financing for FCSs, while maintaining steady resources for the other poorest countries and those with a track-record of strong performance. This section discusses the "architecture" of the IDA17 allocation framework—as agreed with shareholders, as well as the actual commitments at the end of IDA17. It also discusses trends in performance of the overall IDA17 portfolio of projects.

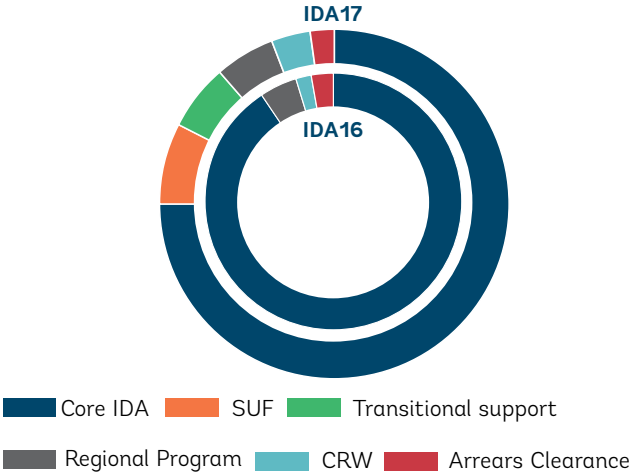
ALLOCATIONS

At the start of each replenishment, the IDA envelope is allocated according to the priorities, policy framework, and operational architecture agreed with IDA Deputies. The IDA17 operational framework included several changes to the IDA Performance-Based Allocation system,[47] as well as increased financing for regional projects and the provision of exceptional transition support for India.

Out of the IDA17 envelope of SDR37.9 billion,[48] 76 percent was allocated to countries' core funding based on country's performance, which provides un-earmarked resources to address development needs. Consistent with the prevalent view that the country-based development model remains the most effective approach for achieving results in terms of sustained economic growth and poverty reduction in developing countries, resources were directed to support various sectors and themes consistent with country strategies that had been jointly developed with country authorities.

The remaining IDA resources were distributed among special "windows" (15 percent) and transitional support (6 percent) to address specific development challenges and resources for arrears clearance (2 percent): the IDA17 Scale-up Facility (SUF) received 7 percent, or SDR2.8 billion; the Regional Program 5 percent, or SDR2.1 billion; the CRW 3 percent, or SDR1.2 billion; and a portion was set aside for clearing arrears (2 percent), and India received IDA resources for transitional support (6 percent).[49,50,51,52] While the share of resources allocated under the Performance-Based system declined compared to IDA16, when such resources accounted for roughly 90 percent of allocations, in absolute terms in SDR (the currency used by IDA to allocate its resource envelope), core resources remained largely the same at about SDR29 billion, largely the same as in IDA16 (figure 19). This reflects a demand-driven expansion of financing through existing windows and the introduction of IDA support to clients on non-concessional terms (through provision of exceptional transition support to India and the creation of the IDA17 SUF).

Figure 19. IDA17 and IDA16 Resource Allocation by Modality (share of total replenishment)



46 For further details on IDA17 commitments and disbursements (by region, sector and instrument), see companion paper *IDA Financial Assistance in IDA17: Progress Report on Commitments and Disbursements*.
47 See Annex 2.
48 Based on the IDA17 commitment authority as of May 31, 2017 (see "*Review of IDA17 Commitment Authority Framework (FY15-FY17) and Transition from IDA17 to IDA18*", IDA/R2017-0239, June 16, 2017. Includes the increase of US$5 billion to the CRW, the SUF, and refugee response in Lebanon and Jordan, agreed at the IDA17 Mid-Term-Review. Equivalent to US$53 billion at an exchange rate of 1 SDR = 1.4 USD. Note that the final IDA17 commitment authority, revised after the end of IDA17, incorporating further revisions and recommitments from cancellations, stands at SDR38.5 billion. See "Review of IDA18 Commitment Authority Framework (FY18-20)", forthcoming.
49 Equivalent US dollar amounts are as follows: SUF US$3.9 billion, Regional Program US$2.9 billion and CRW US$1.8 billion.
50 IDA also provided US$200 million in support on regular IDA credit terms to Jordan and Lebanon on an exceptional basis.
51 To enhance the transparency of allocations, since FY12 both country allocations and commitments have been disclosed on an ex-post basis on IDA's external website.
52 Percentages do not total 100 percent due to rounding.

Main IDA17 allocation enhancements focused on strengthening support to FCSs, while adhering to the guiding principle of supporting good performances. The following changes resulted in enhanced financing for these countries during IDA17:

- *Adjustments to the IDA17 allocation framework.* There was an increased poverty orientation within the Performance-Based Allocation formula (through reduction of the Country Performance Rating exponent from 5 to 4) and an increase in the minimum annual base allocation for each country (from SDR3 million to SDR4 million).[53]

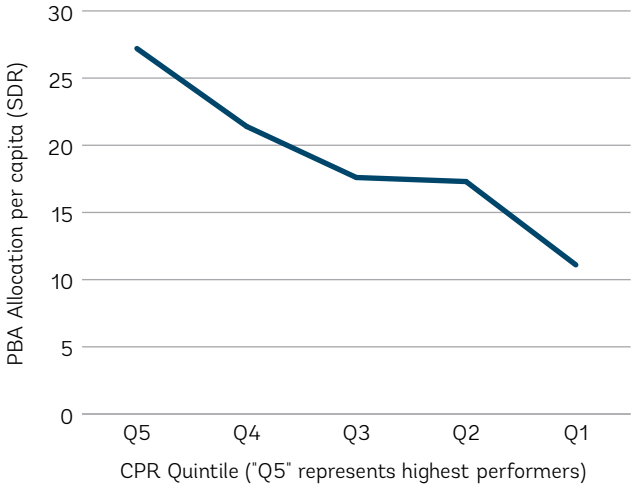
- *Introduction of an exceptional allocation regime for countries facing "turn-around" opportunities* provided support to Guinea Bissau and Madagascar in FY16 and to the Central African Republic in FY17 (see box 19).

- *Measures adopted to ensure a smooth transition of countries from IDA post-conflict and re-engaging regimes back toward the regular Performance-Based Allocation system* through an extension of the phasing out period for countries scheduled to return to the regular system at the end of IDA16 (Afghanistan, Burundi, Central African Republic, Democratic Republic of Congo, and Togo). This also included aligning IDA support to such countries under the Turnaround Regime.

Top country performers continued to receive the largest allocation per capita (figure 20). When excluding small states, whose average per capita allocations are disproportionately influenced by the minimum annual base allocation,[54] IDA countries in the top performance quintile received about 2.5 times the per capita allocation compared to those in the lowest quintile – lower than the comparable ratio of 3.0 during IDA16 and 2.7 in IDA15, reflecting the adjustments to the IDA17 Performance-Based Allocation system.

IDA17 maintained its overall concessionality level, with a grant element of concessional financing of about 53 percent.[56].IDA concessional financing, including

Figure 20. IDA17 Per Capita Allocation and Country Performance Rating[54]



Source: World Bank.

through the special windows, was committed on credits, or as outright grants to countries that qualified for such financing. A small share of funds was provided on non-concessional terms (similar to IBRD) under the new IDA17 SUF.

During the course of IDA17, reallocations of originally programmed resources helped IDA respond to new opportunities as they arose. About SDR800 million (equivalent US$1.1 billion or roughly 2.6 percent) of core IDA resources were ultimately reallocated among countries, mostly due to unforeseen circumstances (e.g., political instability, fragility, and conflict) that precluded full utilization of the country's original envelope. In addition, some resources originally set aside under the Turn-Around Regime were reallocated once it became clear that reengagement in a few potential recipient countries would take additional time and they would not qualify for this kind of financing.

COMMITMENTS

IDA17 delivered the largest program of support to date, amounting to a record high US$55 billion.[57] New

53 In IDA18, the Performance-Based Allocation formula has been further revised by increasing its poverty orientation and the annual base allocation (from SDR4 million to SDR15 million), removal of 20 percent grant discount and MDRI (Multilateral Debt Relief Initiative) netting out, and establishment of the new risk mitigation regime. These adjustments enable a further significant scale-up in IDA's support to FCSs and small states relative to IDA17.

54 Per capita allocations for small states were essentially uncorrelated with country performance, as roughly 85 percent of the countries' allocations were due to their receipt of the annual minimum base allocation of SDR4 million.

55 Data excludes: Pakistan as capped "blend" country; inactive countries that were not allocated resources (Somalia, Sudan, and Zimbabwe); countries whose allocations were determined under the "Turnaround Regime" or other exceptional regimes (South Sudan, Madagascar, Guinea-Bissau and Central African Republic); and small states.

56 Grant element of concessional financing excludes transitional support to India, IDA hard-term credits as well as commitments through the SUF.

57 Applying the exchange rates at the time of approval of operations, IDA17 commitments amount to US$54.6 billion, rounded to US$55 billion. The US$54.6 billion comprised US$46.6 billion in credits, US$6.9 billion in grants, and US$1.1 billion in guarantees. The total amount includes recommitments.

commitments were US$19 billion in FY15, US$16 billion in FY16, and US$19.5 billion in FY17. The period saw 643 new operations financed by US$46.6 billion in credits[58] (85 percent), US$6.9 billion in grants (13 percent), and about US$1.1 billion in guarantees (2 percent).[59] 15 percent (US$ 8.4 billion) of the total commitments was channeled through the three IDA17 special windows – the Regional Window, the CRW, and the SUF (see chapter 2, section 5 for further details). As a share of new IDA commitments by replenishment, the amount on grant terms decreased by 5 percent since IDA15 (table 3) as some IDA borrowers took credits instead of grants, reflecting better conditions in their financing capacity. This trend may be reversed after IDA17, given the increasing levels of debt distress seen among IDA's clients (see box 23).

Table 3. IDA Commitments by Financial Products

In US$, billion	IDA15	IDA16	IDA17
Credits	36.4	44.4	46.6
Grants	8.1	7.5	6.9
Guarantees	0.4	1.4	1.1
Total	44.9	53.3	54.6

Share of total IDA	IDA15	IDA16	IDA17
Credits	81%	83%	85%
Grants	18%	14%	13%
Guarantees	1%	3%	2%

Source: World Bank.

Box 23. Striking the Right Financing Mix to Promote Debt Sustainability

IDA17 saw a deterioration of debt ratios in IDA countries, threatening the progress achieved through international efforts such as the Heavily-Indebted Poor Countries (HIPC) program and the Multilateral Debt Relief Initiative (MDRI). Following 2006, debt relief recipients as a group initially accumulated moderate levels of external public debt against a backdrop of sound macroeconomic policies and buoyant commodity prices.1,2 More recently, increased client access to international capital and domestic markets, especially by low-income countries in Africa, led to more rapid growth in low-income countries' debt levels; at times accompanied by a rising risk of debt distress. In particular, debt risk ratings deteriorated between 2014 and 2017 in 15 countries (20 percent of IDA recipients) resulting in a higher proportion of grants provided under the Performance-Based Allocation system in IDA17 compared to IDA16 (14.5 percent versus 13.8 percent).

IDA has consequently intensified its engagement with both borrowing countries and creditors around debt sustainability. IDA's work with client countries is focused on capacity building to help strengthen debt management borrowing practices and better risk monitoring and assessment. Mechanisms underpinning this discourse include IDA's grant allocation framework, technical assistance in building debt management capacity, support in monitoring external public debt developments, and implementation of IDA's Non-Concessional Borrowing Policy. 3 For countries experiencing debt problems, the annual IDA allocation exercise continued to ensure that countries at moderate or high risk of debt distress received IDA resources on grant terms (either 50 or 100 percent, respectively). IDA reached out to other creditors to encourage them to expand their own use of concessional financing and to make them aware of the joint WB-IMF Debt Sustainability Framework. It also created an online "lending to low-income countries" tool as a new platform for direct communication with creditors.

IDA is paying special attention to debt risks of small island states and FCSs. These nations often have only a limited capacity to step up spending during emergencies, including natural disasters or domestic economic shocks. In these countries, IDA focused on supporting government efforts to better mobilize domestic revenue and better allocate public spending. Recognizing that base risks associated with these countries' vulnerabilities have an out-sized impact on economic stability and debt, technical assistance (e.g., under the Debt Management Facility) provided tailored support to both weak and strong performers.

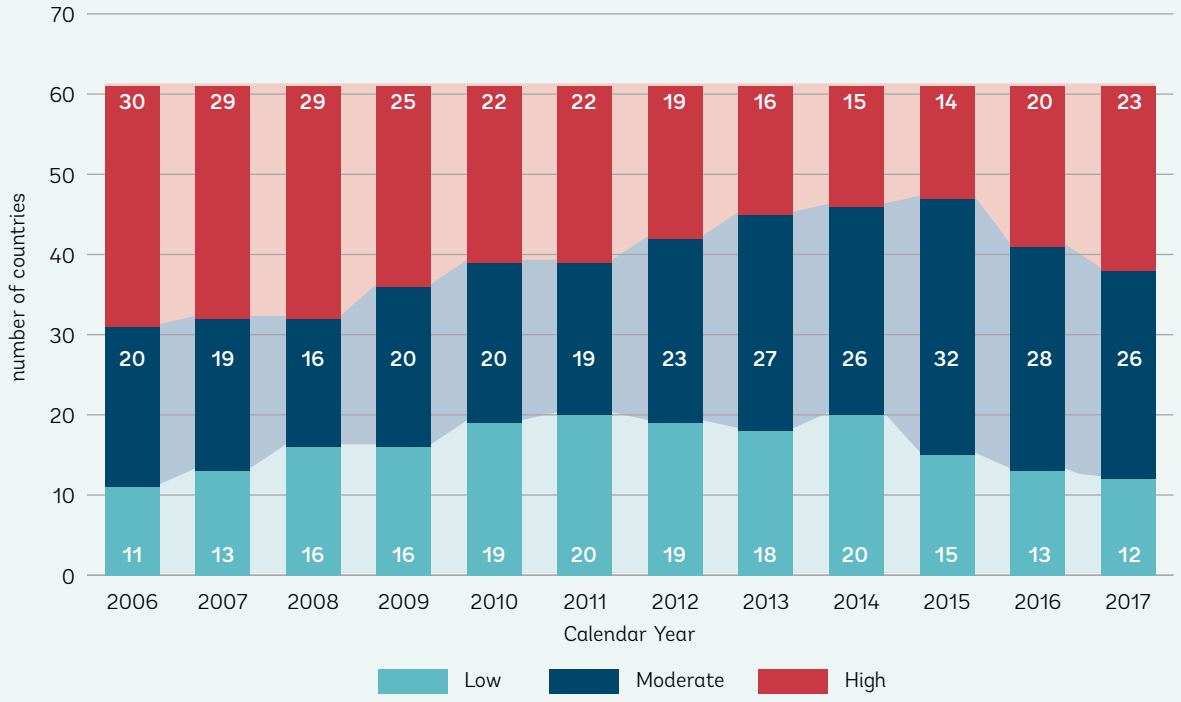
58 This includes commitments financed through the SUF (US$3.8 billion) and transitional support to India (US$3.2 billion).

59 Total IDA commitments include commitments for all operations that are financed either fully or partially out of IDA resources. On the total number of IDA's new operations, this paper follows a new methodology that includes in the total count the following operations that are financed either partially or fully out of IDA resources: (i) IBRD/IDA blend operations, (ii) supplemental development policy operations, and (iii) additional financing of investment projects related to cost overruns and restructuring.

Box 23. Striking the Right Financing Mix to Promote Debt Sustainability (continued)

IDA also conducted talks with governments about the debt burden impact of external borrowing, using the Non-Concessional Borrowing Policy that was adapted during IDA17 to harmonize with the IMF's updated Debt Limits Policy. This approach recognized that non-concessional borrowing can be an important complement to concessional financing for low-income countries; for example, in meeting the demands of financing new or improved infrastructure. This new borrowing policy takes into account country- and project-specific factors when reviewing a country's non-concessional debt profile, ensuring IDA balances its responsibility to safeguard donor finance with borrowers' needs for the right funding mix.[5] The Non-Concessional Borrowing Policy Committee reviewed five countries during IDA17,[6] granting a single policy exception to Togo, based on the viability of its projects, the lack of available concessional financing, and the minimal impact on its debt outlook. Furthermore, in cooperation with country authorities, a non-concessional debt ceiling was set for Ethiopia at US$750 million from US$1 billion in FY15.[7] The Bank also monitored ceilings for other countries set in the context of IMF arrangements.

Figure B23.1. Evolution of Risk of Debt Distress Ratings, 2006-17



1 Between 2006 and 2014, the number of countries with low ratings increased from 11 to 20, with medium risk ratings increased from 20 to 26, and with high risk ratings declined from 30 to 15.

2 For countries that received debt relief under the Multilateral Debt Relief Initiative in 2009 and beyond, external public debt ratios have generally risen less.

3 IDA. 2006. "IDA countries and non-concessional debt: dealing with the 'free rider' problem in IDA14 grant-recipient and post-MDRI countries", IDA/R2006-0137/1, June.

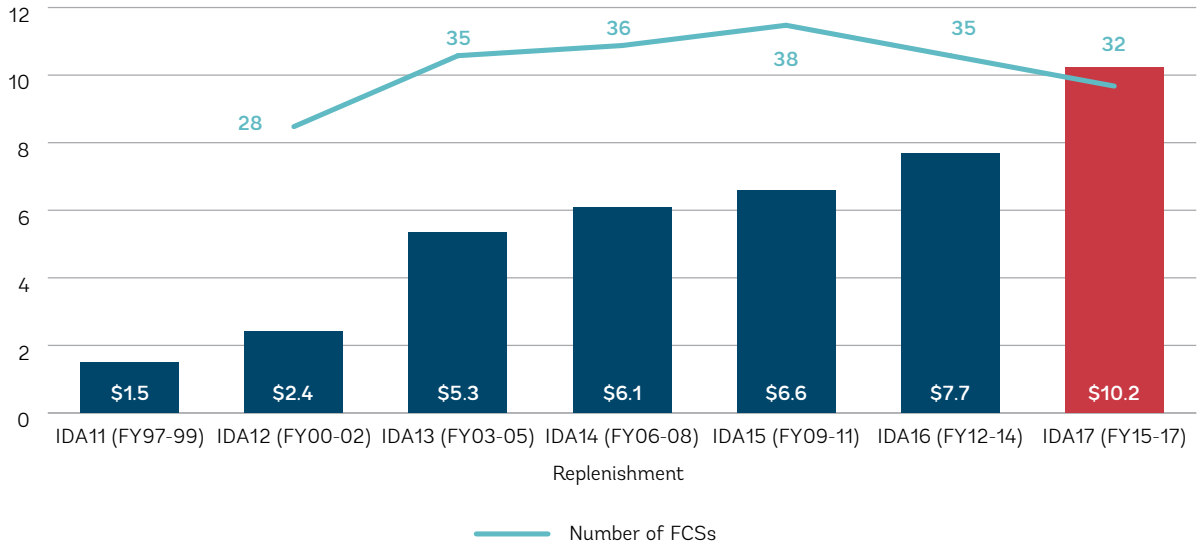
4 Debt relief initiatives include HIPC and MDRI, which aimed to enhance the borrowing space of IDA countries while safeguarding the benefits of debt relief and prospects for debt sustainability.

5 IDA gap and blend countries are not subject to the Non-Concessional Borrowing Policy. A country enters gap status once its gross national income (GNI) per capita has been above the IDA operational cut off for more than two consecutive years, but it is not yet IBRD creditworthy; a country enters blend status when it is declared IBRD creditworthy.

6 The countries reviewed were Ethiopia, Lao PDR, Maldives, Mozambique and Togo. In the cases of Ethiopia and Mozambique, Non-Concessional Borrowing Policy Committee reviews were conducted on more than one occasion.

7 Ethiopia's non-concessional borrowing volumes in FY15-FY17 were broadly within the ceilings for those years.

Figure 21. IDA Commitments to FCSs (US$ billion)



Source: World Bank.

Of 78 countries[60] eligible to receive IDA17 support,[61] 72 received financing. Five countries with credits in non-accrual status[62] and Dominica did not receive any IDA commitments during the cycle. Of the 72, 56 IDA-only countries received a total of US$37 billion, or 67 percent of total IDA17 commitments, while 16 blend countries received US$14 billion (26 percent of total commitments). In addition, India received transitional support in the amount of US$3.2 billion (6 percent of total commitments) and two IBRD countries (Jordan and Lebanon) received exceptional IDA financing in the amount of US$100 million (0.4 percent) each[63,64] as a response to the refugee crisis during IDA17.

Support to FCSs as well as to small states[65] was expanded considerably. Consistent with the trend of higher financing for FCSs over recent replenishments (figure 21), IDA17 provided US$10.2 billion[66] of core and non-core resources to FCSs, up from US$7.7 billion in IDA16 and US$6.6 billion in IDA15. Support to FCSs in Africa rose from US$3.9 billion in IDA16 to US$6 billion and funding to such countries in the East Asia and Pacific Region more than doubled from US$900 million to US$2.1 billion, largely due to a significant increase in commitments to Myanmar.

- Overall IDA17 financing to FCSs was about 32 percent higher than in IDA16,[67] while commitments to small states increased by about 21 percent.[68] Some small states got much more: commitments to the Pacific Islands[69] almost doubled compared to IDA16, to US$500 million. Core IDA resources allocated to FCSs were roughly 50 percent more than what those countries would have received without the revisions to the allocation framework.

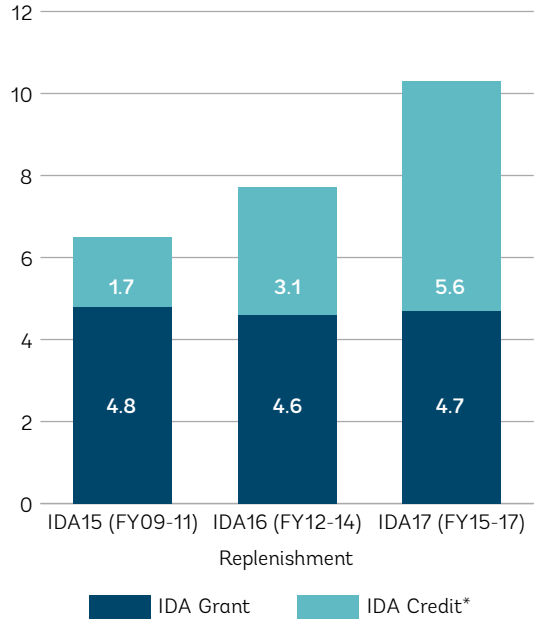
- A further expansion of resources to FCSs was constrained by IDA's practice under the Performance-Based Allocation system of netting out impact of accessing support from the Multilateral Debt Relief Initiative (MDRI), which led to significant deductions for several countries from their gross

60 This number excludes India, which graduated from IDA at the end of FY14 but received transitional support on an exceptional basis through the IDA17 period and includes Syrian Arab Republic, reclassified from IBRD to IDA, effective September 29, 2016. For a complete list of IDA-eligible countries in FY17, please refer to Annex 3.
61 Compared to 82 countries during IDA16. Five countries, Angola, Armenia, Bosnia and Herzegovina, Georgia, and India graduated at the end of IDA16 period. One country, the Syrian Arab Republic, reclassified from IBRD to IDA in FY17. Three countries, Bolivia, Sri Lanka, and Vietnam, graduated from IDA to IBRD at the end of IDA17.
62 Credits to five countries – Eritrea, Sudan, Somalia, Syrian Arab Republic, and Zimbabwe – were in non-accrual status at the end of FY17.
63 The remaining portion of total IDA17 commitments was accounted for regional organizations (US233 million of 0.4 percent) and the PEF (US$50 million or 0.1 percent).
64 The sum of components of different financial indicators may not always equal the totals due to rounding.
65 FCSs are based on the Harmonized Lists of Fragile Situations in the corresponding fiscal years. Small states are countries with population of 1.5 million or less.
66 Includes US$100 million to Lebanon to support sudden influx of Syrian refugees.
67 Increase reflects IDA17 actual commitments, from US$7.7 billion to US$10.1 billion (excluding FY17 US$100 million to Lebanon, which is an IBRD country), facilitated by an increase in core allocations from US$4.8 billion in IDA16 to US$7.2 billion in IDA17.
68 From US$650 million in IDA16 to US$790 million in IDA17. Small states are countries with population of 1.5 million or less.
69 Includes commitments in Kiribati, Marshall Islands, Federated States of Micronesia, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu, as well as Pacific Islands regional organization through the Regional Program.

performance-based allocations.[70] This is why MDRI netting out was eventually eliminated in IDA18.

IDA17 used grants (46 percent), and highly concessional credits (50 percent) in its support to FCSs. Only 4 percent was provided on non-concessional terms to Côte d'Ivoire under the SUF. This is a decrease from IDA16 and IDA15, when grant financing to such countries accounted for roughly 65 percent, due to an increasing share of commitments destined toward countries with higher income per capita (e.g., gap countries, such as Côte d'Ivoire, which receive their IDA financing on blend credit terms). The overall grant element of IDA support to FCSs reached 74 percent,[71] compared to 53 percent for overall IDA17 concessional financing. The majority of the growth of resources flowing towards these countries has been allocated on credit terms (figure 22). This can be largely explained by three developments: the re-engagement with Myanmar, where a sizeable program was launched during IDA17; the shift by the Democratic Republic of Congo to regular IDA terms as a result of an improved debt rating (among other factors); and the access that was granted to Côte d'Ivoire for non-concessional terms under the SUF.

Figure 22. Increasing Share of IDA Support to FCSs via Credits (US$ billion)



Source: World Bank.
*IDA Credit comprises IDA credits, IDA guarantees, and IDA17 SUF.

Box 24. Trends in the Use of IDA Financial Products

IDA has three complementary financing instruments:

- Investment project financing (IPF), the instrument for long-term investments in developing countries, provides financing for a wide range of activities aimed at creating the physical and social infrastructure necessary to reduce poverty and create sustainable development. IDA has offered IPFs since its inception.
- Development policy financing (DPF) aims to help borrowers achieve sustainable growth and poverty reduction through a program of policy and institutional actions. Since beginning operations, IDA has offered DPFs to its clients to strengthen public financial management, improve the investment climate, address bottlenecks to improve service delivery, enhance social protection and environmental sustainability, and diversify the economy.
- Program-for-Results financing (PforR) was introduced in 2012 to support the implementation of government programs, using a government's own program systems so that it helps achieve lasting results by strengthening institutions and by building capacity.

70 Under the methodology, for countries eligible for debt cancellation under the MDRI initiative, the debt service due in a relevant fiscal year is subtracted from the country's gross Performance-Based Allocation (PBA; capped at 30 percent of the gross PBA) and then redistributed to all IDA-only non-gap countries.
71 Excludes financing through SUF (US$445 million) and to Lebanon (US$100 million).

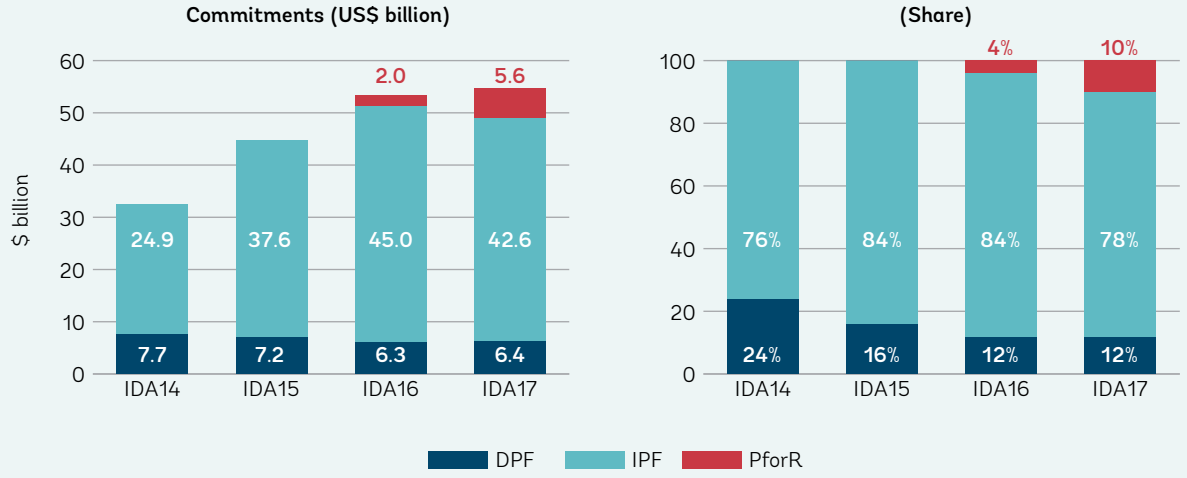
Box 24. Trends in the Use of IDA Financial Products (continued)

During IDA17, strong client demand more than doubled IDA approvals of PforRs from IDA16, accounting for 10 percent of total IDA17 financing. Experience has shown that clients appreciate the focus on results and the help in strengthening program systems and the capacity necessary to achieve good results. A recent IEG evaluation, Program for Results: An Early Stage Assessment of the Process and Effects of a New Lending Instrument, concluded that interest in PforR among regions appeared to be influenced by a range of factors. In Africa, for example, there is the view that this is a good instrument for supporting the regional agenda of building stronger institutions and delivering better services. In the Middle East and North Africa and the East Asia and Pacific regions, the instrument is regarded as a good fit for efforts to increase the emphasis on results and institutional capacity building. An example of this is the Ethiopia Health MDG Support Operation where the PforR has strengthened institutional capacity in improving the availability of data on service delivery through various demographic and health surveys, facility surveys, and data quality assurance surveys that have been undertaken either as part of verification protocols or as input to evaluations and design of strategies. Since P4forR was introduced, the largest recipient under IDA17 has been Nigeria (receiving US$1.5 billion), followed by Vietnam (US$1.3 billion), and Ethiopia (US$1.3 billion). During IDA17, 14 borrowers used PforR financing for their operations, of which the three-largest recipients (Nigeria, Vietnam, and Ethiopia) received more than half of total PforR financing within the IDA portfolio.

IPFs represented 78 percent of total financing during IDA17. Uptake picked up slightly in the Africa region and fell in the South Asia region due to India's graduation out of IDA and, partially, by a reduction in the share for Pakistan. IDA17 extended IPFs to 71 countries, with the top five recipients (excluding regional projects) being Bangladesh, Ethiopia, Vietnam, India, and Tanzania.

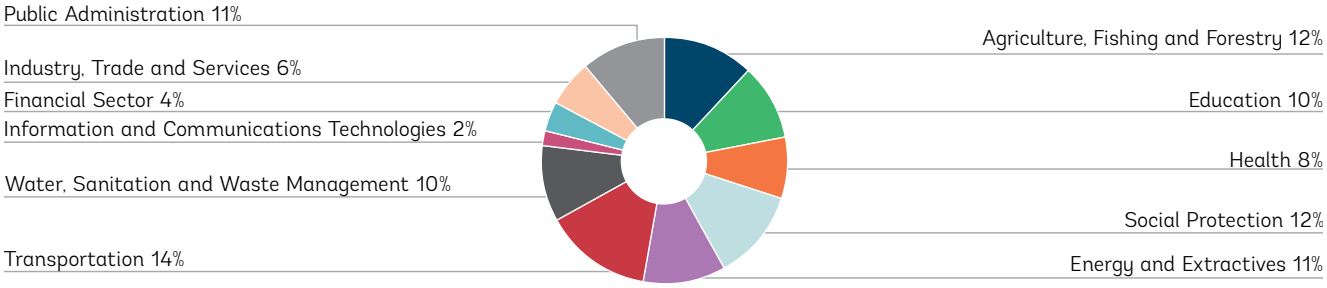
DPFs accounted for 12 percent of total financing in IDA17, similar to IDA16. In IDA17, DPFs were provided to 41 countries (excluding regional projects), with the largest number of policy engagements in the Africa region. DPFs continued to support reforms that strengthen public sector governance and the rule of law, along with an increasing focus on enhancing finance and private sector development. In addition, DPF projects have addressed different dimensions of fragility, vulnerability, and resilience – for example in Sierra Leone, Chad, Tuvalu, and The Gambia – as well as environmental sustainability and climate change (Laos and Vietnam).

Figure B24.1. IDA Commitments by Instruments



Source: World Bank.

Figure 23. IDA17 Commitments by Major Sector



Source: World Bank.

By sector, the largest share of IDA17 commitments supported infrastructure and social sectors (figure 23). While support to infrastructure in IDA17 made up 37 percent of total commitments compared to 43 percent in IDA16, IDA support to social sectors increased to 30 percent of total commitments in IDA17 compared to 25 percent over the same period. Within infrastructure, ICT commitments grew by 43 percent compared to IDA16, while energy and extractives sector commitments declined by 31 percent. Within social sectors, IDA17 commitments in health and social protection sectors increased by 49 percent and 45 percent, respectively, from IDA16. Support to agriculture, fishing, forestry, and public administration sectors remained stable at around 12 percent of total IDA17 commitments. Finally, IDA's commitments in sectors that directly or indirectly support private sector growth (infrastructure, industry, trade and services and finance) decreased to 47 percent of IDA17 commitments from 51 percent in IDA16. This largely reflects lower commitments in the energy and extractives sector; IDA17 support to industry, trade and services and financial sectors climbed 34 percent and 54 percent, respectively, from IDA16.

IDA'S ACTIVE PORTFOLIO

Over IDA17, the size of IDA's active portfolio increased considerably. IDA's total active portfolio under implementation stood at about US$106 billion at the end of IDA17, compared to US$84.8 billion at the end of IDA16. The number of IDA projects totaled 918 compared to 851, reflecting the implementation of 445 new projects in IDA17 and the closing of 387 operations approved in earlier replenishment periods.[72]

Performance of IDA projects remained strong during IDA17. As a share of total IDA commitments, IEG rated project outcomes as "moderately satisfactory" or above for more than 80 percent of closed operations across the overall portfolio (table 4), exceeding the performance standard of 75 percent. Self-assessments of implementation progress for the IDA active portfolio reached about 83 percent, exceeding the performance standard of 80 percent.

IDA17 demonstrated a robust performance when viewed against the increased complexity of its portfolio. In spite of the challenges related to meaningfully and effectively broadening engagement in FCSs, the performance of IDA projects in these countries also remained strong. As share of IDA commitments, IEG's rating of project outcomes in the FCS portfolio was rated "moderately satisfactory" or above for 77.7 percent of projects, also exceeding the performance standard of 75 percent.[73] However, as a result of greater share of IDA allocations toward such countries, problem projects as a share of the IDA portfolio increased (table 5), hence IDA's focus on maintaining and increasing quality and performance of operations. For instance, the conflict in Yemen stalled implementation of most projects, causing a spike in "problem projects" in the portfolio in FY15 and FY16. In FY17, management decided to close most of the Yemen portfolio, which brought the overall share down again.

Program growth over IDA17 has led to a younger active portfolio. With the expansion of the IDA program, the active portfolio has become younger, and as a result,

72 Source: World Bank. Reclassification of agreement type for 6 projects between IDA16 and IDA17 snapshot reports and errors in portfolio status/count for 3 projects reflect the balance 10 projects between IDA periods.

73 Given the small number of IDA17 approved projects rated to date – four projects amounting to US$300 million – the performance rating is preliminary.

Table 4. Outcome Ratings of Closed Operations Based on IEG Evaluations

	Exit Fiscal Year		Approval Fiscal Year	
IDA Period	**Moderately Satisfactory or Better Outcomes at Exit (# of operations basis)**	**Number of Operations Rated**	**Moderately Satisfactory or Better Outcomes at Exit (# of operations basis)**	**Number of Operations Rated**
IDA12	72%	403	73%	405
IDA13	73%	460	68%	474
IDA14	74%	430	74%	443
IDA15	70%	430	64%	237
IDA16	70%	476	64%	59
IDA17	75%	227	100%	4
	Exit Fiscal Year		**Approval Fiscal Year**	
IDA Period	**Moderately Satisfactory or Better Outcomes at Exit (commitments basis)**	**Commitments of Operations Rated (US$b)**	**Moderately Satisfactory or Better Outcomes at Exit (commitments basis)**	**Commitments (US$b)**
IDA12	79%	18.8	80%	19.1
IDA13	76%	21.1	73%	27.0
IDA14	74%	22.8	81%	27.8
IDA15	77%	22.3	70%	15.2
IDA16	77%	29.8	72%	3.1
IDA17	82%	15.1	100%	0.3

Source: World Bank, based on World Bank data (as of December 7, 2017) and IEG ratings.

Table 5. Problem Projects in Investment Operations as Share of Portfolio

	IDA15			IDA15 Avg.	IDA16			IDA16 Avg.	IDA17			IDA17 Avg.
% Problem Projects	**FY09**	**FY10**	**FY11**		**FY12**	**FY13**	**FY14**		**FY15**	**FY16**	**FY17**	
FCS	18.0	17.8	19.6	18.5	17.0	17.4	17.4	17.3	22.3	21.2	19.2	20.9
NON-FCS	13.5	13.0	11.9	12.8	13.0	15.7	18.1	15.5	16.4	17.8	17.7	17.3
Total	14.7	14.3	13.8	14.3	13.9	16.1	17.9	15.9	17.7	18.6	18.1	18.1

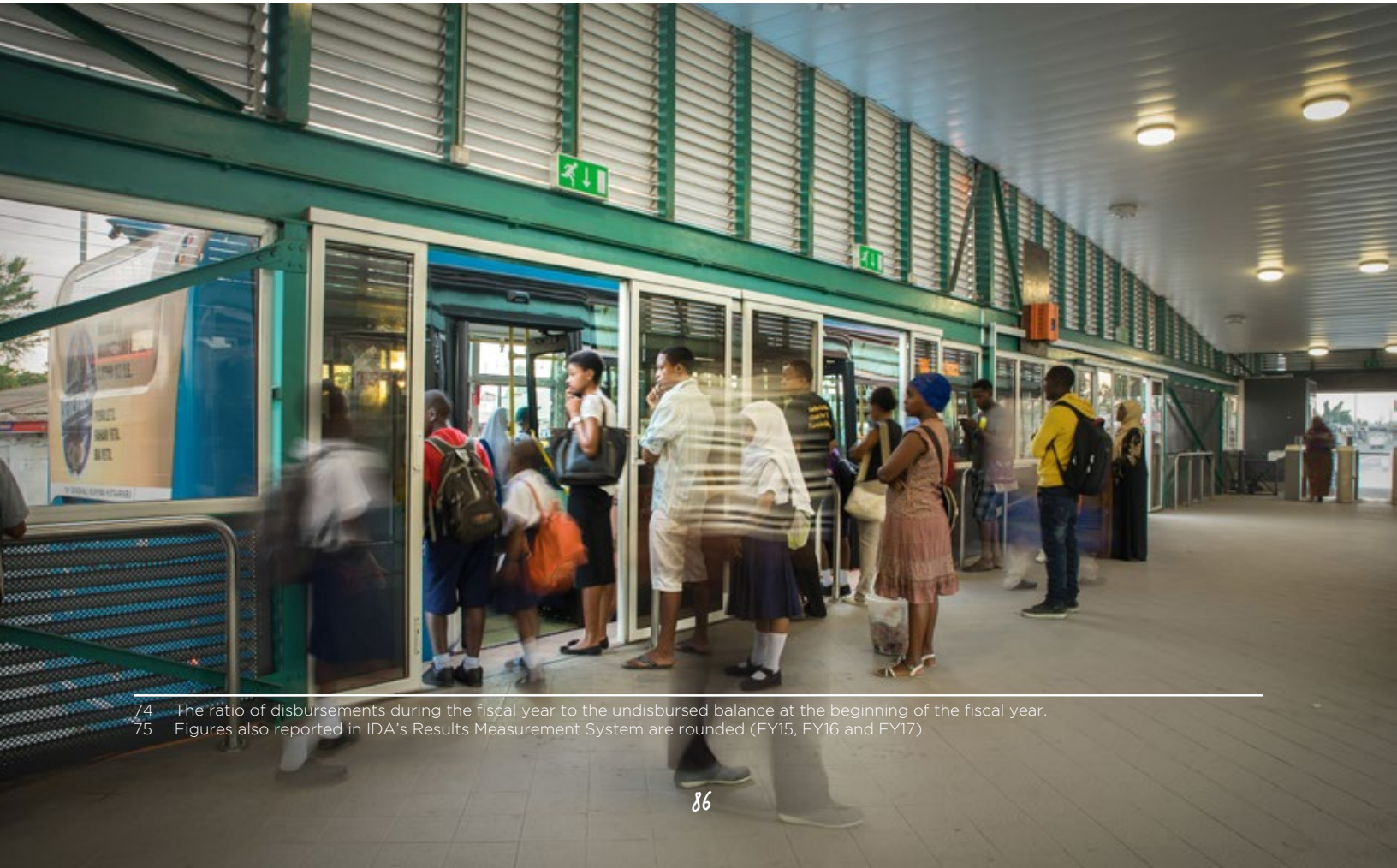
Source: World Bank data (as of December 21, 2017).
Note: Regional operations are not included.

the disbursement ratio for IDA investment projects slightly declined. The disbursement ratio[74] decreased by 2 percentage points to 20.9 percent (table 6), moving it slightly below the IDA17 performance standard range of 23-24 percent. In support to FCSs, the disbursement ratio of 23.9 percent in the final year of FY17 was within the IDA17 performance standard, although it decreased compared to the IDA16 average of 26.9 percent due to the scaling up of IDA17 resources to these nations, with loans naturally disbursing with a time lag. Typically, funds under investment projects disburse at a slower pace during the initial years and accelerate as relevant systems emerge and procurement is completed. The disbursement ratio typically accelerates as the portfolio matures but the IDA portfolio became younger during IDA17, with the share of operations active for less than 2 years increasing by 10 percentage points to over 50 percent between FY13 and FY16. Portfolio composition also has an impact on the disbursement ratio. Infrastructure loans generally disburse more slowly and in large 'tranches' due to relatively large contracts and lengthy procurement processes. In years where IDA's Board approved a comparatively larger number of new infrastructure loans, the disbursement ratio usually declines, and picks up strongly 3-4 years later.

Table 6. Disbursement Ratio of IDA Investment Projects[75]

	IDA15			IDA15 Avg	IDA16			IDA16 Avg	IDA17			IDA17 Avg
	FY09	FY10	FY11		FY12	FY13	FY14		FY15	FY16	FY17	
FCS	25.8	27.4	23.5	25.5	24.8	26.6	29.2	26.9	25	18.8	23.9	22.6
Non-FCS	22.3	24.4	21.2	22.6	21.6	22.4	22.7	22.2	22.4	19.4	20.1	20.7
All IDA	22.8	24.8	21.6	23.1	22.0	22.9	23.6	22.8	22.7	19.3	20.6	20.9

Source: World Bank data (as of January 9, 2018).



74 The ratio of disbursements during the fiscal year to the undisbursed balance at the beginning of the fiscal year.
75 Figures also reported in IDA's Results Measurement System are rounded (FY15, FY16 and FY17).

SECTION 5: IDA17 WINDOWS

To better address regional development questions, strengthen crisis response, and scale up financing of transformational operations, IDA17 expanded its suite of financing windows. Just over 15 percent of the IDA17 commitments was channeled through three special windows that target these priorities. Two of these windows—the CRW and the Regional Window—existed prior to IDA17. IDA17 introduced one new window—the SUF—to help clients take advantage of unique opportunities to achieve transformational impact. Client countries that accessed the windows often used the additional resources to complement their national "core" allocations accessed through the Performance-Based Allocation system. Thus, these projects are quintessential examples where global and local priorities meet. This section discusses the composition of the IDA17 special windows, and distills some key lessons from experiences since these windows were first introduced.

At the outset of IDA17, US$2.9 billion was allocated for the Regional Program[76] and US$840 million for the CRW.[77] At the time of the Mid-Term Review in November 2015, it was recognized that resources for specialty financing windows were under severe pressure—most notably, for the CRW and Regional Program—and there was growing demand from IDA clients to complement concessional funding with non-concessional resources to help finance large infrastructure spending on projects with transformational potential or affordable terms.

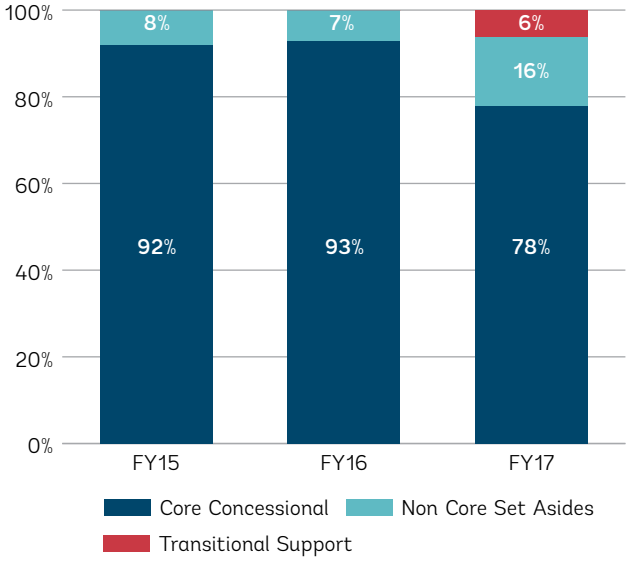
At mid-cycle, the IDA17 envelope was replenished with US$5 billion to respond to strong client demand and financial needs. Resources were used to top up the CRW by US$900 million in response to strong demand; to establish a new SUF with US$3.9 billion; and to provide exceptional support of US$200 million to the sudden refugee influx in Lebanon and Jordan.[78]

$$$

At the end of IDA17, the three special windows—the Regional Window, the CRW, and the SUF—delivered US$8.4 billion or 16 percent of total IDA17 commitments.

At the end of IDA17, the three special windows—the Regional Window, the CRW, and the SUF—delivered US$8.4 billion or 16 percent of total IDA17 commitments (figure 24). Additionally, US$3.2 billion (6 percent) was committed to provide exceptional transitional support for India. The share of resources committed through windows increased as compared to the previous replenishments.

Figure 24. Core Funding, Windows and Transitional Support Commitments



Source: World Bank.

76 Includes US$50 million in grant to the Pandemic Emergency Financing facility.
77 These US dollar values represent the SDR allocations converted with an exchange rate of US$1.4:SDR1, used during the IDA18 Replenishment discussions. At the outset of IDA17, the SDR exchange rate was at about US$1.52:SDR1, implying significantly higher US dollar-denominated allocations (of US$3.2 billion for the Regional Program and US$900 million for the CRW).
78 For more details see Board paper, *Enhancing IDA's Financial Support in IDA17*, March 2016.

Table 7. IDA17 Windows' Resources Combined with National Allocations and Counterpart Funding

		CRW			Regional Window			SUF		
		Total IDA (CRW+ counterpart funding) (US$ million)	CRW (US$ million)	Share of CRW to Region	Total IDA (Regional+ counterpart funding) (US$ million)	Regional Window (US$ million)	Share of Regional Window to Region	Total IDA (SUF + counterpart funding) (US$ million)	IDA17 SUF (US$ million)	Share of SUF to Region*
AFR	Total	1,432	1,067	61%	3,406	2,126	75%	3,226	2,514	66%
	Of which FCS	*678*	*553*		*896*	*504*		*445*	*445*	
SAR	Total	355	300	17%	769	369	13%	1,440	895	24%
	Of which FCS	-	-		*128*	*42*		-	-	
EAP	Total	269	160	9%	417	238	8%	366	213	6%
	Of which FCS	*219*	*110*		*260*	*110*		-	-	
ECA	Total	-	-	0%	83	53	2%	226	100	3%
	Of which FCS	-	-		-	-		-	-	
LAC	Total	100	100	6%	70	32	1%	127	80	2%
	Of which FCS	*100*	*100*		*50*	*20*		-	-	
MENA	Total	200	125	7%	20	18	1%	-	-	0%
	Of which FCS	*200*	*125*		-	-		-	-	
Total	All Regions total	2,356	1,752	100%	4,764	2,836	100%	5,384	3,801	100%
	Of which FCS	*1,197*	*888*		*1,334*	*676*		*445*	*445*	

** Percentages do not total 100 percent due to rounding.*

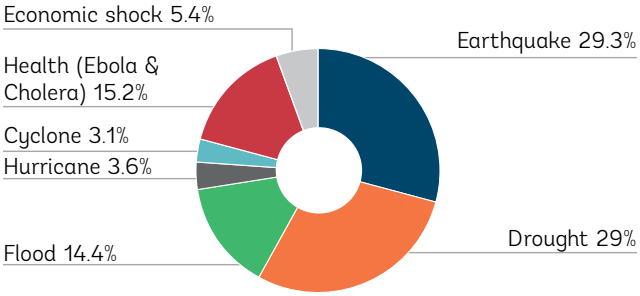
Jointly, the IDA17 windows helped finance a total of 135 projects amounting to US$12.5 billion.

About 20 percent of total IDA17 projects included financing from one of the three windows—complementing and leveraging IDA core allocations, as well as counterpart funding (table 7). Countries were able to access significantly larger overall support envelopes given that the funds allocated through these windows were linked to national country allocations. The SUF accounted for the largest amount, US$5.4 billion, through 31 operations funded by US$3.8 billion of its own resources. The Regional Window provided US$4.7 billion, through 67 IDA projects,[79] using US$2.8 billion of its resources. The CRW financed US$2.4 billion, through 37 operations, using US$1.8 billion of its resources. Jointly, the IDA17 windows helped finance a total of 135 projects amounting to US$12.5 billion.

Further consideration is needed on maintaining an appropriate balance between the responsiveness and flexibility offered by window resources and the IDA principle of non-earmarked core country funding. Windows have grown as a share of total IDA, from 8 to 20 percent between IDA15 and IDA17, respectively. While IDA17 windows enabled IDA to be responsive to evolving client demands and urgent needs, the trade-offs associated with their expansion in number and size need to be reviewed against the core IDA principle of non-earmarked financing, which provides predicable, counter-cyclical funding in alignment with client priorities.

79 In addition, US$50 million in grant was provided to the Pandemic Emergency Financing facility under the Regional Window.

Figure 25. Crisis Response Window by Type of Disasters since IDA16



Source: World Bank.

CRISIS RESPONSE WINDOW

The CRW was introduced at the IDA15 Mid-Term Review in November 2009 to provide IDA countries with timely access to additional resources—as part of a concerted international response—to crises and disasters. This window forms part of a range of World Bank mechanisms to provide expanded, systematic, and coordinated support across a range of crises, spanning preparedness, response, and reconstruction. After the initial IDA15 pilot, the CRW was officially established in IDA16 and continued in IDA17.

From IDA16 to IDA17, the window doubled in size—from US$900 million to US$1.8 billion—with the allocated resources fully utilized, evidence of a strong demand for crisis response resources by IDA countries. Nineteen countries benefitted from CRW financing during IDA17, bringing the total number of countries receiving assistance since IDA16 from this source to 25. The majority of recipients were IDA-only countries, 12 were FCSs, and six were small states.[80]

During IDA17, for the first time, CRW funds were provided to respond to economic crisis (a commodity price shock) and a public health emergency (Ebola), in addition to natural disasters. Overall, the largest share of support under this facility continues to go toward IDA countries responding to natural disasters (figure 25).

During IDA17, the CRW responded to 10 natural disasters, a public health emergency and an economic crisis, affecting in total 24 countries. 26 CRW operations responded to ten natural disasters in 15 countries (table 8); five CRW operations responded to public health emergencies—all related to Ebola—in three countries (Guinea, Liberia and Sierra Leone); and six CRW operations responded to the commodity price shock affecting four countries (Chad, Guinea, Liberia and Sierra Leone).

The Many Faces of IDA: Liberia, Sierra Leone, and Guinea

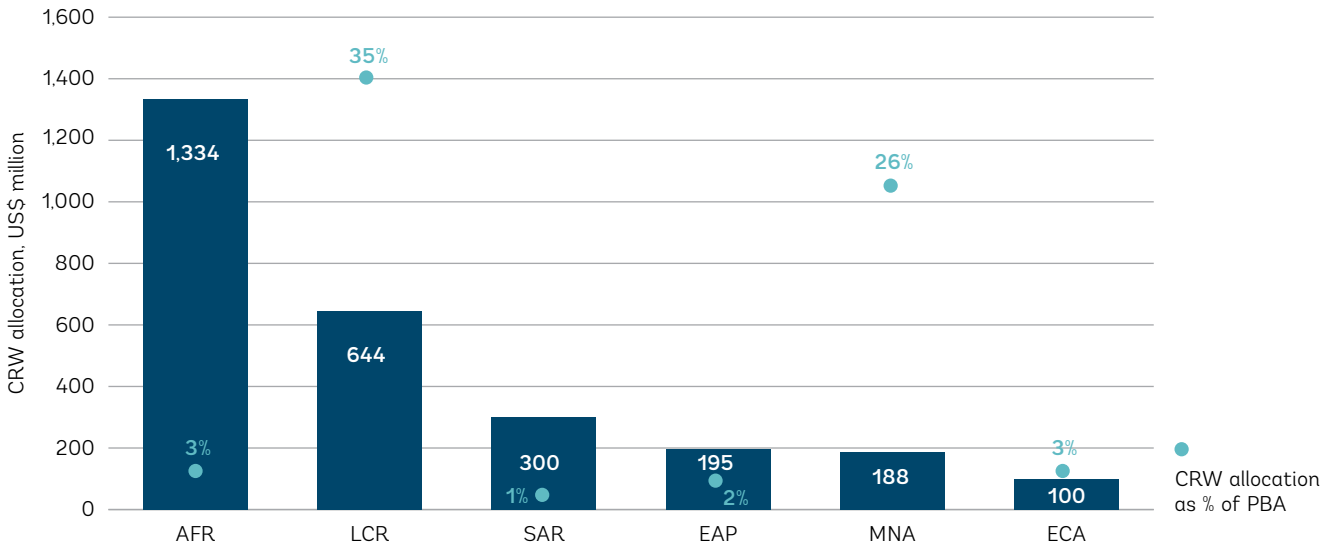
The Ebola epidemic in 2015 resulted in 11,300 deaths and the loss of US$2.8 billion in gross domestic product across Guinea, Liberia, and Sierra Leone. World Bank allocations amounted to US$1.17 billion – including US$420 million from the Crisis Response Window through the Ebola Emergency Response Project to Liberia, Guinea, and Sierra Leone—for the deployment of additional health workers, strengthened community-based care and triage, and better diagnostic capacities.

Click here for more details on the Ebola Emergency Response Project.

Photo: Lucy Barh, a midwife at Redemption Hospital in Monrovia, Liberia.

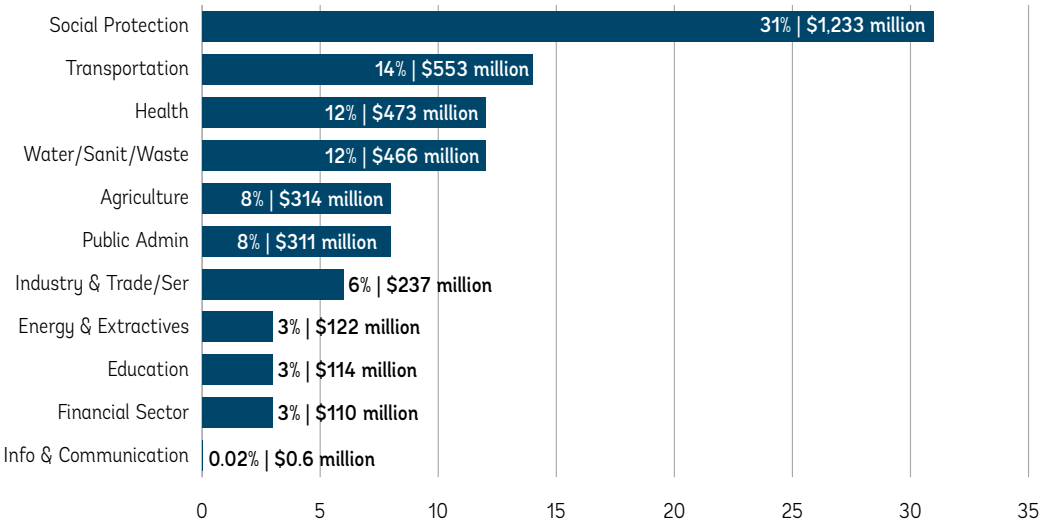
80 Based on country status at the time of CRW commitment.

Figure 26. Crisis Response Window Allocations by Region Since IDA16



Source: World Bank.

Figure 27. Sector Distribution Under the Crisis Response Window Since IDA16



Source: World Bank.

There are several key trends seen in the portfolio composition since IDA16:

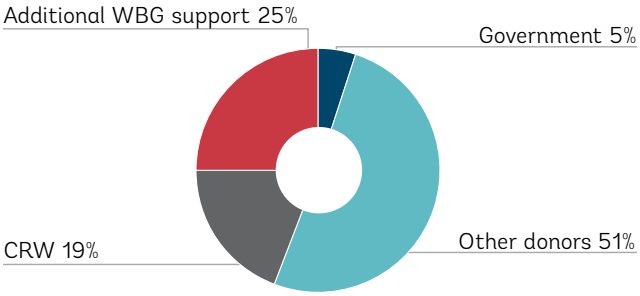
- Africa was the largest recipient, although the Latin American and Caribbean region was greater in terms of proportion to total IDA lending (figure 26).
- One-third of CRW resources were channeled through social protection projects, followed by the transportation and health sectors (figure 27).
- The CRW provided 90 percent of its resources as Investment Policy Financing (IPF), followed by Development Policy Financing (DPF; 8.5 percent) and Programs for Results (PforR; 1.5 percent).
- Nearly 60 percent of CRW commitments have been grants, reflecting mainly the recipient countries' underlying debt sustainability analyses.
- CRW commitments have been almost evenly distributed between new and additional finance operations.

Projects funded through the CRW continued to perform well in IDA17, responding to crises swiftly and effectively. Most closed projects (80 percent) were rated "satisfactory" based on the overall outcome ratings by IEG and by the Bank's Implementation Completion and Results Reports. In terms of speed, CRW projects started disbursing faster than other IDA projects; on average, the time between approval

to first disbursement is 5.2 months for CRW projects, and 8.6 months for all other IDA projects. The speed of disbursement reflects the type of activities funded by the CRW, which is short-term versus long-term recovery. Emergency response operations, as expected, disburse at exceptional speed; in the case of the Ebola response, financing was approved and disbursed through the CRW in just nine days.

CRW financing[81] since IDA16 represented nearly 20 percent[82] of post-disaster support to crisis-affected countries (figure 28). WBG financing, including this window, represented an even larger share (nearly half) of post-disaster financing. This also includes financing from WBG-managed crisis-related trust funds, of which CRW recipients received US$121 million.

Figure 28. Post-disaster Financing Commitments and Pledges Since IDA16



Source: World Bank.

The Many Faces of IDA: Northeast Nigeria, Somalia, South Sudan and Yemen

In mid-2017, the UN estimated that 20 million people were on the "tipping point" of famine in Northeast Nigeria, Somalia, South Sudan, and Yemen—while there was also serious risk of famine in Ethiopia and Kenya.

IDA responded quickly to intensifying food insecurity in Africa and Yemen with a US$1.8-billion package of IDA support, including US$360 million from the Crisis Response Window.

Drought response is an example of a multidimensional crisis where natural disasters, health outbreaks, and conflicts have a cumulative impact of devastating proportions. IDA complemented the primary mandate of the UN for providing emergency relief with IDA's efforts aimed at supporting safety nets for affected groups and restoring basic physical assets destroyed by the disaster.

81 Based on the data collected at the time of the CRW Board date.
82 As a share of commitments and pledges made by the affected country governments and the donor community.

KEY LESSONS FROM THE CRISIS RESPONSE WINDOW

The CRW not only addressed the issues of timeliness and additionality but it provided IDA the added flexibility and adaptability to respond to crises and emergencies in a systematic and effective manner. During IDA17, increasing varieties of disasters and the window's adaptable and flexible nature allowed IDA to expand focus beyond natural disasters to economic crises and public health emergencies. The CRW provided response to countries hit by crisis, often with far-reaching human and economic impact. The natural disasters impacted the countries hit on average by 13 percent of their GDP and affected on average 22 percent of their population. The economic and human impact of natural disasters varied depending on the size of the disasters as well as the size of the country's economy, reaching as high as 64 percent of GDP and 67 percent of the population in the case of Vanuatu (see table 8).

CRW support combined short-term crisis response and longer-term resilience building through an increased emphasis on preparedness and prevention. For example, the recent drought and famine response package went beyond providing emergency relief by also embedding measures to build stronger and more resilient food systems.

Going forward, the need to respond to recurrent, predictable, and slow-moving disasters highlights the importance of an increased emphasis on disaster preparedness, mitigation and prevention. Countries that received support from the CRW after severe and recurrent crises have taken steps toward building resilience and preparedness through an increased take-up of Disaster Risk Management operations and contingent mechanisms. Introduction of the Catastrophe Deferred Drawdown Option for IDA clients in IDA18[83] and the innovative Pandemic Emergency Facility will also fortify preparedness and prevention support (see box 25).

Table 8. Countries that Received Financing Through the Crisis Response Window after Natural Disasters During IDA17: Human and Economic Impact

Country	Disaster type	Year	Total Affected/ Total Population	Total Damage/ GDP	Total damage (US$ million)	CRW Funding as a share of total damage
Vanuatu	Cyclone	2015	67%	64.1%	447.1	11%
Lesotho	Drought	2016	44.4%	2.5%	56	36%
Tuvalu	Cyclone	2015	41.9%	27%	10.5	29%
Malawi	Drought	2015	38.1%	5.7%	390	5%
Somalia	Drought	2015	33.8%	10.6%	660	8%
South Sudan	Drought	2016	29.4%	n/a	n/a	n/a
Nepal	Earthquake	2015	19.7%	24.3%	7,200	3%
Haiti	Hurricane	2016	19.4%	24.2%	2,000	5%
Ethiopia	Drought	2015	10.2%	2.2%	1,400	7%
Solomon Islands	Flood	2014	9%	9.2%	107.8	9%
Mozambique	Drought	2016	8%	1.8%	204	15%
Madagascar	Drought	2016	4.6%	1.1%	110	18%
Malawi	Flood	2015	3.6%	6.1%	390	21%
Myanmar	Flood	2015	3.1%	0.2%	119	84%
Kenya	Drought	2016	2.6%	0.4%	254	14%

Sources: World Bank based on Emergency Events Database available at http://emdat.be/, Université catholique de Louvain (UCL) and Board Documents for Crisis Response Window projects (see annex in companion paper "IDA17 Regional Perspectives").

Note: Figures for total damage (US$ million) for Lesotho, Mozambique and Madagascar are unavailable. The figures in this table are UN estimates based on country's post-disaster needs (humanitarian/recovery) as a proxy for total damage.

83 To promote countries' resilience to disasters and to expand the range of IDA's crisis instruments, this new option is a contingent credit line that provides immediate liquidity to countries in the aftermath of a catastrophe and serves as early financing while funds from other sources, such as bilateral aid or reconstruction loans, are being mobilized.

Box 25. Bolstering Crisis Response for IDA Countries

Additional IDA crisis response mechanisms. Some CRW recipients also benefited from other contingent financing mechanisms that are part of IDA's toolbox and helped them quickly access project funds for emergency response and early recovery. Funds under the Contingent Emergency Response Component or the Immediate Response Mechanism have been triggered by six countries that also drew from the CRW: Lesotho (drought), Madagascar (drought), Mozambique (drought), Haiti (hurricane), Dominica (hurricane) and Myanmar (floods).

Insurance. All five CRW recipient Pacific Islands, all four CRW recipient Caribbean Islands, and two CRW recipient African countries have had coverage under the Pacific Catastrophe Risk Financing and Insurance Initiative, the Caribbean Catastrophe Risk Insurance Initiative Facility, and the African Risk Capacity facility, respectively. Five out of these 11 countries received payouts averaging US$11 million. The insurance payouts represented, on average, 2 percent of damages, while CRW resources provided in response to the same disaster accounted for 13 percent of damages.

The Pandemic Emergency Financing Facility. This Facility was created following the West African Ebola outbreak of 2014. The WBG, responding to requests from the G20 and G7, developed the Facility with external public and private sector partners. Given strong demand from IDA countries and the high risk of disease outbreaks, the Pandemic Emergency Financing Facility received a special allocation of US$50 million from the IDA17 Regional Program in May 2017. Approved by the Board in May 2016, the new Facility became operational in July 2017. It fills a critical gap in the global health financing architecture for IDA countries by providing early and rapid surge financing to respond to pandemic threats, thereby preventing their escalation, saving lives, and containing economic losses. The facility has both insurance and cash windows. Coverage under the insurance window is funded with proceeds from pandemic bonds issued by IBRD and insurance contracts. Premiums are funded by donor contributions, including the IDA financing for the Facility. The Pandemic Emergency Financing Facility helps to raise awareness among IDA countries on the need for better pandemic preparedness and response planning and in incentivizing countries to act on these areas.

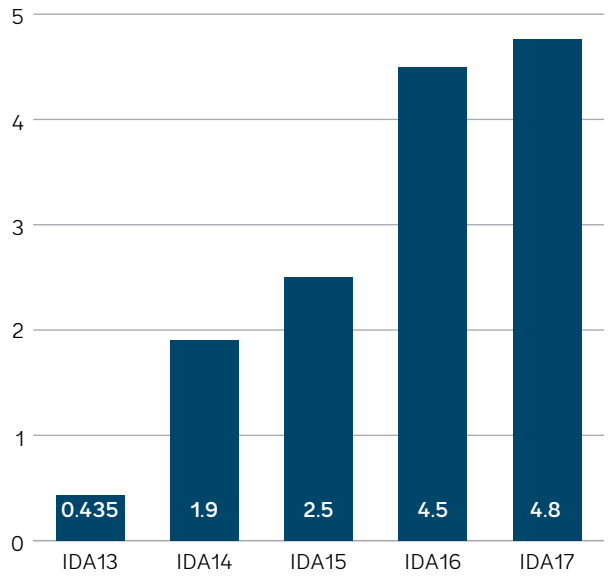
REGIONAL WINDOW

The Regional Window, launched as a pilot at the start of IDA13 in 2003, has grown substantially in supporting regional integration amongst IDA countries. It has facilitated collective action, particularly by taking advantage of economies of scale in transformational infrastructure projects, and by opening access to regional and international markets (especially in landlocked countries). It has enabled the development of regional public goods in areas as diverse as disease prevention and climate change adaptation and mitigation.

During IDA17, all regions fully utilized their IDA Regional Window allocations. Commitments to IDA Regional Program projects amounted to US$4.8 billion (figure 29), of which US$2.8 billion came out of the regional IDA program while US$1.9 billion was funded from national IDA allocations. Total grants (US$1 billion) accounted for 21 percent of commitments, and credits (US$3.8 billion) accounted for 79 percent of commitments.

Responding to need and in alignment with the African Union's New Partnership for Africa's Development, the Africa region has been a primary beneficiary, receiving US$3.4 billion (75 percent) of Regional Program commitments in IDA17. Commitments to other regions stood at: US$769 million for South Asia, US$417 million for East Asia and the Pacific; US$83 million for Europe and Central Asia; US$70 million for Latin America and the Caribbean; and US$20 million for Middle East and North Africa.

Figure 29. IDA Regional Program Commitments (US$ billion)



Source: World Bank.
Note: Figures include allocations from both regional and national envelopes.

The Regional Window supports an increasingly broad range of sectors. While infrastructure still accounted for the largest share of commitments, demand for regional solutions across other sectors, such as health, education, agriculture, climate and environment now represent more than half of the IDA17 regional portfolio. In infrastructure, there has been a growth in ICT investments alongside those in transport and energy. There has also been a growing demand for greater regional solutions in policy harmonization and the strengthening of institutions and systems to maximize capacity. Countries continue to seek collaboration in building resilience against shocks and climate change.

The Regional Window has supported transformational results:

- Through the Southern Africa Trade and Transport Facilitation Program, 731km out of 928km of roads in the Dar Corridor in Tanzania (equal to 87 percent) are now in good condition, a 10 percent increase from 2012. A second phase of this project will expand improvements into the Malawi side of the Corridor, which will provide better regional connectivity for landlocked Malawi to the port of Dar es Salaam.

The Africa region has received US$3.4 billion (75 percent) of Regional Program commitments.

- In eastern Africa, the Lake Victoria Program supports the revitalization of intermodal transport on and around Lake Victoria in a sustainable manner that will help to reduce transport costs and improve access, both for the communities living around the lake, and for the landlocked countries of the region. The first phase of the program in Rwanda was delivered during IDA17 and it is already supporting improvements along the regional road corridor and border crossings to provide efficient and safe movement of goods and people.

- The Development Response to Displacement Impacts Project in the Horn of Africa helped mitigate the impact of forced displacement on refugee-hosting communities in that region, which currently hosts an estimated 9.5 million displaced persons, including more than 6.5 million internally displaced persons and about 3 million refugees. This work has laid the foundation for the refugee sub-window in IDA18.

- In East Asia and the Pacific, IDA scaled up and enhanced regional approaches to the small islands of the Pacific in aviation, fishery, ICT connectivity, and other common challenges.

KEY LESSONS FROM REGIONAL WINDOW EXPERIENCES SINCE INCEPTION IN 2003

The regional window has been adjusting its policy framework to meet the diverse development challenges facing IDA clients. Access eligibility criteria now take into account the needs of FCSs, small islands, the geographic location of certain countries with no IDA neighbors, and activities in one single country but with significant impact on the region. The IDA grant for regional organizations was introduced in IDA15 to help build their capacity in supporting the goal of regional integration and collaboration. The only lending instrument used in the regional integration program is the IPF. Some of the next generation challenges in regional integration including the need for policy and regulatory reforms and leveraging private investments may require use of other WB instruments like development policy financing, PforRs and guarantees that were originally designed for use in individual countries. To support a more ambitious agenda on regional integration through more holistic

The Many Faces of IDA: Comoros

The coastal populations of the South West Indian Ocean region struggle to overcome weak economic activity, poverty, and hunger, and exposure to climate change impacts. Fish stocks in the region are increasingly facing risks of overexploitation or depletion from overfishing by industrial vessels and artisanal fishers.

The South West Indian Ocean Fisheries Governance and Shared Growth Project will initiate regional discussions and cooperation to develop a regional fisheries management program focusing on reducing pressure on the fishing ecosystems and helping countries address shared challenges. Safeguarding fish resource productivity and developing the value chain for fish production will expand the fishers' livelihoods as a step towards reducing poverty.

Financed by US$75.5 million from IDA and US$15.5 million in co-financing trust funds form the Global Environment Facility, the project supported regional coordination and cooperation to improve the management and sustainable development of fisheries in the South West Indian Ocean and benefited countries in the South West Indian Ocean Fisheries Commission: Comoros, Madagascar, Mauritius, Seychelles, Somalia, Kenya, Tanzania, Mozambique, South Africa, Yemen, and Maldives.

Click here for more on the South West Indian Ocean Fisheries Governance and Shared Growth Project.

Photo: Nasbata Ahamada working at a fish drying facility in Comoros.

approaches, there is interest in the Africa region to broaden the use of the IDA regional window including through supporting policy-oriented reforms and interventions to complement physical investments, stemming from the view that regional integration goes beyond physical infrastructure and increasingly embraces policies and institutions.

Regional solutions to development challenges increasingly span multiple sectors. On the one hand, this makes IDA's support to regional initiatives more sophisticated, addressing the development challenges in a more holistic way. On the other, it increases the operational complexity of regional projects and leads to higher transaction costs and implementation risks in coordinating multiple and often sequential interventions, involving multiple countries and sectors. For example, in infrastructure, there has been a growth in ICT investments alongside investments in transport and energy. In health, education and agriculture, there is increased demand for cross-sector interventions with knowledge exchange, research, technology and skills building to support the development of people, institutions and systems. The Africa region which has the greatest need to strengthen regional integration and link countries to the global economy is preparing a new strategy, "Supporting Africa's Transformation: Regional Integration Strategy 2017-2023", which will guide the next generation of the Bank's engagement in regional integration. The East Asia and Latin America regions have used the Regional Window to support small islands through economies of scale in their respective regions.

Regional organizations have been important in leading and supporting project delivery, and in assuring the sustainability of investments in the longer term. Over the years, IDA has worked with and supported regional inter-governmental organizations such as the East African Community, and the West African Economic

and Monetary Union. It has also backed regional technical organizations such as the West Africa Health Organization, and the Pacific Aviation Safety Office. The political and technical leadership of these organizations in the regional projects supported by IDA has been essential to ensure regional ownership of these projects and to support coordinated implementation among participating member states. IDA's partnership with regional organizations, including through IDA's grants to regional organizations, has also supported their capacity building to advance regional integration agendas on their own.

Demand for regional projects has grown significantly.

IDA clients strongly supported the Regional Window and have demanded an expansion. Demand for regional projects has grown significantly, while portfolio performance reflects implementation challenges inherent to regional approaches. IDA's regional project portfolio went from the initial US$200 million in FY05 to US$4.76 billion fully committed under IDA17. Regional projects tend to perform slightly below the average of IDA national projects because of the multiple countries and implementation complexities involved–the disbursement ratio tends to be a bit lower and problem projects risks higher. In the Africa region for example, the disbursement ratio for the regional portfolio is 15.5 percent compared to the Africa region average of 21.5 percent. Regional projects tend to be more complex, carrying higher project preparation costs, needing more support for capacity building of regional and national institutions, and requiring longer time in procurement and disbursement due to the number of counterparties involved. They also involve working with internal systems and processes that are geared toward national projects. In addition, the risk of fragmentation of the regional portfolio will need continued management while balancing the size of individual projects. Efforts are ongoing to simplify regional projects and facilitate project implementation and supervision.

IDA17 SCALE-UP FACILITY

The introduction and innovation of the SUF provided an additional US$3.9 billion for transformational projects in IDA17. Midway through IDA17, it became clear that constrained access to multilateral development bank funding presented IDA clients trying to finance large infrastructure gaps with difficult choices, such as drawing down limited concessional resources or seeking more expensive commercial borrowing. In response, the Board approved the establishment of the IDA17 SUF to enhance IDA's support on favorable, non-concessional terms (i.e., similar to IBRD) for high-quality, transformational operations with strong development impact.[84] This innovation provided additional resources to address immediate financing pressures without the need for additional donor contributions, while maintaining a robust coverage of IDA's liquidity needs and preserving IDA's financial sustainability.

The SUF complemented core IDA resources. It supported 31 operations in 15 different countries across all regions. Its resources were primarily utilized by countries at low risk of debt distress to support investments in areas consistent with expected demand for non-concessional resources (i.e., with a focus on energy and transport; figure 30). These resources allowed IDA to finance operations significantly larger than countries' core IDA envelopes (e.g., in Côte d'Ivoire and Zambia; figure 31), and to combine regular IDA with SUF support to expand engagements for greater impact (e.g., in Tajikistan, Tanzania, and Nicaragua).[85]

The IDA17 SUF expanded IDA's financial toolbox. For those countries facing more expensive terms on capital markets, SUF resources helped improve their public debt profiles (e.g., in Pakistan, Sri Lanka, and Zambia) although likely at the margin, given the relatively limited volume of SUF resources. In addition, the Facility enabled IDA and client countries to gain experience with a non-concessional IDA product.

84 SUF resources were made available only to IDA-eligible countries at either low or moderate risk of debt distress.
85 In case a country's regular IDA financing exceeds 100 percent of its FY17 core IDA allocation (i.e., Tajikistan), the country will have benefited from either an intra- or inter-regional reallocation of resources from another country (or countries).

The Many Faces of IDA: Côte d'Ivoire

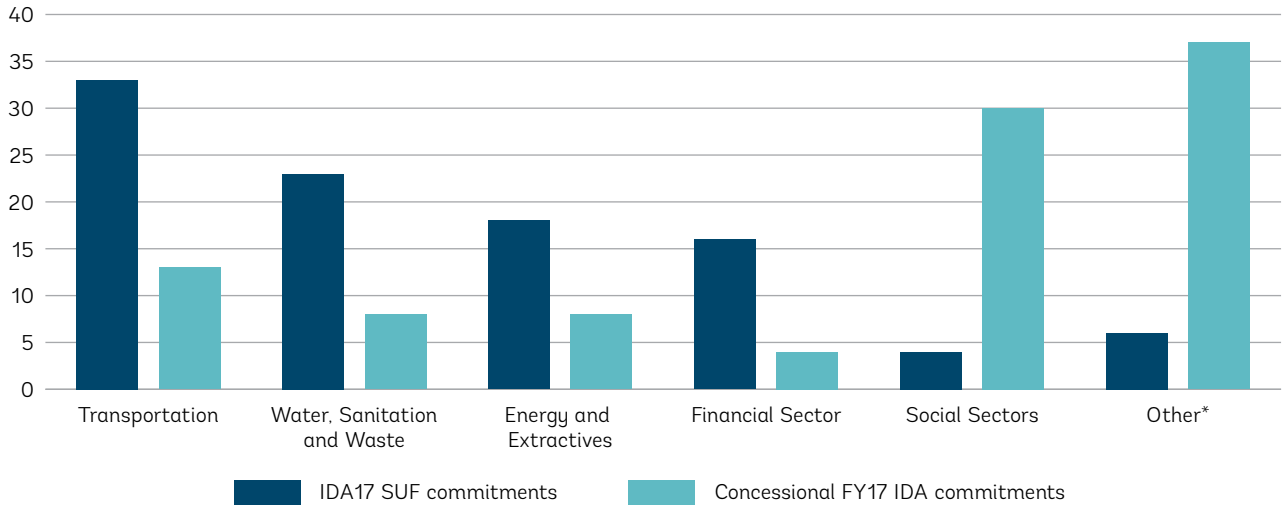
Given the demands for financing from client countries, the Scale-up Facility sought to grow projects that had a transformational development impact. Access to electricity in suburban and rural areas can have a significant impact on job and income generation. The Facility provided a US$325 million credit to improve the efficiency and reliability of electricity supply in Côte d'Ivoire, with the aim of increasing access to electricity.

The Electricity Transmission and Access Project will finance priority investments to upgrade and extend the national transmission and distribution network and strengthen the reliability of power supply in the country. It will also accelerate access to electricity for the population in 10 regional capital cities and rural areas in South Western regions of Côte d'Ivoire. This will be achieved by supporting the government's "Electricity for All" program, which is expected to bring access to electricity to around one million low-income households over 5 years by financing the connection fee through a revolving fund. This mechanism will reduce the up-front connection cost 100-fold, from about US$250 to just US$2 per household.

Click here for more on the Electricity Transmission and Access Project.

Photo: Crew leader at a power grid in Anono, a low-income neighborhood of Cote d'Ivoire's capital, Abidjan.

Figure 30. Concessional IDA Commitments vs IDA17 Scale-up Facility Commitments, Sector Breakdown (as % of Respective Totals)



Source: World Bank.

EMERGING LESSONS FROM THE SCALE-UP FACILITY SINCE 2016[86]

Initial experience with prioritization criteria, debt sustainability, monitoring and reporting have led to adjustments in the SUF framework for IDA18. Experience from implementation of the Facility under IDA17 shows that there is no single policy prescription to catalyze transformational change.[87] Therefore, the IDA18 Scale-Up Facility introduced additional prioritization criteria in the form of "soft filters" to help improve the targeting of Facility resources to support interventions that advance IDA priorities. In addition, the rising risk of debt distress in IDA countries[88] reinforces the notion that debt sustainability considerations should remain paramount in implementation of this Facility. Since Scale-up Facility financing is provided on near-IBRD terms, it is generally treated the same way as other the Bank's non-concessional lending for the purposes of non-concessional borrowing policy. Finally, IDA has developed internal systems to improve monitoring and reporting of the Facility's pipeline, which are already allowing operational teams and Bank management to easily capture and track planned operations.

SECTION 6: IDA17 FINANCING FRAMEWORK

IDA17 introduced important changes to IDA's financing framework. Among these, the introduction of debt financing at scale for the first time in IDA's history marked a notable milestone in the way IDA generates and provides concessional finance to its clients. These changes became the building blocks for much more far-reaching innovations currently underway, such as IDA's access to capital markets based on its triple-A rating during IDA18 and beyond. IDA shareholders that agreed the IDA17 financing package during consultations in 2014 anticipated and pioneered the leap in scaling up development finance that was subsequently championed by the Addis Ababa Action Agenda. This section discusses the financial innovations introduced in previous replenishments, and the new IDA17 innovations, that jointly boosted money available to clients by US$15 billion—and ultimately became the building block and essential experience for a new hybrid financing framework after IDA17.

IDA17: A RECORD ACHIEVEMENT

A global coalition of donors—comprising IDA's traditional partners as well as emerging development partners, countries that graduated out of IDA, and IDA clients—concluded a then-record financing framework for IDA17 in December 2013. Based on the pledges made at the final replenishment meeting, a commitment authority of US$52.1 billion[89] was made available to the world's poorest and most fragile countries. The IDA17 replenishment became effective on November 5, 2014.

IDA17 has delivered the largest program of support to date—total commitments amounted to US$55 billion.[90] This program was supported by a revised IDA17 financing framework including US$26.3 billion in donor contributions, US$4.9 billion in Concessional Partner Loans (CPLs)[91,92], and a further US$5 billion midway through IDA17[93] through more efficient use of IDA's liquidity.

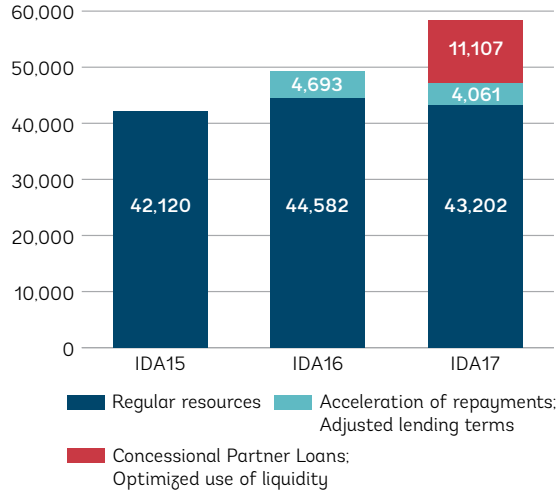
86 For full details on early experience from the IDA17 Scale-up Facility, see *IDA17 Scale-up Facility (SUF) Retrospective*, January 4, 2018.
87 A conclusion consistent with IEG findings that transformational projects vary in form, size and the development challenges they address and are difficult to identify on an ex ante basis. See: World Bank. Independent Evaluation Group. 2016. *World Bank Group Support to Transformational Engagements: An IEG Category II Learning Product*, 2016. Washington D.C.: World Bank Group.
88 Countries in which low-income country Debt Sustainability Analysis ratings deteriorated were Benin, Cameroon, Congo, Rep., Ethiopia, The Gambia, Lao PDR, Liberia, Madagascar, Mauritania, Mozambique, Nigeria, Papua New Guinea, Tajikistan, Samoa, Tonga, Vanuatu, Yemen, and Zambia.
89 SDR34.6 billion. Valued at the IDA17 USD/SDR reference rate of 1.50718.
90 Total commitments amount to US$55 billion when valued at the exchange rate at the time of project approval and including guarantees at 100 percent of the face value. Total commitments during IDA17 amount to SDR38.5 billion (US$58 billion) when valued at the IDA17 replenishment exchange rate of 1.50718 USD/SDR and including guarantees at 25 percent of face value.
91 Includes US$1.1 billion in grant element, which reflects the concessional feature of the loans and is counted as a grant-equivalent contribution from donors.
92 In addition to WBG transfers, internal resources, carry forward from previous replenishments and MDRI contributions.
93 IDA Deputies endorsed this proposal at the IDA17 Mid-Term Review in Dakar, Senegal in November 2015. The SUF proposals became effective upon approval by IDA's Executive Directors in March 2016. See: *Enhancing IDA's Financial Support in IDA17*, IDA/R2016-0019/1, March 2, 2016.

A total of 51 countries pledged to IDA17, the highest number of partners in IDA's history at the time. Four countries—India, Indonesia, Malaysia, and Thailand—pledged to become IDA donors for the first time, joining former IDA clients China, Chile, Egypt, Korea, the Philippines, and Turkey.

INNOVATING TO SCALE UP DEVELOPMENT FINANCE

IDA17 optimized IDA's balance sheet, marking a turning point in the way IDA finances its operations. Since IDA's establishment in 1960, the IDA financing framework has fully relied on donor grant contributions.[94] IDA17 expanded on the innovations introduced in IDA16 that allowed client countries to accelerate their payments or voluntarily make pre-payments. Also for the first time in IDA's history, IDA17 introduced leverage of its balance sheet through debt financing in the form of CPLs from donors. In addition, IDA optimized its liquidity management policy and created US$5 billion of additional resources for IDA17. Jointly, these innovations generated an additional US$15 billion[95] in financing for the poorest and most vulnerable countries (figure 31).

Figure 31. A Record IDA Financing Envelope Due to Innovations (US$ million)



Source: World Bank.

94 Switzerland contributed to IDA during IDA9 in terms of loan financing in the amount of SDR 184.46 million, which was converted into grant contribution after Switzerland became a member of IDA.
95 US$15.17 billion rounded.

Box 26. Concessional Partner Loans in IDA17

- **CPL donors:** Five countries provided these resources in addition to their grant contributions: China, France, Japan, Saudi Arabia, and the UK.
- **Currencies:** Loans were provided in the four currencies of the SDR basket at that time (EUR, USD, YEN, GBP).
- **Terms:** One was provided at maturity of 40 years and the rest of 25 years. The all-in coupon rates of the concessional loans range from zero to 1 percent in SDR terms, with an average cash borrowing cost of 0.6 percent.
- **Additionality principle.** Recognizing that leveraging IDA's balance sheet sustainably requires continued strong donor grant contributions, the IDA17 CPL framework aimed at balancing strong incentives to donors for providing grant funding with recognition for their additional contributions. The former was achieved by introducing the requirement that donors would provide at least 80 percent of their IDA16 basic contribution amount in the form of a core grant contribution and provide at least their IDA16 basic contribution amount on a total grant equivalent basis.
- **Prudential debt limit.** IDA also established a prudential debt limit (SDR 6.1 billion), setting the maximum volume of debt that could be sustainably incorporated in IDA17. This was achieved by offering donors burden share recognition and voting right allocation for the concessional loan based on its grant element*.
- **One more benefit:** In addition to increasing the lending envelope notionally, the funding from the loans improved IDA's projected liquidity and thereby enabled IDA to commit an additional US$1.36 billion (equivalent of SDR 900 million) in internal resources.

*The grant element of a loan recognized in IDA17 is the difference between the cost of the concessional loan to IDA and the additional revenue that the loan can generate for IDA.

LEVERAGING THROUGH DEBT FINANCING

While grant contributions remain at the core of IDA's financing, IDA17 included for the first time debt leverage through CPLs, increasing the IDA17 lending envelope by US$4.9 billion.[96] Special circumstances, including the low interest rate environment, pressure on aid budgets in a number of contributing partners combined with high demand from IDA clients, and the need to provide transitional support for graduating countries, created a case for introducing concessional debt funding (see box 26).

Building on the groundwork to leverage IDA's balance sheet with CPLs in IDA17, the IDA18 financing framework introduced large-scale, transformational leverage by expanding debt funding to capital markets. To prepare for market access, in September 2016 IDA obtained its inaugural credit rating from Standard & Poor's Global Ratings and Moody's Investors Service in September 2016. The triple-A ratings from both agencies reflect IDA's exceptionally strong equity base and ample liquidity, conservative financial policies, important public policy mandate, strength of donor support, high quality of governance, and well-diversified loan portfolio. (For more, see the IDA investor website, available at http://treasury.worldbank.org/).

OPTIMIZING THE USE OF LIQUIDITY

IDA17 responded to increasing demand and financing needs by also optimizing the management of IDA's liquidity framework. Agreed during the IDA17 Mid-Term Review in the fall of 2015, an additional US$5 billion was generated for IDA17 by expanding the eligibility of liquid assets that can count towards IDA's minimum liquidity buffer. A sensitivity analysis confirmed that IDA could prudentially release US$5 billion in internal resources that had been set aside in the investment portfolio and were uncommitted while continuing to meet IDA's liquidity objectives, even under emergency liquidity scenarios.

96 SDR 3.3 billion and include the grant element of CPLs.

OTHER FINANCIAL INNOVATIONS TO BETTER MEET CLIENTS' NEEDS

Adjusting Lending Terms

Responding to clients' requests, floating interest rates were introduced in IDA17 for transitional support, "hard-term" lending, and non-concessional loans under the SUF.

IDA's regular lending terms were adjusted, reflecting the improved economic growth and capabilities of many IDA's clients, increasing the IDA17 lending envelope by US$1.2 billion. Hardening the lending terms allowed resources to be recycled more quickly, increasing the available resources for new operations. The maturity of regular credits for IDA-only countries was shortened to 38 years from 40, with a straight-line amortization of principal.[97] The rationale for the revision of IDA's lending terms was based on (i) improvements in the risk of debt distress of low income countries and the assessed impact of the hardened terms on their debt sustainability risk ratings at the time; and retained grant allocations for those countries assessed at high or moderate risk of debt distress; and (ii) the principle that IDA terms remain highly concessional relative to other multilateral development banks, as well as the impact of possible actions by other such banks.

Differentiated credit terms were provided to India on an exceptional basis to help smooth its graduation and transition out of IDA, and for financing provided to countries under the SUF. India received transitional support during IDA17 on terms close to those applied to IBRD resources. The experience in providing exceptional transitional support to India informed the approach to transition support in IDA18, during which Bolivia, Sri Lanka, and Vietnam are eligible to receive such support. A key lesson from the India experience is that this type of support helped the graduating country implement key development projects for moving sustainably to the next phase of being an IBRD borrower. In the case of India, support was channeled to the country's most vulnerable and poorest states. Non-concessional terms, similar to those from the IBRD, were also introduced under the SUF, expanding the range of financing products to include non-concessional terms for revenue generating projects and supporting IDA's evolving client base. For further details, see chapter 2, section 5.

Continuing IDA16 Financial Innovations on Acceleration of Repayments

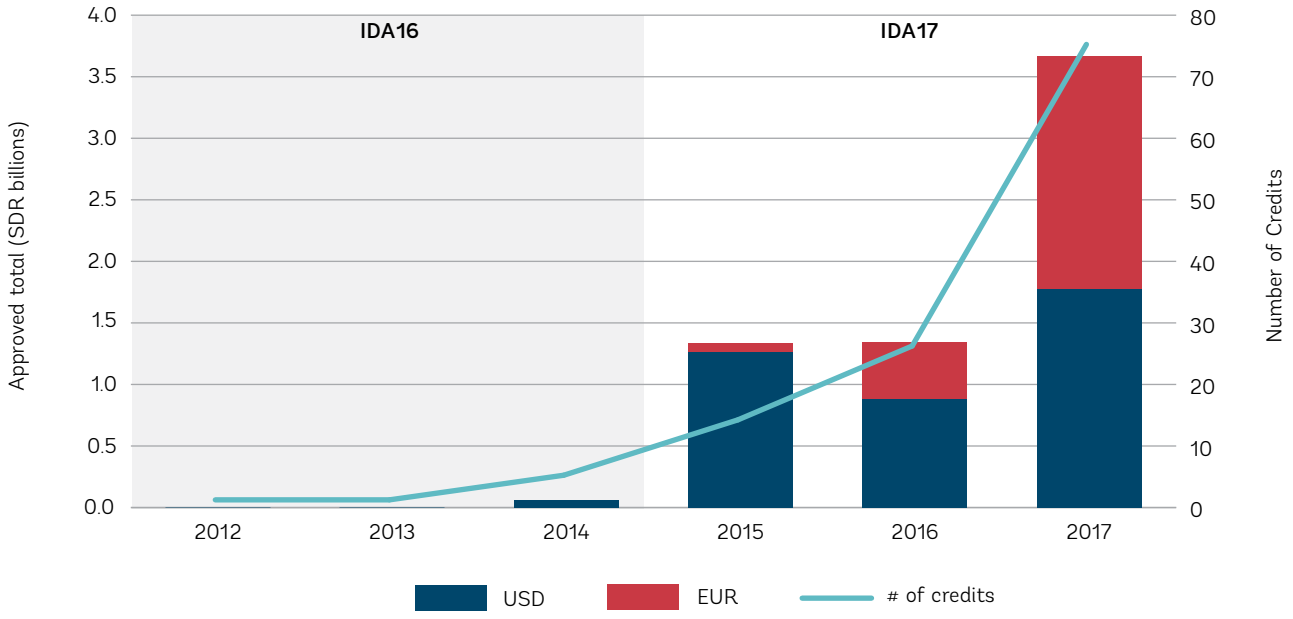
IDA17 reviewed and continued implementation of two policies introduced in IDA16 that allowed clients to either accelerate their credit repayments or to make voluntary prepayments. In November 2013, IDA's Board approved the implementation of the accelerated credit repayment clause for nine eligible graduates[98] at the start of IDA17, increasing the IDA17 lending envelope by US$2.3 billion.[99] Two countries[100] voluntarily prepaid their outstanding IDA credits, further increasing the IDA17 lending envelope by US$570 million.[101]

IDA "Participations"

IDA17 introduced the IDA Participations Pilot Program[102] to allow partners[103] to participate in financing IDA projects already under implementation that meet their specific priorities, without undermining IDA's un-earmarked, country-driven allocation model. The program also allows partners to invest with IDA and receive returns in the form of a share of principal repayments and, where applicable, interest payments, corresponding with the share of participation in the project. No IDA participation agreements have been contracted to date, mainly reflecting limited awareness of the option and the fact that it does not allow donors to earmark funding from particular projects. Participations will be further considered in relation to the broader "mobilization toolbox" of IDA and the World Bank, including stand-alone trust funds, co-financing, and buy-downs.

97 Considering the specific vulnerabilities of small island states, these countries continued to receive assistance of regular IDA credits on old terms (40-year maturity; 10-year grace period).
98 Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, Egypt, Georgia, India, Iraq, and the Philippines.
99 SDR 1.5 billion.
100 Azerbaijan and Indonesia.
101 SDR 378 million.
102 The policy for implementation was approved by the Board in June 2015.
103 Under an IDA Participation, any sovereign state (or agency or other entity of a sovereign) which is a member of the WBG, or any private donor which is an eligible donor to a trust fund managed by the WBG, would be an eligible "Participating Partner".

Figure 32. Historical Approval of IDA Single-currency Lending



Source: World Bank.

Expanding Currency Options for IDA Clients

The Single Currency Lending Pilot from IDA16 was expanded in IDA17. This program allows IDA recipients to denominate new credits in the SDR constituent currencies (currently US dollar, euro, pound sterling, Japanese yen and Chinese Renminbi). The initial IDA16 pilot limit of SDR-equivalent 3.0 billion[104] was extended in IDA17 and increased to SDR 7 billion to accommodate potential demand for single-currency financing under the IDA17 SUF.[105] The pilot was available for all types of IDA credits and to all IDA clients. Single currency loan pricing for IDA-only and blend credits was determined to maintain the financial equivalence of the service and interest charges in SDR terms, while also ensuring adequate recovery of administrative costs. The SDR pricing for transitional support, hard-term lending and the SUF credits were determined by, and directly referenced to, the relevant IBRD pricing in the chosen currency for the relevant maturity.

Single currency lending saw a strong uptake over the course of IDA17, reflecting demand from IDA clients and increased efforts in client outreach (figure 32). During IDA17, 112 Single Currency Lending credits were approved for an equivalent of SDR 6.3 billion, a major increase from the 4 credits amounting to SDR59 million approved during IDA16, due to increased awareness. The greatest demand was for US dollar credits, totaling 56 such credits for a total of SDR 4 billion. Euro-denominated credits became more attractive over 2016-2017 partially due to increased interest from West and Central African countries. These countries use one of the two CFA francs, which are currencies guaranteed by the French treasury and, as such, are highly correlated to euro. Fifty-six credits were euro-denominated for a total of SDR 2.4 billion.

104 *IDA Single Currency Lending Pilot program*, IDA/R2012-0140 dated May 16, 2012.
105 In April 2015, the Board approved to extend the pilot within the SDR 3 billion overall limit for a three-year period or until the program limit of SDR 3 billion was reached, whichever came first. See: *Extension of the IDA Single-Currency Lending Pilot Program* AC2015-0011 dated April 3, 2015. In February 2016, the Board approved to increase the Single currency lending program from SDR 3 billion to SDR 7 billion. See: *Enhancing IDA's Financial Support in IDA17* IDA/R2016-0019/1 dated March 2, 2106.

CHAPTER 3

PREPARING FOR IDA18, 19 AND BEYOND

Responding to the emerging global context and addressing increased complexities, IDA17 took some important steps that laid the foundation for groundbreaking policy and financial innovations to be introduced in IDA18 and beyond. The world today seems awash with hardships that imperil the progress of past decades, including conflicts old and new and their ripple effects—such as the refugee crisis—and the increasingly grave risks from climate change. The countries IDA serves highlight both the tremendous gains possible, even in such a fraught environment, and also the grave risks; some have graduated beyond borrowing to become donors, while others are falling back into greater poverty due to fragility. The international community is committed to an ambitious new agenda for achieving development goals and scaling up financing for it, while at the same time facing ever-growing pressures to tighten their budgets and curb foreign aid.

Recognizing the realities of the current environment, as well as the need to maintain and improve its performance, IDA listened to its clients and stakeholders, learned from experiences, and adapted its business model, financing framework and priorities to deliver on its commitments under IDA17. This period brought a number of important changes to IDA's policy and financing frameworks, laying the foundation for IDA18, IDA19 and beyond to introduce further transformative actions. They can be categorized into four broad areas, outlined below.

SERVING IDA'S EVOLVING CLIENT BASE AND ADDRESSING NEW VULNERABILITIES

The enhancement in support to FCSs during IDA17 paved the way for even bolder scale up in IDA18. As discussed in this retrospective, the expanded resources were fully absorbed, the performance of the portfolio remained strong, the Bank increased its operational effectiveness in FCSs, and important results were achieved. In terms of financing, the IDA17 reorientation toward fragility in IDA's allocation framework increased financing for FCSs by about one-third. IDA18 made a further leap in this regard, allowing a continued focus on poverty and performance in the allocations, while enabling a greater share of resources dedicated to addressing fragility among IDA clients. More broadly, IDA18 enhanced the strategic focus on FCSs, building on the lessons and experiences gathered under IDA17. It stems from the recognition that there is marked heterogeneity across such countries, with more diverse and interlinked drivers and risks of FCV. The IDA18 Risk Mitigation Regime—which focuses on prevention rather than responses—and the IDA18 support to refugees under its new financing window are two important innovations introduced based on the gaps identified during IDA17. Also, small states

benefitted from greater financial support during IDA17, which was further expanded in IDA18 – supporting the specific vulnerabilities of countries challenged by their circumstances, and emphasizing that IDA supports development for all.

IDA17 laid the pathway for further strengthening pandemic risk management at the global, regional, and country levels. Building on past experiences, for example the West Africa Regional Disease Surveillance Systems Enhancement Program (a series of projects implemented during IDA16, IDA17 and now IDA18) to address systematic weaknesses in national and regional capacities for disease surveillance, IDA18 will support more IDA countries in systematically developing pandemic preparedness plans and consolidating disease-specific plans at the national level, as well as to develop multi-sector health emergency frameworks for better preparedness for, response to, and recovery from future health crises.

Transition support and the SUF, introduced in IDA17 and refined in IDA18, provided IDA clients opportunities to experiment with accessing financing on non-concessional terms and helping smooth graduation to IBRD financing. Early SUF experiences in IDA17 suggested strong demand and value in offering a similar facility in IDA18 to allow financing for transformational projects that cannot be financed through IDA core allocations. However, reversing a highly positive post-MDRI trend, debt risk ratings deteriorated between 2014 and 2017 (see box 23). As a result, prioritization of debt considerations under the SUF will remain a central tenet of its management in IDA18 and a full discussion around these issues will be prepared for the IDA19 replenishment consultations taking place during 2019.

More broadly, IDA special windows, already increased in number and size during IDA17, were further expanded during IDA18. Based on strong demand for the three IDA17 special windows that provided additional financing to address crisis response, promote regional development and take advantage of transformational development opportunities, IDA18 further scaled up resources for these windows and created new mechanisms to help address key development challenges. Responding to global needs, the Regional Program has been expanded to support refugees and their host communities in IDA countries, and the new Private Sector Window was created jointly with IFC and MIGA to support private sector engagement in IDA countries, particularly in FCS. Moving forward, maintaining the right balance between core country resources allocated through the IDA Performance Based Allocation system and special purpose resources made available through the IDA windows will remain important to continue to build on IDA's strength as a source of unearmarked, predictable, and effective development financing for the poorest countries.

Shaping IDA's Policy Agenda

Work on enhancing inclusive growth and strengthening governance and accountability laid the ground for the new IDA18 special themes on "jobs and economic transformation" and "governance and institutions". The work on the IDA17 special themes, as evidenced by their continuation into IDA18, progressed but there is a large and unfinished agenda on gender equality, climate change, and FCSs.

IDA17's work on inclusive growth helped inform a greater focus on the jobs agenda. In IDA18, jobs are at the forefront of economic transformation. The early results from the IDA17 Jobs Diagnostics pointed to the need to better integrate this priority within Systematic Country Diagnostics, country programming, and lending in IDA18, with specific goals in terms of job creation, job quality, and labor market outcomes for vulnerable population groups. A new generation of job-focused lending operations is emerging, drawing from country strategies that address macro-economic fundamentals, and labor supply and demand in a balanced manner. Many are youth employment programs, responding to the record number of young people—60 million each year globally—becoming of working age.

Similarly, promoting the quality of public service delivery as part of the inclusive growth agenda helped inform the development of "governance and institutions" as an IDA18 special theme. Naturally, governance and institutions have always been central to IDA operations. However, IDA17 saw reforms in both its procurement framework and in domestic resource mobilization that emphasized that there is no prescribed set of reforms appropriate to all countries; rather there needs to be a more flexible, informed approach to each of these issues.

While IDA17 called for better results and solutions in development, the inclusion of "governance and institutions" as a new special theme has enhanced the focus on delivering results. Previously, the World Bank reported on four results indicators that measured the number of countries with strengthened public management systems in: (i) civil service and public administration; (ii) tax policy and administration; (iii) public financial management; and (iv) procurement. These broad indicators only scratched the surface of the scope of institutional strengthening, so IDA18 overhauled these indicators in favor of simpler yet more compelling indicators.[106] The governance and institutions special theme in IDA18 has built upon the core vision in IDA17 of maximizing development impact by responding to a global emphasis on boosting efficiency, openness, and accountability in IDA client countries, while using better data and stronger partnerships to achieve sustainable, measurable development outcomes.

Realizing WBG Synergies

IDA17 enhanced WBG synergies through Joint Implementation Plans, laying the foundation for more formal collaboration mechanisms such as the IDA18 IFC-MIGA Private Sector Window and the WBG "maximizing finance for development" approach. The Private Sector Window was created in response to strong, unmet demand for pioneering responsible private investment in IDA countries, especially FCSs. It also recognized that well-targeted public resources can help promote public goods through supporting direct private investments. There is strong demand for such support as private investors are increasingly looking to invest in frontier markets, while mitigating risk. The new Window will enable IDA to operate in the space where public policy and private investment meet by leveraging the capacity and experience of IFC and MIGA to directly support investments that grow the domestic private sector and create conditions for long-term responsible investment. It will also provide an opportunity for the WBG to operate in a more holistic manner, drawing on expertise from across the three institutions: IDA and its business environment and sector reforms; IFC investments; and MIGA guarantees. The Joint Implementation Plans and the launch of the Private Sector Window have generated close collaboration on upstream project pipeline development efforts between IFC and IDA. WBG teams have started to work together on programmatic approaches to tackle development challenges in challenging regions or sectors, such as the Joint Capital Markets Program, power in Africa, digital infrastructure, support to women in the Pacific region, irrigation in the Sahel, and sustainable tourism in low-income countries. All WBG instruments—including IDA policy and project interventions, IFC investments, MIGA guarantees, and new de-risking tools such as the Private Sector Window—are all being considered in the holistic WBG approach.

106 For instance, the previous indicators would measure the strengthening of a country's tax administration system. The new RMS indicator on tax administration aims to increase Tax-to-GDP ratios above 15 percent. This approach more effectively guides resources to monitor specific, measurable goals during the IDA18 period.

IFC is strengthening its focus on IDA and FCSs In FY17, IFC launched its new strategy—"IFC 3.0"—which adopts a similarly holistic approach to development challenges by expanding the role of the private sector in countries and sectors that have benefitted the least from private investment, such as IDA and FCSs. Its focus is on creating markets and mobilizing new pools of private capital. "IFC 3.0" will also require IFC to systematically partner with IDA to identify policy issues and regulatory reforms needed in key industries and sectors, with a special focus on priority countries, designed to unlock opportunities for private sector investments.

The institutional "maximizing finance for development" approach will encourage cooperation on potential projects across the WBG and with other multilateral development banks, as well as the systematic coordination of public, private, and blended funding solutions. This approach is expected to help countries maximize their development resources by drawing on private financing and sustainable private sector solutions to provide value for money and meet the highest environmental, social, and fiscal responsibility standards. It will also preserve scarce public financing for those areas where private sector engagement is not optimal or available.

Leveraging IDA's Balance Sheet

IDA17 introduced financial innovations by stretching IDA's balance sheet, making available an additional US$15 billion through introducing limited debt financing in the form of CPLs, and optimizing the use of IDA's liquidity. Implementation of IDA17 CPLs and preparation for IDA market access in IDA18 and beyond confirmed the following lessons learned:

- Ensure additionality: To ensure sustainability of IDA's financial model and protect availability of concessional resources to clients, access to debt funding (either from donors or markets) cannot substitute for donors' grant contributions. Concessionality of financing to clients has to be supported by additional donor contributions in each replenishment.
- Business drives finance: A compelling value proposition is more important than financial engineering. It is critical that the new financial model allows IDA to stay aligned with its core mission and focus on providing concessional financing to low income countries.
- A long, gradual, complex process: It is important to proceed in stages, by taking the time for all the technical groundwork, and learning along the way. Introduction of leveraging required extensive preparatory work with donors and other stakeholders to understand market requirement requirements for accessing debt.
- Ensure financial markets understand the value of IDA's business model and value-added in the development finance architecture.

IDA17 represented another important phase in the trajectory that is helping IDA optimize its resources to maximize development impact:

- IDA16. Study and analyze: The option of introducing CPLs was developed in the IDA16 working group on IDA's long-term financial sustainability.
- IDA17. Prepare and test: This period brought the introduction of CPLs, optimized the use of IDA's liquidity, and saw IDA obtain its first ever credit rating (triple-A). There was agreement on the implementation framework, balancing recognition while ensuring additionality. IDA was authorized to borrow up to US$9.2 billion.
- IDA18. Reform: Bringing IDA to capital markets for the first time. IDA explored options to further leverage its equity, complementing its donor-driven model with a more demand driven approach; a move to capital markets was the logical consequence.
- IDA19 and beyond. Review, adjust and consolidate: Operationalizing the new hybrid model maintains IDA's ability to review and adjust its financial framework—within and across replenishment cycles—to learn lessons and consolidate the model.

Looking Beyond IDA18

In retrospect, IDA17 has validated the core of IDA's value proposition—its multilateral, country-based model built on a sound financial basis—while showcasing the areas where more support is needed. Over the course of program implementation, IDA17 placed emphasis on solidifying some of its core strengths as a: (i) sound investment with sustainable capacity to scale up, (ii) long-term investor in development and premier development institution for the poorest, (iii) leader in taking on the advancement of global public goods such as climate and health, and (iv) flexible and responsive agency helping to tackle emerging threats—such as fragility and crisis—and opportunities, such as partnering with the private sector.

While the IDA18 replenishment—launched in July 2017—responds to IDA countries' challenges, challenges and builds on IDA's proven ability to evolve, some key IDA roles remain to be strengthened over IDA19 and beyond. Looking ahead, IDA countries continue to face major development challenges and vulnerabilities. Poverty is increasingly concentrated in the most fragile countries, which face a range of risks. The development agenda of countries that are on a path to graduate out of IDA is also increasingly complex, requiring nothing less than economic transformation. All countries are facing the challenge of climate change. And the debt situation of some countries has started to be of concern, reducing space for the aggressively financing the development they need. At the same time, new opportunities are emerging. The SDGs have created a space for focusing on truly sustainable interventions. Empowerment of women is in the global spotlight. More and more, leaders from the private sector are coming forward to support development. These evolving development challenges and opportunities, paired with institutional considerations in IDA and the WBG at large, are bringing some important and topical themes on the agenda to be addressed through upcoming replenishment consultations and design. These include, but are not limited to:

- *Increasing debt accumulation in IDA countries.* Understanding that there is a deterioration in debt risk ratings across IDA clients since 2014, IDA needs to continue to help clients effectively address debt sustainability. This will be particularly challenging given the current situation of IDA clients accessing more commercial debt. At the same time, rising debt levels in IDA countries could lead to a need for greater concessionality of resources allocated under the Performance-Based Allocation system and under the special windows. Increasing grant levels impacts IDA's financial framework, particularly the new IDA18 hybrid model. If IDA gives out more grants, instead of loans, IDA's overall resource envelope will be more constrained.

- *Graduation needs and transition across the WBG.* Experiences from past IDA graduates, including India in IDA17, show the critical importance of smoothing the transition from IDA to IBRD resources. Graduation should mark a proud moment in a country's development, but it is important to ensure that the investments which are beneficial to the country or help it to contribute to provision of global or regional public goods continue to be supported as the amount of concessional financing is being reduced. Recognizing that graduation is based on a long-term dialogue with IDA clients, and won't happen overnight, proposals will be analyzed and discussed with clients, country teams, shareholders, and other stakeholders, such as other multilateral development banks.

- *Ongoing and even greater challenges in FCSs, migration, and crisis response.* In spite of much progress in IDA17 and pronounced emphasis in IDA18 on FCSs, crisis response, and support for refugees, the trend of greater fragility impacts millions of people in the affected countries and beyond, due to resulting migration flows. Increased financing, and more "boots on the ground" are part of the solution. Another aspect to IDA's enhanced approach is partnering with other development agencies active in humanitarian efforts. Short-term responses must go hand-in-hand with longer-term development. IDA17 experiences—with the Ebola response, for instance—have confirmed this key point. Going forward, structuring and balancing the humanitarian-development-peace nexus will remain atop the IDA agenda. Coupled to this agenda will be the treatment of displacement and migration within IDA countries, and migration from IDA countries to their non-IDA neighbors. Partnerships and a comprehensive dialogue with middle income countries, as well as with the various other development partners and developed nations affected by increased migration flows, will be essential.

- *Making development truly sustainable including by addressing spillover effects from other countries.* Development progress is at risk from increased fragility and crises, but also due to, for example, climate change. The fact that neighboring countries, or countries on another continent, impact the lives of people in other nations emphasizes how important it is to look through the multilateral lens. Progress made during IDA17 and previous periods—on gender, for instance—is impressive, but much more progress remains to be made. Gender equality goes beyond changing laws; it is also about changing the norms and expectations about female and male roles and ultimately about changing power relations in schools, in governments and in households. For education, in spite of progress on enrollment targets under the Millennium Development Goals, a significant gap remains relative to the SDGs' ambitions, which focus on learning outcomes such as literacy rates and test scores. On climate, there is a need to hear the demand from IDA clients vis-à-vis expanding the focus on elements of sustainability beyond climate change—including deforestation, local air and water pollution, land degradation, and ocean acidification. Given the magnitude and spillover

effects of the global climate challenge, questions regarding the use of concessional IDA resources to support global environmental public goods, even if this requires implementation by non-IDA countries, will continue to be raised.

- *More than ever, maintaining existing partnerships and building new ones will be key to meeting emerging development challenges.* In order to deliver the ambitious global development agenda and prepare to meet emerging headwinds, IDA must strengthen partnerships with a range of allies, including bilateral and multilateral organizations, new development players, the private sector, and IDA partner countries. To leverage the unique strengths of these different development players, cooperation is more important than ever before. For example, IDA's work on FCV is greatly enhanced by partnering with the UN and the EU when conducting Recovery and Peacebuilding Assessments, such as in the Central African Republic where a harmonized prioritization framework covered political, security, humanitarian, and development activities. For IDA18, similar partnerships and cooperation were key in designing assistance to refugees and host communities, in particular IDA collaboration with the UN High Commissioner on Refugees. Moving forward, the role of development institutions—including IDA—would not only include the provision of official development financing (concessional or otherwise) and technical expertise, but also to increasingly leverage partnerships.

- *Harnessing digital technologies to help IDA clients "leapfrog" and to meet local challenges.* Digital technologies have spread quickly and are rapidly reshaping economies in many countries. The potential of introducing frontier technologies to enhance development impact is creating new opportunities for IDA clients. New digital technologies can help IDA countries "leapfrog", for instance in agriculture, energy, governance, and in various social sectors. IDA itself is also using frontier technologies to help bring smart solutions to meet local challenges. The successes and experiences in a number of IDA operations over the past decade could be replicated—if tailored to country needs—in other IDA clients. At the same time, while digitalization of economies has the potential to increase access of the poor to promising technologies that could boost their welfare, it does have impact on the nature of work and job markets. "Digitalization" of economies requires that countries prepare for the changing nature of the job market and human capital development more broadly. Moving forward, this agenda will demand a holistic approach to maximize development impact for the poor.

These examples illustrate the opportunities to maximize development impact for all and make the next development leap forward, as well as the importance of a cross-sector approach, a continued focus on results, and continued attention to long-term priority areas.

ANNEX 1: IDA17 POLICY COMMITMENTS – STATUS OF MONITORABLE ACTIONS

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
MAXIMIZING DEVELOPMENT IMPACT			
ALIGN IDA ACTIVITIES TOWARD ACHIEVING THE WBG GOALS			
Establish a more evidence-based country engagement model	1.1. Align *all* IDA Country Partnership Frameworks (CPFs) to the WBG goals by supporting countries to (i) collect key data (or help fill gaps through appropriate surveys); (ii) use the Systematic Country Diagnostic (SCD) to identify constraints and priorities; and (iii) align strategies to identified priorities.	Progress Report on Max. Dev. Impact for IDA17 Mid-Term Review (MTR)	**Achieved.** (i) The SCD is being used to identify constraints and priorities in IDA countries. During IDA17, a total of 23 CPFs, one Regional Partnership Framework and 34 SCDs were approved in IDA countries. (ii) The "Strategic Actions Program for Addressing Development Data Gaps" launched in September 2015, and is under implementation. It includes specific action plans in three data areas: household surveys (for poverty and shared prosperity data); price statistics; and civil registration and vital statistics. A new action plan for geospatial data was also launched. (iii) CPFs are aligned to identified priorities.
	1.2. Introduce Bank procedure for the new Country Partnership Framework establishing requirements for the new approach for implementation starting in FY15.	CODE/Board END-FY14	**Achieved.** The new approach to country engagement (CPF) was implemented, starting in FY15.
LEVERAGE PRIVATE RESOURCES			
Foster private sector-led growth and job creation by expanding synergies within the WBG and the range of instruments to increase IDA countries' access to market funding.	1.3. Carry out WBG joint implementation plans (JIPs) in at least 20 IDA countries (of which at least 10 are fragile or conflict-affected states [FCSs]), including joint frameworks to measure results; and carry out a systematic assessment of implementation and results.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** As of June 2017, there were 29 JIPs (11 in FCSs and 2 regional programs) at different stages in IDA countries.
	1.4. Expand scope of IDA guarantees beyond existing Partial Risk Guarantees and align guarantee policies with lending policies.	Board Paper	**Achieved.** Partial Credit Guarantees (PCGs) scope expansion included in the paper, "Enhancing the World Bank's Operational Policy Framework on Guarantees", approved by the Board on December 3, 2013. PCGs are already in use, e.g., in Ghana.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
		LEVERAGE PUBLIC RESOURCES	
Strengthen public sector capacity and institutions to respond to new opportunities and risks by supporting country financial management systems, client accountability for service delivery and effective partnerships	1.5. Strengthen country Public Financial Management (PFM) and procurement capacity and systems, and expand their use by more effectively leveraging knowledge, capacity building and operational support for Bank financed operations through the pooling of PFM, procurement, governance, anti-corruption and social development expertise in the new Global Technical Practice on Governance.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** The Global Practice group is providing support for strengthening country Public Financial Management and procurement capacity and systems. (Also see 1.9).
	1.6. Expand use of beneficiary feedback in IDA–supported projects and report at IDA17 Mid-Term Review on impact of these mechanisms.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** The Strategic Framework for Mainstreaming Citizen Engagement in WBG operations was issued in November 2014. The latest monitoring results indicate a significant improvement in use of beneficiary feedback: IDA projects that include a beneficiary feedback indicator in the results framework reached 92 percent at the end of FY17 compared to 38 percent at the beginning of the IDA17 cycle. Similarly, projects with beneficiary-oriented design rose from 25 percent when first reported in FY14 to 99.5 percent in FY17.
	1.7. Develop a system for tracking IDA project financing partnerships.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** The design of the system (web-based) for tracking IDA project financing partnerships (co-financing at an aggregate level) was completed and is being used to track financing partnerships.
	1.8. Promote more effective response in FCSs by implementing the new strategic and results framework for the UN/ WB partnership in FCSs to strengthen collaboration among the UN, WB, MDBs and other development partners, including through the New Deal.	Progress Report on Max. Dev. Impact for IDA17 MTR	**See 5.8.**
		LEVERAGE KNOWLEDGE	
Advance the science of delivery by improving statistical capacity and the more systematic use of evidence-based methods for policy-making and project design and implementation, and by facilitating South-South knowledge exchange.	1.9. Establish new Global Practices within the WBG to facilitate a more effective transfer of knowledge and expertise.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** Global Practices (GPs) and Cross-Cutting Solution Areas (CCSAs) were introduced.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	1.10. Report on progress to strengthen country statistical capacity through lending and technical assistance.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** DECDG is monitoring operations that are strengthening countries' statistical capacity. The IDA Results Measurement System (RMS) indicator on country level of statistical capacity is updated annually.
	1.11. Ensure more systematic use of Impact Evaluations (IEs); develop and mainstream a wider range of evidence-based tools and approaches to strengthen monitoring and evaluation (M&E); and provide real-time data to support project mid-course corrections.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** The WBG is ensuring more systematic use and uptake of lessons learned from IEs to address knowledge gaps via: • Establishing a working group to explore options to conduct IEs in a more systematic manner with greater linkages to operations to address knowledge gaps. • Stocktaking of existing IEs and a central repository of impact evaluations established and regularly updated. • In-depth analysis of select IEs on utilization of knowledge generated for recalibration of operations or the design of new operations. • Monitoring of a new indicator on the number of impact evaluations supported by the World Bank in IDA countries. Some activities related to enhancing knowledge, learning and results management at the Bank include: • Launch of the Results Measurement and Evidence Stream (RMES) network in 2014 to bring together staff, talent, knowledge, innovations, standards and operational solutions on results measurement and evaluation. • The Core Sector Indicators reform, aimed to re-purpose the indicators used for corporate reporting and to streamline, update, and make them fit for purpose; a smaller set of Corporate Results Indicators (CRIs) rolled out in FY2017. • The recently reformed Implementation Completion and Results Report (ICR), rolled out in July 2017, to better asses the achievement of results, with improved guidance that encourages a clearer articulation of lessons learned; • Launch of Delivery Challenges in Operations for Development Effectiveness (DeCODE), a new tool that helps teams identify and address delivery challenges by leveraging historical project data from ICRs of World Bank financed projects and other sources; and, • The new Knowledge Management Action Plan which includes the development of mechanisms that will ensure that knowledge assets (including evaluation findings) are readily accessible to staff at the right time. • Signaling and incentives for results/M&E (ongoing): » Management action to improve quality of M&E including: clarifying professional mapping defining competencies and providing tools for M&E staff » Use of the Strategic Impact Evaluation Fund to strengthen impact evaluations of human development programs in client countries. » The Impact Evaluation to Development Impact initiative aimed at increasing the use of IEs for evidence-based policy-making. • The WBG continues its work on promoting general availability and accessibility of data and lessons for utilization through support to countries' Open Data Initiatives.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	1.12. Develop a system to report on South-South knowledge exchange activities embedded in operations; Support capacity building for South–South sharing of development experiences.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Ongoing.** A new strategy for the South-South Facility was designed and is under implementation. It focuses on an integrated knowledge sharing approach that aims to help clients find and implement solutions to their key development challenges by: • Introducing programmatic knowledge sharing that enables multiple countries to participate in multiple knowledge sharing interventions over a period of two to three years; • Using knowledge-sharing experts who ensure appropriate design, implementation and monitoring of knowledge exchanges, and • Providing tools and services to ensure that country institutions are well prepared to share their operational experience and lessons learned with other countries. • Capacity Building for South-South knowledge sharing: IDA has stepped up efforts to build country institutional capacity for capturing, packaging and sharing operational experiences through the systematic integration of experiential knowledge and peer learning in their core operations.
	1.13. Develop a methodology to assess how the science of delivery is incorporated and supported with appropriate budget resources in line with the introduction of a new budget framework.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** The budget framework supports many components of science of delivery, such as CPFs, SCDs, and Learning Reviews.
STRENGTHEN IDA'S FOCUS ON RESULTS, EFFICIENCY, AND EFFECTIVENESS			
Strengthen IDA's focus on results by giving priority to outcome indicators in the RMS, strengthening transparency and accountability to clients, aligning planning and budgeting with WBG goals and strategy.	1.14. Enhance the focus of the IDA17 RMS on quality and outcomes, measuring progress on IDA17 special themes, and in reaching the WBG's strategic goals.	Annual updates of RMS indicators and IDA17 Retrospective	**Achieved.** The IDA RMS is part of a broader results measurement framework comprising other management tools such as the World Bank Corporate Scorecard. The update of the IDA RMS and the WB scorecard is closely coordinated, with active engagement across units of the Bank, helping to enhance focus on results and strengthening the accountability of Regions and GP/CCSA teams. The IDA17 RMS was last updated in time for the 2017 Annual Meetings, reflecting progress up to end of June 2017. A new RMS was developed for the IDA18 replenishment period (FY18-FY20), with sustained effort for introducing and improving indicators that are strategically relevant for clients, fine tuning methodologies for their collection and aggregation and reflecting the Bank's corporate priorities and key global emerging issues.
	1.15. Use a new budget process from FY15 to align resources with the WBG goals and strategy, including IDA17 implementation, and strengthen incentives for selectivity and cost efficiency.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** Strategic directions – provided by the Senior Management Team together with the new Country Budget Allocation model that incorporates goals on poverty and shared prosperity– have framed the business planning process to incentivize selectivity and cost efficiency.
	1.16. Implement investment project financing policies, with improved accountability frameworks to ensure quality and faster delivery.	Ongoing	**Achieved.**

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	1.17. Propose revised procurement policy for Board approval which would incorporate special considerations for situations of urgent need of assistance or capacity constraints, including in FCSs.	Board Paper (2014)	**Achieved.** The new procurement policy framework was approved in July 2015 and includes special considerations for FCSs.
	1.18. Publicly disclose IDA project preparation and implementation costs.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** Aggregate figures of preparation and implementation project costs of all IDA countries (including blend) have been calculated and are disclosed for each fiscal year of the IDA17 cycle in this report.
	1.19. Pilot calculation of unit costs in three sectors.	Identification of 3 sectors by July 2014 and report as part of Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** Pilot case studies for three sectors (Health, Nutrition and Population; Energy and Extractives; Water) were completed, identifying the emerging lessons and challenges in estimating unit costs. A technical briefing on the exercise was shared with IDA Deputies during the 2017 Annual Meetings.
INCLUSIVE GROWTH			
Make evidence-based design and implementation of inclusive growth policies central to country strategies.	2.1. Align all IDA Country Partnership Frameworks to the WBG twin goals by supporting countries to (i) collect key data (or help fill gaps through appropriate surveys); (ii) use the Systematic Country Diagnostic to identify constraints and priorities; and (iii) align strategies to identified priorities.	Progress Report on Max. Dev. Impact for IDA17 MTR	**Achieved.** See 1.1.
	2.2. Introduce Bank procedure for the new Country Partnership Framework establishing requirements for the new approach for implementation starting in FY15.	CODE/Board end-FY14	**Achieved.** See 1.2.
Address country-specific impediments to productive jobs.	2.3. Roll out a new "jobs diagnostic tool" in at least 15 IDA countries (of which at least 5 are FCSs), using multi-disciplinary micro- and macro-level data.	Progress Report on inclusive growth for IDA17 MTR	**Achieved.** Jobs diagnostics were delivered in all 15 countries (of which 6 FCSs) identified for implementation in FY15-17.
	2.4. Establish key strategic priorities on jobs and report on the priorities and targets.		**Achieved.** Priorities are established in the Jobs Group Strategy, Multi-donor Trust Fund proposal and FY15 VPU Memorandum of Understanding(MOU). Monitoring is done annually through MOU reporting and Multi-Donor Trust Fund reporting.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
Address impediments to financial inclusion.	2.5. Expand coverage of the Global Financial Inclusion Database (Global FINDEX) and other WBG surveys, including to better measure innovative payments, mobile phone banking and financial literacy.	Progress Report on Inclusive growth for IDA17 MTR	**Achieved.** The Bill and Melinda Gates Foundation provided funding to expand the Global Findex project to include an extended module on payments, specifically: wage payments, government-to-person payments, domestic remittances, bill payments, mobile money, and debit/credit/payment cards. **Achieved:** The Findex 2014 module was added to the Gallup World Poll survey in at least 148 economies (including IDA countries).
	2.6. Support at least 10 IDA countries to meet their financial inclusion targets and priorities through financing and technical assistance, including through the new Financial Inclusion Support Framework.	Progress Report on Inclusive growth for IDA17 MTR	**Achieved.** Global programs launched to support IDA (and other) countries for financial inclusion, consistent with the WBG 'Universal Financial Access 2020' goal: i) Financial Inclusion Support Framework, ii) 'Harnessing Innovation for Financial Inclusion Activities' (i.e., technical or financial support) have been supported in 23 countries.
Improve the quality and efficiency of public service delivery for inclusive growth by promoting greater transparency and accountability in public finance	2.7. Roll out the BOOST public finance analysis tool in at least 20 IDA countries (of which at least 5 are natural resource abundant economies).	Progress Report on Inclusive growth for IDA17 MTR	**Achieved.** BOOST database and user manual have been delivered to governments in 36 countries; 16 countries (including 6 in natural resource abundant countries) used BOOST to support data analysis (with support from The Gates Trust Fund which has been extended through 2018).

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
Foster good governance of natural resource wealth and adoption of best practices in extractive industry (IE) management.	2.8. Develop and use innovative tools and build capacity to support government efforts to: (i) improve the legal and regulatory frameworks for EIs; (ii) enhance revenue collection from EIs; (iii) increase the local content and positive impact of EI investments, including through building capacity in SMEs and labor training and through agreements with EI companies that benefit local communities; (iv) support implementation of EITI and increase transparency.	Progress Report on Inclusive growth for IDA17 MTR	**Achieved.** (i) Legal and Regulatory: Completed new publications and guidance notes in cooperation with IMF-FAD on fiscal regimes for mining and mining tax administration; a study and training on transfer pricing in extractive industries: new portal for African mining laws – Africa Mining Legislation Atlas – developed and rolled out in partnership with the African Development Bank; and support for improvement of legal regimes for oil, gas and mining in client countries is ongoing. **Achieved.** (ii) Local Content: Completed: toolkit for local content for extractives; a study on local employment in Ghana; a global conference on extractives local content held in January 2016 in Mexico City; an Extractives-Led Local Economic Diversification (ELLED) program is under implementation , a successful Community of Practices in operation and a new ELLED Framework is planned for roll out in FY18; and, a new diagnostic and planning tool – GeoChains – was developed to support economic resilience in regions dominated by extractive industries **Achieved.** (iii) EITI: Total number of EITI candidate countries grew to 52. World Bank financing of EITI implementation, either in the form of the Extractives Global Programmatic Support (EGPS) or bilateral grants or IDA financing, was provided to 30 out of 49 eligible EITI countries. The WB financed 4 Regional Peer Learning Workshops in Francophone Africa, Anglophone/Lusophone Africa, Latin America and the Caribbean, and East Asia. Pilots on integration on EITI/ transparency mainstreaming ongoing in 5 countries, completed in one country. **Achieved.** (iv) New instruments: A multi donor trust fund – the EGPS became effective in June 2015, supported by 9 donors and has approved 33 country-level grants; 2 regional activities; and 17 global activities as of October 2017.
GENDER EQUALITY			
Deepen integration of gender equality considerations in country strategies and operations, including by focusing on follow-up actions and monitoring and evaluation as well as implementation of regional strategies incorporating specific commitments, milestones and accountabilities.	3.1. All IDA Country Partnership Frameworks incorporate gender considerations into the analysis, content of the program and the results framework.	Progress Report on gender equality for IDA17 MTR	**Achieved.** The Gender CCSA continues to review country strategies at the concept note and decision stages. All SCDs benefit from analytic work and quality reviews provided by the Gender CCSA and other gender specialists to ensure they identify key constraints to poverty reduction and growth due to disparities between males and females.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	3.2. All regions implement and monitor the Regional Gender Action Plans, with plans and corresponding indicators tailored to regional and country gender context.	Progress Report on gender equality for IDA17 MTR	**Achieved.** All regions implemented Regional Gender Action Plans.
	3.3. Develop a renewed strategy for gender equality – with more ambitious targets, a new methodology for measuring progress, and an agenda for pushing ahead on new frontiers with transformational impacts.	2014 Annual Meetings	**Achieved.** World Bank Group Gender Strategy (FY16-23): "Gender Equality, Poverty Reduction and Inclusive Growth" was presented to the Board in 2015. A Board update on the strategy implementation was conducted in March 2017.
Strengthen feedback loops and reporting to enhance results and impact on gender equality.	3.4. Introduce a mechanism to strengthen learning and results through an assessment and rating of gender performance at project exit, building on the systematic tracking of Implementation Status and Results Reports (ISRs), enhanced efforts on impact evaluations and emerging architecture associated with learning reviews.	By IDA17 MTR	**Achieved.** As part of the ICR review that went into effect on July 1, 2017, specific questions have been introduced in the ICR requiring project teams to assess project activities addressing gender gaps and to identify lessons and innovative actions to address gender inequalities or issues that arose during project implementation.
	3.5. Strengthen knowledge of what does and does not work to close gender gaps in IDA countries through monitoring and evaluation, including impact evaluations on gender related issues, more systematic tracking of gender results of IDA operations using sex-disaggregated core sector indicators and the expanded use of beneficiary feedback mechanisms.	Progress Report on Gender Equality for IDA17 MTR	**Achieved**: The regional Gender Innovation Labs carry out impact evaluations to generate rigorous evidence focusing on critical gender gaps. Labs are operational in three regions (AFR, SAR, and EAP). Impact evaluations focused on reducing inequalities between men and women in economic opportunity are also carried out in ECA, LAC, and MENA. **Achieved**. In FY17, a new gender tag was launched in the operations portal to help track those projects that seek to narrow a gender gap related to the four pillars of the strategy and have a clear results chain for achieving and measuring results. The Gender CCSA continues to curate knowledge on Impact Evaluation of gender interventions in WBG projects. To enhance accountability on results and outcomes, the Gender CCSA monitors results reporting in IDA operations though biannual ISR reviews. A reform of the Core Sector Indicators, which were used to collect and aggregate results data across projects supported by the World Bank, was launched in FY15 aimed to streamline, update, and make them fit for purpose. As a result, a smaller set of 25 CRIs were developed in close coordination with global practices. CRIs were rolled out in FY17 and are now required for all active and pipeline IDA operations where relevant, regardless of financing source and instrument.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	3.6. Roll out statistical activities to increase sex-disaggregated data and gender statistical capacity in at least 15 IDA countries.	Progress Report on gender equality for IDA17 MTR	**Achieved.** As of end of June of FY17, all the 21 IDA countries identified in FY15 have implemented statistical activities.
		CLIMATE CHANGE	
Fully integrate climate change and disaster risk management into Country Partnership Frameworks and lending and support development of planning and investment capacity	4.1. All IDA Country Partnership Frameworks incorporate climate and disaster risk considerations into the analysis of the country's development challenges and priorities and, when agreed with the country, incorporate such considerations in the content of the programs and the results framework.	Progress Report on climate change for IDA17 MTR	**Achieved**. 30 CPFs and Country Engagement Notes (CENs) reached Board approval in IDA17. The Climate Change Group delivered a review of all 30 CPFs/CENs, out of which 29 incorporated climate and disaster risks at decision stage. The only country product that did not meet the IDA17 commitment at decision stage was the Central African Republic, a an FCS, that only delivered a CEN, rather than the full CPF.
	4.2. Screen all new IDA operations for short- and long-term climate change and disaster risks and, where risks exist, integrate appropriate resilience measures.	Progress Report on climate change for IDA17 MTR	**Achieved.** From July 2014 through June 2017, all IDA operations delivered climate and disaster risk screening. Eleven of these projects were submitted to the Board without being screened, but performed the screening retroactively.
	4.3. Scale up support to IDA countries to develop and implement country-led, multi-sectoral plans (MSPs) and investments for managing climate and disaster risk in development in at least 25 additional IDA countries.	Progress Report on climate change for IDA17 MTR	**Achieved.** There were 24 multi-sectoral plans (MSPs) created out of the targeted 25 countries.
Support efforts to achieve Sustainable Energy for All	4.4. Support IDA countries to develop national energy action plans and investment prospectuses to achieve the Sustainable Energy for All objective of universal access to energy by 2030.	Progress Report on climate change for IDA17 MTR	**Achieved.** Under IDA17, the Bank has supported countries in the preparation of national energy plans and investment prospectuses that directly contribute to both domestic energy access goals as well as the Sustainable Energy for All and SDG7 goals of universal access by 2030. Bank support also includes securing financial resources, analytical studies, developing strategies/plans, reviewing laws and investments in energy access, renewable energy and energy efficiency. The success of these efforts has led to their continuation in other countries under IDA18.
Strengthen monitoring and reporting of IDA resources	4.5. Enhance monitoring by: (i) expanding climate finance coding system to cover tracking of ESW and non-lending technical assistance that addresses climate change issues in IDA countries; and (ii) piloting a coding system to measure the share of IDA investments with disaster risk management co-benefits.		**Achieved**. Systematization of coding for climate co-benefits of ESW and non-lending TA began on July 1, 2014. A methodology to track and report disaster risk management co-benefits in investment operations has been developed and is now integrated into Bank operations.

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
FRAGILE AND CONFLICT-AFFECTED STATES			
Address drivers of fragility and conflict and respond to opportunities to support turnaround countries and build resilience in FCSs	5.1. All Country Partnership Frameworks in IDA FCSs informed by analysis of drivers of fragility and conflict.	Progress Report on FCSs for IDA17 MTR	**Achieved.** FCV considerations were incorporated in all CPFs and CENs for IDA FCS during IDA17. A Guidance Note on analyzing drivers of fragility and conflict was prepared in 2016 to establish a more systematic approach across countries and regions.
	5.2. Enhance synergies through IDA-IFC-MIGA joint implementation plans in at least 10 IDA FCSs, including joint frameworks to measure results.	Progress Report on FCSs for IDA17 MTR	**Achieved.** (Also see 1.3.) As of June 2017, there were 11 JIPs at different stages of implementation or preparation in FCSs or regions.
	5.3. Undertake analytical work on job creation in FCSs, including by rolling out a "jobs diagnostic tool" in at least 5 FCSs (see details on the "jobs diagnostic tool" in the policy commitments for inclusive growth).	Progress Report on FCSs for IDA17 MTR	**Achieved.** (Also see 2.3.) The commitment has been fulfilled, with Jobs Diagnostics in FCS delivered and approved for 6 countries.
	5.4. Propose revised procurement policy for Board approval which would incorporate special considerations for situations of urgent need of assistance, or capacity constraints, including in FCSs.	Progress Report on FCSs for IDA17 MTR	**Achieved.** (Also see 1.17.) The Bank's new Procurement Framework that became effective in July 2016 provides flexibility and simplification in regard to procurement in situations of urgent need of assistance or capacity constraints and greater delegation of procurement decisions to staff on the ground. The framework also provides for hands-on expanded implementation support in low-capacity situations.
	5.5. Implement gender-related commitments on Country Partnership Frameworks and operations (see gender section).	Progress Report on FCS for IDA17 MTR	**Achieved.** See 3.1.
		Progress Report on FCSs for IDA17 MTR	**Achieved.** Multi-sectoral Violence against Women and Girls Resource Guide was launched in December 2014. • Gender-based violence is one of the four themes of the Development Impact Evaluation unit in the Development Research Group (DEC DIME) evaluation series. • Over US$100-million Gender Based Violence program for the Great Lakes Region approved, including a real-time evaluation component. • No new operations in the pipeline, but pilot operations in place in DRC and Côte d'Ivoire funded through the State and Peacebuilding Fund.
	5.6. Support efforts for addressing gender-based violence issues, and report on progress at the IDA17 Mid-Term Review.		

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
Enhance feedback from implementation experience and ensure more agile operational policies and practices	5.7. Implement management's response to the recommendations of the IEG evaluation of WBG support to FCSs.	Progress Report on FCSs for IDA17 MTR	**Achieved.** Several IEG recommendations are reflected in IDA17 policy commitments (see commitments 1.1, 1.3, 2.3, 5.6, 5.9). IEG specific recommendations addressed include: • **Achieved.** Work with partners to review the definition of FCS status. Reports on rethinking fragility were issued and a new differentiated approach to FCV was approved as part of IDA18. At the same time, a new set of metrics for assessing fragility risks is under development. • **Achieved.** Development of a realistic framework for inclusive growth underpinned by an understanding of the drivers of fragility. The Bank published a joint 'integrated framework for employment creation in FCV' in October 2016. • **Achieved.** Prepare tools and guidance notes to support enhancement and use of country-systems in IDA FCS. A 'How to' note was developed in June 2015 and a module on use of country systems was added to the core course on FCS operational practice. A series of FCV learning notes was launched in October 2016 to provide guidance and resources to Bank staff on how to engage in fragile environments. • **Achieved.** IFC/MIGA commitments include increasing investments, incentives, and knowledge notes on FCS, and investments under MIGA's Conflict-Affected and Fragile Economies Facility.
	5.8. Promote more effective response in FCSs by implementing the new strategic and results framework for UN/WB partnership in FCSs to strengthen collaboration among UN, WB, MDBs and other development partners, including through the New Deal.	Progress Report on FCSs for IDA17 MTR	**Achieved.** • UN-WB partnership framework for crisis affected situations (update from the 2008 partnership framework) to strengthen institutional collaboration at strategic and operational level. Work plan to operationalize the partnership framework is currently under discussion with the UN. • The UN-WB Partnership Trust Fund supported: the UN-WB joint Humanitarian-Development-Peace Initiative to improve country level strategic collaboration through joint analysis, assessment and planning in at least 5 country situations; seven pilot projects (CAR, Cameroon, Guinea Bissau, Somalia, Sudan, Pakistan and Yemen); and stocktaking of lessons learned on the pilots. • Strengthened strategic dialogue at senior management level through periodic UN-WB meetings/retreats at Assistant Secretary General/ Senior Director level. • Conducted revisions to Recovery and Peacebuilding Assessment with UN and EU to increase the effectiveness and relevance of the joint assessment tool. • Portfolio review by independent consultants of UN WB Trust Fund delivered and published. Joint management response to findings and recommendations by UN-WB submitted to donors. • Continued to strengthen partnerships with MDBs on FCV agenda, notably on joint diagnostics, knowledge and learning (joint trainings).

Objective	Recommendations/ Proposed Actions	Product/ Target Date	Status of Implementation at the end of IDA17
	5.9. Strengthen knowledge of what does and does not work in IDA FCSs through monitoring and evaluation, including impact evaluations, tracking of results of IDA operations and expanded use of beneficiary feedback mechanisms.	Progress Report on FCSs for IDA17 MTR	**Achieved.** Impact Evaluations: (1) Launched Evidence for Peace (E4P) initiative to evaluate FCV programming; (2) Knowledge 'gap map' to identify critical evaluation questions developed and published; (3) Four thematic papers (jobs for at-risk youth, public governance, gender-based violence, urban crime) to broaden the FCV evidence have been finalized; (4) DEC/DIME supported the design and implementation of 35 impact evaluations in 23 countries including 13 FCSs. Tracking results in IDA operations: (1) FCV Monitoring System regularly tracking performance indicators on financing, strategy, operations, knowledge, partnerships, and human resources in FCSs. (2) New Standard Report Tool allows disaggregation by FCS status; (3) FCV project teams across all Regions/ Global Practices provided with just-in-time advice on operational issues; (4) FCV-G finalized practitioner's guide on measuring progress in FCV settings.
	5.10. Implement OP/BP 10.00 which incorporates a differentiated approach to investment lending in FCSs.		**Achieved**. OP/BP 10.00 was implemented with training provided to staff on new Procurement Framework, working with the UN and existing flexibilities.
Enhance FCS financing by revising the allocation framework to enhance targeting of IDA's exceptional support and financial engagement in FCSs. Both would be achieved in a way that reflects the current understanding of fragility and conflict while preserving the principle of performance orientation.	5.1. 1 Implement the revised IDA resource allocation framework for FCSs to enhance targeting of IDA's exceptional support and financial engagement in these countries as follows: (i) implement exceptional allocation regime for countries facing "turn-around" situations; (ii) change the Country Performance Rating exponent in the regular PBA formula from 5 to 4; (iii) increase the minimum base allocation from SDR3 million to SDR4 million per year. (iv) extend, on a case-by-case basis, the current post-conflict and re-engaging countries, and align the support to these countries with that under the Turn-Around Regime.	Review implementation experience with new allocation regime for FCSs at IDA17 MTR and propose adjustments if necessary.	**Achieved**. The IDA resources allocation framework changes were effected as follows: (i) exceptional allocation for countries facing "turn around" situations (3 new countries) and 2 countries already supported, received funding under the Turn-Around Regime (TAR); (ii) change in the Country Performance Rating exponent in the regular PBA formula from 5 to 4; (iii) increase in the minimum base allocation from SDR3 million to SDR4 million per year and iv) extension of support to eight FCSs eligible for support under the former post-conflict and re-engaging country regimes). The implementation of these changes resulted in an increase in core IDA17 allocations for FCSs of around 50 percent relative to what these countries would have received absent these changes

ANNEX 2: SELECT IDA TERMINOLOGY

	Brief Description	Key Sources
GNI per capita	GNI per capita (formerly GNP per capita) is the Gross National Income (GNI) of a country, divided by its mid-year population. GNI per capita, converted to US dollars using the World Bank's Atlas method, is IDA's basic indicator or proxy for the poverty level of a country. Access to IDA resources is determined primarily on the basis of a country's GNI per capita and creditworthiness.	For more information, see World Development Indicators, 2017
Operational Cutoff	IDA's operational cutoff is the per capita GNI threshold above which countries would not normally receive IDA resources. IDA has, however, exercised flexibility in the administration of this threshold to support some small island economies or countries with limited or no access to IBRD lending–e.g., Gap Countries (see below). The IDA operational cutoff stood at US$1,165 at the end of IDA17.	For historical thresholds in each FY, see (former) OP 3.10, *IBRD/IDA Countries: Per Capita Incomes, Lending Eligibility, and Repayment Terms*, Annex D (updated in each FY).
Creditworthiness	A country's creditworthiness is its ability to service outstanding and projected external debt at market interest rates over the long-term. Creditworthiness considerations have always guided IDA lending policies, since the Articles of Agreement limit IDA from providing assistance if financing is available from private sources on terms which are reasonable for the recipients or could be provided by a loan of the type made by a Bank.	
Gap Countries	These are IDA-eligible countries with per capita incomes above IDA's operational cutoff for more than two consecutive years but not determined as creditworthy for IBRD lending. Lending terms to Gap Countries are the same as the terms that IDA offers to Blend Countries (see below).	For IDA17 definitions, see "OP3.10 annex D". For the most recent definitions, see Bank Policy "Financial Terms and Conditions of Bank Financing" (Catalogue No. OPS5.09-POL.165). Note however, that these definitions now reflect changes introduced in IDA18.
Blend Countries	These are countries that are eligible to borrow from IDA as well as the IBRD.	
Small Island Economies	These are IDA-eligible small islands with a population of 1.5 million people or less. Under the Small Island Economies Exception adopted in 1985, IDA extends favorable lending terms to these countries in consideration of their vulnerabilities–even if a country's per capita GNI exceeds the IDA operational cutoff.	
Fragile and Conflict-Affected Situations (FCSs)	Countries in "Fragile Situations" include countries or territories with (i) a harmonized Country Policy and Institutional Assessment (CPIA) rating of 3.2 or less, and/or (ii) the presence of a UN and/or regional peace-keeping or political/peace-building mission during the last three years. The list includes only IDA eligible countries and non-member or inactive territories/countries without CPIA data. It excludes IBRD countries (for which the CPIA scores are not publicly disclosed) unless there is a presence of a peace-keeping or political/peacebuilding mission, in which case, the country will be listed on the harmonized list with the exclusion of its CPIA score. The 'harmonization' comes from averaging the WBG CPIA scores with those of relevant regional development banks' (African Development Bank and Asian Development Bank) ratings to arrive at a harmonized rating of 3.2 or lower. Political and Peace-Building Missions are specifically defined as the presence of a UN and/or regional (for example: AU, EU, NATO) peace-building and political mission in this country in the last three years.	For details, see http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations

	Brief Description	Key Sources
IDA Graduation	Graduation from IDA is a point when a country stops being eligible for new commitments of concessional financing from IDA. The graduation process usually includes the following steps: (a) IDA-only non-gap to IDA-only gap: countries that have been above the IDA operational cutoff for more than two years but are not yet deemed creditworthy for IBRD financing are classified as IDA-only "gap" countries; (b) IDA-only non-gap or IDA-only gap to blend: a positive creditworthy assessment by IBRD leads to reclassification of a country from IDA-only non-gap or IDA-only gap status to blend status (IDA/IBRD); and (c) Blend to IBRD-only: the IDA graduation process concludes with a reclassification from blend status to IBRD-only borrower. The IDA decision to graduate a country to IBRD-only status is based on an assessment of the country's macroeconomic prospects, risk of debt distress, vulnerability to shocks, and levels of poverty and social indicators.	For more details, see http://documents.worldbank.org/curated/en/605191468191042391/Review-of-IDA-s-graduation-policy
Regular Terms	Effective July 1, 2014 (the start of IDA17), lending terms for IDA concessional credits were adjusted, with two sets of terms applicable to IDA-only non-gap countries and small island economies (see above). Small island economies continued to receive concessional credits on existing terms: 40-year maturity, with a 10-year grace period, with principal repayable at 2 percent per annum for years 11-20, and 4 percent per annum for years 21-40. Concessional credits to IDA-only non-gap countries were subject to new terms: 38-year maturity, with a 6-year grace period, with principal repayable at 3.125 percent per annum for years 7-38.	For details, see Bank Directive "Financial Terms and Conditions of Bank Financing", Annex 2, May 4, 2017 (Catalogue No. OPS5.09-DIR.119).
Blend Terms	Effective July 1, 2011, existing blend terms and hardened terms[92] were consolidated into one set of blend terms: 25-year maturity, with a 5-year grace period, with principal repayable at 3.3 percent for years 6-15 and 6.7 percent per annum for years 16-25, and a 1.25 interest charge. These terms applied to concessional credits to blend countries (excluding small island economies) and gap countries through June 30, 2017. These terms were adjusted under IDA18.	
Hard Terms	Effective from July 1, 2011 through June 30, 2017, creditworthy blend countries excluding small island economies were eligible for hard-term credits, in addition to their performance-based allocations (see below). Hard-term credits had 25-year maturity, with a 5-year grace period, with principal repayable at 3.3 percent per annum for years 6-15 and 6.7 percent per annum for years 16-25. Hard-terms credits were discontinued at the end of IDA17.	
Acceleration Clause	IDA credits include an acceleration clause, providing for doubling of principal payments from creditworthy borrowers where per capita income remains above eligibility thresholds. IDA credits on hardened terms[93] (approved during IDA13-IDA15) are exempt from the accelerated repayment provisions. The acceleration clause has been triggered on eligible credits when countries graduate to IBRD-only status.	
Service Charge	For every concessional credit, a service charge is payable semi-annually on the principal amount withdrawn and outstanding. Management adjusts the service charge each quarter to account for the difference in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.75 percent. During IDA17, service charges remained at 0.75 percent.	Bank Policy "Financial Terms and Conditions of Bank Financing" (Catalogue No. OPS5.09-POL.165)
Commitment Charge	For every concessional credit and grant, a commitment charge is payable semi-annually on the undisbursed amount, and starts to accrue 60 days after the Financing Agreement is signed. Each year, the Executive Directors approve the level of commitment charge on concessional credits and grants that would apply for that fiscal year, not to exceed 0.50 percent of the undisbursed balance of the concessional credits and grants. During IDA17, the commitment charge remained at 0 percent.	

92 From July 1, 2002 through June 30, 2011 (i.e., during IDA13, IDA14, and IDA15), concessional credits to countries whose GNI per capita has been above the IDA operational cutoff for more than two consecutive years were subject to hardened terms: 20-year maturity, with a 10-year grace period, with principal repayable at 10 percent per annum for years 11-20.

93 See previous footnote.

	Brief Description	Key Sources
Performance-Based Allocation (PBA)	The PBA system is the primary basis for allocating IDA resources during a replenishment. It considers countries' needs and performance utilizing a multi-stage process to allocate resources, including: (i) a minimum base allocation provided to all IDA-eligible countries to address minimum financing requirements; (ii) a formula-based gross PBA allocation; (iii) a grant allocation framework in which the terms of financing available to each country are determined annually based on its risk of debt distress; and, (iv) an allocation reduction and re-distribution process associated with the Multilateral Debt Relief Initiative (MDRI) for those countries receiving MDRI debt relief. Country performance is the main determinant of PBA allocations, measured by the Country Performance Rating (CPR) – which in turn factors in CPIA ratings and portfolio performance ratings (see below). Country needs are assessed based on relative poverty (using GNI per capita as a proxy) and population. In addition to PBA, under IDA17, exceptional allocations were provided to post-conflict and re-engaging countries, primarily based on Post-Conflict Performance Indicators (PCPIs) (see below). The minimum base allocation as well as the CPR exponent were adjusted in IDA17 and again in IDA18.	Additions to IDA Resources: Seventeenth Replenishment. "IDA17: Maximizing Development Impact." Approved by the Executive Directors of IDA on March 25, 2014.
Country Policy and Institutional Assessment (CPIA)	The CPIA assesses each IDA country's policy and institutional framework. The system has evolved over time and now comprises 16 criteria grouped into four clusters: (A) economic management; (B) structural policies; (C) policies for social inclusion and equity; and (D) public sector management and institutions.	
Country Performance Rating (CPR)	The CPR for each IDA member is computed annually using its CPIA (see above) and the country portfolio performance rating which captures the health of IDA's projects and programs in the country (as measured by the percentage of problem projects).	
Post-Conflict Progress Indicators (PCPIs)	During IDA13, IDA established an allocation framework designed to address the special circumstances of post-conflict countries by providing them with access to additional IDA resources, for a limited period, over and above what they would receive based on the regular PBA formula. The performance of IDA countries eligible for IDA post-conflict allocations is measured by PCPIs (in lieu of CPIAs) which assess the quality of a country's policy and institutional framework to support a successful transition and recovery from conflict, to foster sustainable growth, poverty reduction, and the effective use of development assistance. PCPIs are also used for assessing the performance of countries that are re-engaging with IDA.	For details, see http://siteresources.worldbank.org/PROJECTS/Resources/40940-1404407793868/9611975-1404407810503/2013PCPIcriteria.pdf
Replenishment	Replenishment is the process of periodic review of IDA's model with the objective of ensuring adequacy of IDA resources and authorization of additional subscriptions for a future period (normally 3 years). Under IDA's Articles, replenishments are required to be approved by IDA's Board of Governors by a two-thirds majority of the total voting power.	
Commitment Authority	IDA's commitment authority is the total value of resources available during a replenishment for commitments of credits and grants. It includes donor contributions, internal resources, IBRD net income transfers, IFC grants, Concessional Partner Loans, and other resources. Donor contributions supporting IDA17 commitment authority were provided as part of the IDA17 replenishment itself as well as under the MDRI replenishment. The commitment authority level is monitored periodically to ensure that funding is available to meet commitments and to provide early warning signs of any problems in terms of resource availability.	
Special Drawing Rights (SDR)	The value of the SDR in U.S. dollar terms is calculated daily as the sum of the values in US dollars of specific amounts of five currencies – the Euro, Japanese Yen, Pound Sterling, US dollar and Chinese renminbi[94] – based on exchange rates quoted at noon at the London market. The value of the SDR is posted daily on the IMF website.	For details, see https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR

94 Chinese renminbi was determined to be a freely usable currency and included into the SDR basket starting from October 1, 2016.

ANNEX 3: LIST OF IDA17 ELIGIBLE COUNTRIES

Africa

Benin
Burkina Faso
Burundi
Cabo Verde [b/]
Cameroon [b/]
Central African Republic
Chad
Comoros
Congo, Dem. Rep.
Congo, Republic [b/]
Côte d'Ivoire
Eritrea [c/]
Ethiopia
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Nigeria [b/]
Rwanda
Sao Tome and Principe
Senegal

Africa (continued)

Sierra Leone
Somalia [c/]
Sudan [c/]
South Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe [b/], [c/]

East Asia and the Pacific

Cambodia
Kiribati
Laos, People's Democratic Republic
Marshall Islands
Micronesia, Fed. Sts. Of
Mongolia [b/]
Myanmar
Papua New Guinea [b/]
Samoa
Solomon Islands
Timor-Leste [b/]
Tonga
Tuvalu
Vanuatu
Vietnam [b/]

Europe and Central Asia

Kosovo
Kyrgyz Republic

Europe and Central Asia (continued)

Moldova [b/]
Tajikistan
Uzbekistan [b/]

Latin America and the Caribbean

Bolivia [b/]
Dominica [b/]
Grenada [b/]
Guyana
Haiti
Honduras
Nicaragua
St Lucia [b/]
St Vincent and the Grenadines [b/]

Middle East and North Africa

Djibouti
Syrian Arab Republic [d/]
Yemen, Republic

South Asia

Afghanistan
Bangladesh
Bhutan
Maldives
Nepal
Pakistan [b/]
Sri Lanka [b/]

a/ There are 78 countries on this list: of these, 60 are IDA-only countries and 18 are blend countries. One country, India, is excluded (graduated at the end of IDA16 cycle and received transitional support from IDA during IDA17 period).

b/ Blend Countries.

c/ Non-accrual status.

d/ The Syrian Arab Republic reclassified from IBRD to IDA-only, effective September 29, 2016.

ANNEX 4: LIST OF FCS COUNTRIES DURING IDA17

Region	Country	FY15	FY16	FY17
SAR	Afghanistan	Y	Y	Y
AFR	Angola			
AFR	Burundi	Y	Y	Y
EAP	Cambodia			
AFR	Cameroon			
AFR	Central African Republic	Y	Y	Y
AFR	Chad	Y	Y	Y
AFR	Comoros	Y	Y	Y
AFR	Congo, Democratic Republic of	Y	Y	Y
AFR	Congo, Republic of			
AFR	Côte d'Ivoire	Y	Y	Y
MNA	Djibouti			Y
LCR	Dominica			
AFR	Eritrea	Y	Y	Y
AFR	Gambia, The		Y	Y
AFR	Guinea			
AFR	Guinea-Bissau	Y	Y	Y
LCR	Haiti	Y	Y	Y
EAP	Kiribati	Y	Y	Y
ECA	Kosovo	Y	Y	Y
EAP	Lao People's Democratic Republic			
AFR	Liberia	Y	Y	Y
AFR	Madagascar	Y	Y	Y
AFR	Malawi			
AFR	Mali	Y	Y	Y
EAP	Marshall Islands	Y	Y	Y
AFR	Mauritania			

Region	Country	FY15	FY16	FY17
EAP	Micronesia, Federated States of	Y	Y	Y
EAP	Myanmar	Y	Y	Y
AFR	Mozambique			
SAR	Nepal			
AFR	Niger			
AFR	Nigeria			
EAP	Papua New Guinea			Y
AFR	Rwanda			
AFR	Sao Tome and Principe			
AFR	Sierra Leone	Y	Y	Y
EAP	Solomon Islands	Y	Y	Y
AFR	Somalia	Y	Y	Y
AFR	South Sudan	Y	Y	Y
AFR	Sudan	Y	Y	Y
MNA	Syria			Y
ECA	Tajikistan			
AFR	Tanzania			
EAP	Timor-Leste	Y	Y	
AFR	Togo	Y	Y	Y
EAP	Tonga			
EAP	Tuvalu	Y	Y	Y
ECA	Uzbekistan			
EAP	Vanuatu			
MNA	Yemen, Republic of	Y	Y	Y
AFR	Zimbabwe	Y	Y	Y
TOTAL IDA		28	29	31

ANNEX 5: IDA17 FINANCING FRAMEWORK AND DONOR CONTRIBUTIONS TABLE

At the conclusion of the IDA17 Replenishment consultations in December 2013, donors agreed a financing framework with an expected commitment authority of SDR34.6 billion (US$52.1 billion). At closure in June 2017, the revised IDA17 financing framework amounted to SDR 37.9 billion (US$57.1 billion), reflecting:

- *Revised partner contributions* in the amount of SDR17.5 billion (US$26.3 billion), including additional partner contributions received after the IDA17 resolution was adopted and adjustments for hedging of national currencies. Also, partner contributions of SDR3.0 billion (US$4.5 billion) were pledged to cover, as agreed, IDA's MDRI debt relief costs up to the end of the IDA17 disbursement period (FY25).

- *Revised IDA17 internal resources* in the amount of SDR8.3 billion (US$12.5 billion). This reflects a reduction from the agreed framework due to the use of IDA17 internal resources in the amount of SDR 1.2 billion to cover a temporary funding gap at the end of the IDA16 period.[110] Internal resources include: (i) accelerating credit repayments through exercising the contractual acceleration clause in qualifying IDA credits (SDR1.5 billion or US$2.3 billion); (ii) voluntary prepayments from Azerbaijan and Indonesia (SDR400 million or US$600 million); (iii) front-loading the use of reflows from a hardening of the lending terms of IDA's borrowers (SDR800 million or US$1.2 billion); and front-loading of internal resources due to receipt of Concessional Partner Loans.

- *Revised World Bank Group transfers* in the amount of SDR1.7 billion (US$2.6 billion). IBRD and IFC contributed US$1.8 billion[111] and US$800 million to IDA17, respectively. When adding projected investment income generated by acceleration of payments, and taking into consideration the foreign currency adjustments after hedging of these transfers into SDRs, the resulting total contribution is SDR1.8 billion (equivalent to US$2.7 billion).

- *Additional resources freed-up through a more efficient use of IDA's liquidity* that replenished the CRW by an amount of US$900 million, financed the SUF for an additional US$3.9 billion and made available US$200 million for exceptional support for Lebanon and Jordan for the remainder of the IDA17 period.

Out of the SDR37.9 billion, SDR37.4 billion became available for commitments. This amount included partner contributions to IDA17 of SDR16.9 billion based on receipt of unqualified commitments and contributions to the MDRI of SDR2.8 billion under the separate MDRI replenishment, as well as SDR 8.3 billion of internal resources. The shortfall for IDA17 totaled SDR700 million and was bridged by a transfer of internal resources from IDA18 to IDA17.[112] Furthermore, it included contributions from IBRD and IFC of SDR 1.7 billion and the release of carry forward amounts of SDR 1.7 billion. As per the IDA17 agreement, unused Arrears Clearance funds from IDA17 totaling SDR800 million were carried forward into IDA18. Against these resources made available in FY15, FY16, and FY17, IDA committed a total of SDR 37.4 billion in credits, grants, and guarantees as of June 30, 2017, the highest ever commitment levels for an IDA replenishment period to date. In addition, cancellations eligible for recommitment amounted to SDR1.1 billion.[113] This represented an 18 percent rise in nominal terms over IDA16 commitments of SDR31.7 billion (US$47.6 billion[114]). See table A5.1 for an overview of the IDA17 Available Commitment Authority.

110 Approved by the Board of Executive Directors in June 2014.
111 IBRD's agreed indicative net income transfer amount of US$1.95 billion was adjusted downward in FY17 by US$168 million to reflect the supplemental contribution made by Austria to IDA17.
112 See "Review of IDA17 Commitment Authority Framework (FY15-FY17) and Transition from IDA17 to IDA18", IDA/R2017-0239, June 16, 2017.
113 Total IDA17 commitments amount to SDR38.5 billion (US$58 billion) when valued at the IDA17 replenishment exchange rate of 1.50718 USD/SDR and including guarantees at 25 percent of the face value. Total commitments amount to US$55 billion when valued at the exchange rate at the time of project approval and including guarantees at 100 percent of the face value.
114 Total IDA16 commitments amount to SDR31.7 billion (US$47.6 billion) when valued at the IDA16 replenishment exchange rate of 1.502330 USD/SDR and including guarantees at 25 percent of the face value. Total commitments amount to US$53.3 billion when valued at the exchange rate at the time of project approval and including guarantees at 100 percent of the face value.

Table A5.1. IDA17 Commitment Authority Status
(SDR billion, as of June 30, 2017)

Source of Funds	Agreed	Revised Framework[a/]	Available CA
I. TOTAL PARTNER GRANT RESOURCES	20.3	20.5	
Basic grant contributions (incl CPL grant element & 11 to 9 accel)	15.1	15.1	
Supplemental contributions (incl CPL grant element)	0.1	0.2	
Compensation for HIPC (FY15-17)	1.5	1.5	
Financing of arrears clearance operations	0.4	0.4	
Compensation for grant principal forgone	0.3	0.3	
Total Partner New Contributions	17.3	17.5	16.9
Compensation for MDRI (FY23-25)	3.0	3.0	2.8
II. TOTAL INTERNAL RESOURCES	11.6	11.7	10.7
Internal Resources of IDA	9.5	8.3	8.3
Internal Resources of IDA borrowed from IDA18 to cover partner shortfall			0.7[d/]
IBRD transfers	1.4	1.2	1.2
IFC transfers	0.7	0.5	0.5
Total Transfers	2.1	1.7	1.7
Carry forward of unused IDA16 funds and other resources		1.7	1.7
IDA17 arrears clearance funds carried forward to IDA18			(0.8)[e/]
III. CONCESSIONAL PARTNER LOANS	2.3	2.5	2.5
IV. Increase to IDA17 CA by a revision to IDA's Liquidity		3.2	3.6[f/]
TOTAL IDA17 COMMITMENT AUTHORITY FRAMEWORK	34.6	37.9	37.4
V. Eligible cancellations available for recommitments [g/]			1.1
TOTAL IDA17 COMMITMENT AUTHORITY FRAMEWORK INCLUDING CANCELLATIONS			38.5
Uses of Funds			
TOTAL USES OF FUNDS FOR COMMITMENTS, GRANTS, AND GUARANTEES			38.5
REMAINING AVAILABLE COMMITMENT AUTHORITY			-
Carry forward from past replenishments due to partner arrears [h/]			0.4
Carry forward due to partner arrears and financing gap of the MDRI [i/]			1.4

Notes: Amounts may not total due to rounding.

a/ As of June 30, 2017. All non-SDR amounts except for MDRI compensation are valued at the respective hedge exchange rates under IDA's foreign exchange hedging framework.

b/ Outstanding IDA17 Instruments of Commitment (IoCs) in the amount of SDR0.5 billion are from Argentina (US$7 million), Mexico (MXN1.27 billion), Portugal (EUR10 million), as well as a partially qualified IoC (18 percent) from the US. This amount is carried forward to IDA18 as a memo item and is released when IoCs are received by IDA. The US has made a partial payment towards its IDA17 obligation in July 2017. The remaining outstanding obligation is US$283 million (7.3 percent of its total commitment).

c/ MDRI compensation shortfall of SDR0.2 billion is related to IoCs remaining qualified (Belgium, Germany, Greece, Hungary, Italy, Japan, New Zealand, Spain, and the US), IoC outstanding (Cyprus), and IoC not being extended ("IoC Shortfall"; Slovak Republic) to cover the full period until FY25. The amount is carried forward to IDA18 as a memo item.

d/ As approved by the Executive Directors in June 2017, IDA used internal resources of SDR700 million to cover the funding gap resulting from the outstanding partner commitments at the end of the IDA17 period. See *"Review of IDA17 Commitment Authority Framework (FY15-FY17) and Transition from IDA17 to IDA18"*, IDA/R2017-0239, June 16, 2017.

e/ As approved by the Executive Directors in June 2017, unused IDA17 Arrears Clearance resources of SDR800 million were carried forward into IDA18. See *"Review of IDA17 Commitment Authority Framework (FY15-FY17) and Transition from IDA17 to IDA18"*, IDA/R2017-0239, June 16, 2017.

f/ Represents a US$5-billion increase to IDA17 commitment authority resulting from a revision to IDA's liquidity policy.

g/ Total cancelled funds available for recommitments amounted to SDR1.2 billion, of which SDR1.1 billion was recommitted as of June 30, 2017.

h/ Consists of unpaid contributions by the United States to IDA12, IDA13, and IDA14 (SDR200 million), and corresponding pro-rata contribution shares withheld by Austria, France, and Germany (SDR100 million); the outstanding IDA16 IoCs from Mexico, and Portugal as well as a partially qualified IoC (2.4 percent) from the US. In July 2017, the US fully paid its IDA16 obligation.

i/ Consists of the MDRI compensation shortfall of SDR1.0 billion for FY07-25 and qualified MDRI IoCs of SDR0.4 billion that cover IDA16 disbursement period until FY22.

DEBT RELIEF UNDER HIPC AND MDRI

IDA is currently estimated to provide a total of SDR33.9 billion (US$48.8 billion) in debt relief under both the HIPC Initiative and the MDRI (table A5.2). Partners have committed to finance IDA's debt relief costs to ensure the financial additionality of debt relief at the recipient country level. As of June 30, 2017, irrevocable debt relief of SDR33.3 billion (US$48.0 billion) had been provided by IDA to the 36 countries that have reached the completion point under the HIPC Initiative. The amount represents about 98 percent of the total debt relief estimated to be provided by IDA. Of this amount, an estimated SDR22.9 billion (US$32.6 billion) has been provided under the MDRI and the balance of SDR10.4 billion (US$15.4 billion) under the HIPC Initiative. The remaining three HIPC countries will benefit from full debt relief under the HIPC Initiative and the MDRI upon reaching their completion points.

Partner financing for HIPC-related costs under IDA17 fell short by SDR28 million at the end of the IDA17 period. Partners financed SDR1.16 billion during the IDA14 commitment period, SDR1.16 billion during IDA15, SDR1.32 billion during IDA16 and SDR1.47 billion during IDA17 as of June 30, 2017, including SDR38 million of IDA16 arrears paid during IDA17. Four partners have experienced delays in providing fully unqualified commitments during the IDA17 period, leaving a SDR28 million shortfall, which was covered temporarily by IDA's internal resources.

To finance IDA's forgone credit reflows due to debt relief, partners established the separate MDRI replenishment spanning four decades (FY07-44) and pledged to compensate IDA on a 'dollar-for-dollar' basis. The financing required to compensate IDA for foregone reflows due to the implementation of the MDRI up to the end of the IDA17 disbursement period (FY07-22) is SDR12.7 billion (table A5.3). Of this amount, SDR7.5 billion was made available for commitment authority in IDA17 after taking into account partner financing released under previous replenishments (SDR2.8 billion under IDA14, SDR3.2 billion under IDA15, and SDR2.2 billion under IDA16). As of June 30, 2017, partners had provided unqualified, firm financing commitments representing 58.7 percent of the IDA17 MDRI costs through the end of the IDA17 disbursement horizon (FY25).[115] Another 33.6 percent of forgone credit reflows over that horizon are covered by qualified financing commitments, bringing total partner financing commitments to 92.3 percent of MDRI costs through FY25 (the end of the IDA17 disbursement horizon). The MDRI financing gap amounts to SDR1.0 billion through the end of the IDA17 disbursement period (FY25). A number of partners have scaled up their MDRI contributions to reduce the financing gap to the current 7.7 percent level. However, additional partner compensation will be required to fully eliminate this financing gap.

Table A5.2. Estimated Total Debt Relief by IDA (FY1996-2044)

(SDR billion equivalents, as of June 30, 2017)

	Total	HIPC Debt Relief			MDRI Debt Relief	HIPC + MDRI Costs
	Debt Relief by IDA (A+B+C)	Total HIPC (A+B)	Delivered pre-July 2005 (A)	To be Delivered post July 1, 2005 (B)a/	To be Delivered (C)	To be financed by Donors Post July 1, 2005 (B+C)
Completion Point Countries (36)	33.3	10.4	2.3	8.1	22.9	31.0
Pre-Decision Point Countries (3)	0.6	0.1	-	0.1	0.5	0.6
Total (39)	**33.9**	**10.5**	**2.3**	**8.2**	**23.3**	**31.6**

Notes:
Based on applicable IDA14, MDRI, IDA15, IDA16, IDA17, and IDA18 foreign exchange reference rates.
Totals may not add up due to rounding.
HIPC Debt Relief provided to IDA prior to June 30, 2005 of SDR2.3 billion (US$3.5 billion) was financed primarily through IBRD net income transfers to the HIPC Trust Fund complemented by some bilateral partner financing

115 An unqualified commitment under the MDRI is one where the Contributing Member has obtained the necessary approvals and agrees to pay without qualification; whereas a qualified commitment is subject to necessary parliamentary or legislative approvals. See para 2 in "Additions to Resources: Financing the Multilateral Debt Relief Initiative," Resolution No. 211 adopted on April 21, 2006.

Table A5.3. MDRI Financing Summary – Instruments of Commitment (IoCs) Received as of June 30, 2017, under IDA17 MDRI cost estimates[a/] (SDR million)

	Until End of IDA17 disbursement period		Remaining Years		Total MDRI Costs	
Financing Received from IDA Donors	**FY07-25**		**FY26-44**		**FY07-44**	
	SDRm	**in%**	**SDRm**	**in%**	**SDRm**	**in%**
Unqualified Financing	7,550.7	59.2%	1,037	9.6%	8,588	36.4%
Qualified Financing	4,209.7	33.0%	8,288	76.4%	12,498	53.0%
Sub-Total IOCs Received	11,760.4	92.3%	9,325	86.0%	21,085	89.4%
IOCs Not Received	2	0.0%	2	0.0%	5	0.0%
IOC Shortfall [b/]	1	0.0%	648	6.0%	648	2.7%
Compensation shorfall	983	7.7%	868	8.0%	1,851	7.8%
Sub-Total To Be Committed	986	7.7%	1,518	14.0%	2,504	10.6%
Total	12,746.8	100.0%	10,843	100.0%	23,589	100.0%

Note 1: Amounts exclude surplus resulting from financing received higher than partners' target contribution under the current cost structure.

Note 2: Amounts may not total due to rounding.

a/ Based on IDA17 MDRI cost estimates as of June 30, 2013 using applicable replenishment foreign exchange reference rates for IDA14, MDRI, IDA15, IDA16 and IDA17.

b/ Shortfall for which partners need to provide unqualified and qualified commitments for each period from FY07 to FY44.

TERMS OF IDA ASSISTANCE

IDA's lending terms were adjusted in IDA17 to reflect the evolving economic capabilities of IDA's clients. In light of the improved economic and financial circumstances in many IDA borrowers, IDA shortened the maturity for regular credits for IDA-only countries from 40 to 38 years and adopted a straight-line amortization of principal. The option to revise the lending terms for IDA-only countries (i) reflected the improvements in the risk of debt distress of low income countries and the impact of the hardened terms on their debt sustainability risk ratings at the time, (ii) ensured that IDA terms remain highly concessional relative to other multilateral development banks (MDBs), (iii) took into account the impact of possible actions by other MDBs, and (iv) retained grant allocations for those countries assessed at high or moderate risk of debt distress. This allowed IDA to recycle resources more quickly and thus increase its internal resources available for commitment. All small island economies continued to receive assistance of regular IDA credits on old terms (40 years maturity; 10 years grace period). To better address the need for a smooth transition for graduating countries, IDA provided transitional support for India during IDA17 on terms similar to those of the IBRD. In March 2016, IDA's Board of Executive Directors approved establishment of the SUF in the amount of US$3.9 billion. This amount was made available to IDA countries on non-concessional terms, similar to those from the IBRD. These resources were additional to the regular concessional allocations (core and non-core) to IDA-eligible countries. Table A5.4 summarizes IDA17 lending terms, including these changes.

Table A5.4. IDA17 Lending Terms by Product Type

(effective from July 1, 2014 through June 30, 2017)

Product	Maturity [b/]	Grace Period	Principal Repayments		Acceleration Clause [c/]	Commitment Charge [d/]	Service Charge for Credits [e/]	Interest rate
			Year 7 - 20	Year 21 - 38				
Grants [a/]	NA	NA	NA	NA	NA	0.00%	NA	NA
Regular [f/]	38	6	3.125%	3.125%	Yes	0.00%	0.75%	NA
Blend [g/]	25	5	3.3% [h/]	6.7% [i/]	Yes	0.00%	0.75%	1.25%
Hard Term Lending [j/ k/]	25	5	3.3% [h/]	6.7% [i/]	Yes	0.00%	0.75%	1.83%
Partial Risk Guarantee	NA	NA	NA	NA	NA	0.00% [l/]	0.75% [m/]	NA
Transitional Support	25	5	5% [n/]	5% [o/]	NA	Fixed or floating rate terms Pricing linked to IBRD's fixed spread loans		
Scale-up Facility Option 1	24	5	5% [p/]	5.5% [q/]	NA	Fixed or floating rate terms Pricing linked to IBRD's fixed spread loans		
Scale-up Facility Option 2	27	8	5% [r/]	5.5% [s/]	NA	Fixed or floating rate terms Pricing linked to IBRD's fixed spread loans		
Scale-up Facility Option 3	30	9	4.7%	4.9%	NA	Fixed or floating rate terms Pricing linked to IBRD's fixed spread loans		

Notes:

a/ Countries with a high risk of debt distress ('red-light countries') receive 100 percent of their allocation in the form of grants and those with a moderate risk of debt distress ('yellow-light countries') receive 50 percent in the form of grants. Grants are not subject to repayment or service charges, but carry a 20 percent volume discount on the country's allocation.

b/ The maturity of all IDA credits approved by the Board through June 30, 1987, is 50 years. The maturity of IDA credits approved by the Board between June 30, 1987, and June 30, 2011, are 35 or 40 years. The maturity of credits approved between July 1, 2011, and June 30, 2014, are 25 or 40 years.

c/ IDA credits include an acceleration clause, providing for doubling of principal payments from creditworthy borrowers where per capita income remains above eligibility thresholds. IDA credits on hardened terms (approved during IDA13-IDA15) are exempt from the accelerated repayment provisions.

d/ IDA's Commitment charge is a variable charge set within a range of 0-0.5 percent of the undisbursed balance of IDA's credits and grants. Executive Directors review and approve the level of the commitment charge annually.

e/ The service charge is 0.75 percent of the disbursed and outstanding credit balance.

f/ Regular credit for small island economies will continue to be 40-year maturity; 10-year grace period; 2 percent per annum through years 11-20; 4 percent per annum through years 21-40.

g/ Blend terms apply to blend countries and IDA countries with GNI per capita above the operational cutoff for more than two consecutive years, known previously as "gap" or "hardened term" countries. An exception to the GNI per capita operational cutoff for IDA eligibility has been made for some small island economies on the basis of their vulnerability.

h/ Year 6-15.

i Year 16-25.

j/ Blend countries (excluding small island states with a population of less than 1.5 million that receive regular IDA credit terms) are eligible for hard-term IDA credits. These resources are additional to a country's regular performance based allocation. The access to hard-term credits is expanded in proportion to the countries' performance based allocation. Standard IDA service and commitment charges apply plus a fixed interest charge for the life of each credit. IDA sets the interest rate for hard-term credits on an annual basis (in June of each year for the new fiscal year starting July 1) as the fixed rate equivalent of IBRD interest rates less 200 basis points.

k/ The financing for transitional support is provided on terms that are harder than those for IDA hard term lending but 100 basis points below the fixed rate equivalent of an IBRD loan. The rate is set on a quarterly basis and applies to credits approved within that quarter. In addition to a fixed interest charge, transitional support credits carry IDA's standard service charge (0.75 percent) and a variable commitment charge. Transitional support credit terms include a 25-year maturity, a 5-year grace period, an amortization schedule reflecting a straight line amortization (5 percent per annum) and are exempt from accelerated repayment provision.

l/ This fee is applied to the undisbursed balance of the guaranteed financing and is analogous to the commitment charge on IDA credits. The standby fee is currently fixed at zero basis points per annum. In addition, guarantees are subject to an initiation fee of 15 basis points or US$100,000 (whichever is higher) and a processing fee of up to 50 basis points of the principal amount of the guarantee for all private sector borrowers. The processing fee is assessed on a case-by-case basis and can be either waived or increased in exceptional cases.

m/ The guarantee fee is applied on disbursed and outstanding amounts of a guaranteed financing, in the same way service charges on IDA credits are applied. The guarantee fee is currently fixed at 75 basis points per annum, equal to the fixed level of service charges on IDA credits.

n/ Year 6-14.

o/ Year 15-24.

p/ Year 9-17.

q/ Year 18-27.

r/ Year 10-23.5.

s/ Year 24-30.