



**IDA19**

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**IDA19: An Overview**

**“Ten Years to 2030: Growth, People, Resilience”**

**Development Finance Corporate IDA and IBRD (DFCII)**

**June 4, 2019**

## ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

AfDB	African Development Bank	LICs	Low-Income Countries
AFR	Africa Region	M&E	Monitoring and Evaluation
AU	African Union	MDB	Multilateral Development Bank
CEN	Country Engagement Note	MDGs	Millennium Development Goals
CPF	Country Partnership Framework	MDRI	Multilateral Debt Relief Initiative
CRS	Creditor Reporting System	MFD	Maximizing Finance for Development
CRW	Crisis Response Window	MICs	Middle-Income Countries
CSO	Civil Society Organization	MIGA	Multilateral Investment Guarantee Agency
D4P	Data for Policy	MNA	Middle East and North Africa Region
DRM	Disaster Risk Management	MTR	Mid-Term Review
EAP	East Asia and Pacific	NCBP	Non-Concessional Borrowing Policy
ECA	Europe and Central Asia Region	OCHA	UN Office for the Coordination of Human Affairs
FCS	Fragile and Conflict-affected Situations	ODA	Official Development Assistance
FCV	Fragility, Conflict and Violence	OECD-DAC	Organization for Economic Cooperation and Development – Development Assistance Committee
FDI	Foreign Direct Investment	PPP	Purchasing Power Parity
FY	Fiscal Year	PSW	Private Sector Window
GBV	Gender-based Violence	RMR	Risk Mitigation Regime
GDP	Gross Domestic Product	RMS	Results Measurement System
GNI	Gross National Income	RRA	Risk and Resilience Assessment
GPs	Global Practices	SAR	South Asia Region
GVC	Global Value Chains	SCD	Systematic Country Diagnostics
HCI	Human Capital Index	SDFP	Sustainable Development Financing Policy
HCP	Human Capital Project	SDGs	Sustainable Development Goals
HIPC	Heavily Indebted Poor Countries	SSA	Sub-Saharan Africa
HIV	Human Immunodeficiency Viruses	UHC	Universal Health Coverage
IBRD	International Bank for Reconstruction and Development	UN	United Nations
ICT	Information and Communication Technology	UNHCR	United Nations High Commissioner for Refugees
IDA	International Development Association	UNICEF	United Nations Children Fund
IEG	Independent Evaluation Group	WBG	World Bank Group
IFC	International Finance Corporation	WDI	World Development Indicators
IMF	International Monetary Fund	WDR	World Development Report
IPCC	International Panel for Climate Change	WHO	World Health Organization
JET	Jobs and Economic Transformation		
LCR	Latin America and the Caribbean Region		
LDC	Least Developed Countries		

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## EXECUTIVE SUMMARY

i. **The world has made great strides toward eradicating extreme poverty over the past 30 years.** Measured as the number of people living under US\$1.90/day,<sup>1</sup> extreme poverty has declined globally from 36 percent in 1990 to 8.6 percent in 2018. This is equivalent to 1.1 billion fewer people in extreme poverty. The extreme poverty rate has fallen in most IDA countries, albeit at a much slower pace: from 49 percent in 2002 to 31 percent in 2015. The pace of decline has been particularly slow in Sub-Saharan Africa (SSA). Two thirds of the world's poor now live in IDA countries, with a third of those living in Fragile and Conflict-affected Situations (FCS).

ii. **Yet the world faces several challenges that require urgent attention.** Hunger, after years of decline, is on the rise, returning to levels from a decade ago. On the poverty front, projections paint an alarming picture for IDA countries: while non-IDA countries could reduce the extreme poverty rate to under one percent by 2030, it may be as high as 24 percent in IDA countries, equivalent to more than 500 million people, 87 percent of whom in SSA and about half in FCS. Moreover, five out of six people in IDA countries lived on less than US\$5.5 a day in 2015, at risk of relapsing into extreme poverty. Broadening the definition to include access to education and basic infrastructure brings the share of the extreme poor in IDA countries to almost 70 percent. Climate change is threatening agricultural systems and, by 2050, close to 150 million people could become climate migrants in SSA, Latin America and South Asia. Pollution poses increasing risks to human health, including plastic debris floating across oceans. External shocks, combined with low incomes, lack of opportunity, food insecurity, demographic imbalances, weak institutions, and fragility, conflict and violence, can drive both voluntary and involuntary migration, which imposes disproportionate social and economic burden on the host countries and increases their security risks. These challenges require collective action before they spillover globally into other countries and regions.

iii. **Past and present successes show that progress is possible with the right policies and strong support from IDA and other partners.** Since IDA's establishment in 1960, 35 countries have successfully transitioned to middle income status and graduated to International Bank for Reconstruction and Development (IBRD). Between 1990 and 2015, Vietnam met the goal of reducing extreme poverty to below three percent and graduated to IBRD.<sup>2</sup> During the same period, extreme poverty has fallen from 70 to seven percent in Nepal and from 65 to 27 percent in Ethiopia. Bangladesh has brought primary education enrollment from 80 to 98 percent between 2000 and 2015. In Yemen, even in the face of ongoing conflict, IDA has helped build resilience, protect vulnerable Yemenis, and financed emergency vaccination and income support reaching 1.45 million households facing famine. In Afghanistan, IDA supported projects have generated 5,500 kilowatts of power, built 850 kilometers of roads, and provided 63 million liters of drinking water per day, benefiting 4.5 million people. In Haiti, IDA has helped immunize 640,000 children and ensured skilled birth attendants at 20,000 births.

iv. **Accelerating progress towards the Sustainable Development Goals (SDGs) requires increased access to sustainable financing.** According to a World Bank Group (WBG) study,

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<sup>1</sup> In 2011 purchasing power parity (PPP) terms.

<sup>2</sup> Extreme poverty in Vietnam declined from 62.4 percent in 1990 to 2.4 percent in 2015.

reaching the infrastructure-related SDGs alone in low- and middle-income countries will require on average additional spending of US\$1.5-US\$2.7 trillion per year, over 2015-2030. While IDA countries must enhance domestic public resource mobilization and attract domestic and foreign private finance, it is clear that concessional finance will remain central to their development prospects. During the IDA19 period, a well-resourced IDA can play a critical role in providing this financing and will also facilitate leveraging of resources from others, including the private sector, in the context of the WBG Maximizing Finance for Development (MFD) approach. With rising debt levels in many IDA countries, all providers of development finance must take steps to make sure their lending does not contribute to unsustainable debt. In this respect, IDA's highly concessional loans and grants are a key source of sustainable financing.

v. **IDA19 deepens the ambitions of IDA18 with a focus on growth, people and resilience.**

Participants in the April 2019 Replenishment meeting selected “*Ten Years to 2030: Growth, People and Resilience*” as the Overarching Theme for IDA19, reflecting the urgency to accelerate progress towards the SDGs. *Growth* drives poverty reduction and must be both inclusive and sustainable to have a broad-based and lasting impact. In many IDA countries, income growth is slower among the bottom 40 percent than the average growth for the country, which undermines social cohesion and stability, potentially sowing seeds for conflict. For maximum impact on the poorest, it is critical to address existing inequalities among income and demographic groups, in endowments and opportunities, in access to equitable markets, and in exposure to risks. A focus on *People* is equally important. Human capital outcomes are essential to inclusive economic growth and wellbeing. Accelerating human capital is, therefore, a critical task for IDA countries to be able to compete in the economy of the future. Accelerating progress on poverty reduction is also about *Resilience*. Countries develop faster if they can avoid shocks or be prepared when they happen. Furthermore, strengthening institutions for service delivery, inclusion and accountability are core elements for resilient economies.

vi. **IDA19 will build upon IDA18's five Special Themes**, as agreed by Participants at the April 2019 IDA19 Replenishment meeting (see proposed policy commitments in Annex 1):

- The **Jobs and Economic Transformation (JET)** Special Theme focuses on accelerating economic transformation to deliver more and better jobs in a sustainable way. The JET framework is centered around “creating and connecting to markets” and “building capabilities and connecting workers to jobs”. It puts emphasis on the potential for global value chains and regional integration, digital economy, raising human capital and supporting workers affected by economic transformation, including through quality infrastructure. Private sector development is central to JET and requires mobilizing the entire WBG with more coordinated interventions at both the strategic and transaction levels.
- The **Fragility, Conflict and Violence (FCV)** Special Theme is built around four pillars of engagement: pivoting to prevention; remaining engaged during conflict; supporting countries to escape the fragility trap; and dealing with the externalities and impacts of FCV. IDA19 proposes a revamped financing toolkit, with an enhanced financing tool to support each pillar. Across these pillars, the FCV Special Theme proposes seven ambitious but realistic policy commitments, including a greater focus on regional fragility, better tailoring of country programs based on FCV drivers, further staffing scale-up, actions to close gender gaps, efforts to build client capacity to use technology, and improvements in social sector

service delivery. The IDA19 FCV Special Theme will ensure more, and more tailored, support to IDA FCS along the FCV continuum.

- The **Climate Change** Special Theme increases IDA's level of ambition and commitments on adaptation and resilience. It builds on the WBG 2025 Climate Change Action Plan, the WBG Adaptation and Resilience Action Plan, and strong progress during IDA18. The core objectives will be to: (i) increase climate-related financing and further deepen climate mainstreaming; (ii) boost support for adaptation and resilience; (iii) drive systemic impact at the country level; and (iv) facilitate economic transformation through low carbon and resilience transition.
- The **Gender and Development** Special Theme will build on IDA18 achievements to speed up investments in people, create opportunities and strengthen resilience by scaling solutions to close key gender gaps. IDA19 will deepen implementation of the WBG Gender Strategy under each of its four pillars (endowments, jobs, assets, and voice and agency), and exploit strong interlinkages with other Special Themes to close key gender gaps so that women and men benefit from IDA interventions that promote jobs and economic transformation and governance. In FCS where gender gaps are exacerbated, IDA interventions will ensure a focus on women and children.
- The **Governance and Institutions** Special Theme reflects that governance and weak institutions breed corruption and grievance which can exacerbate FCV and reverse economic gains with potential spillover effects. The focus of IDA19 will be to (i) promote sustainable financing practices; (ii) maximize the impact of public service delivery; (iii) increase confidence in institutions, including by strengthening core government functions; and (iv) build a solid evidence base through better data and analytics.

vii. **While the proposed IDA19 policy package will seek to maintain the momentum that began in IDA18, it will also incorporate four cross-cutting issues where Participants want to see IDA make a deeper impact.** This includes (i) debt vulnerabilities; (ii) exploiting opportunities from transformative technology; (iii) investing in people; and (iv) promoting inclusion of people with disabilities. Debt risks and transformative technology are issues that have gained in importance during the last few years and action on both are critical for the long-term economic prospects of IDA countries. Likewise, investing in people, and especially in people with disabilities who are often disproportionately affected by poverty, is also critical to progress on several of the SDGs. The five IDA19 Special Themes will promote quality infrastructure, tackle push and pull factors of economic migration, and provide support to countries hosting refugees.

viii. **IDA19 comes at a time when the WBG's financial and business models have been scaled up, made more efficient, and sharpened their focus on reaching the poorest.** In 2017, the IDA18 replenishment introduced a hybrid financial model, leveraging IDA's capital and allowing it to substantially scale-up support to countries, including a doubling of resources to fragile states. Significantly, in 2018, the US\$13 billion capital increase for the IBRD and International Finance Corporation (IFC) further strengthened the WBG's financial capacity, with specific commitments to direct resources to low-income countries.

ix. **The changes in WBG's business model outlined in the *Forward Look* have reinforced IDA's ability to work at the nexus of global and local issues, complementing policy work with operational responses, better implementation and engaging with both the public and private**

**sectors.** Adopted in 2016, the *Forward Look* prioritizes enhanced engagement in FCS and Small States, with increased IBRD support for IDA graduates and lower middle-income countries; leadership on the global public goods agenda, including climate change; crisis preparedness and regional integration; and mobilization of private sector solutions.

x. **The scaling up of IDA’s programs, including in the most difficult settings, and the improvement in IDA project performance, highlights the strength of IDA’s role as a vehicle for development.** IDA leverages knowledge and partnerships, building upon its comparative advantage as a country-owned, country-based, global institution. IDA applies global and local knowledge to customize best practices and technologies from anywhere in the world to the local context. IDA financing comes with a combination of deep analytical skills, hands-on experience, and knowledge, often using multi-disciplinary and multi-sector approaches and spanning the public and the private sectors. Increasingly, IDA also engages with countries to prepare for various kinds of crises, and to support planning and management of crises response. Furthermore, IDA relies on an evidence-based and monitorable results driven approach through its Result Measurement System (RMS), which tracks both the progress of IDA countries and IDA’s contribution to this progress. For IDA19, the RMS will remain aligned with the 2030 Agenda and will use indicators and targets linked to the SDGs.

xi. **IDA’s strong partnerships seek to maximize the development impact of its interventions.** In an interconnected world, strong partnerships are becoming even more important. IDA is deepening its partnerships with a broad spectrum of development actors, including United Nations (UN) Agencies, the International Monetary Fund (IMF) and other Multilateral Development Banks (MDBs), the private sector, as well as many vertical funds and civil society organizations (CSOs), including advocacy and operational CSOs, private foundations and think tanks. IDA closely coordinates with these partners across a range of activities, at the operational level to mobilize new knowledge and finance, in the context of crises and conflict, and to raise awareness of important development issues like human capital, illicit financial flows and environmental protection, including marine litter.

xii. **IDA19 builds upon IDA18’s ambition, with further focus on FCS, a scale up in regional programs, and closer attention to crisis preparedness.** Management has put forward a range of financial scenarios for IDA19, around a base of US\$80 billion. This base scenario is calibrated to enable continued support across all IDA countries with a 20 percent increase in FCS. In line with the upcoming FCV Strategy, this increase is differentiated by types of fragility. The base scenario also includes a 46 percent increase in the regional window to support quality infrastructure, regional integration policies, the digital economy, human capital and programs addressing cross-border sources of fragility, e.g. in the Sahel and the Horn of Africa. Furthermore, the package steps up attention to crisis preparedness, through engaging FCV at the prevention stage and financing health preparedness. These proposals are listed in Annex 2.

xiii. **IDA19 replenishment comes at a critical juncture when the world faces significant challenges posed by fragility and economic headwinds, which threaten to spill over across countries.** Absent swift and accelerated action by countries and stakeholders at all levels, rising risks, and vulnerabilities could severely undermine progress made in the fight against poverty and bring regional and global spillovers. With a right mix of policies and financing, it is still possible to reach the SDGs. As Eugene Meyer noted in 1946, “prosperity, like peace, must be viewed as indivisible. For we shall prosper individually only as we prosper collectively”.

## I. INTRODUCTION

1. **The quest to eradicate extreme poverty from the world has seen significant success in the last three decades.** Measured as the number of people living under US\$1.90/day, global extreme poverty has declined from 36 percent in 1990 to 8.6 percent in 2018. This is equivalent to 1.1 billion fewer people in extreme poverty. The extreme poverty rate has also fallen in most IDA countries, but at a much slower pace: from 49 percent in 2002 to 31 percent in 2015, with the pace being particularly slower in Sub-Saharan Africa (SSA). Two thirds of the world's poor now live in IDA countries, with a third of those living in Fragile and Conflict-affected Situations (FCS). Additionally, data from the 75 IDA countries shows that the share of the poor increases to almost 70 percent when the definition of poverty includes access to education and basic infrastructure.

2. **With 10 years to 2030, meeting the SDGs agreed in 2015 is becoming increasingly challenging, especially for the poorest and most fragile.** Just focusing on the first SDG – *to end poverty in all its forms everywhere* – recent World Bank (WB) projections of global economic growth show an alarming picture for IDA countries. While non-IDA countries could reduce the extreme poverty rate to under one percent by 2030, it may be as high as 24 percent in IDA countries, equivalent to more than 500 million people. These projections are subject to significant downside risks, including further moderation in global growth, lower commodity prices, trade disputes, tighter financing conditions and crises related to extreme weather or health emergencies. So, even as the world gets closer to the goal of eliminating extreme poverty, many IDA countries could be left behind, making it clear that business as usual will not be enough and action is needed now to ensure that lack of opportunities and minimum living standards do not spill over into other countries or regions.

3. **As the world's largest fund spearheading the fight against poverty, IDA plays the leading role in supporting IDA countries to make progress towards the SDGs and addressing potential regional and global spillovers.** IDA's strategic priorities evolve over time to take account of global developments and new knowledge that can improve the effectiveness of the financial and analytical assistance that IDA provides. IDA Deputies and Borrower Representatives ("Participants") provided guidance on the strategic priorities for the IDA19 Replenishment, first at the IDA18 Mid-Term Review (MTR) in Livingstone, Zambia in November 2018 and again when they met in April 2019 in Washington D.C. They selected "*Ten Years to 2030: Growth, People, Resilience*" as the overarching theme for IDA19 and requested that IDA19 focus on consolidating the five IDA18 Special Themes; Jobs and Economic Transformation (JET); Fragility, Conflict and Violence (FCV); Governance and Institutions; Climate Change; and Gender and Development.

4. **While IDA19 aims to maintain the momentum that began in IDA18, Participants have also asked that four additional cross-cutting issues be given special attention.** These are: (i) addressing debt vulnerabilities in IDA countries; (ii) benefitting from the opportunities presented by transformative technology; (iii) investing in people; and (iv) promoting inclusion of people with disabilities. Debt risks and transformative technology are issues that have grown in importance during the last few years and action on both fronts are critical for the long-term economic prospects of IDA countries. Likewise, investing in people, and especially in people with disabilities who are often disproportionately affected by poverty, is also critical to make progress on the SDGs.

5. **The purpose of this paper is to present a broad overview of the current development landscape and the contributions that IDA19 can make to accelerate progress towards the SDGs in ten years leading up to 2030.** Detailed Action Plans for each of the Special Themes are described in separate papers that will be discussed at the IDA19 meeting in June. This paper is structured as follows: Section II provides an overview of the poverty challenge and the development of the finance landscape; Section III provides an overview of the proposed policy agenda for IDA19; Section IV lays out how IDA will enhance its impact during the IDA19 period; and Section V presents conclusions. The paper also includes two annexes listing the policy commitments proposed for IDA19 and other IDA19 issues for Participants' consideration.

## II. POVERTY AND FINANCING FOR DEVELOPMENT

6. **Spurred by strong growth rates, the world made remarkable and unprecedented progress in improving living standards over the past quarter century.** During this period, life expectancy has increased by over six years, the share of children out of school has been reduced by close to 50 percent, and maternal mortality is down by 44 percent. This impressive progress has brought us closer to the World Bank's target of reducing extreme poverty to less than three percent of the world's population by 2030.

7. **While IDA countries made gains in alleviating poverty, these achievements were not uniformly strong.** Progress in reducing poverty was faster in the world's most populous regions (South and East Asia) that posted strong economic growth. Extreme poverty is now increasingly concentrated in countries with lower growth rates, and in challenging environments characterized by protracted conflict and fragility, high population growth and government failures. Many IDA countries that have escaped extreme poverty remain vulnerable to relapsing into it. The remainder of this section provides an update on the poverty challenge that IDA countries face, progress towards the SDGs and trends in development finance.

### A. THE POVERTY CHALLENGE

8. **Despite the significant progress in poverty reduction over the last three decades, achieving the SDGs and the World Bank's twin goals require sustained focus on IDA countries.** The global extreme poverty rate declined from 36 percent in 1990 to an estimated 8.6 percent in 2018.<sup>3</sup> Progress has been uneven, with most gains coming from East and South Asia, where extreme poverty fell from 61.6 percent to 2.3 percent and 47.3 percent to 12.4 percent, respectively, between 1990 and 2015.<sup>4</sup> In contrast, poverty rates in SSA declined more slowly, from 54.3 percent to 41.1 percent during the same period. During 2002-2015, extreme poverty in current IDA countries declined from 49 percent to 31 percent, while in rest of the developing world, it declined from 26 percent to 5.6 percent. Slower progress in poverty reduction and high population growth rates mean that the number of poor people in IDA countries, excluding India, has remained

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<sup>3</sup> Defined as the number of people with a daily consumption/income below US\$1.90 in 2011 Purchasing Power Parity terms.

<sup>4</sup> In 2015, half of the extreme poor lived in just five countries: India, Bangladesh, Nigeria, Ethiopia, and Democratic Republic of Congo.

constant at around 500 million, over the past 10 years, even as the total number of IDA countries has declined. In 2015, of the more than 730 million extremely poor globally, 479 million lived in IDA countries and, of these, 393 million lived in SSA and 171 million in FCS (see Table 1). Of the world’s 28 poorest countries, 27 are in SSA, all with poverty rates above 30 percent.

**Table 1. Poverty Rates in IDA Countries (2015)<sup>1</sup>**

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

<sup>1</sup> Daily consumption/income below US\$1.90 in 2011 PPP terms.  
Source: World Bank (2018)

**9. In addition, people living close to the poverty line are vulnerable to multiple drivers of income insecurity such as natural disasters, violent conflict, displacement and climate change.**

Five out of six people in IDA countries lived on less than US\$5.5 a day<sup>5</sup> (2011 PPP) in 2015 and were considered at high or moderate risk of relapsing into poverty. A major shock can wipe out an entire generation of economic progress and poverty reduction, and also lead to forced displacement. Climate change presents a threat to sustainable economic development and poverty reduction, and IDA countries, especially small islands, will be particularly affected. The livelihoods of those least able to adapt – the poor and most vulnerable – will be affected the most.<sup>6</sup> If unchecked, the impact of climate-related shocks could result in more than 100 million additional people living in poverty by 2030, which could increase fragility.

**10. People living in FCS are especially exposed to factors that can increase vulnerability and deepen poverty.** Issues such as inequality, climate change, poor governance, demographic change, and violent extremism can compound poverty and fragility. By 2030, almost half of the world’s poor will live in FCS. Any deterioration in these countries’ fragility, or rise in fragility elsewhere, would push this rate even higher. The poor living in FCS are some of the most vulnerable groups within IDA countries. They are in danger of being trapped in a vicious cycle of fragility and poverty, underscoring the need for action to lift them out of the poverty-fragility nexus.

**11. Growth rates in IDA countries are projected to rise marginally between 2019 and 2021 but will not be sufficient to reduce poverty to below three percent by 2030.** During 2000-2016, IDA countries grew on average by 5.6 percent a year, compared with just 2.9 percent for the world. This solid economic expansion was accompanied by greater income convergence<sup>7</sup> although more

<sup>5</sup> Income/consumption of US\$5.5 per day is the international poverty line for Upper Middle-Income Countries (UMIC) and shows what the poverty rate would be in IDA countries if they had the same criteria for what it takes to be poor in UMICs. Even though a large fraction of the population in IDA countries may not be extremely poor (under US\$1.9 per day), they would likely be classified as poor in most middle-income countries. Although “only” a third of people in IDA countries are extremely poor, five out of six are poor by the US\$5.50 standard.

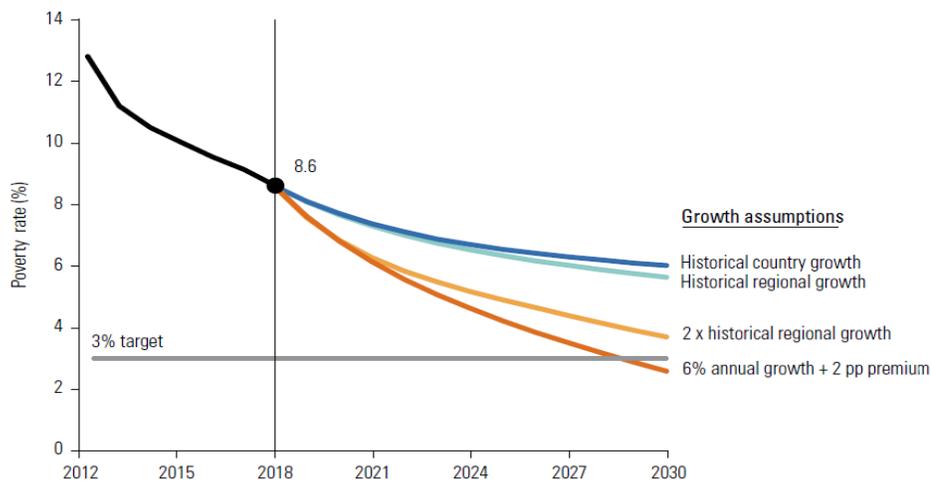
<sup>6</sup> See Turn Down the Heat: Confronting the New Climate Normal. World Bank (2014) and Special Themes for IDA17. IDA (2013).

<sup>7</sup> See Ending Extreme Poverty and Sharing Prosperity: Progress and Policies. Policy Research Note. World Bank, 2015.

needs to be done to reduce inequalities. However, the global growth outlook has moderated and is projected at only 2.7 percent during 2019-2021, with growth in IDA countries estimated at five percent.<sup>8</sup> Even this projection is subject to downside risks amid a softer global growth outlook. Many IDA countries can also be impacted if commodity prices soften, financing conditions tighten abruptly leading to slip-ups in fiscal policies, or extreme weather, conflict<sup>9</sup> or health related crises emerge.<sup>10</sup>

12. **In the absence of strong growth, it would be harder to reduce extreme poverty below three percent by 2030, which underscores the urgency of acting now.** Despite gains over the last three decades, there are signs that, since 2013, the rate of poverty reduction is slowing down. The global poverty target would be met if all countries grew at an average annual rate of six percent and the income of the bottom 40 percent grew two percentage points faster than the average. Alternatively, the landmark could be reached if all countries grew at an average pace of eight percent (see Figure 1).<sup>11</sup> But, in either of these scenarios, extreme poverty would still be in double digits in SSA by 2030. Therefore, the focus of the international community must remain on countries with high concentrations of extreme poverty.<sup>12</sup>

**Figure 1. Global Poverty Rate Projections**



Source: PovcalNet (online analysis tool), World Bank, Washington, DC, <http://research.worldbank.org/PovcalNet/>; World Development Indicators; World Economic Outlook; Global Economic Prospects; Economist Intelligence Unit.  
Note: The 2018 nowcast uses realized and projected growth in GDP per capita and household final consumption expenditure per capita from 2015 to 2018 to grow the 2015 welfare vector. "Historical country (regional) growth" assumes that the annual growth rates countries (regions) experienced from 2005 to 2015 continue from 2018 to 2030. "6% annual growth + 2 pp premium" assumes that all countries grow by 6 percent annually from 2018 to 2030, and that the bottom 40 percent on average grow with an additional 2 percentage points (pp). All assumed growth rates are real, per capita growth.

<sup>8</sup> See *Global Economic Prospects*, World Bank, January 2019.

<sup>9</sup> Forced displacement, one consequence of FCV, is now at its highest level since World War II, with an estimated 68 million people forcibly displaced.

<sup>10</sup> See *Global Economic Prospects*, World Bank, January 2019.

<sup>11</sup> If average economic growth in IDA countries were to be one percentage point lower than currently projected, there would be 50 million more extreme poor in these countries in 2030 than under the baseline scenario. Similarly, a two-percentage point shortfall would translate into 100 million more extreme poor.

<sup>12</sup> See *Poverty and Shared Prosperity (Piecing together the Poverty Puzzle)*, World Bank, 2018.

## **B. PROGRESS TOWARDS THE 2030 SUSTAINABLE DEVELOPMENT GOALS**

13. **Many IDA countries have made progress towards the SDGs.**<sup>13</sup> For example, IDA countries have made progress in ensuring that more children have access to education. Eighty percent of children in IDA countries are now enrolled in primary education, and the gender gap in enrollment has narrowed to just one percent. In 2015, 98 percent of children in Bangladesh were enrolled in primary education compared to 80 percent in 2000. IDA projects have made impact on the lives of people. Between 2010 and 2013, extreme poverty in IDA countries fell to 29.4 percent from 33.6 percent, representing a decrease of 32.9 million people. In Nepal, the percentage of people living below the international poverty line declined from 46 percent in 1996 to 15 percent in 2011.

14. **Some IDA countries have made progress even under the most difficult circumstances.** In Yemen, even as the ongoing conflict has caused a catastrophic humanitarian crisis, IDA has helped build resilience, protect vulnerable Yemenis, and finance emergency vaccination and income support reaching 1.45 million households facing famine. In Afghanistan, IDA supported projects have generated 5,500 kilowatts of power, built 850 kilometers of roads, and provided 63 million liters of drinking water per day, benefiting 4.5 million people. IDA has also helped Haiti immunize 640,000 children and ensured skilled birth attendants at 20,000 births.

15. **However, in many countries, progress is impeded by conflict, climate change and growing inequalities.** According to the United Nations' report on the SDGs,<sup>14</sup> the rate of youth unemployment is three times higher than for adults. More than half of all children and adolescents lack minimum standards in reading and mathematics. In 2015, 2.3 billion people lacked access to basic sanitation services and 892 million people had to defecate in the open. Almost 1 billion people, mostly in rural areas, still lack electricity. In SSA, the incidence of HIV among women of reproductive age is 10 times the global average. Nine out of 10 people living in cities breathe polluted air. While some forms of discrimination against women and girls are declining, and some opportunity gaps are starting to close relative to men and boys, gender inequalities still persist. Conflicts, drought and disasters linked to climate change are the prime cause of the rise in hunger and the number of undernourished people from 777 million in 2015 to 815 million in 2016.

16. **Urgent action is needed to attain the goals enshrined in the 2030 Agenda.** With 10 years to 2030, there is growing realization that, absent immediate and accelerated action by countries and stakeholders at all levels, it will be difficult to achieve the SDGs. Concerted action is required in the following areas:

- *Strengthened social protection systems* and targeted measures to reduce vulnerability to disasters linked to climate change and drought. Progress is needed to increase employment opportunities, especially for young people.
- *Improved outcomes in health with focus on underserved groups and regions.* For example, 45 percent of all countries and 90 percent of least developed countries (LDCs) have less

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<sup>13</sup> See World Bank. 2018. Atlas of Sustainable Development Goals 2018: From World Development Indicators. World Bank Atlas; Washington, DC: World Bank.

<sup>14</sup> See The Sustainable Development Goals Report 2018, United Nations 2018.

than one physician per 1,000 people, 60 percent have fewer than three nurses or midwives per 1,000 people and almost one hundred million people are being pushed into extreme poverty every year because of health expenses.

- *Increased access to quality education* requires efforts to eliminate disparities in education along the lines of gender, urban-rural location and other dimensions.
- *Empowerment* of women and girls through improved access to affordable and quality sexual, reproductive/adolescent, and maternal health; more and better jobs and entrepreneurship opportunities; and by addressing gender-based violence.
- *Improved water use*, better access to sanitation and electricity.
- *Access to safe and adequate housing* for all urban inhabitants, including clean air, and basic services and development of resilient and sustainable communities.
- *Changing policies and institutions to promote social and physical infrastructure* and markets, and transformation of business practices along global value chains.
- *Adherence to the principles of the Paris Agreement on Climate Change* and immediate action to preserve and promote sustainable use of ecosystems on which all life depends.

17. **To accelerate progress – and avoid spillovers emanating from climate change, conflict, hunger and health pandemics – immediate and accelerated action by the countries, along with collaborative partnerships among governments and stakeholders, at all levels, is needed.** The IDA19 policy package is designed to support rapid progress towards the SDGs. The Results Measurement System (RMS) will monitor both progress towards specific SDGs as well as IDA’s contribution to attaining these goals.

### C. FINANCING THE 2030 AGENDA

18. **Delivering substantial progress toward the SDGs by 2030 requires significant additional financing.** A recent costing exercise by the World Bank estimates that low- and middle-income countries (LICs and MICs) face investment needs of US\$1.5–US\$2.7 trillion per year between 2015 and 2030 (4.5–8.2 percent of Gross Domestic Product – GDP) to meet infrastructure-related SDGs, depending on policy choices.<sup>15</sup> Similarly, the UN estimates that additional spending of US\$1.5–US\$2.7 trillion per year between 2015 and 2030 is needed to achieve the infrastructure-related goals in developing countries, plus an additional US\$400 billion for infrastructure investments related to the health and education goals.<sup>16</sup> The World Health Organization (WHO) estimates the additional annual investment needed to meet the SDG on health in LICs and MICs at about US\$370 billion. The size of these estimates indicates that to achieve the SDGs, substantial financial support from the international community is needed.

19. **While total external (private and official) financing to developing countries has increased substantially, the share of IDA countries has been low and decreasing.** Net flows to all developing countries increased from US\$279 billion in 2000 to US\$1.2 trillion in 2007. This

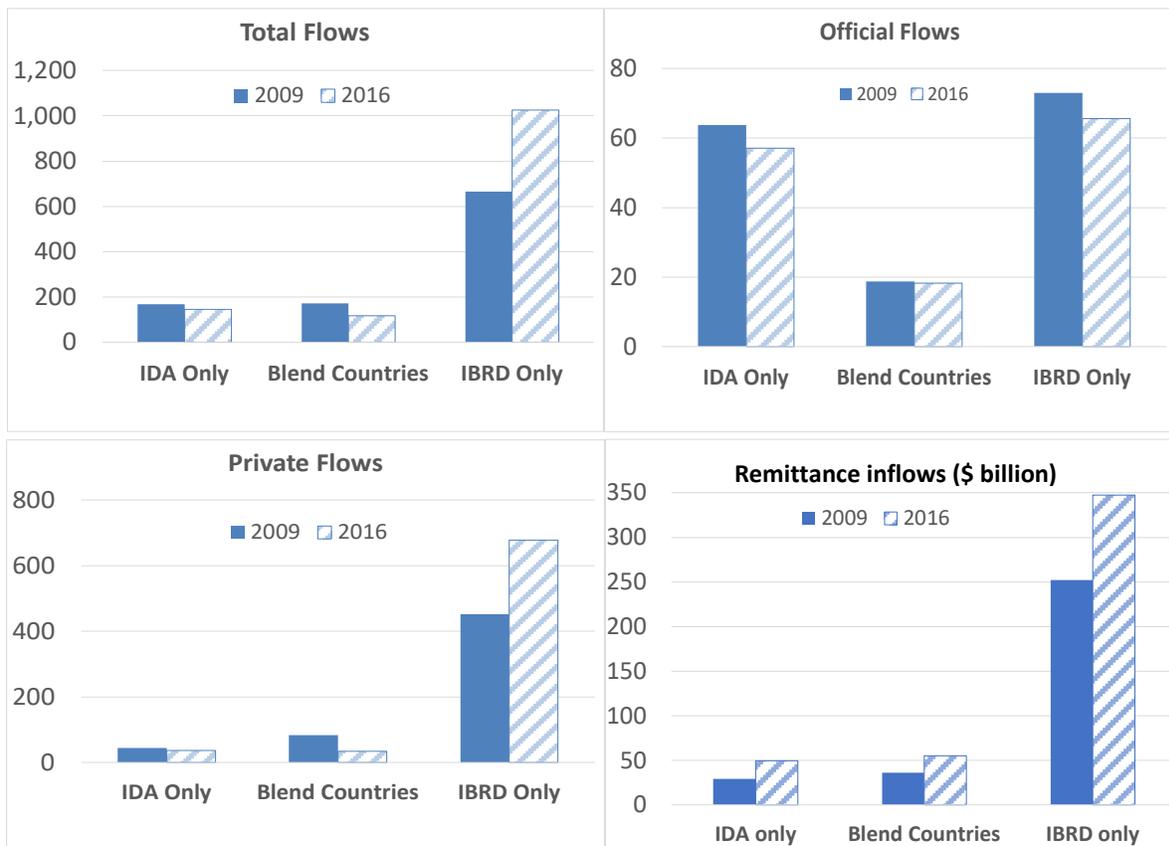
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<sup>15</sup> See Rozenberg, J., and M. Fay. 2019. *Beyond the Gap: How Countries Can Afford the Infrastructure They Need while Protecting the Planet*. Washington, DC: World Bank.

<sup>16</sup> The cost estimates provided by the World Bank and UN studies are not strictly comparable because of differences in country samples, subsectors, and inclusion of operation and maintenance costs, among other things.

trend was reversed by the impact of the financial crisis (2008-2009). In the following decade, support for IBRD-only countries has increased substantially, while it declined for IDA countries (see Figure 2). The level and composition of net financial flows to developing countries shows that almost 95 percent of the increase in private flows since 2008-2009 is headed to the MICs, whereas official aid accounts for half of financial flows to LICs and about one-third for all IDA countries. Remittance flows to IDA and Blend countries increased to US\$105 billion in 2016, an increase of 60 percent since 2009.

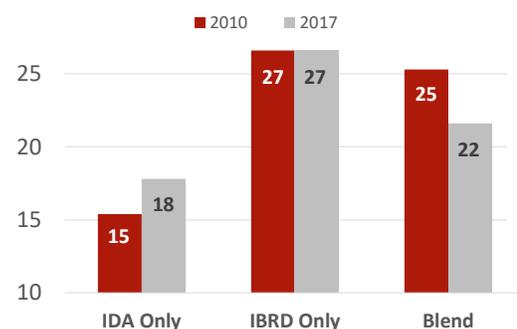
**Figure 2. External Flows by Country Group (US\$ billion)**



Source: WDI, CRS, and OECD/DAC Statistics. Migration and Development Brief 31, April 2019, World Bank. Official flows include multilateral and bilateral grants and long-term loans both concessional and non-concessional. Private flows include foreign direct and portfolio investments and long-term debt flows.

20. **A well-managed domestic resource mobilization strategy may not be enough for most IDA countries to finance, and possibly achieve, the SDGs.** In IDA countries, the median of total government revenues (excluding grants) increased from 15 percent of GDP in 2010 to 18 percent of GDP in 2017 (see Figure 3).<sup>17</sup> Despite this improvement, there is scope to make further progress in raising additional revenues, which is an important component of the strategy to finance the SDGs. However, a study by the IMF suggests that even an increase of five percentage points in tax-to-GDP ratios may not be sufficient for IDA countries to finance the SDGs.<sup>18</sup> This underscores the need for concessional financing to finance the SDGs.

**Figure 3. Government Revenues by Country Group (Percent of GDP)**



Source: WDI and World Bank staff estimates.

21. **Official development assistance (ODA) remains the most important source of external financing for IDA countries, but ODA volumes have been trending down.** After reaching a peak in 2013, the flow of ODA grants to IDA countries has declined. This decrease is largely explained by the recent shift in official grant financing towards non-IDA countries due to natural disasters and humanitarian assistance to migrants. Concessional financing flows coming from multilateral sources have remained stable since 2010, with IDA being the largest single source. Going forward, the lack of private flows to LICs would require higher ODA grants to ensure that development targets are met. If all donors would meet the 0.7 percent of Gross National Income (GNI) target, an additional US\$230 billion would be available for achieving the SDGs.<sup>19</sup>

### III. IDA19 ROADMAP

22. **It will be essential for IDA19 to build on the strong momentum of IDA18, to accelerate progress towards the SDGs and twin goals.**<sup>20</sup> The challenges of the next decade are significant and could bring significant regional and global spillovers unless they are addressed. Global headwinds are also approaching, and the coming decade will be marked by higher risks and vulnerabilities. Addressing these challenges will require enhancing support to IDA countries facing *fragility, conflict and violence* situations, and *bolster governance and institutions*, to unleash the potential of markets to promote a *job-rich economic transformation*. It is that transformation that will ignite rapid poverty reduction in these countries. However, this cannot be done unless we empower and promote a level playing field and ensure *gender equality*. It certainly cannot be done if we ignore the dramatic productive changes and increased risks brought about by *climate change*.

<sup>17</sup> Country groups in Figure 3 are based on the FY17 IDA eligibility criteria and data was available for approximately a third of IDA-eligible countries. The 2017 column represents the latest available data for each country in the dataset.

<sup>18</sup> See Fiscal Policy and Development: Human, Social, and Physical Investment for the SDGs, IMF (SDN/19/03) January 2019.

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

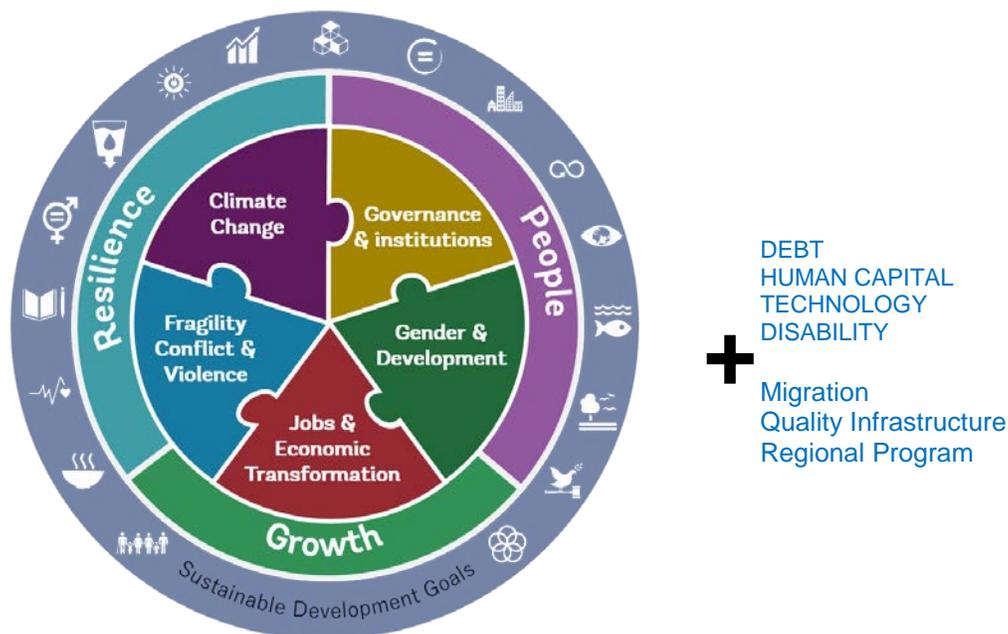
<sup>20</sup> See The Sustainable Development Goals Report 2018, United Nations 2018.

23. This section provides an overview of the policy actions that IDA proposes to implement during the IDA19 period to accelerate progress towards the 2030 Agenda. Section A describes the IDA19 Overarching Theme. Section B provides an overview of the policy actions proposed for each of the Special Themes. Section C is focused on the additional issues identified by IDA Participants, reflecting the challenges that IDA countries face in their efforts to accelerate progress toward the SDGs.

#### A. IDA19 OVERARCHING THEME

24. The IDA19 overarching theme “Ten Years to 2030: Growth, People, Resilience” encapsulates the global community’s ambition to usher in a world free of poverty wherein prosperity is shared by all (see Figure 4). The theme highlights that the progress towards the SDGs depends on the ability of IDA countries to finance productive investments that generate growth, improve people’s well-being, and promote their ability to plan for and cope with the adverse impacts of climate change, fragility and unforeseen events.

Figure 4. IDA19: Ten Years to 2030: Growth, People, Resilience



- **Growth** drives poverty reduction and must be both inclusive and sustainable to have a broad-based and lasting impact. In many IDA countries, income growth is slower among the bottom 40 percent than the average growth for the country, which undermines social cohesion and stability, potentially sowing seeds for conflict. Inclusive growth requires addressing inequality and bridging differences between rural and urban areas. Also, it is important to improve human capital, and access to affordable and reliable Information and Communication Technology (ICT) broadband for households and businesses, energy, and transport services. New technologies can play a significant role to foster higher productivity, connectivity and integration between urban and rural markets, which could increase

economic opportunities for the poor, and growth opportunities at the country level by finding new pathways for development and leapfrogging.

- The focus on **People** speaks to the need to provide for sustained improvements in their well-being. This requires narrowing inequality of endowments and opportunity due to disparities such as gender, parental education and occupation, or place of birth. This, in turn, will require a combination of systemic policies that level the playing field, with interventions that target disadvantaged groups (e.g., inclusive service delivery and financial inclusion). Human capital is essential to inclusive economic growth and wellbeing. Accelerating human capital outcomes is, therefore, a critical task for IDA countries to be able to compete in the economy of the future.
- **Resilience** is critical to sustained poverty reduction and development progress. Many growth success stories are from countries that have strengthened institutions for essential service delivery, inclusion and accountability, and have managed to avoid setbacks, not only at the country level, but also at the household and firm level. Poor people face many uninsured risks, including in the form of price, weather, health and conflict related shocks, which underscore the importance of creating social safety nets, improving access to insurance markets and other mechanisms that can help sustain and preserve hard-won development gains.

## B. SPECIAL THEMES

25. **Participants at the November 2018 IDA18 MTR and April 2019 Replenishment Meeting suggested deepening and enhancing the Special Themes in IDA19 and not increasing the number of policy commitments or IDA Windows.** They called for consolidation and continuation of actions and strengthening of interlinkages across Special Themes, and called for paying attention to the challenges of voluntary migration, forced displacement and issues of demographics and disability. They emphasized leveraging opportunities and avoiding the pitfalls associated with transformative technologies and building on the momentum created by the Human Capital Project (HCP). They emphasized the importance of private sector development and quality infrastructure. Also, they called for translating the improved project level results into more robust country outcomes.

### *Jobs and Economic Transformation*

26. **The need for more and better jobs remains a top development priority – as a source of income, a means of raising productivity, and for meeting the aspirations of hundreds of millions of people.** Economic transformation and inclusive sustainable growth, achieved through deeper structural changes and market integration, hold the key to delivering higher earning jobs in IDA countries. In IDA19, the WBG will continue to support economic transformation and private sector

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- *Operationalization of joint IFC-WB diagnostics*
  - *Support for value chain development in agribusiness*
  - *Increase in IFC commitments in FCV States*
  - *Support modernization of infrastructure*
  - *Close digital infrastructure gap through broadband penetration in Africa including support for women and persons with disabilities*
  - *Support countries to improve skills and employability under HCP*
-

development as the pathway to more and better jobs, improving the quality of jobs in the formal and informal sectors, and strengthening inclusion. The strategy will be to follow the broad JET framework agreed in IDA18. However, while IDA18 focused on developing knowledge and tools to support JET interventions, IDA19 will mark a pivot towards results, by putting greater emphasis on the ‘how’ – changing the way WBG approaches JET at the strategic and operational levels, including the incentives for focusing on more transformational, job-creating interventions led by the private sector.

27. **IDA19 will focus on quality infrastructure and enabling reforms that create conditions for private investments to catalyze economic transformation.** The focus on quality is to ensure that economic and development benefits of infrastructure investments do not cause public finance imbalances. The focus on quality (see Box 1) is also to ensure that infrastructure investments unleash a virtuous circle over the life cycle of the projects and perpetuate job creation, demand and growth. In addition, the focus on quality implies that infrastructure investments are economically, environmentally and socially sound. This requires that appropriate business and regulatory reforms are initiated to attract private sector investments in quality infrastructure to maximize impact. Accordingly, IDA19 will ensure business environment and product market regulation reforms, as well as financial sector development to support MFD and longer-term instruments to enable higher private investment in high quality infrastructure projects.

28. **IDA19 will also help countries build capabilities and connect workers to jobs.** Raising human capital and supporting workers in the transitions inherent in economic transformation will be critical to enable workers to increase their productivity and earnings. The HCP presents a unique opportunity for IDA to focus more on investment in people’s health and education, for instance by strengthening primary health services towards Universal Health Coverage (UHC) and making basic education more effective.

### **Box 1. Quality Infrastructure for Achieving the 2030 Goals**

Large numbers of poor people remain without access to basic infrastructure services, which affects their wellbeing and limits their ability to improve human capital and incomes. More than one billion live without electricity, another billion live more than two km from all-weather roads, four billion lack access to internet, and three billion lack access to clean energy for cooking. Almost one-fourth of the world’s largest cities experienced water shortages and almost seven million people die each year due to air pollution according to the World Health Organization (WHO). To respond to these challenges and deliver on basic needs (food, water, urban services, energy, transport) a renewed focus on environmental sustainability and social inclusion is needed. It is essential that health and education facilities are safely connected to power, transport, and digital networks. Furthermore, it is important that the design of infrastructure projects reflects environmental sustainability, climate risks, and resilience to natural disasters. Quality infrastructure was thus selected as one of the key themes of the 2019 G20 meeting.

IDA has taken several initiatives to promote infrastructure development in IDA countries to close the infrastructure gap. IDA19 will focus on rural, urban and air connectivity and regional corridors. It will emphasize cleaner environment by harnessing hydro-power and access to clean and renewable energy. All IDA projects are screened for climate and disaster risks, in line with the IDA18 policy commitment. Other initiatives will include access to digital infrastructure; harnessing technology, data and expertise to solve mobility challenges; and improving regulatory frameworks for de-risking and strengthening the enabling environment for private sector development.

### *Fragility Conflict and Violence*

29. **IDA’s prioritization of FCV is critical to the achievement of the SDGs and twin goals.** The global fragility landscape has worsened significantly, with more violent conflicts than at any

time in the past 30 years, and the largest forced displacement crisis since World War II. Rising inequality, lack of opportunity, and exclusion fuel grievances and perceptions of injustice. Among the 20 IDA countries with the highest levels of inequality, half are IDA FCS. Climate and demographic changes, migration, new technologies, illicit financial flows, and violent extremism are often interconnected and transcend borders. These factors can increase vulnerability to shocks and crises in IDA countries and create regional spillovers. Absent swift action, FCV risks could severely undermine progress made in the fight against poverty over the past 25 years.

**Box 2. Voluntary Migration and Forced Displacement:  
Creating Opportunities in IDA Countries**

*Voluntary Migration* is driven by income gaps and inequality, demographic imbalances, and environmental changes in the source countries. In the next decade, about 55 million jobs will be needed each year in IDA countries to meet the growing number of youths entering working age. Just in Sub-Saharan Africa (SSA) and the South Asia Region (SAR), 28 million more jobs will be needed. However, in the last decade, SSA and SAR created just nine million ‘good jobs’ on average each year. Failure to close the jobs gap not only risks squandering the demographic dividend, but raises significant social risks, which lead to fragility and to large-scale international migration in search of better opportunities. IDA19 will focus on good jobs by creating and connecting to markets and building capabilities and connecting workers to jobs. IDA will also support its clients to address risks emanating from climate change and natural disasters. Specifically,

- IDA19 will support 10 IDA countries in the modernization of infrastructure systems (e.g., power, transportation).
- IDA19 will support agri-food value chains, which will help create more and better jobs, particularly in agri-food value chains in rural/provincial areas.
- IDA19 will help narrow the digital infrastructure gap by reaching 30 percent broadband penetration in at least 20 IDA countries in the African continent by 2023.
- The World Bank Group (WBG) is supporting efforts to reduce the recruitment costs paid by migrant workers and provision of education, housing, health and social services to climate-driven migrants.
- The World Bank Group-International Monetary Fund (WBG-IMF) debt sustainability framework helps countries improve creditworthiness and build fiscal space to create resources for economic transformation.

*Forced Displacement.* The world is seeing the largest forced displacement crisis since World War II. The total number of forcibly displaced people currently stands at around 68 million. More than half are under the age of 18 and almost three-fourths are women and children. Forced displacement continues to worsen and has become increasingly complex and protracted—the average refugee spends 10 years in exile, with substantial socio-economic impacts on both refugee and host communities. In IDA18, the Refugee Sub-Window (RSW) was created to dedicate around US\$2 billion for operations that support medium- to long-term development opportunities for refugee and host communities.

In addition, the Crisis Response Window (CRW) has supported several IDA countries to manage crisis risks and mitigate large refugee flows. IDA19 will continue this by:

- Increasing resources (through the Window for Host Communities and Refugees) to finance operations to develop medium to long term economic opportunities for refuge and host communities in IDA countries.
- Scaling-up financing to three regions that have been more acutely affected by forced displacement: the Sahel, Lake Chad, and the Horn of Africa.
- Resilience-building through strengthening crisis-related programming in the recipient country’s core IDA portfolio, and developing an early response to tackle slow-onset crises.

30. **FCV disproportionately impacts the most vulnerable people and communities, including women and girls, limiting their human capital and economic opportunities.** Among the 20 lowest ranked IDA countries on the Human Capital Index (HCI), 14 are IDA FCS, and more than half of the extreme poor in these IDA FCS face severe deprivations in education and access to basic infrastructure, such as energy, water, sanitation and assistive devices. Forced displacement continues to worsen and has become increasingly complex and protracted. (See Box 2).

Furthermore, governments often struggle to respond to rising FCV risks, which deepen myriad vulnerabilities, disrupt service delivery, and weaken core government functions. To compound these challenges, around two-thirds of IDA FCS are assessed at high risk of (or already in) debt distress, making them more vulnerable to shocks and less able to borrow sustainably to meet their development needs.

**31. IDA19 will deepen and strengthen gains made under IDA18 and do more to better serve people living in IDA FCS.** IDA19 will further increase financing to IDA FCS to meet the

fragility challenge. In line with the forthcoming WBG FCV Strategy, IDA's engagement in FCS will rest on four key pillars: pivoting to prevention; remaining engaged in conflict; escaping the fragility trap; and mitigating FCV externalities. For each pillar, IDA19 proposes a refined financing toolkit to scale up and tailor support to the different needs of countries along the FCV spectrum. Under Pillar 1, and building on the Pathways for Peace report, IDA19 will focus on the prevention

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- *Develop regional programs that mitigate fragility risks*
  - *Support improvements in social sector service delivery*
  - *Tackle conflict induced displacement by supporting refugee and host communities*
  - *Support use of field-appropriate digital tools in FCSs*
  - *Deploy additional GE+ staff*
- 

of conflict and violence.<sup>21</sup> Building on lessons from WBG's engagement in Yemen, Pillar 2 will refine WBG's approach to working in situations of conflict. The focus of Pillar 3 will be better support for countries pursuing new directions towards stability and peace. Under Pillar 4, IDA19 will promote solutions that address FCV spillovers across borders. These four pillars will be underpinned by partnerships, and will address challenges at the regional, country, sub-national, and community level. Furthermore, IDA19 will address emerging and unrealized opportunities in priority areas, such as the security-development nexus, leveraging technology and addressing entrenched gender-based discrimination and disadvantage. The new FCV Strategy, currently being developed, will provide a roadmap for Regions, Global Practices, Central Units, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

### *Climate Change*

**32. Climate change threatens to erode the achievements of SDGs with large implications for poverty reduction targets.** Climate risks are increasing, and the window to act is closing rapidly. The International Panel for Climate Change (IPCC) Report 2018 provides scientific evidence on the extent of climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth, with global warming of 1.5°C. The consequences of a world 2°C warmer will be far greater. To limit global warming to 1.5°C, CO2 emissions must fall by 45 percent through 2030 (from 2010 levels) and reach 'net zero' by 2050. The world is not on track to meet either target. Coping with the impacts of 1.5°C of warming will require significantly increased investments in resilience. If unchecked, climate change could push an additional 100 million people into poverty by 2030, with severe consequences for the extreme poor and the most vulnerable.

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<sup>21</sup> United Nations; World Bank. 2018. Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict. Washington, DC: World Bank.

Disasters triggered by weather and climate related events cost the global economy US\$320 billion in losses in 2017 alone.<sup>22</sup> By 2050, as many as 143 million people could become climate migrants in SSA, Latin America and the Caribbean Region (LCR), and the South Asia Region (SAR). However, this could be addressed by bold climate action, which, in turn, could deliver more than 65 million additional jobs by 2030.<sup>23</sup>

**33. IDA19 climate change related policy actions will be closely aligned with the WBG's 2025 climate targets and build on the progress made in IDA18.** Four objectives driving these actions are: (i) increase in climate-related financing and deepening climate mainstreaming; (ii) boosting support for adaptation and resilience; (iii) driving systemic impact at the country level; and (iv) facilitating economic transformation through low-carbon and resilience.

- 
- *Increase climate co-benefits*
  - *Increase focus on climate outcomes*
  - *Develop new resilience metrics*
  - *Reduce the risks of climate shocks on poverty and human capital outcomes*
  - *Support implementation of Nationally Determined Contributions (NDCs)*
  - *Increase renewable energy access*
- 

### *Gender and Development*

**34. While IDA countries have made progress, significant gender gaps persist affecting earning capacity and perpetuating inequality.** Closing gaps between women and men, and boys and girls, is central to the achievement of the SDGs as well as the 2030 Agenda. IDA has helped close gender gaps in 35 IDA countries, including some of the larger IDA countries, like Ethiopia, Nigeria, Kenya, and Pakistan. Nonetheless, high fertility rates are putting women at significantly higher mortality risk, reducing their economic opportunities, and holding back the demographic transition. High fertility not only affects women, but also their children: children born to young mothers are more likely to be stunted, suffer from ill health, and die before the age of five. Overall gaps in education have largely closed, but girls still lag boys in educational enrolment and achievement in several countries or regions, such as in the Sahel. Gender inequality persists in respect of paid employment, women's ownership and access to physical and financial assets, and use of technology. Women and girls are also often deprived of voice and agency, and the prevalence of Gender-based Violence (GBV) is alarmingly high. Migrant and refugee women (and children) may be particularly vulnerable to discrimination and exploitation.

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<sup>22</sup> See Action Plan on Climate Change Adaptation and Resilience (World Bank 2019).

<sup>23</sup> The Report of the Global Commission on the Economy and Climate, the New Climate Economy, 2018.

**35. IDA19 policy actions will build on IDA18 achievements and speed up investments in people, create opportunities and strengthen resilience by scaling solutions to close key gender gaps.** IDA will work on two levels: (i) a deeper implementation of the WBG Gender Strategy linked to its pillars: (ii) human endowment, including access to services, economic opportunity, such as differences in rates of paid employment, productivity and entrepreneurship, ownership of and secure access to physical/financial assets, use of technology and voice and agency; and (iii) strong interlinkages with other Special Themes, particularly JET, FCV and Governance and Institutions, needed to close the relevant gaps between women and men. Continued implementation of the WBG's gender strategy will be critical in contributing to the IDA19 overarching theme of investing in people, growth and resilience.

- 
- *Increased access to quality reproductive and adolescent health services*
  - *Support women's access to online work*
  - *Support women's increased access to ICT services.*
  - *Invest in GBV prevention and response through health systems*
  - *Implement GBV prevention and response in schools*
- 

#### *Governance and Institutions*

**36. IDA support to build open, effective, and accountable institutions for inclusive development is critical for all Special Themes, and more so in fragile environments.** This involves a focus on: (i) strengthening core government functions in IDA FCS; and (ii) development of a public sector grounded in transparency, which combines fiscal transparency, technological innovation, social accountability, anti-corruption efforts, and citizen participation to increase trust between governments and citizens. The Governance and Institutions Special Theme facilitates an integrated, multi-sectoral approach to public sector reform that builds on lessons learned and promotes a results-driven delivery of IDA.

**37. IDA19 will build on the work done in IDA18,<sup>24</sup> focused on fortifying the ability of governments to effectively provide public goods, support an environment that can generate jobs and growth, address market failures, and engage citizens.** The policy commitments under IDA19 will provide the long-term investments required to meet the challenging, non-linear reform trajectory that the Governance and Institutions Special Theme presents. The four pillars of this strategy are: (i) promoting sustainable financing practices; (ii) maximizing impact of public service delivery; (iii) building confidence in institutions; and (iv) developing strong data and analytics through the Data for Policy (D4P) package.

- 
- *Support enhanced debt transparency*
  - *Bolster fiscal risk assessments and debt management capacity*
  - *Enhanced infrastructure governance*
  - *Strengthening human capital financing*
  - *Adopt universally accessible GovTech solutions*
  - *Strengthen implementation of pandemic preparedness plans*
- 

<sup>24</sup> Through January 2019, 57 IDA countries have implemented over 200 activities towards the achievement of the Governance and Institutions policy commitments.

*Links Among the Special Themes*

38. **To deliver on the ambition of the overarching theme, IDA19 will draw on the strong interlinkages across Special Themes.** Each of the Special Themes, both individually and in unison, will aim for actions that lead to stronger growth and improve peoples' lives in an environment that is resilient to fragility, violence, and other factors such as climate change. Some of these interlinkages and externalities are:

- **JET and Gender:** Jobs are at the core of the WBG's gender strategy; and gender is at the core of the JET theme. The pace of economic transformation and the development outcomes that result from these transformations depend fundamentally on women's access to opportunities. Implementation of the JET agenda at the country level includes a strong focus on gender inclusion, occupational sex segregation, women's access to productive infrastructure, and support for women's access to skills, finance and markets.
- **JET and FCV:** Inclusive job creation is critical for maintaining social cohesion in FCS contexts. However, the creation of good jobs in most FCS remains woefully inadequate to meet the needs of the growing youth populations due to multiple, overlapping constraints, such as instability, inadequate infrastructure, and poor business environments. Addressing the jobs challenges in FCS contexts requires parallel efforts to support more productive self-employment, while also attempting to create markets for private investment through improvements in the enabling environment, leveraging de-risking tools, and providing demonstration effects.
- **Climate Change, FCV and JET:** Climate change is having a disproportionately higher negative impact on jobs and earning opportunities of the world's poorest, and is contributing to large-scale climate migration. Climate change also is a factor in creating fragility. JET can strengthen resilience by integrating climate-smart approaches with the agricultural sector. It can also exploit the opportunities that emerge from climate adaptation. This includes supporting IDA countries to develop new green industries and preparing workers to acquire skills required to take advantage of the job opportunities that emerge in these industries.
- **Governance and FCV:** There are strong and multiple linkages across these Special Themes, given that poor governance and corruption lead to poor development outcomes, that fuel inequality, injustice and grievances, which, in turn, drive fragility and instability. With this in mind, key initiatives focus on strengthening core government functions, increasing confidence in institutions, mobilizing domestic revenue, managing debt sustainability, and improving data and analytics to strengthen evidence-based policy making.
- **Governance and JET:** Strengthening governance and building capable institutions is fundamental to delivering growth and jobs. Effective institutional environments both raise the profitability of private investments and reduce the risk of those investments. Delivering on all aspects of the JET framework relies on countries having a capable institutional environment, with the appropriate incentives to support growth and job creation. In IDA19, the JET and Governance and Institutions Special Themes will put increased emphasis on the stability of macro-fiscal environments, the effectiveness of debt management, efficiency of public investments, and data and analytics.

- **FCV and Gender:** Gender inequalities are greatly exacerbated in FCS. Accordingly, IDA19 will focus on addressing gaps in human capital endowments between women and men, and girls and boys, in FCS. The WBG will continue to focus on women in displacement, and the communities that host them, addressing their distinctive economic and social needs and opportunities, and promoting their voice and agency.

### C. CROSS-CUTTING ISSUES NEEDING ADDITIONAL EMPHASIS

39. **While the IDA19 policy package seeks to maintain continuity from IDA18, it places additional emphasis on four issues, where Participants want to see IDA make a deeper impact.** These are debt, technology, disability and human capital. Debt risks and transformative technology are issues that have gained in importance during the last few years, and action on both are critical for the long-term economic prospects of IDA countries. Likewise, investing in people, and especially in people with disabilities who are often disproportionately affected by poverty, is also critical to SDG progress. The specific policy actions needed to make progress in each of these areas are included within the Special Themes described above and described in more detail in the separate Special Themes papers. In addition, a separate paper on the debt issue will be presented for discussion at the June meeting. This sub-section provides a short overview of these issues.

#### *Debt*

40. **While debt financing is an essential tool for development, rising debt levels and increased debt service in many IDA countries could impact priority social spending and/or public investments that promote growth.** The median government debt-to-GDP ratio in IDA countries declined from a peak of 81 percent in 2001 to 35 percent in 2013. The decline largely reflected the substantial debt relief provided to 35 IDA countries in the context of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) in the early 2000s.<sup>25</sup> From 2013 to 2017, the median government debt-to-GDP ratio in IDA countries increased by 13.5 percentage points, reaching 49 percent in 2018. At the regional level, SSA experienced the largest increase in the median public debt-to-GDP ratio (17 percentage points).

41. **The lack of fiscal buffers, in the absence of external financing, could affect growth and limit progress toward poverty reduction.** The composition of public debt has shifted over the last decade, becoming increasingly non-concessional, especially in IDA Blend and Gap countries. Rising debt levels and shifts in the composition of debt have heightened debt vulnerabilities in IDA countries as a group.

42. **The number of IDA countries either in debt distress or at high risk of debt distress has doubled since 2014.** As of end-January 2019, 34 out of the 68 IDA countries covered under the joint World Bank-International Monetary Fund (WB-IMF) Debt Sustainability Framework are assessed at high risk of external debt distress or in debt distress. Countries that are disproportionately at high or moderate risk of debt distress are the fragile states, commodity dependent countries, and small states. Interest expenditure as a percentage of tax revenues has been increasing rapidly in LICs, constricting fiscal space. The strategic takeaway is that even where fiscal space is available, attention must be on strengthening legal and procedural elements of public

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<sup>25</sup> Excludes Bolivia, which benefited from debt relief under both initiatives but graduated from IDA at the end of the IDA17 replenishment.

investment management. The environment for increasing external private financing flows to developing countries, particularly to IDA countries, remains a challenge, and the foreign direct investment is limited by generally weaker investment climate and regulatory frameworks.

43. **Higher debt vulnerability comes at a time when IDA countries need scaled-up access to development finance to achieve the SDGs.** To deal with this challenge, IDA will continue to support debt sustainability by further strengthening efforts included under the WB-IMF Multi-Pronged Approach.<sup>26</sup> This policy is anchored in the WB-IMF Multipronged-Approach for addressing debt vulnerabilities and has a focus on incentivizing IDA countries to take immediate steps, that could be customized to country situations, to improve debt-related policies. IDA19 policy commitments include improving debt transparency, strengthening debt and fiscal management capacity, reducing debt vulnerabilities through actions that raise productivity and growth, and improving domestic resource mobilization and public investment management.

44. **IDA is also reviewing its Non-Concessional Borrowing Policy (NCBP).** In addition to systematically addressing debt vulnerabilities through policy commitments under the Governance and Institutions and JET Special Themes, IDA proposes to reform the NCBP into a Sustainable Development Finance Policy (SDFP). The proposed SDFP will be to assist IDA countries to establish a path of sustainable development finance that enhances progress toward achieving the 2030 Development Agenda. The SDFP will build on IDA's already very strong foundation for addressing debt sustainability. The proposed SDFP has two key pillars. The first is the Debt Policy Enhancement Program, which aims to enhance incentives for countries to move toward sustainable financing. A key consideration in operationalizing this policy is to strengthen linkages with the IDA allocation framework to incentivize countries to take policy steps to reduce debt vulnerability. In addition, the Debt Policy Enhancement Program seeks to maximize the signaling effects, to borrowers and to creditors, by being simple and policy-oriented. All this while protecting allocations to FCS. The SDFP also aims to enhance collective action and partnerships among borrowers, creditors and other development partners. Furthermore, IDA19 will provide assistance with hedging against commodity price shocks, a potentially important new risk management tool for IDA countries that depend on earnings from commodity exports.

### *Human Capital*

45. **Investing in people through nutrition, health care, quality education, jobs and skills helps develop human capital, and is key to ending extreme poverty and creating more inclusive societies.** Human capital formation promotes growth and competitiveness, reduces inequality, improves welfare and produces intergenerational benefits. According to the World Development Report (WDR) 2019,<sup>27</sup> the frontier for skills is moving rapidly, bringing both opportunities and risks, particularly in IDA countries where existing gaps in health, learning, nutrition and resilience threaten to leave many behind. There is mounting evidence that unless countries strengthen their human capital they cannot sustain economic growth, will not have a workforce prepared for the more highly skilled jobs of the future, and will not compete effectively in the global economy. Recognizing the importance of human capital in achieving the SDGs, IDA19

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<sup>26</sup> See "Debt Vulnerabilities in Emerging and Low-Income Economies", DC2018-0011, September 18, 2018.

<sup>27</sup> See The Changing Nature of Work, WDR 2019, The World Bank.

will support programs to tackle barriers to human capital and help support countries build and sustain human capital gains, including through the Human Capital Project.

46. **IDA19 will capitalize on the strategic focus areas of the HCP, prioritizing:** (i) development of data, i.e., the Human Capital Index (HCI); (ii) strengthening measurement and research as a public good; and (iii) country engagement to support efforts to tackle the worst barriers to human capital accumulation and utilization. The HCI data indicates that 56 percent of children live in countries with an HCI value below 0.5 (mostly IDA countries in three developing regions – MENA, SSA and South Asia) meaning that the future GDP per worker in these countries could be more than twice as high if these countries improved their health and education outcomes to reach the HCI frontiers. Twenty eight of the 30 countries at the bottom of the HCI Ranking Table are IDA countries, mostly in SSA, and all score below 0.4 on the Index. In the IDA19 package, policy commitments underpinning the focus on HCP include support to improve skills and employability in JET, improvements in service delivery in FCS, increased access to quality reproductive and adolescent health services in Gender and Development and strengthening public finance management for human capital financing in Governance and Institutions Special Theme.

47. **Under IDA19, WBG will support progress towards Universal Health Coverage (UHC) under the HCP.** Such efforts will focus on: (i) supporting system reforms to strengthen frontline service delivery, sustainable financing, equity and quality of care; (ii) scaling up high-impact interventions to reduce stunting, prevent/address other nutrition-related conditions (including obesity) and noncommunicable diseases; and (iii) scaling up evidence-based interventions to meet the challenges and opportunities in countries undergoing demographic transitions. WBG will leverage its existing platforms to help countries make gains in health and nutrition for women, children and adolescents by incorporating multisectoral solutions to drive accelerated progress towards UHC. The focus will be on innovative financing, multisectoral engagement, country coordination, and domestic resource mobilization. As health security is central to UHC, the WBG will also promote investments in preparedness, for countries to be able to respond to public health emergencies, including pandemics. In addition, WBG will continue to partner with WHO to drive alignment among international partners to meet targets on SDG 3 on health, especially in the area of financing.

48. **Since 2000, IDA has invested nearly US\$47 billion in human capital sectors.** Lending in these sectors doubled from US\$5 billion in IDA13 to US\$10 billion in IDA17. As the largest sources of aggregate external funding for education, IDA has provided over US\$28 billion in support to the education sector over the last five replenishments, representing on average 10 percent of IDA commitments and 50 percent of total WBG education financing. As a result, 80 percent of children in IDA countries are now enrolled in primary education, and the gender gap in enrollment has narrowed to just one percent. IDA19 will emphasize transparency and better governance and promote efficient use of resources to improve access to services and to strengthen the quality of services for improved human capital outcomes and gender equality.

### *Technology*

49. **Emerging technologies are disrupting traditional pathways, presenting new challenges and opportunities.** New technologies are reshaping the nature of work, requiring different skills that complement technology. Failure to acquire new skills could increase inequality among

workers. Limited access to the use of technology among women particularly holds them back from economic opportunity. Similarly, failure to adapt to new technologies could affect firms' competitiveness. On the positive side, the economic and societal transformations brought about by new technologies can dramatically accelerate progress toward the SDGs and the Twin Goals. For example, automation and artificial intelligence are delivering enormous productivity gains. Digitization is expanding access to basic banking services and distributed renewable energy technology is bringing affordable power to off-grid rural populations. These technologies create an opportunity for developing countries, and for countries in Africa especially, to leapfrog.

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

51. **Digital technologies offer alternatives to traditional development pathways, and IDA19 will aim to harness their transformative promise for accelerating growth, jobs and progress toward the SDGs.** IDA will support countries to create the opportunities and mitigate risks associated with transformative technologies by operationalizing the WBG Build-Boost-Broker value proposition:<sup>28</sup>

- **Build** — IDA will ensure that countries can take advantage of the new pathways of growth by having the digital and physical infrastructure and enabling environment to compete across all sectors of tomorrow's economy and the digital foundations to expand access to new opportunities. For instance, under JET, IDA19 will seek to close the digital infrastructure gap through broadband penetration in Africa.
- **Boost** — IDA will support the concerted efforts of governments, firms, and workers to adapt to technology-enabled disruptions and to thrive in the new economy. This will involve ideas on responding to tech-enabled transformations that can boost the capacity of individuals, firms, and institutions to form resilient societies and new social contract. Investments in digital skills can empower individuals to take advantage of new opportunities, just as the Human Capital Project's emphasis on foundational cognitive and socioemotional skills can better equip them for the changing nature of work. For instance, under Gender and Development, IDA19 will support women to access online work and access ICT services.
- **Broker** — to lead in the search for technology-enabled solutions to development challenges. Through both pilots and early-stage investment and advisory programs, IDA will adapt emerging technologies in cross-sectoral contexts, with an eye toward scalability, sustainability, and measurable impact. IDA will apply new technologies to accelerate meeting existing goals—such as Universal Financial Access, UHC, and clean energy initiatives. IDA will harness technology to address data gaps, underscoring its role as provider and facilitator of development data through partnerships with the private and public

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<sup>28</sup> See 2018 Annual Meeting background papers prepared for the Development Committee on "Human Capital: A project for the world" and "Disruptive Technologies: Creating opportunities – mitigating risks".

sectors. IDA will also promote policy coherence in the transformative technology space by participating in multilateral dialogues, enhancing synergies between public and private institutions, supporting global industry standards, and addressing regulatory gaps.

### *Disability*

52. **Despite the recent progress recognizing the equal rights and opportunities for people with disabilities,<sup>29</sup> their full inclusion as active members of society needs to accelerate.** Based on 2010 population numbers, more than a billion people, or about 15 percent of the world population, live with some form of disability.<sup>30</sup> Furthermore, the number of people with disabilities is growing. There is a higher risk of disability at older ages, and national populations are growing older at unprecedented rates. There is also a global increase in chronic health conditions, such as diabetes, cardiovascular diseases, and mental disorders, which will influence the nature and prevalence of disability going forward. While disability correlates with disadvantage, not all people with disabilities are equally disadvantaged. Women with disabilities experience gender discrimination as well as disabling barriers. School enrolment rates also differ among impairments, with children without physical impairment generally faring better than those with intellectual or sensory impairments.

53. **Disability disproportionately affects vulnerable populations.** There is a higher prevalence of disability in the lower-income countries than in higher-income countries. People from the poorest wealth quintile, women, and older people have a higher prevalence of disability. People with disabilities more often have low incomes, are out of work, or have low educational qualifications. Many barriers faced by people with disabilities are avoidable and the disadvantages associated with disability can be overcome. Dealing with disability involves different *sectors* – health, education, social protection, labor, transport, housing – and different *actors* – governments, civil society organizations (including disabled people’s organizations), professionals, the private sector, and people with disabilities and their families.

54. **IDA19 will broaden the inclusion agenda to better address challenges facing people with disabilities.** The 2030 Agenda for Sustainable Development states that disability cannot be a reason or criteria for lack of access to development programming and the realization of human rights. At the Global Disability Summit hosted in the United Kingdom in July 2018, the WBG committed to accelerate global action for disability-inclusive development in key areas such as education, digital development, data collection, gender, post-disaster reconstruction, transport, private sector investments, and social protection.

55. **Including people with disabilities and expanding equitable opportunities are both at the core of WBG’s work to build sustainable and inclusive communities.** IDA19 will prioritize disability inclusion in operations. It will ensure that for growth to be inclusive and that no one is left behind, disability is given due consideration in operations. IDA19’s Special Themes include actionable commitments in this respect. These include investing in disability inclusive projects, collecting disability disaggregated data, promoting accessible and inclusive environments, and

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<sup>29</sup> See UN Convention on the Rights of Persons with Disabilities (CRPD), December 13, 2006.

<sup>30</sup> See World Bank and World Health Organization report: World Report on Disability.

exploring development and use of assistive technologies. Through these commitments, the aim is to revolutionize outcomes in IDA19 and beyond with specific regard to increased accessibility.

#### IV. IDA19: ACHIEVING IMPACT

56. **This section looks at how IDA will maximize its impact through the IDA19 period**, by building on its strength as a global vehicle for development and innovations during IDA19.

##### A. IDA'S STRENGTH AS A VEHICLE FOR GLOBAL DEVELOPMENT

57. **IDA19 will draw on transformational enhancements to the WBG's business and financial models to achieve impact.** The financial and business models have been scaled up, made more efficient, and more focused on reaching the poorest. The adoption of the *Forward Look* by the WBG in 2016 prioritized actions supporting SDGs with a focus on the Twin Goals of eradicating extreme poverty and ensuring shared prosperity in a sustainable manner. This was followed by the paradigm shift in IDA's financial model which enhanced its financial capacity. In 2018, the US\$13 billion capital increase for IBRD and IFC further strengthened WBG's financial capacity, with specific commitments to direct resources to countries at lower income levels.

58. **The changes in the WBG's business model have increased IDA's efficiency and effectiveness in working at the nexus of global and local issues, complementing policy work with operational responses, enhancing quality of implementation and engaging with both the public and private sectors.** The *Forward Look* prioritizes enhanced engagement in FCS and Small States, with increased IBRD support for IDA graduates and lower middle-income countries; leadership on the global public goods agenda, including climate change; crisis preparedness and regional integration; and mobilization of private sector solutions.

59. **IDA's role as part of the WBG places it in a unique position to help countries achieve sustainable, inclusive growth led by the private sector.** The WBG's approach to Maximize Finance for Development focuses on generating and increasing the impact of resources from all sources.<sup>31</sup> The WBG's approach to systematically leverage all sources of finance, expertise, and solutions for both IBRD and IDA clients has driven the creation of new instruments and tools, such as the IDA18 PSW, to help crowd in private sector investments, bolster scarce public resources, and support countries' growth trajectory. These efforts include deepening of WBG collaboration for policy reform to eliminate hurdles to sustainable private sector investment, building IFC pipeline of bankable projects and attracting private investors by creating new instruments and platforms while IFC makes investments on its own account. In addition, IFC promotes a regional approach to investments in middle-income and Small States and aims to leverage the use of de-risking tools for FCS and lower income states.

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<sup>31</sup> See Maximizing Finance for Development: Leveraging the Private Sector for Growth and Sustainable Development. Development Committee paper. September 19, 2017.

60. **As an integrator across the international system, IDA leverages global partnerships to benefit the borrower countries.** Its partnerships with the UN agencies, the IMF and other Multilateral Development Banks (MDB), a myriad of dedicated vertical funds, and hundreds of civil society organizations (CSOs) – including advocacy and operational CSOs, private foundations, faith-based organizations, and think tanks – are critical to maximize the impact for IDA’s clients and mobilize domestic, private and development partner resources. WBG is working with the other MDBs to implement the Group of 20 (G20) Eminent Persons’ recommendation for the development of country platforms to address development challenges (see Box 3).

**Box 3. Country Platforms**

In 2018, the G20 Eminent Persons Group report on Global Financial Governance recommended country platforms to mobilize all development partners that will unlock investments and maximize their contributions to address country-level development challenges as a group. This recommendation reflects the evolving nature of global financial architecture and addition of new development actors. Going forward, the WBG is working with other MDBs and the G20 to follow up on this recommendation, building upon existing coordination mechanisms and tools of engagement. Pilot platforms would be launched in volunteering countries, reflecting a wide diversity of situations, including low-income and FCS.

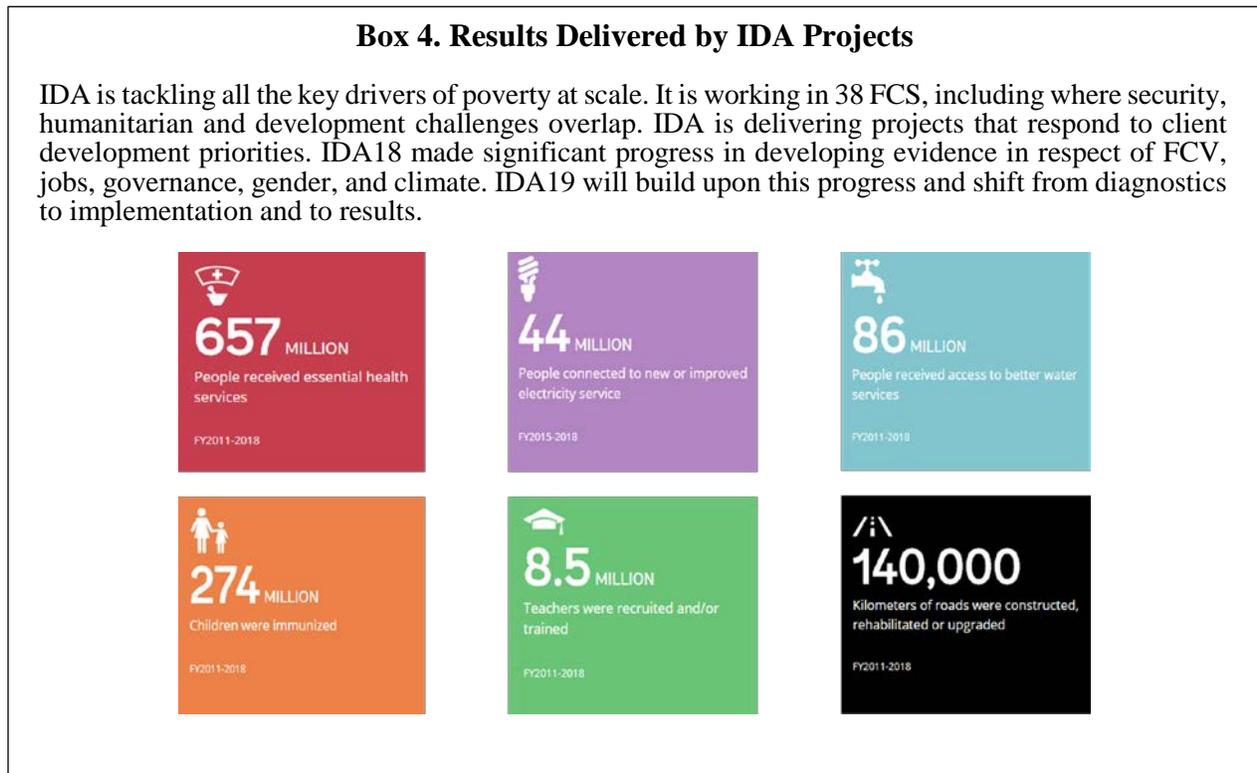
61. **IDA is one of the largest sources of assistance for the world’s 75 poorest countries and is the single largest source of donor funds for basic social services in these countries.** IDA18 delivery has been strong, demonstrating IDA’s ability to deliver much larger volumes while maintaining quality. WBG commitments to IDA eligible countries increased to US\$36.2 billion in the first year of IDA18 – a 27 percent increase on an annual basis. IDA18 is also scaling up in difficult areas, including doubling the resources to FCS, and launching the PSW and the Refugee Sub-Window (RSW).

62. **IDA’s primacy as the lead institution providing country level solutions is inherent in its on the ground presence, convening powers, knowledge base and implementation capacity.** On the ground in 65 IDA countries and with a network of partnerships, IDA helps countries manage risks, build resilience, and respond to crises. It supports countries in finding regional solutions to development issues enabling collective action on cross-border challenges and helping overcome scale and capacity constraints for Small States. IDA has built substantial on-the-ground knowledge and experience on FCV, has invested in understanding the drivers of fragility and conflict that can exist even within the boundaries of an otherwise high capacity country and works to address them. With focus on poor and vulnerable populations, IDA is helping countries manage refugee flows with knowledge, operations and partnerships. The depth of IDA’s global and local knowledge allows customization of best practices and technologies from anywhere in the world to the local context. This is complimented by a combination of deep analytical skills, hands-on experience, and knowledge embedded in financing. A multi-disciplinary and multi-sector approach, an ability to work with both the public and private sectors, and an evidence based and monitorable results driven approach add to IDA’s value proposition.

63. **As the largest source of concessional financing, proven expertise and efficiencies, IDA provides unmatched value for money.** By blending donor monies with internal resources and funds raised through debt markets, IDA translates each one dollar in total donor contributions to about three dollars in development financing to IDA client countries. The IDA18 replenishment

introduced a hybrid financial model that allows IDA to substantially scale up its support to IDA countries by leveraging its capital. As a result, IDA's grant financing to clients has increased dramatically. While, up to IDA17, only a third of donor contributions was used to finance grants; starting in IDA18, the new model enables IDA to utilize almost all new donor contributions to finance grants to support the poorest, IDA FCS and countries at risk of debt distress. In addition, the WBG has consistently and successfully implemented initiatives to increase efficiencies, both in operations and supporting units. As a result, the productivity of the World Bank has significantly increased as shown by its ability to deliver a cumulative 26 percent growth of its IBRD/IDA active portfolio volume (net commitments) between FY14 and FY18 with a flat nominal budget.

64. **Based on a results-driven approach, IDA invests in the data needed for evidence-based policy-making, monitoring results, and measuring SDG progress.** IDA's strong focus on result measurement and its ability to draw on the strengths of the other parts of the WBG to bring services to the world's poorest countries enhance its comparative advantages. IDA's results-based model, therefore, is an efficient channel for donor resources to promote the 2030 Agenda. See Box 4 for some of the results from IDA supported programs.



65. **The 2019 Review of IDA Operations by the Independent Evaluation Group (IEG) shows that, overall, IDA results have been improving, boosted by non-FCS.** IEG finds that while the performance of IDA projects in FCS has lagged, the IDA18 Special Themes have encouraged flow of resources towards key developmental priorities, and the Special Windows have enhanced IDA's ability to respond to client needs. Balancing realism and complexity remain the main challenges to deliver systemic change across IDA countries. According to IEG, the share of exiting IDA

operations rated moderately satisfactory or better on *outcome* increased from 68 percent in FY12-FY14 to 76 percent in FY15-FY17. These improving trends are partly a result of the efforts at the corporate level to improve training on results reporting. However, main areas that need improvements include translating the better project outcomes into positive country outcomes, more effective M&E design, bridging the gap between analytical work and implementation, and balancing short- and long-term impact of IDA programs.

66. **IDA also performs strongly in Multilateral Reviews.** In addition to feedback from IEG (see above), IDA performs strongly in several Multilateral Aid Reviews. In a recent institutional assessment, Multilateral Organization Performance Assessment Network (MOPAN), has highlighted IDA's unparalleled global reach and financial resources; strong country level engagement; ability to anticipate and adjust to a changing global environment; and its robust oversight, accountability and due diligence structures that ensure high levels of financial integrity; strong compliance with social and environmental safeguards; strong risk, governance and internal controls, including anti-corruption efforts; and the ability to measure its contribution to development results.<sup>32</sup>

## B. IDA19 INNOVATIONS TO MAXIMIZE IMPACT

67. **Building on IDA's value proposition and IDA18's implementation track-record, the IDA19 policy package for Special Themes reflects continuity and increased ambition.** The scope of each theme has been deepened on the basis of the lessons learned, and also broadened to increase ambition. Embedded in this policy package also are actions related to four cross-cutting issues that the Participants have identified for additional emphasis.

68. **To respond to client demand and sustain momentum of IDA18, IDA19 proposes to enhance its operational approach to aim for greater impact by strengthening existing tools and introducing innovations within existing windows.**<sup>33</sup> This approach is reflected in the IDA resource allocation framework as outlined below.

- **Scale up support to regional initiatives.** IDA19 will leverage the Regional Window as a key vehicle to support regional initiatives at scale in line with IDA19 strategic directions, e.g. Digital Economy for Africa, the Sahel, Human Capital Project and other regional initiatives that will include addressing cross-border fragility (see Box 5). IDA would also support integration by broadening the available instruments to all World Bank lending instruments, with a special focus on introducing regional development policy operations (DPOs) and allowing creditworthy regional organization to access IDA credits. Regional IDA funding will increase by 46 percent in IDA19.
- **Provide additional resources to support IDA FCS clients facing different kinds of FCS risks.** Given the criticality of FCS for global peace and economic stability, IDA's concessional allocation for FCS was doubled in IDA18. IDA19 will sustain this and allocate an additional twenty percent in concessional resources in the base scenario. A more targeted

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<sup>32</sup> See The World Bank Institutional Assessment Report, MOPAN 2015-16 Assessments.

<sup>33</sup> See The Demand for IDA19 Resources and the Strategy for their Effective Use, IDA, 2019.

approach to FCS will accompany the increase in resources to maximize impact. Driven by the upcoming WBG FCV Strategy, this more differentiated approach will address challenges across the FCS spectrum.

- **Increased focus on prevention and preparedness.** IDA19 will enhance support for countries that foster resilience and commit themselves to mitigating risks through early action. This includes reforms to the Crisis Response Window (CRW) to strengthen linkages to resilience-building and enable earlier responses to slow on-setting crises. Furthermore, the Regional Window can finance regional projects that include preparation for natural disasters and pandemics with cross-border benefits. IDA19 also includes a greater focus on the prevention of conflict and violence, including enhanced support to countries at heightened risk of large-scale conflict and violence. The Governance and Institutions Special Theme also includes a focus on supporting countries implement their health preparedness plans.

#### **Box 5. A Focus on the Sahel**

IDA's support to the Sahel is an example of the importance of the five Special Themes and cross-cutting issues. IDA's engagement in the Sahel is centered around addressing the short- and long-term drivers of fragility, by preventing conflict, promoting stability and growth, and supporting rehabilitation and resilience. The focus will be on promoting access to services and economic opportunity to strengthen the peace-security-development nexus. To achieve the SDGs, the programs in the Sahel target social sectors, rural and local development, agriculture productivity, adaptation to climate change and energy. These programs are based on the approach to: (i) understand drivers of fragility; (ii) target interventions to sources of FCV risks; (iii) focus projects in some geographical areas for rapid results; and (iv) promoting human capital related interventions in country and regional programs.

With US\$12.7 billion already committed under IDA18, IDA is the largest source of concessional finance in the **Sahel** and the **Lake Chad** Region, and the second-largest in the **Horn of Africa**. The WB is also well placed to convene clients and partners to identify solutions to regional dimensions of fragility. By the end of IDA18, the projected commitments will exceed IDA17 total by 30 percent. The proposed financial scenarios and policy reforms will further increase this envelope. In addition, IDA will launch new initiatives to deal with emerging challenges and seize new opportunities:

- IDA will support the **Digital Economy for Africa Initiative** launched by the African Union to highlight key policy reforms and investments needed at the national and regional level to achieve its digital development ambitions.
- As a founding partner of the **Sahel Alliance**, IDA will contribute to peace, security and development in the region by a) speeding up delivery of development projects; b) crowding in resources, including from the private sector; and c) measuring results.
- WBG has strong engagement in the development of **Human Capital** across the Sahel spanning early childhood to higher education and girls' education. Sahel Women Empowerment and Demographic Dividend (SWEDD) project seeks to increase women's and adolescent girls' empowerment and their access to quality reproductive, child, and maternal health services to expedite the fertility transition in the Sahel. Collaboration in this area will increase under IDA19.
- Building on lessons from the previous RMR, in IDA19 there will be a new **Prevention and Resilience Allocation (PRA)** to support countries at risk of high-intensity conflict or large-scale violence, based on government commitment and agreed milestones. The PRA will provide additional resources to countries facing risk of high-intensity conflict by supporting governments to take proactive measures against escalating conflict and violence.

- **Prioritize policy reform.** IDA19 will increase focus on policy reform. The Regional Window will enhance policy reform by expanding instrument choice to include DPOs. The Turnaround Allocation and Prevention and Resilience Allocation will be linked to the achievement of milestones that will be annually reviewed. The Window for Host Communities and Refugees will continue to promote policy dialog on refugees.
- **Leverage technology and private sector to advance development.** IDA19 will support the adoption of transformative technologies in IDA countries. The PSW will enable IFC and MIGA to support this agenda through investments in connectivity and digital infrastructure. The Regional Window will also support piloting of innovative technologies where there are strong spill-over effects to other countries. In addition to using the PSW and the regional window to support the MFD approach, IDA19 will increasingly mainstream the MFD approach across WBG operations (for instance the JET Special Theme).
- **Promote good debt management.** In IDA19, IDA will promote good debt management practices by transforming the NCBP to a broader SDFP, which will incentivize borrowers to enhance debt transparency and management and encourage creditors to collaborate. In addition, there will be specific policy commitments made in the JET and Governance and Institutions Special Themes.
- **Greater focus on impact.** In addition to some adjustments to the Results Measurement Framework, policy commitments will be designed to focus more on impact, in response to feedback received at the IDA18 MTR. For instance, JET places greater emphasis on influencing country programming and operations, rather than focusing on diagnostics as under IDA18.

### C. IDA'S INCREASED FOCUS ON RESULTS THROUGH RMS

69. **A focus on results is at the core of IDA's business model.**<sup>34</sup> IDA was the first among multilateral institutions to introduce a framework to monitor aggregate results. The IDA RMS is the main reporting and accountability tool for tracking progress and reporting results achieved by IDA. The IDA RMS was introduced in IDA13 (July 2002) and pioneered quantitative indicators to monitor aggregate results. Over the years, the RMS has evolved to better capture results in key focus areas set for each IDA replenishment cycle.

70. **The proposed IDA19 RMS expands and deepens the framework developed for IDA18.** Modifications in scope, format, and choice of indicators are driven by lessons learned, shifting client demand, data quality and availability, and fitness for purpose. In proposing revisions to the RMS, three guiding principles have been followed: (i) continuity with IDA18 to enable long-term monitoring, while also adjusting indicators to address weaknesses; (ii) relevance to IDA19 Special Themes and cross-cutting issues (debt, disability, technology and human capital); and (iii) alignment with global and corporate priorities including the SDGs, the Human Capital Project, and Maximizing Finance for Development. In addition, experience with the use, strengths, limitations, and relevance of IDA18 RMS indicators has been taken into consideration for retaining, adjusting and introducing new indicators for the IDA19 RMS.

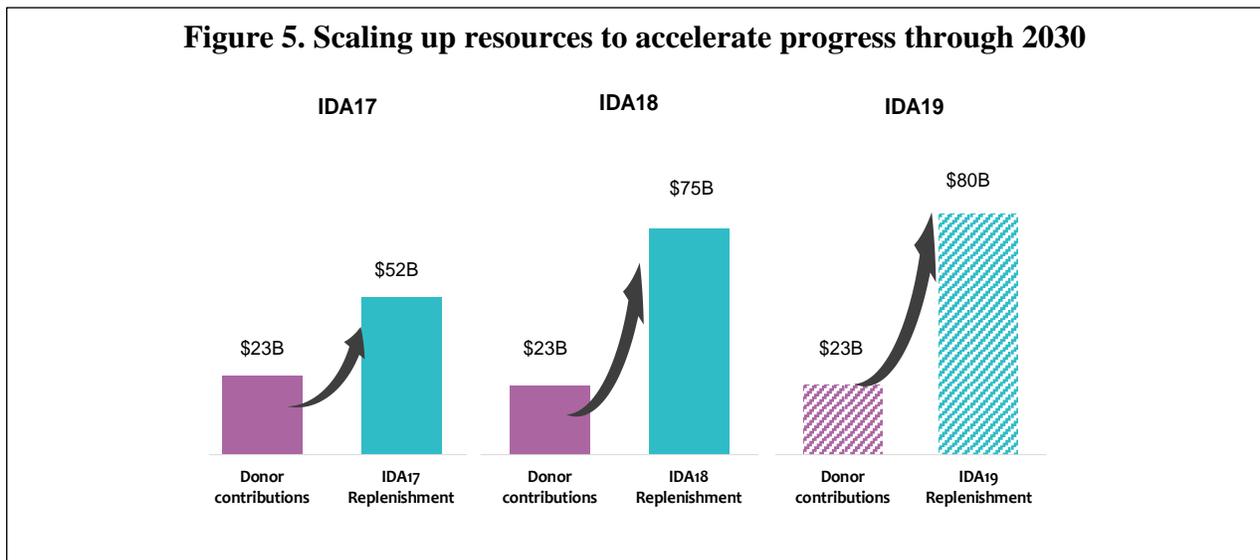
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<sup>34</sup> See the accompanying IDA Paper on "IDA19 Results Measurement System, May 2019"

71. **IDA RMS will be supplemented by other tools to provide a complete picture of IDA’s activities and impact.** This will include results frameworks for IDA projects, Country Partnership Framework (CPF) or Country Engagement Note (CEN), reporting on IDA policy commitments, and multiple reviews of IDA conducted by the IEG. IDA19 RMS will be updated and publicly disseminated once a year. Management will report on the status of the RMS indicators annually and also provide a detailed update on progress across all tiers at the IDA19 MTR. The IDA RMS will be publicly disclosed on IDA’s website and the World Bank’s results page.

#### D. PROPOSED FINANCE PACKAGE FOR GREATER IMPACT

72. **A strong IDA19 replenishment will enable IDA to support financing at scale to sustain momentum.** The paradigm shift in IDA’s financial model enabled IDA to scale up its financing in IDA18 (see Figure 5). This shift has allowed targeted use of donor contributions to increase concessional financing and grants to the poorest countries and FCSs. IDA19 financing framework scenarios build on IDA18 agreements to gradually leverage IDA’s equity and optimize the use of IDA’s leveraging capacity over the SDG horizon. While introduction of leveraging allows for a significant increase in financing to clients, partner grant contributions remain critical to IDA’s hybrid financial model, given the continued increase in grant financing to clients amid debt sustainability concerns and the focus on FCS financing.



73. **In line with medium-term plans discussed during the IDA18 replenishments, and feedback from Participants at the Spring Meetings IDA19 discussions, IDA19 seeks a replenishment (Base Scenario) of at least US\$80 billion.** With increased demands for grants driven by the grant-allocation framework and increased demands for concessional financing driven by IDA’s strategic directions, this ‘ask’ is for donor contributions of US\$23 billion, the same in dollar terms as in IDA18. This would mean that all donors remain at least flat in national currency in real terms; that a few donors increase their contributions; and that a few new donors join the growing coalition of IDA partners. Under this assumption, IDA will be able to deliver around US\$80 billion to its clients in IDA19 compared to US\$75 billion in IDA18.

## V. CONCLUSION

74. **IDA19 replenishment comes at a critical juncture when the world faces significant challenges posed by fragility and economic headwinds, which threaten to spill over across countries.** Absent swift and accelerated action by countries and stakeholders at all levels, rising risks and vulnerabilities could severely undermine progress made in the fight against poverty and lead to regional and global spillovers. With a right mix of policies and financing, it is still possible to reach the SDGs. IDA19 policy package, complemented by WBG's country engagement framework, IDA's convening power, results focus, and its transformed financial model place IDA in a strong position to spearhead the global effort to work towards a safer world free of extreme poverty.

**Annex 1: Proposed IDA19 Policy Commitments**

<b>Jobs and Economic Transformation (JET)</b>	
Creating and connecting to markets	1. The World Bank Group (WBG) commits to the operationalization of joint International Finance Corporation (IFC)-World Bank (WB) diagnostics in 10 IDA countries through IDA and IFC interventions leveraging from among the WBG’s full suite of instruments, including technical assistance, policy advice, lending and investment.
	2. At least 66 percent of agriculture and agribusiness projects in IDA countries include support for value chain development, through connecting producers to markets, technical assistance for meeting international standards and regulations, and supporting logistics and reducing trade costs.
	3. IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries, reaching 10-15 percent of its own-account commitments during the IDA19 cycle.
	4. IDA commits to support in 10 IDA countries the modernization of infrastructure systems (e.g. power, transportation).
	5. IDA commits to close the digital infrastructure gap by reaching 30 percent broadband penetration in at least 20 IDA countries in the African continent by 2023.
Building capabilities and connecting workers to jobs	6. 50 percent of entrepreneurship projects will incorporate digital financial services and/or digital entrepreneurship elements – and ensuring they address particular constraints facing women and/or persons with disabilities.
	7. IDA commits to support at least 12 IDA countries among the 30 with the lowest HCI with programs or policies to improve skills and employability, emphasizing the differential constraints facing young women and men.
Cross Cutting	8. All Systematic Country Diagnostics (SCDs) of IDA countries at moderate or high risk of debt distress will address the country’s strategy for sustainably financing its development.
	9. 85 percent of new jobs themed projects will track at least one jobs indicator and the IFC will track direct jobs and estimates of indirect jobs associated with all PSW investments.
<b>Fragility, Conflict and Violence (FCV)</b>	
	1. All CPFs/CENs in FCS countries will address FCV drivers and sources of resilience, based on diagnostics such as Risk and Resilience Assessments or other FCV assessments.
	2. Develop and implement at least three regional programs (including in the Sahel, Lake Chad and Horn of Africa), which are informed by regional RRAs and focus on mitigating key fragility and security risks to promote engagement on the security-development nexus.

	3. At least 20 IDA FCS eligible country portfolios will support improvements in social sector service delivery, with a focus on addressing the differential constraints faced by men and women, boys and girls.
	4. By IDA19 Mid-Term Review, conduct a systematic review of refugee policy and institutional environments in countries eligible for the Window for Host Communities and Refugees (formerly called the Refugee Sub-Window) to inform further development support for refugee and host communities in these countries.
	5. Support building client capacity in 50 percent of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.
	6. Deploy [XX] additional GE+ staff in IDA FCS.
	7. Operationalize the FCV Envelope to provide enhanced and tailored support to IDA FCS.
<b>Gender</b>	
Improving Human Endowments	1. IDA19 financing operations will support women’s empowerment through increased access to quality reproductive and adolescent health services in at least 15 of the 30 countries with the lowest HCI.
Removing Constraints for More and Better Jobs	2. At least 60 percent of IDA19 financing operations for digital skills development will support women’s access to online work.
Removing Barriers to Women’s Ownership of and Control over Assets	3. All of IDA19 financing operations for Digital Development will support women’s increased access to ICT services and take steps to increase women’s usage of services.
Voice and Agency: Gender-Based Violence:	4. Support at least five IDA countries to invest in GBV prevention and response, delivering safe, quality, inclusive services through health systems.
	5. Support at least five IDA countries to implement GBV prevention and response protocols as part of safe and inclusive schools.
<b>Governance and Institutions</b>	
<b>Pillar 1. Promoting Sustainable Financing Practices</b>	
Promote debt transparency and debt management	1. Implement an integrated and programmatic approach to enhance debt transparency through increased coverage of public debt in Debt Sustainability Analysis (DSAs) and/or supporting debt transparency reforms <sup>35</sup> in 15 IDA countries.

<sup>35</sup> Support to this commitment will draw from a suite of instruments including lending operations, diagnostics and technical assistance.

	2. Bolster fiscal risk assessments and debt management capacity in 20 IDA countries through a scale-up of fiscal risks monitoring and/or implementation of debt management strategies.
Strengthen domestic resource mobilization	3. Support 25 IDA countries that remain persistently below the 15 percent tax-to-Gross Domestic Product (GDP) threshold through interventions (including lending and technical assistance) targeted at country-specific binding constraints <sup>36</sup> to tax policy and/or administration, including supporting efforts to broaden the tax base such as reducing exemptions and addressing Base Erosion and Profit Shifting (BEPS).
Strengthen infrastructure governance	4. Support 10 IDA countries in the identification of key governance constraints to the development, financing, and delivery of quality infrastructure investments to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these (five countries). <sup>37</sup>
<b>B. Maximizing Impact of Public Service Delivery</b>	
Support investments in people that promote efficiency, growth, and equity	5. Support 10 IDA countries among the 30 countries with the lowest Human Capital Index to strengthen human capital financing through improving the efficiency of public expenditures, and more effectively aligning expenditures with domestic financing and external resources in a sustainable manner.
Enable universal access to public services through GovTech	6. Support 10 IDA countries to adopt universally accessible <sup>38</sup> GovTech solutions. <sup>39</sup>
Strengthen pandemic preparedness	7. Support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions (including technical assistance, lending and investment).
<b>C. Building Confidence in Institutions</b>	
	8. Increase provision of, access to and awareness of beneficial ownership information in 10 IDA countries.

<sup>36</sup> 'Binding constraints' refers to limited revenue administration capacity, corruption, political economy bottlenecks, and barriers with national and international tax policies.

<sup>37</sup> The objective of good infrastructure governance is to deliver the right projects in a way that is sustainable, transparent, and accessible to users and citizens. Assessments will address policy and regulatory frameworks, transparency practices, and institutional capacity constraints at the center of government and in infrastructure services as provided by ministries, public utilities, and sub-national governments, State-Owned Enterprises (SOEs), and/or Public Private Partnerships (PPPs).

<sup>38</sup> 'Universally accessible' means that GovTech services are designed so that they can be accessed, understood and used by all persons, regardless of disability, age, use of assistive devices, location or means of Internet access. It applies to hardware and software.

<sup>39</sup> GovTech solutions include hardware, software, applications and other technology to improve access and quality of public services; facilitate citizen engagement (CivicTech) and improve core government operations. These include enabling analog complements to strengthen institutions for GovTech implementation, including devising related strategies, building capacity, passing related laws on e-government, data access and use; and developing regulatory frameworks to facilitate interoperability.

Tackle corruption and tax evasion to reduce illicit financial flows	9. Support six IDA countries in the adoption of Automatic Exchange of Information (AEOI) to reduce tax evasion.
Support multistakeholder approaches to policy making and implementation	10. Support 20 IDA countries to establish and strengthen platforms for multi-stakeholder engagement in policy making and implementation to enhance public participation, accountability and responsiveness.
Enhance the core functions of government in IDA FCS countries	11. Support 85 percent of IDA FCSs in the establishment and/or strengthening of core government functions through project financing. <sup>40</sup>
<b>D. Building Better Data and Analytics</b>	
Improve data for more evidenced-based policy making	12. Support institutions and build capacity in 10 IDA countries to reduce gaps in the availability of core data for evidence-based policy making, including disaggregation by sex and disability where appropriate. <sup>41</sup>
<b>Climate Change</b>	
<b>Objective 1: Increase Climate-related Financing and Further Deepen Climate Mainstreaming</b>	1. IDA’s climate co-benefits share of total commitments will increase to 28 percent on average over FY21-23, and at a minimum, maintain parity between adaptation and mitigation finance.
	2. All IDA operations with more than 20 percent of climate co-benefits will incorporate at least one climate-related results indicator to increase the focus on climate outcomes.
<b>Objective 2: Boost Support on Adaptation and Resilience</b>	3. Developing new resilience metrics designed to give increased incentives for more effective climate adaptation actions and pilot them in 20 IDA operations.
	4. Support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.

<sup>40</sup> ‘Core government functions’ refers to: (i) public revenue and expenditure management; (ii) decentralization and service delivery (iii) government employment and public administration; and (iv) the rule of law.

<sup>41</sup> Data disaggregation by sex and disability in the Data for Policy (D4P) package will be performed where it is appropriate, which corresponds to contexts where household survey data is amenable to disaggregation, specifically for data collected at the individual level. The D4P package will also continue promoting the production of sex and disability disaggregated statistics in countries where this is already available.

<b>Objective 3: Drive Systemic Impact at the Country Level</b>	5. Support at least 10 IDA countries to systematically implement and/or update their Nationally Determined Contributions (NDCs) or similar national action plans; where appropriate, set climate-related or NDC-based objectives and/or results indicators in the Country Partnership Frameworks (CPFs).
<b>Objective 4: Facilitate Economic Transformation through Low Carbon and Resilient Transition</b>	6. Facilitate further penetration of renewable energy access in IDA countries by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and supporting generation, integration, and enabling infrastructure for six gigawatts (GW) of renewable energy in IDA countries, which covers grid, distributed generation, mini-grids, and off-grid renewable energy.

**Annex 2: IDA19 Issues for Consideration**

<b>Decisions/Endorsement sought</b>	
<b>Issue</b>	<b>Paper and paragraph reference</b>
<p><b>FCV Financing toolkit</b></p> <p>For IDA19, Management proposes the following:</p> <ul style="list-style-type: none"> <li>a. The consolidation of <b>Fragility, Conflict and Violence (FCV)</b> related allocations within an FCV Envelope as part of Core IDA. That FCV Envelope will comprise:               <ul style="list-style-type: none"> <li>i. A Prevention and Resilience Allocation to support countries at risk of high-intensity conflict or large-scale violence, based on government commitment and agreed milestones, building on lessons from the previous Risk Mitigation Regime;</li> <li>ii. A Remaining Engaged in Conflict Allocation to support a small number of countries that experience high-intensity conflict and have extremely limited government capacity, building on lessons from Yemen;</li> <li>iii. A Turn Around Allocation to support countries with a window of opportunity to accelerate the transition out of fragility, building on lessons from the previous Turn Around Regime.</li> </ul> </li> <li>b. Refinements to the Refugee Sub-Window that will comprise:               <ul style="list-style-type: none"> <li>i. Removing the ‘sub’ and renaming the tool as the Window for Host Communities and Refugees within the Regional Public Goods Envelope; and</li> <li>ii. Adjusting the contribution from country allocations to projects from one-sixth to 10 percent.</li> </ul> </li> </ul>	<p><i>IDA19 Special Theme Paper: Fragility, Conflict &amp; Violence (FCV)</i></p> <ul style="list-style-type: none"> <li>• Paras 70-73</li> <li>• Paras 74-79</li> <li>• Paras 80-84</li> <li>• Paras 84-88</li> </ul>

<b>Decisions/Endorsement sought</b>	
<b>Issue</b>	<b>Paper and paragraph reference</b>
<p><b>Feedback on proposed Financing scenarios and Policy adjustments</b></p> <p><i>Financing scenarios</i></p> <ul style="list-style-type: none"> <li>• Financing scenarios (Baseline, Low and High)</li> </ul> <p><i>Policy adjustments</i></p> <ul style="list-style-type: none"> <li>• Targeted scale up support for FCS through the FCV Envelope</li> <li>• Adjustments to the Crisis Response Window to support early response to slower onset crises</li> <li>• Expansion of the IDA Regional Window to support IDA19 strategic initiatives, introduction of Development Policy Lending (DPFs) to support policy reforms at regional level and extension of financing on credit terms to select organizations that have the capacity to repay to support the implementation of regional projects.</li> <li>• Resources set aside for arrears clearance</li> <li>• Graduations</li> </ul>	<p><i>The Demand for IDA19 Resources and the Strategy for their Effective Use</i></p> <ul style="list-style-type: none"> <li>• Section IV.B.</li>   <li>• Paras 66-68; Annex 2; &amp; <i>IDA19 Special Theme Paper: Fragility, Conflict &amp; Violence (FCV):</i> Paras 65-83</li> <li>• Paras: 83-90; Annex 4</li>   <li>• Paras 70-77; Annex 3; Annex 5</li>   <li>• Paras 97-98</li> <li>• Paras 99-100; Annex 6</li> </ul>
<p><b>Feedback on proposed Sustainable Development Finance Policy Framework (SDPF):</b></p> <ul style="list-style-type: none"> <li>• Overall framework of the Sustainable Development Finance Policy</li> <li>• The proposed design and approach of the Debt Sustainability Enhancement Program where a policy-based set-aside would be introduced to incentivize policy actions addressing debt sustainability</li> </ul>	<p><i>Addressing Debt Vulnerabilities in IDA Countries: Options for IDA 19</i></p> <ul style="list-style-type: none"> <li>• Section V</li> </ul>
<p><b>Feedback on IDA19 Financial Sustainability</b></p> <p><i>Financing scenarios</i></p> <ul style="list-style-type: none"> <li>• Range of scenarios</li> <li>• Proceeding with implementation of the hedging program to enhance management of IDA’s sensitivity to interest rate movements as presented in this</li> </ul>	<p><i>IDA19 Financing Framework paper</i></p> <ul style="list-style-type: none"> <li>• Section II and III</li> </ul>

Decisions/Endorsement sought	
Issue	Paper and paragraph reference
<p>paper and incorporating additional financial capacity in the IDA19 financing scenarios</p> <ul style="list-style-type: none"> <li>• Mix of concessionality and range of financing terms</li> <li>• Implementation of contractual acceleration for IDA18 graduates</li> </ul> <p><i>Contributions</i></p> <ul style="list-style-type: none"> <li>• IDA19 contribution encashment schedule and the discount rate for calculating credits and discounts</li> </ul> <p><i>Concessional Partner Loans (CPL) Framework</i></p> <p><i>Commodity Hedging</i></p> <ul style="list-style-type: none"> <li>• Do participants endorse introduction of Commodity Hedging project for IDA countries?</li> </ul> <p><i>Local currency:</i></p> <ul style="list-style-type: none"> <li>• Do Participants agree with the proposed approach for developing IDA’s local currency solution instruments? (two-phase approach with a discussion at IDA19 MTR)</li> </ul>	<ul style="list-style-type: none"> <li>• Section IV.A.</li> <li>• Section IV.B.</li> <li>• Section V.B.</li> <li>• Section V.A.</li> </ul>
<p><b>Proposal for IDA19 IFC MIGA PSW</b></p> <ul style="list-style-type: none"> <li>• Do Participants agree to extend the PSW under IDA19 with an allocation of US\$2.5 billion for the four existing PSW facilities?</li> <li>• Do Participants agree to the proposed modification to the PSW framework on country eligibility for accessing the PSW, and for Management to explore further potential adjustments to two PSW facilities?</li> <li>• Do Participants agree with the Management approach to risk management, in light of the potential financial risks IDA faces?</li> </ul>	<p><i>Proposal for IDA19 IFC-MIGA Private Sector Window</i></p> <ul style="list-style-type: none"> <li>• Section IV.A</li> <li>• Section IV.B and C</li> <li>• Section V</li> </ul>

<b>Decisions/Endorsement sought</b>	
<b>Issue</b>	<b>Paper and paragraph reference</b>
<b>Results</b> <ul style="list-style-type: none"><li>• Do IDA Participants agree with the guiding principles that have been followed for defining indicators for IDA19 RMS?</li><li>• Do IDA Participants agree with the changes proposed for the IDA19 RMS indicators?</li></ul>	<i>The IDA19 Results Measurement System</i> <ul style="list-style-type: none"><li>• Section II</li><li>• Section III</li></ul>