IDA20 MID-TERM REVIEW: IMPLEMENTATION UPDATE AND ISSUES FOR DISCUSSION ("OMNIBUS PAPER")

Development Finance, Corporate IDA & IBRD (DFCII)

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ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30
All dollar amounts are US dollars

AFE	Eastern and Southern Africa
AFW	Western and Central Africa
ASP	Adaptive Social Protection
Board	Board of Executive Directors
BSO	Balance Sheet Optimization
Cat-DDO	Catastrophe-Deferred Drawdown Option
CCDRs	Country Climate and Development Reports
COP 28	2023 United Nations Climate Change Conference
COVID-19	Coronavirus Disease 2019
CPGA	Crisis Preparedness Gap Analysis
CRDC	Climate Resilient Debt Clause
CRW	Crisis Response Window
DPF	Development Policy Financing
DSEP	Debt Sustainability Enhancement Program
DSSI	G20 Debt Service Suspension Initiative
EAP	East Asia and Pacific
EARDIP	Eastern Africa Regional Digital Integration Project
ECA	Europe and Central Asia
ERF	Early Response Financing
FCS	Fragile and Conflict-affected Situations
FCV Strategy	WBG Strategy for Fragility, Conflict and Violence (2020–2025)
FSCPP	Food Security Crisis Preparedness Plan
GBV	Gender-based Violence
GCRF	Global Crisis Response Framework
LTS	Long-term Low-emission Development Strategies
MAC-DSA	WB-IMF Debt Sustainability Framework for Market-Access Countries
MDB	Multilateral Development Bank
MGF	MIGA Guarantee Facility
MIGA	Multilateral Investment Guarantee Agency
MNA	Middle East and North Africa
MSMEs	Micro-, Small, and Medium Enterprises
MTR	Mid-Term Review
NDC	Nationally Determined Contributions
PBA	Performance-based Allocation
PBA-SML	SMLs through country allocations
PC	Policy Commitment
PCO	Program of Creditor Outreach
PforR	Program for Results
PPA	Performance and Policy Action
PRA	Prevention and Resilience Allocation
PSW	Private Sector Window
RECA	Remaining Engaged in Conflict Allocation
REDISSE	Regional Disease Surveillance Systems Enhancement
Regular SUW	Scale-Up Window Non-concessional Loans
RMS	Results Measurement System
RRAs	Risk and Resilience Assessments
RW	Regional Window
SAR	South Asia

GHG	Greenhouse Gas	SDFP	Sustainable Development Finance Policy
IAN	Implementation Assessment Note	SML	Shorter-Maturity Loans
IDA	International Development Association	SUW	Scale-Up Window
IEG	Independent Evaluation Group	SUW-SMLs	Scale-Up Window Concessional Shorter-maturity Loans
IFC	International Finance Corporation	TAA	Turn Around Allocation
IPF	Investment Project Financing	UN	United Nations
JET	Jobs and Economic Transformation	WB, or Bank	World Bank
LAC	Latin America and Caribbean	WBG	World Bank Group
LIC-DSF	WB-IMF Debt Sustainability Framework for Low-Income Countries	WHR	Window for Host Communities and Refugees

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EXECUTIVE SUMMARY

i. The International Development Association (IDA) 20 cycle began a full year early on July 1, 2022 after IDA's historic decision to compress the IDA19 cycle into two years (July 1, 2020 through June 30, 2021), enabling a surge in resources to support IDA countries' response to the global Coronavirus 2019 pandemic and its effects. With a record allocation of $93 billion in resources, IDA20 commenced in a challenging environment marked by deepening crises. IDA acted decisively to help partner countries respond to unprecedented shocks. In the first 15 months of IDA20, IDA commitments reached $39.9 billion (including Private Sector Window [PSW] commitments), comparable to commitments in the first 15 months of the compressed IDA19 cycle. The poorest countries, or those classified as IDA-only, received 50 percent of these resources.

ii. Frontloading and reallocation of IDA country allocations helped to finance this resource surge. Although reallocations are typically conducted in the second half of an IDA cycle, IDA conducted two reallocation exercises in FY23. IDA's windows have also contributed. With one exception, more than 40 percent of the resources in each IDA20 window had been allocated or committed in the first 15 months of the cycle.[i] Due to the strong demand for window resources for the remainder of IDA20, no reallocation of resources from the IDA20 windows to IDA country allocations or vice versa is proposed. Disbursements in IDA countries are outpacing new commitments. The high level of disbursements suggests a high absorption capacity in IDA countries.

iii. IDA contributes significant support to implement the World Bank Group Strategy on Fragility, Conflict and Violence (FCV) 2020–2025. IDA has more than tripled the beneficiaries reached in FCS countries relative to the previous fiscal year on a few key measures, such as sanitation and agriculture. Engagement in fragile and conflict-affected situations requires capacity to adapt to potential volatility. IDA remains committed to exploring options for supporting investments in human capital and institutional capacity in complex emergencies through a range of tools, including IDA's FCV Envelope. IDA's FCV Envelope is a fairly new mechanism, showing both promise and limitations, and Management will continue refining implementation in IDA20 and through discussions of IDA21.

iv. Elevated financing helped respond to immediate crisis needs in FY23, but IDA must address a potential financing gap in FY24 and FY25, and faces medium-term financing pressures due to growing demands for concessional resources. IDA continues to explore a range of measures to maximize resources for IDA countries, including fundraising for the Crisis Response Window+ under the IDA Crisis Facility and financial innovations such as expanding its long-term bond program to manage interest rate risk on IDA's balance sheet and release risk capital to support additional lending.

v. To offer greater flexibility and enhanced support for Borrowers in managing foreign exchange risk, IDA is exploring new ways to offer additional local currency solutions, and an update on this work is offered in Annex 1. The introduction of shorter-maturity loans (SMLs) as a

[i] Crisis Response Window 75 percent. Private Sector Window 44 percent. Regional Window 51 percent. Regular Scale-up Window 56 percent. Scale-up Window Shorter Maturity Loans 48.7 percent. Use of the Window for Host Communities and Refugees resources tends to be backloaded, and currently stands at 20 percent.

new balance sheet optimization (BSO) measure in IDA20 has contributed much-needed financing and has seen strong uptake. An accompanying paper explores the implementation of these loans. Management offers some proposals to adjust implementation of SMLs to better align them with existing policy and guidance.

vi. IDA continues to deliver robust results across all five Special Themes and all four Cross-cutting Issues. IDA20 is exceeding ambitious targets for climate co-benefits. In the first 15 months of the cycle, IDA support has reached hundreds of millions of people around the globe. In some areas, such as social safety nets, results that surged during IDA19 in response to the pandemic have returned to pre-pandemic trajectories. In other areas, results that were negatively affected by the pandemic and supply chain disruptions are starting to re-gain momentum.

vii. FY23 Results Measurement System data show that 86.9 million people benefited from Health, Nutrition and Population services. More than 8 million people have access to improved water sources, and nearly 11.75 million people have been served by job-focused interventions. IDA continues to address gender gaps in more than 96 percent of its operations and has reached at least 50 percent female beneficiaries across all human capital indicators. IDA20 is also expected to surpass ambitious targets for delivering climate co-benefits.

viii. IDA20 is also fulfilling Policy Commitments under all Special Themes and Cross-cutting Issues. Management proposes to adjust one Policy Commitment to align with the original intent while reflecting changed circumstances,[ii] and to adjust a second for clarity.[iii] Progress on these two commitments, as adjusted, is on track. Altogether, with significant effort from client countries, IDA is on track to meet or exceed cycle targets for 38 of 41 Policy Commitments. Progress on three Policy Commitments is advancing somewhat more slowly than originally anticipated but is progressing;[iv] at least eight Policy Commitments are expected to exceed original targets.[v]

ix. Even as the IDA partnership continued strong delivery, a World Bank Group (WBG) Evolution process launched new WBG Vision and Mission statements focused on the urgency of ending extreme poverty on a livable planet, and called on all parts of the institution to deliver on this vision. IDA's mobilization of private sector resources, and its focus on Climate Change, FCV, and Crisis Preparedness, have helped to ensure that it leads on many priorities of the Evolution process.

x. The Evolution process offers a unique opportunity to modernize IDA and deliver greater impact. Internal discussions of IDA's architecture confirm the relevance of IDA's Special Themes and Cross-cutting Issues, but also underscore that IDA has grown increasingly fragmented and complex. The complexity places a considerable burden on low-capacity countries and can undermine IDA's effectiveness by diverting attention away from delivering on long-term priorities in favor of short-term compliance on inputs. The Evolution process also calls on the WBG to

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[ii] Human Capital PC1.

[iii] Gender and Development PC7.

[iv] Fragility, Conflict and Violence PC2; Jobs and Economic Transformation PC2 and Crisis Preparedness standalone PC.

[v] Human Capital PC6; Climate Change PC3, PC5, PC6; Gender and Development PC2, PC4; Jobs and Economic Transformation PC5, PC8.

increase its ambition to fight poverty as well as to address global challenges, recognizing their interdependencies. This vision, along with the operational simplification agenda and the proposed new WBG Scorecard, calls on IDA to reconsider its architecture, its policies, its procedures, as well as its approach to the IDA Results Measurement System (RMS) as it considers its strategic directions and the way forward for IDA21.

xi. To support robust discussions at MTR and during the IDA21 Replenishment, Management has launched a "SimplifIDA" initiative to inform the discussion of options and tradeoffs for the IDA architecture and policy package. These operational simplification efforts will be complemented by greater selectivity of results indicators to align the IDA RMS with the proposed new WBG Scorecard. Preliminary work began after the Annual Meetings with a review of bottlenecks and challenges arising from IDA20's existing architecture. This review is ongoing but has already identified seven areas where IDA20 can begin to simplify existing policies and procedures, including with respect to implementation of the Sustainable Development Finance Policy and administration of IDA windows.

xii. The final section of this paper summarizes 12 proposals for targeted adjustments to IDA20 operations for agreement. These include seven proposals outlined in this Omnibus paper and five that are presented in accompanying papers to be discussed in separate sessions of the Mid-Term Review. Seven of the 12 proposals will support simplification of IDA20, and are identified as SimplifIDA measures in the summary.

I. CONTEXT

1. **This Omnibus paper presents an overview of IDA's context, delivery of support, and results during the first five quarters of the IDA20 implementation period**. In lieu of individual papers prepared to report on each IDA window and each Special Theme as in some Mid-Term Reviews (MTRs), this Omnibus paper consolidates financial delivery, Results Measurement System (RMS) and Policy Commitment data into a single update, in line with institutional efforts on simplification and streamlining of documentation. In doing so, it responds to stakeholder feedback from MTRs of past IDA cycles. It offers a complement to other MTR deliverables provided separately, including deep dives on IDA's approach to partnerships, the Private Sector Window (PSW), the rollout of shorter-maturity loans (SMLs), IDA Graduation, and technical notes, as well as the review of IDA finances that began through technical briefings in September and November, and will continue during the MTR.

A. Delivering in a Context of a Poly-crisis

2. **With a record allocation of $93 billion in resources, IDA20 began in a challenging environment marked by deepening crises.** Prior crises had already strained the resilience of IDA Borrowers, and the global impact of Russia's invasion of Ukraine in the months leading up to the launch of IDA20 further exacerbated the challenges they were facing. In 2020, the Coronavirus Disease 2019 (COVID-19) pandemic had pushed an estimated 70 million people into extreme poverty, the largest one-year increase since at least 1990 when global poverty monitoring began. Growing debt burdens, inflation, and rising costs of finance posed challenges to equitable growth, and the effects of climate change on growth were increasingly visible, particularly for poorer countries. Fiscal space had been eroded in many developing countries by increasing borrowing costs, and by a decade marked by escalating debt, capped by a further surge during the pandemic. Rising inflation and weakening economic recovery further aggravated existing macroeconomic imbalances, and exacerbated already high risks of debt distress, leaving many households vulnerable.

3. **IDA acted decisively to help partner countries respond to unprecedented crises**. In line with priorities of the World Bank Group's (WBG) Global Crisis Response Framework (GCRF), IDA helped partner countries respond to these crises via a strong, rapid engagement to minimize development losses, while continuing to stay the course on longer-term development objectives. IDA20 offers support for all four pillars of the WBG's global crisis response package, responding to food insecurity, protecting people and jobs, strengthening resilience, and enhancing policies and institutions for rebuilding better. Disbursements in IDA countries are outpacing new commitments, and even the most challenging IDA contexts are showing good progress on disbursements.

B. Leading on Development Priorities at a Pivotal Moment for the World Bank Group

4. **As the response to the poly-crisis unfolded, Governors challenged the WBG to evolve**. At the Annual Meetings in 2022, Governors called on the WBG to become a better Bank. Intensive engagements among Management, the Board of Executive Directors (Board), and external stakeholders followed, in line with an Evolution Roadmap adopted in January 2023. The Evolution

process aimed to position the World Bank Group to better address the scale of development challenges such as poverty, shared prosperity, inequality, and cross-border challenges affecting developing countries, including IDA Borrowers. Evolution discussions advanced rapidly to enable the Bank to become a "better and bigger bank" that is fit to meet the most pressing needs of the people and the planet. A new Vision and Mission statement for the WBG emphasizes the urgency of ending extreme poverty on a livable planet.

The World Bank *vision* is To create a world free of poverty on a livable planet
The World Bank *mission* is To end extreme poverty and boost shared prosperity on a livable planet

5. **A new playbook is establishing how the WBG will double down on impact at scale, modernize operational delivery, and measure outcomes of these efforts.** To advance this updated Vision and Mission statement, the WBG has committed to focus over the next few years on addressing eight global challenges. These are: (i) Climate Change Adaptation and Mitigation; (ii) Fragility and Conflict; (iii) Pandemic Prevention and Preparedness; (iv) Energy Access; (v) Food and Nutrition Security; (vi) Water Security and Access; (vii) Enabling Digitalization; and (viii) Protecting Biodiversity and Nature. Doubling down on scale, speed, and replicability for impact will help to better address both country development needs and global challenges. Enhancing and modernizing how the WBG provides finance and knowledge and mobilizes private capital and domestic public resources will mobilize financing for development. Introducing a new scorecard to monitor results aligned with the new mission, improving operational efficiency, and deepening partnerships will enable management for outcomes. Taking steps to increase WBG financing capacity aims to provide resources that are adequate to address the magnitude of challenges facing WBG clients.

6. **IDA already demonstrates strong leadership in many areas aligned with the Evolution and playbook priorities.** The practice of consistently renewing Policy Commitments and reviewing progress in successive replenishment cycles has progressively raised IDA's ambition in many areas aligned with the Evolution, including with respect to Climate, Fragility, Conflict and Violence (FCV), and Crisis Preparedness. IDA has sustained its focus on core issues, while adapting to confront emerging challenges through Special Themes, Policy Commitments, and financial architecture.

C. Sustaining Development Priorities

7. **While IDA's policy and financial architectures have contributed to its leadership and ability to adapt to the context of the poly-crisis, they have grown increasingly complex.** IDA20 involves five Special Themes, four Cross-cutting Issues, and five windows, each with its own unique implementation guidelines and financing terms. This complexity is reflected in 41 Policy Commitments that in IDA20 will require over 1,000 country actions. The level of mandated country-level actions has increased nearly ten-fold relative to the requirements of the IDA17 cycle. It imposes a considerable burden on IDA countries that are already grappling with capacity constraints amidst multiple crises, particularly in FCV settings. Simplification and flexibility are increasingly urgent priorities to ensure that Borrowers can continue to make progress in a

challenging context. IDA must remain both flexible and agile, while focusing on long-term development goals. Management has launched a process to explore opportunities for simplification, "SimplifIDA". This initiative will aim to support discussions of IDA's strategic directions as discussions of IDA21's architecture move forward. As a preliminary measure, the initiative has begun to review bottlenecks and challenges with the IDA20 architecture and policy framework. The review is ongoing, but a preliminary package of seven recommended measures that will benefit IDA clients by simplifying existing IDA20 policies and procedures has already been developed.

8. **IDA will contribute to the World Bank Group's new Vision and Mission with a policy and financing framework that is fit for purpose.** IDA's policy and financing framework will need to evolve to support the institution's new Vision and Mission. This includes acknowledging crises as a new norm for developing countries, ensuring that clients are equipped – and have the needed resources – to address crises without losing sight of medium-term priorities. It also includes aligning SimplifIDA to the Better Bank initiative that has been launched to support improvements to the Banks operating model, placing particular emphasis on operational efficiency and effectiveness, with the aim of reducing project preparation time, increasing client capacity, and effectively leveraging partnerships. To be able to contribute to the new Vision and Mission, IDA will need the necessary financing resources to be able to act at scale.

D. Maximizing Resources to Meet the Needs of IDA Borrowers

9. **IDA requires enhanced financing capacity to deliver on the World Bank's new Vision and Mission.** Financing from multiple sources—including additional domestic public resources, private sector resources, and development partner resources—will be critical in achieving impact. IDA has consistently leaned forward to mobilize private sector investment, maximize effective use of its balance sheet, and make resources available when and where needed.

10. **Elevated financing for crisis needs in FY23, created a potential financing gap in FY24 and FY25; IDA identified measures to address the short-term financing gap.** Frontloading of IDA20 resources in FY23, combined with US dollar appreciation during the same period, left a projected financing gap of $7.8 billion relative to the sums needed to maintain a planned financing level of $30 billion per year.[1] To address the gap, IDA partners agreed on three measures: (i) Partners established an IDA Crisis Facility with two special programs, enabling partners to channel support for Ukraine and Moldova through one program,[2] and to boost Crisis Response Window (CRW) resources through a CRW+ special program; (ii) As part of the Bank's efforts to improve portfolio performance, Management agreed to seek reprogramming of around $2 billion[3] in resources from underperforming projects and recommit the funds to new initiatives in IDA20; and (iii) Management proposed more long-term bonds to manage the interest rate risk on IDA's balance sheet and release risk capital to support additional lending.

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1 To allow predictability for FY24 planning, IDA further frontloaded resources from FY25 to FY24 to fix the FY24 financing envelope at $30 billion. This then created nearly $8 billion of financing gap in FY25.

2 The Special Program for Ukraine and Moldova Recovery, or SPUR.

3 Amount subject to further review by Management.

11. **Management will provide an update on the short-term financing measures at MTR, aiming to make available $30 billion per year in FY24-25 to meet strong demand and absorptive capacity in IDA countries.** Management will update Participants on IDA Crisis Facility commitments, including for the CRW+, during the MTR meeting. Reallocations of resources to date are reported in this Omnibus paper. During IDA20, IDA has issued $9.2 billion[4] in bonds as of October 2023. IDA is now actively exploring opportunities in the capital markets to execute an expanded funding plan of $20 billion by the end of FY25, increasing by one- third its original plans for a $15 billion long-dated bond program during the cycle, which is expected to increase lending capacity by $0.5 billion in IDA20. Together, these and related measures to be discussed during the IDA financing discussions at MTR will address financing needs in FY24-25, avoiding the potential short-term financing gap.

12. **IDA faces increased demands for volume and concessionality, adding to medium-term pressures.** A worsening debt outlook in IDA countries has heightened the demand for grants and highly concessional loans beyond earlier medium-term projections. An increase in the poverty line from $1.90 to $2.15 per day resulted in higher allocations to IDA yellow- and red-light countries. These developments have brought forward the zero point of IDA's deployable strategic capital to 2030 from 2034, four years earlier than expected during IDA20 discussions. With an ambition to expand and not merely sustain financing to address global challenges, Management has continued to explore options for boosting financing capacity in the medium term. These will be discussed at the MTR meetings.

II. IDA DELIVERY OF SUPPORT

13. This section provides an overview of IDA's delivery of support during the first 15 months of IDA20, including frontloading and reallocations. It also highlights the high demand from many countries for IDA20 resources, which calls for further adjustments to ensure the efficient use of scarce IDA resources to help IDA countries respond to the poly-crisis.

A. IDA20 Delivery of Support[5]

14. **In the first 15 months of IDA20, IDA commitments reached $39.9 billion (including PSW).** This is comparable to the $39.3 billion committed in the same 15-month period of the compressed IDA19 cycle (Figure 2.1). By region, out of the $38.8 billion delivered (net the PSW),

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[4] Based on the exchange rate as of October 31, 2023.

[5] The IDA20 financing package is $93 billion (including $2.5 billion from the PSW). As IDA manages the majority of its resources in SDR (in line with SDR-denominated loans representing the largest share in IDA lending), the strong US dollar has reduced the overall IDA20 volume when measured in US dollar terms, leading to a reduction in the envelope. In this context, throughout this paper, the IDA20 indicative country allocation and utilization (expressed as a percent) is based on the total IDA20 envelope (excluding the PSW) of $81 billion, which reflects the spot exchange rate as of September 30, 2023, and does not include PSW and unallocated FCV top-up, which is subject to approval of annual review notes, and is yet to be allocated as part of the final allocations, unless otherwise noted. In addition, based on a June 2021 (FY22) Board decisions, four projects approved in July 2022 (FY23) are considered IDA19 resources for purposes of analysis by replenishment cycle but are included in FY23 totals for purposes of analysis by fiscal year, unless otherwise noted. The total value of these four "grandfathered" projects is $1.2 billion.

the Middle East and North Africa (MNA) region had the highest utilization rate, committing 68 percent of its allocated resources for the cycle during this period. The Western and Central Africa (AFW), Eastern and Southern Africa (AFE), and South Asia (SAR) regions each used about half of their IDA20 country allocations. The East Asia and Pacific (EAP), Europe and Central Asia (ECA), and Latin American and Caribbean (LAC) regions used one-third or less of their IDA20 allocations. In response to strong demand, the IDA20 windows had a robust performance. Commitments through the windows, including the PSW, reached $13.1 billion. This is significantly higher than the first 15 months of IDA19.

Figure 2. 1. Breakdown of IDA country allocation and windows commitments (including PSW) in the first 15 months of IDA cycle

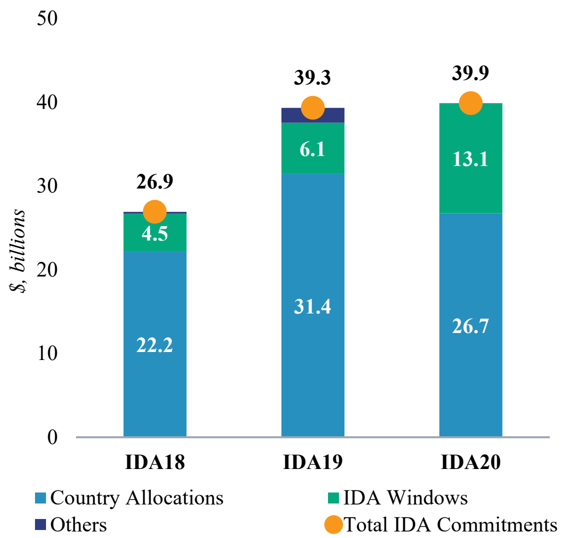
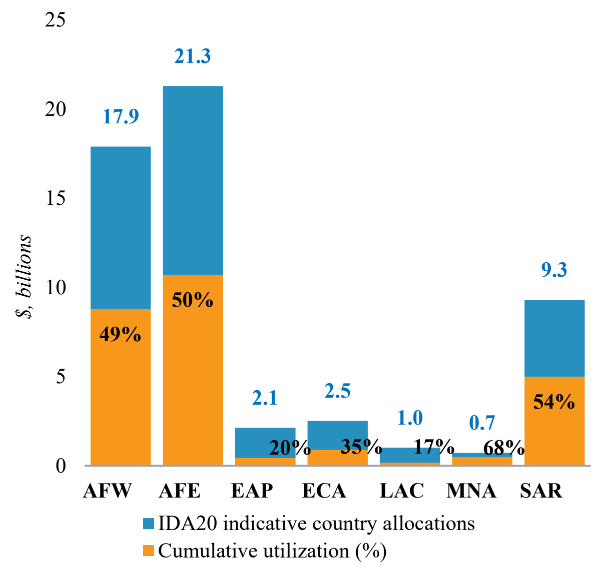


Figure 2. 2. IDA20 Cumulative Utilization of Country Allocation in the First Five Quarters by Region



15. **In the first five quarters of the cycle, the poorest countries or those classified as IDA-only[6] received $19.5 billion, constituting 50 percent of total IDA20 commitments, including the vast majority of grants[7], similar to the patterns seen in IDA18 and IDA19.** Blend countries[8] received $8.9 billion, equivalent to 23 percent, and Gap countries[9] received $9.6 billion, accounting for 25 percent. Financing for regional institutions constituted the remaining IDA commitments. IDA continues to have a strong focus on the poorest and most vulnerable countries, including Fragile and Conflict-affected Situations (FCS) countries and Small States. IDA

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[6] A total of 42 countries (or 56 percent of total IDA countries) are categorized as IDA-only countries in IDA20. Among them, 34 IDA-only countries received IDA resources in the first five quarters of IDA20 cycle.

[7] About 95 percent of the grants went to IDA-only countries. The rest went to regional institutions and small amounts to Kenya and Cameroon (Blend countries) through the Refugee Window and to Djibouti (Gap country) through the CRW.

[8] A total of 15 countries (or 20 percent of total IDA countries) are categorized as blend countries in IDA20. Among them, 11 blend countries received IDA resources in the first five quarters of IDA20 cycle.

[9] A total of 18 countries (or 24 percent of total IDA countries) are categorized as gap countries in IDA20. Among them, 14 gap countries received IDA resources in the first five quarters of IDA20 cycle.

financing to FCS countries has nearly tripled since IDA18 in response to the increasing challenges confronting governments in these countries. This increase can be attributed to the introduction of the FCV-specific regimes in IDA18 and the FCV Envelope in IDA19, which offered incentives and tailored support to FCS countries, as well as greater support from the windows. Commitments to FCS countries in the first 15 months of the IDA20 cycle reached $15.9 billion, or 41 percent of total IDA commitments, which was comparable to $16 billion in the same period of IDA19. For Small States, IDA commitments reached $624.7 million at the end of the fifth quarter of IDA20, lower than $814.8 million for the same period of IDA19. It is common to see slower delivery in Small States during the early stages of an IDA cycle, with increased volume in the second half of the cycle. Though IDA19 was an exception due to the pandemic-related expenditures, a similar[10] pattern was observed during the IDA18 cycle.

Figure 2. 3. IDA Commitments in the First Five Quarters of IDA20 to FCS Countries

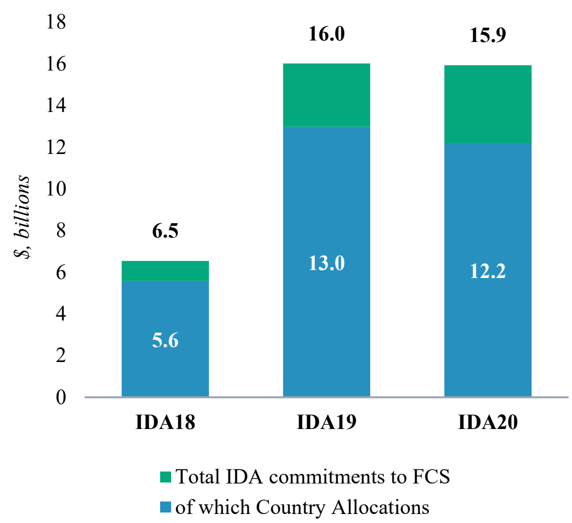
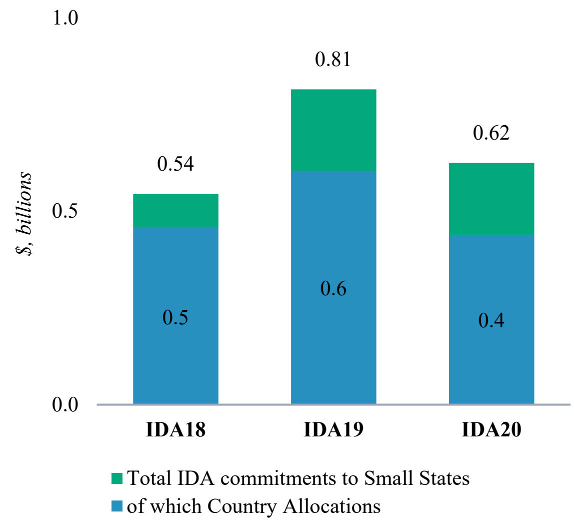


Figure 2. 4. IDA Commitments in the First Five Quarters of IDA20 to Small States



16. **A large share of IDA's resources continues to be provided as grants, reflecting the heightened debt vulnerabilities of many IDA countries.** IDA's grant allocation framework continues to prioritize the poorest and most fragile states at high risk of (or already in) debt distress. In the first five quarters of IDA20, grants amounted to $9.4 billion, accounting for 24 percent of total IDA commitments. This is consistent with the share of grants for the same period in IDA18 (24 percent), but lower than the share (34 percent) during the same period of IDA19. The change is partly explained by the introduction of 50-year credits in IDA20. In IDA19, non-Small States at moderate risk of debt distress received a 50/50 mix of grants and regular IDA credits, whereas in IDA20, these countries received 50-year credits instead. This change also contributed to increasing the share of grants going to FCS countries, which has risen from 54 percent in IDA18 to about 80 percent in IDA20. The Africa regions (AFE and AFW) received the largest share of grant commitments (87 percent), followed by the MNA and ECA regions.

10 Others in Figure 2.2 include transitional support credit, arrears clearance and recommitments data.

Figure 2. 5. IDA Grants to FCS Countries in the First Five Quarters, IDA18–IDA20

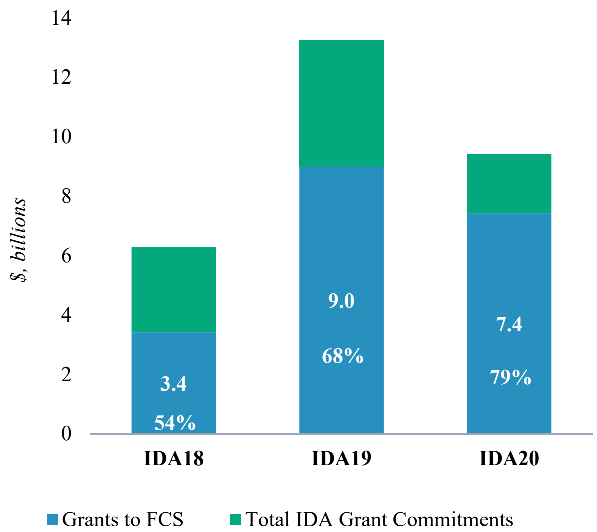
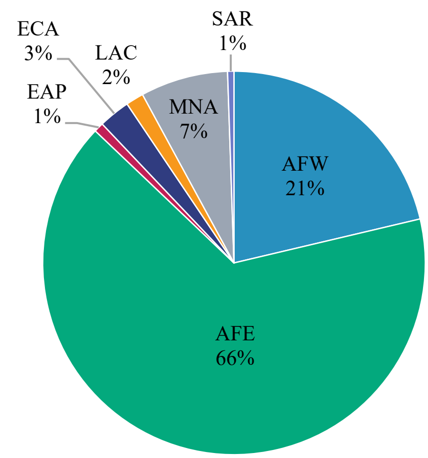
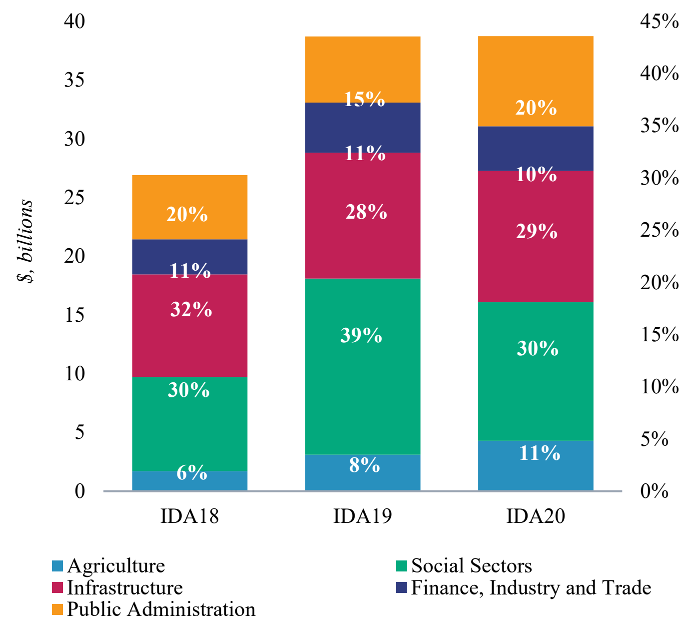


Figure 2. 6. Regional Share of Grant Commitments in the First Five Quarters



17. **The use of IDA20 resources to date has been concentrated in the social, infrastructure and public administration sectors, mirroring the trend seen in IDA19.** Thus far in IDA20, the social sectors have received the largest share of funding, with $11.8 billion or 30 percent of total IDA commitments. Among the subsectors, the greatest share has gone to social protection, followed by education and health. The second-largest allocation has gone to the infrastructure sectors, totaling $11.2 billion or 29 percent, with energy and extractive projects receiving the most support, similar to the same period in IDA19. While the sectoral demand for IDA is similar to IDA19, it is worth mentioning that IDA20 support to the social sectors decreased by 21 percent compared with the same period under IDA19. At the same time, there was a significant increase in lending to the public administration sector, up 36 percent to $7.7 billion, which represents 20 percent of total IDA commitments.

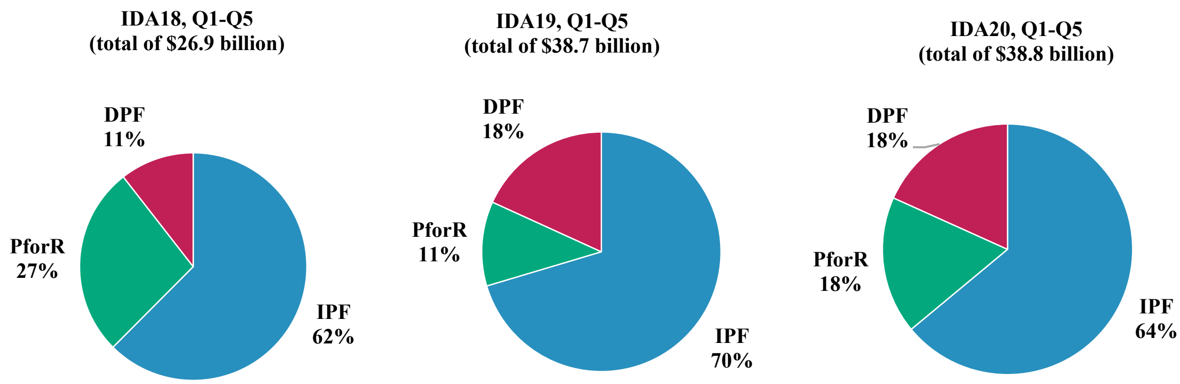
Figure 2. 7. IDA Commitments in the First Five Quarters by Sector (IDA18–IDA20)



18. **The use of IDA resources by instrument strikes a balance between investment and policy support.** Investment Project Financing (IPF) accounts for the largest share of IDA20

commitments to date, representing about two-thirds of total IDA commitments in IDA20. This figure is slightly lower than during the corresponding period of IDA19, though it remains at a similar level to that of IDA18. There has been an increase in the use of Program-for-Results (PforR) operations, which link disbursement of funds directly to the achievement of specific program results. PforR commitments account for about 18 percent of total IDA20 commitments to date, up from 11 percent during the same period in IDA19.[11] The use of Development Policy Financing (DPF) remains at 18 percent of commitments, the same level as IDA19, and plays an important role in helping client countries achieve sustainable development through a program of specific policy reforms and institutional actions.

Figure 2. 8. Breakdown of IDA18–IDA20 Instruments (Commitments in the First Five Quarters in a Cycle)



19. **The pipeline shows continued elevated demand for IDA resources for the remainder of the IDA20 cycle.** IDA20 resources are expected to be fully utilized, as demand and absorption capacity appear to be strong in many IDA countries. The current pipeline for the remainder of IDA20 is around $51 billion, and will grow over time as demand is translated into specific operations.[12] In particular, the countries in the Africa regions (both AFE and AFW) show strong demand for IDA resources, with the largest volumes in the pipeline, followed by the SAR and ECA regions.

20. **IDA used frontloading and reallocations to meet the need for elevated financing in FY23.** Under the GCRF, surge financing was agreed for FY23. Thirty-six countries frontloaded resources from FY24 to FY23 to meet heightened financing needs.[13] IDA approved exceptional frontloading above regular thresholds for 20 of these countries, mainly in the Africa regions, reflecting the importance of IDA's flexibility and ability to provide countercyclical financing

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11 The relatively lower share of PforR financing in IDA19 was partially due to preferences for using IPF and DPF financing in the types of emergency operations needed to support the emergency pandemic responses. In addition, in the years before IDA19, PforR financing had approached a cap previously established by the Board to ensure managed growth of the instrument, and use of the instrument was slowed so as to remain within the cap, requiring some time to rebuild demand and pipelines.

12 Based on pipeline as of November 13, 2023. Pipeline projects are tentative in nature and subject to change through formal reviews and client consultations. Projects with probability A, B, and C are included.

13 Out of the $34 billion of FY23 commitments, $1.2 billion represents grandfathered commitments made in July 2022 from the IDA19 envelope.

under its hybrid financial model. In addition, though reallocations are typically conducted in the second half of an IDA cycle, IDA conducted two reallocation exercises in FY23 (Table 2.1). The exercises aimed to make use of those country allocations that could not be committed during the year for various reasons specific to those countries, in order to support other countries in great need. The first exercise made both inter- and intra-regional reallocations. Most of the resources were reallocated from the EAP, SAR, and, to a lesser extent, the LAC regions to meet the increased needs in the AFE and AFW regions. The reallocated resources from EAP and SAR are mainly drawn from prior cycle commitments made to countries where Operational Policy 7.30, the Bank's Policy on Dealings with De Facto Governments was triggered (e.g., Myanmar and Afghanistan). The second exercise focused solely on intra-regional reallocations, and only the AFE and AFW regions participated. This implies that resources that are unlikely to be utilized during the cycle have already been reallocated, leaving less resources than usual for reallocation in the latter part of the replenishment cycle.

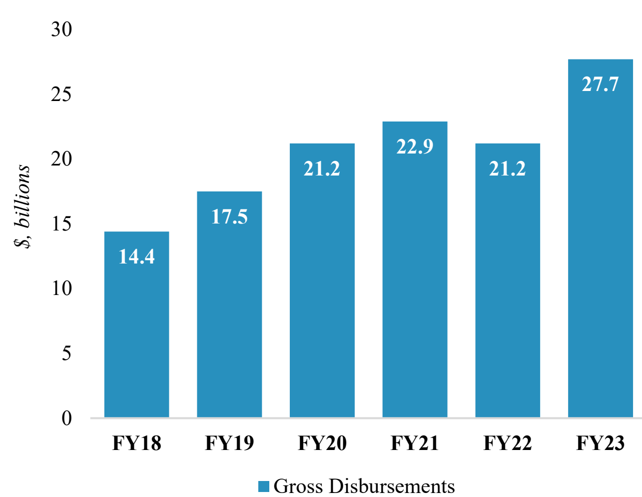
Table 2. 1. FY23 First Round of Reallocations

SDR million	**Total**
Western and Central Africa (Chad, Liberia, Sierra Leone, Togo)	**148.6**
Eastern and Southern Africa (Lesotho, Mozambique, Sudan)	**167.2**
East Asia and the Pacific (Fiji, Myanmar, Tuvalu)	**-159.7**
Europe and Central Asia (Kyrgyz Republic)	**20.5**
Latin America and the Caribbean (Nicaragua)	**-55.2**
Middle East and North Africa (Yemen, Republic of)	**14.7**
South Asia (Afghanistan, Sri Lanka)	**-136.0**
Overall Total	**-**

B. IDA20 Disbursements

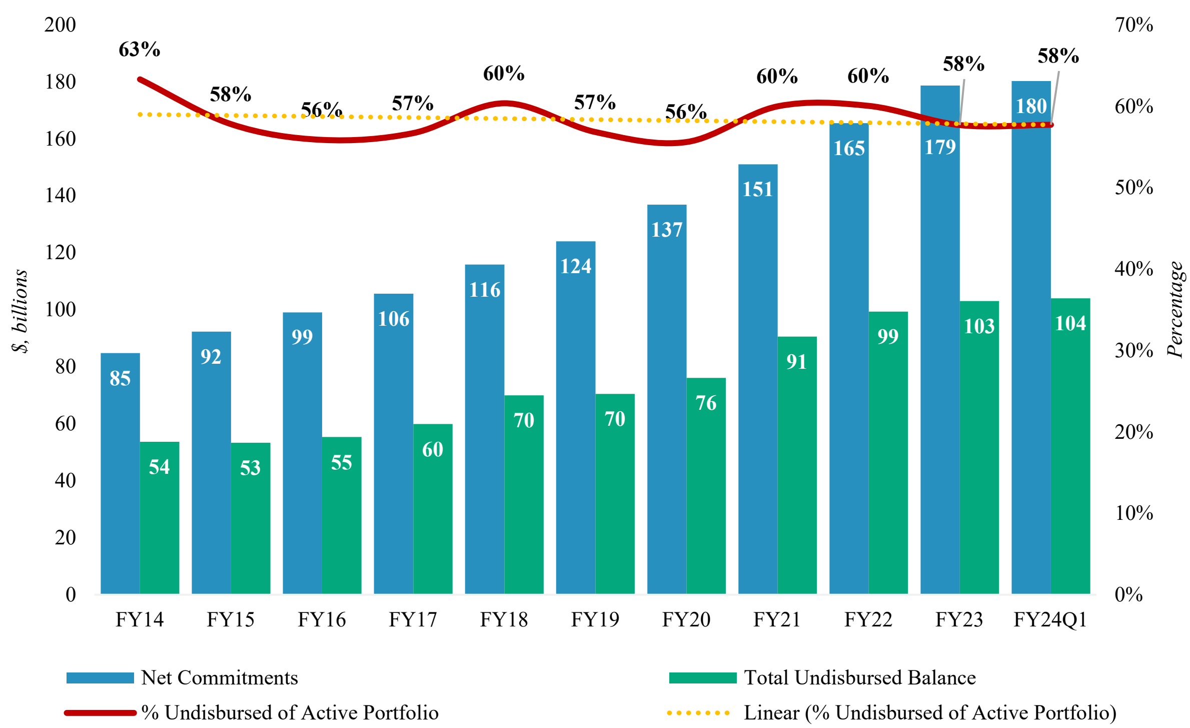
21. **Disbursements have been at record levels over the past few years.** The high disbursement levels suggest relatively high absorption capacity in IDA countries. Over the period FY14–19, IDA countries averaged $14 billion annually in disbursements. Disbursement levels began to increase in FY20. In FY23, IDA doubled the FY14–19 average, with a record $28 billion disbursed. Disbursements from IPF can lag in lower-capacity environments but, at $2.9 billion for the first quarter, they have been higher in the last quarter than in any of the first quarters of the last five fiscal years.

Figure 2. 9. Total IDA disbursements, FY18–FY24Q1



22. **IDA disbursements are increasing *faster* than record commitments.** In FY23, the undisbursed share of IDA balances compared with total portfolio commitments declined despite increasing commitments (Figure 2.10). Disbursements of $31.3 billion have nearly doubled compared with the same 15-month period in IDA18 and have reached 59 percent of the total disbursements ($53.1 billion) during the three-year IDA18 cycle. The first 15 months also marked an increase relative to the exceptional IDA19 cycle, increasing by about 20 percent relative to the first 15 months of IDA19, which included surge financing to respond to the COVID-19 pandemic.

Figure 2.10. IDA Active Portfolio Trends



23. **Importantly, disbursement has remained steady or improved even in challenging IDA contexts.** FCS countries and Small States can face daunting challenges regarding project implementation but, as with IDA countries as a whole, disbursements in FCS countries overall have also grown faster than commitments, even as portfolios in individual FCS countries have encountered disbursement delays due to political disruptions. From FY18 through FY22, undisbursed balances represented an average of 59.3 percent of total portfolio commitments in IDA FCS countries. In FY23, this value declined by nearly 3 percentage points, to 56.7 percent. As of the first quarter of FY24, it has declined further, to 55.9 percent (Figure 2.11). In IDA Small States, undisbursed balances are higher, averaging 64 percent over the FY18 through FY22 period. The value in FY23 was consistent with this average, but as of the first quarter of FY24 Q1 has declined by 3 percentage points, to 61 percent (Figure 2.12).

Figure 2. 11. Undisbursed Balances in IDA FCS Countries

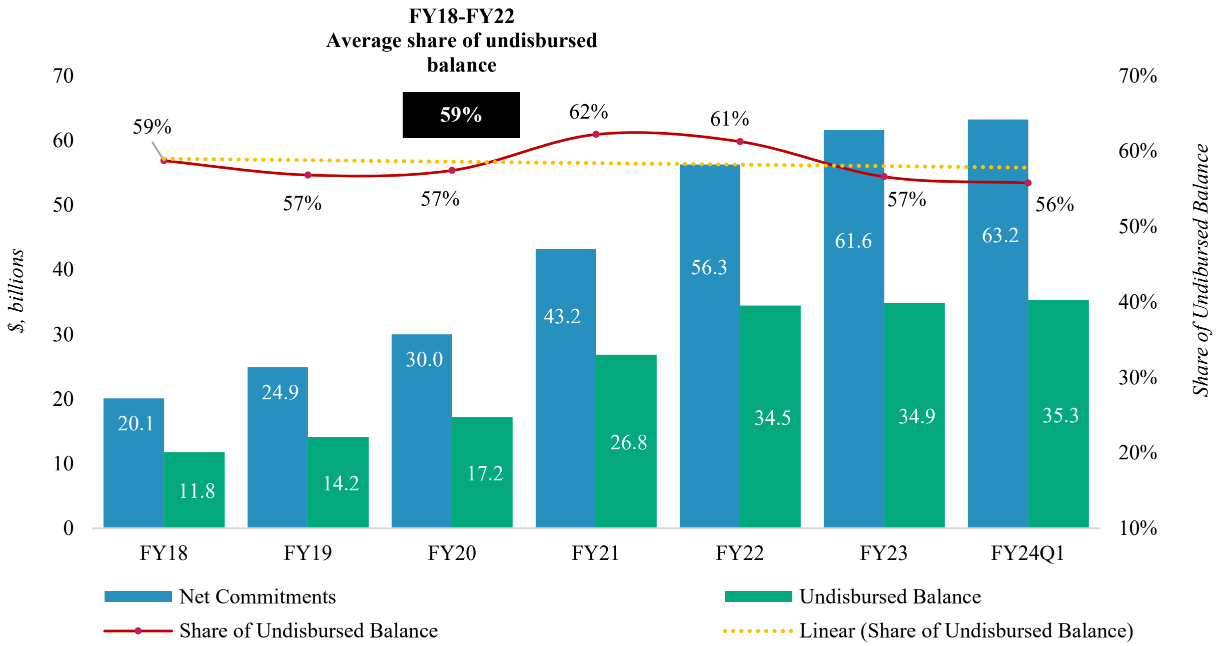
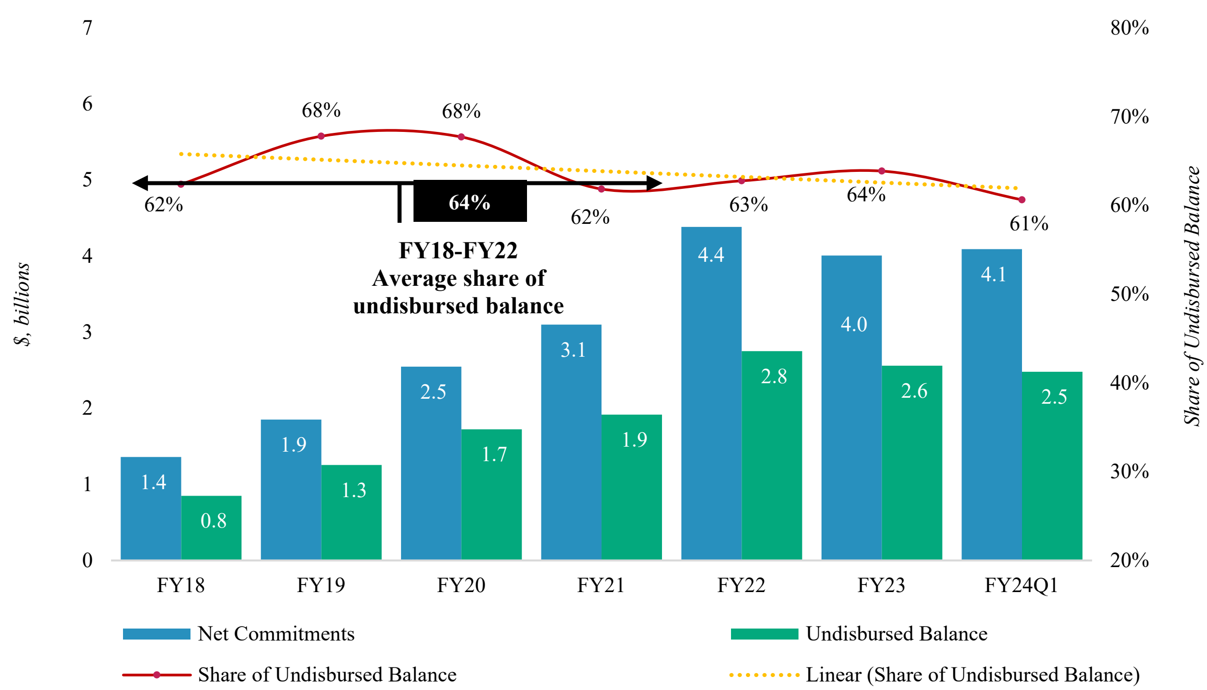


Figure 2. 12. Undisbursed Balances in IDA Small States



C. Reallocations

24. **No reallocation of resources from the IDA20 windows to IDA country allocations is proposed, due to strong demand for window resources for the remainder of IDA20.** The demand for window resources remains high and, with no under-utilization projected, this paper does not propose any reallocation from windows to country allocations or vice versa. The IDA policy framework allows for reallocation within windows across regions, and there may be scope for some adjustments along these lines. AFE has indicated additional demand for the Window for Host Communities and Refugees (WHR) resources,[14] and may be able to absorb resources from SAR. AFE[15] has also indicated additional demand for the Scale-Up Window's concessional shorter-maturity loans (SUW-SMLs). In addition, both AFE and AFW[16] may have demand for additional non-concessional resources through the Scale-Up Window (Regular SUW). These needs could potentially be met by inter-regional transfers from SAR, EAP, and ECA. In order to access additional resources, some AFW countries will need to have their country caps raised.

25. **Management continues to closely monitor window utilization and will provide regular updates to IDA Participants.** In the second half of FY24, after the MTR, an additional reallocation exercise will be carried out, as in previous IDA cycles. If further reallocations are required beyond the predetermined level of flexibility agreed with IDA Participants,[17] these proposals will be presented to Participants for consultations and endorsement, followed by a Board submission. Management is committed to updating IDA Participants and the Board during the remainder of FY24 and FY25. The final window allocations will be provided in the annual update on IDA allocations following the completion of IDA20.

D. FCV Envelope

26. **As IDA raises its ambition to serve the poorest countries, it must continue to deepen its engagement in countries affected by fragility, conflict and violence**. Extreme poverty continues to grow and concentrate in FCS countries, threatening the achievement of development goals. By 2030, an estimated 59 percent of the extremely poor will live in FCS countries. Operating in environments affected by FCV countries has become increasingly central to the World Bank's goal of eradicating poverty and is therefore increasingly central to IDA. Though there are limits to what development actors can do to prevent or resolve conflict (See Box 3.1, *Intensifying conflict, coup trends, and the role of the FCV Envelope and development assistance*), IDA has a strong

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[14] In particular, AFE has indicated its willingness to absorb additional WHR resources for Kenya, Ethiopia, South Sudan, and possibly Zambia.

[15] AFE has indicated an interest in additional SUW-SML resources for Kenya and Tanzania.

[16] AFE would likely use Regular SUW resources in Tanzania and for regional programs. AFW would be expected to use Regular SUW resources for Côte d'Ivoire, Benin, Togo, and Senegal, as well as for regional programs.

[17] For intra-regional reallocations, each region can reallocate up to five percent of the region's IDA20 allocations within the region**.** The five percent binding constraint by region is further supplemented by country-specific rules. Inter-regional reallocations may take place only if (i) unused IDA resources are identified in the second half of the IDA cycle and (ii) a region has used up all of its IDA20 allocation, but critical projects still need to be financed. If the intra-regional reallocation threshold described above (i.e., 5 percent of the regional envelope) is exceeded in the final year, any further reallocations will be considered as part of inter-regional reallocations. Also, the uncommitted portion of IDA country allocations, including unallocated FCV top-up, may be reallocated as part of inter-regional reallocations in the final year of the IDA cycle.

track record of performance in FCV contexts. A recent MTR of the WBG's Strategy for Fragility, Conflict and Violence (2020–2025) (the "FCV Strategy") highlighted progress in key areas such as the increase in IDA funding for FCS countries. [18] The review concluded that the FCV Strategy remains fit-for-purpose and that the ongoing WBG Evolution process further affirms the prioritization of FCV challenges. The FCV Envelope is a key element of IDA's support.

27. **The FCV Envelope supplements core country allocations for qualifying IDA countries that face a range of FCV risks.** These "top-up" resources allow IDA to target and tailor its support to the prevailing conflict and fragility dynamics specific to each eligible country. FCV Envelope resources are provided through three separate allocations: the Prevention and Resilience Allocation (PRA), the Turn Around Allocation (TAA), and the Remaining Engaged in Conflict Allocation (RECA). In IDA20, as of FY24 Q1, $2.1 billion has been provided as PBA top-ups to 12 countries.[19]

a. PRA (seven countries, $1,464 million): Burkina Faso, Burundi, Cameroon, Chad, DRC, Mozambique, and Niger;

b. TAA (three countries, $356 million): Central African Republic, The Gambia, and Somalia; and

c. RECA (two countries, $295 million): South Sudan and Yemen.

Table 2. 2. Countries Eligible to Access FCV Envelope as of FY24 Q1

Region	Country
AFW (7)	Burkina Faso (PRA), Cameroon (PRA)*, Chad (PRA), Mali (PRA)*, Niger (PRA)*, Central African Republic (TAA)*, The Gambia (TAA)
AFE (5)	Democratic Republic of Congo (PRA)*, Mozambique (PRA), Burundi (PRA)**, South Sudan (RECA), Somalia (TAA)*
MNA (1)	Republic of Yemen (RECA)

*Note: Sudan lost eligibility to TAA in IDA20; Mali did not receive a FY23 allocation, as a FY22 annual review was not submitted. *Countries that are eligible to access FCV envelope but yet to submit an annual review to confirm continued eligibility. **Burundi gained eligibility to access PRA in FY23.*

28. **As key World Bank financing tools to strengthen support in prevention and transition contexts, the PRA and TAA help ensure a more structured policy dialogue on FCV.** The introduction of a systematic eligibility process for accessing PRA and TAA financing has allowed IDA—in collaboration with partners—to support client governments in developing prevention and transition strategies and programming that address the interlinked dimensions of development,

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18 World Bank Group, *Mid-Term Review of the World Bank Group Strategy for Fragility, Conflict, and Violence (2020–25)*, October 2023, Washington, DC. Available at: *https://www.worldbank.org/en/topic/fragilityconflictviolence/publication/fragilit-conflict-and-violence-mid-term-review#:~:text=The%20MTR%20recommend%20the%20World,development%20outcomes%2C%20and%20building%20strong.*

19 Countries that received FCV Envelope resources in FY23 and FY24 after their Annual Review Notes submission/approval. Amounts are based on the floatable spot exchange rate as of September 30, 2023 (SDR/US$ = 1.31498)

governance, and security within the context of prevention and transition. Milestones building on the governments' own strategies are used to guide policy dialogues on sensitive issues related to prevention and transition, and as a joint framework to monitor progress. Annual reviews of PRA and TAA milestones are required to maintain eligibility.

29. **PRA and TAA processes offer a robust platform for engagement with development partners on FCV topics.** Under the overall leadership of respective governments, the processes are often the first time that development, humanitarian, and security-related issues are comprehensively discussed within a single policy framework. Depending on the country context, coordination may involve aligning diagnostics and approaches to address key policy challenges, consultations on critical government milestones, and the monitoring of those milestones. This approach has proven particularly valuable on topics or milestones that are outside the WBG's comparative advantage or mandate, or where other partners are providing support, notably on political, stabilization, security, humanitarian, and justice matters.

30. **A review of milestones for the *Mid-Term Review of the WBG Strategy for Fragility, Conflict and Violence* indicates that, since the introduction of the FCV Envelope, 67 percent of the milestones or yearly targets were achieved or had made significant progress.** Amid overall progress, 27 percent of agreed milestones made only some progress, and a small proportion—6 percent—did not progress. Security and development-related milestones progressed relatively well. Overall, milestones at policy or legislative levels or that seek to strengthen national systems have progressed less rapidly than milestones focused on service delivery, pointing to the challenges of affecting wider policy and systems change. Sixty-eight percent of policy or legislative milestones were achieved or displayed significant progress, while 53 percent of milestones focusing on national systems were achieved or displayed significant progress. By contrast, 78 percent of milestones focused on providing services on the ground were achieved or made significant progress.[20] In nearly all countries, milestones specifically addressed gender either in terms of increased service delivery or participation in decision-making processes for women, including in conflict management, peace, and transition structures.

31. **For countries accessing the PRA or TAA, the additional funds have provided a decisive incentive to recalibrate country programs to attempt to address some FCV drivers.** For countries at risk of escalating conflict or seeking to break the FCV cycle, the prevention, turnaround, and resilience effort is not a matter of adding projects to implement in parallel with the "traditional" program. It requires refocusing the entire portfolio toward addressing and mitigating FCV drivers and risks in support of governments' broader strategies on prevention or transition, including in country engagement documents, country dialogue, and the pipeline and portfolio of operations and analytical products, as appropriate.

32. **Remaining Engaged in Conflict Allocation enables the Bank to maintain some engagement in IDA countries with high-intensity conflict and extremely limited government capacity.** RECA builds on the experience of an exceptional allocation to Yemen under IDA18 and was institutionalized as part of the FCV Envelope. During IDA19, Yemen and South Sudan received $365 million from RECA. In South Sudan, RECA support has facilitated an ambitious

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[20] Milestones analysis for the MTR. Progress is measured against the completion of the milestone, or its yearly target as indicated in the latest annual progress report.

expansion of the Bank portfolio, with a focus on strengthening government ownership. Since FY17, the Yemen project portfolio has nearly tripled, from $850 million to $2.41 billion. RECA funding has helped sustain basic service delivery while supporting institutional capacities and human capital priorities. The Bank has implemented projects through international partners, mainly United Nations (UN) agencies while helping national and local institutions to prepare for a transition.

33. **To remain fit-for-purpose, the FCV Envelope needs to carefully consider situations where development assistance can have a positive impact on stability.** While the FCV Envelope is meant to be a flexible mechanism that allows for tailored approaches to FCV risks, the entry/eligibility requirements may have excluded potential candidates. For example, based on lessons from the IDA18 Risk Mitigation Regime, the PRA currently focuses on preventing further escalation of conflict where there are already conflict-related fatalities, as opposed to supporting more upstream conflict prevention. Given the high human and development toll of conflict, there have been discussions as to whether the Bank could do more and intervene earlier with dedicated funding for conflict prevention in countries that are committed to addressing key drivers of conflict. Similarly, during the IDA19 MTR, Management observed that FCV Envelope implementation arrangements should include a systematic and sustainable phase-out mechanism. The lack of a clear exit strategy may pose risks to countries' ability to plan for significantly smaller country allocations without the FCV Envelope's top-ups and, subsequently, the Bank's continued engagement.

34. **IDA21 replenishment negotiations will offer an opportunity to consider how to calibrate the FCV Envelope so that it remains well-targeted and continues to justify the variation from IDA's regular performance-based financing model**. Implementation of the FCV Envelope is still fairly new. Though it has operated across both IDA19 and IDA20, compression of the IDA19 cycle means that the FCV Envelope has effectively been in place for the duration of one typical IDA cycle, during a period when IDA countries have encountered multifaceted political, security and development challenges. The Bank is continually learning from and adjusting its approaches to FCV. To ensure these lessons inform IDA21, an analysis will be developed for IDA21 replenishment discussions that will explore, *inter alia*, the eligibility and management of the Envelope, its use and its ability to support the Bank's mission in complex environments, and how best to phase out FCV resources. In addition, to reflect the fluid and often rapidly changing FCV contexts, the analysis will consider whether current flexibilities of the FCV Envelope (such as the ability to move between allocations and/or to pause annual top-ups) should further be enhanced to ensure that resources are employed where needs are higher and implementation is efficient.

35. **Sustaining engagement in FCV requires flexibility to adapt to volatile environments**. Implementation of the FCV Strategy has underscored the importance of adaptability when operating in volatile environments. IDA's legal and procedural frameworks offer considerable flexibility for engaging in FCV contexts, including the FCV Envelope. However, recent circumstances, for example in Afghanistan and Sudan, have highlighted the importance of the flexibility to provide financing to third parties, in certain limited circumstances where Operational Policy 7.30 (Dealings with De Facto Governments) has been triggered, the assessment to determine whether to resume disbursements through direct financing has not been finalized, and

consultations suggest the need for third-party financing to sustain essential services and preserve development gains or avoid setbacks linked to disengagement. Management will continue to raise country-specific circumstances with IDA Participants during IDA20, and act quickly and consistently within the scope of IDA's articles and policies in countries with complex political transitions, where the population could benefit from IDA resources.

E. IDA20 Window Implementation

36. This section focuses on the performance, lessons learned, and proposed adjustments to IDA windows, as well as future directions in the context of the WBG's Evolution.

i. Crisis Response Window

37. **With the ongoing poly-crisis driving demand, 75 percent of the CRW's $3.3 billion envelope was allocated in the first 15 months of IDA20.** The CRW provides financing to respond to severe crises. Referred to as "Last Resort" financing, these resources supplement national responses to qualifying disasters caused by natural hazards, health emergencies, and economic crises. It also offers "Early Response Financing" (ERF) in limited amounts to countries facing slow-moving crises in the form of disease outbreaks or food insecurity. Heavy demand for resources in IDA20 has resulted in most CRW resources being allocated within the first 15 months of the cycle.

Box 2. 1. CRW Last Resort Funds at Work in Pakistan's Sindh Province

From June to August 2022, torrential rains and a combination of riverine, urban, and flash flooding led to an unprecedented disaster in Pakistan. The World Bank and United Nations Development Programme partnered to facilitate a Government of Pakistan-led Post-Disaster Needs Assessment (PDNA), with support from the Asian Development Bank, the European Union, and United Nations agencies. The PDNA estimated total recovery needs at $16.3 billion. A majority of the damage was incurred in Sindh province. After mobilizing $5.9 billion from national resources, existing World Bank projects, and pledges from other international partners, Pakistan still faced a recovery financing gap of $10.4 billion. It requested $350 million from the CRW to support a key recovery operation.

The Sindh Flood Emergency Housing Reconstruction Project (an IPF) aims to build or repair 350,000 sustainable, multi-hazard resilient housing in selected areas of Sindh affected by the floods. Housing delivered under the project will meet enhanced resilience standards, reflect local preferences, and use available materials. The structures will include basic rainwater harvesting systems and latrines to improve water, sanitation and hygiene. The project offers technical support and safeguards to protect vulnerable households, included female-headed households, and is providing capacity development to help Sindh improve long-term resilience in its communities through improved design and construction practices. The project aims to support 350,000 multi-hazard resilient core housing units, benefiting an estimated 1.4 million people, roughly half of whom are women.

38. **With climate change increasing the frequency and severity of weather-related disasters, 68 percent of the CRW's Last Resort resources were allocated in the first 15**

months. Eight allocations totaling $1.315 billion[21] have been made from the CRW's Last Resort financing. A majority of funds have been directed to natural disaster responses. CRW is financing flood responses in Pakistan (see Box 2.1) and Mauritania, drought responses in Ethiopia, Yemen, and South Sudan, and cyclone responses in Mozambique and Malawi. One allocation has been made for a health emergency: a cholera outbreak in Malawi. Two countries—Cabo Verde and Benin—have benefited from IDA20's enhanced incentives to include Catastrophe Deferred Drawdown Options (Cat-DDOs) in DPF operations. These incentives are financed from Last Resort resources.[22] Although several countries have inquired about the availability of Last Resort funds for economic crisis response, thus far in IDA20 none has met the eligibility criteria for severity set out in current implementation arrangements.

39. **Ninety percent ($898 million) of the CRW's Early Response Financing was allocated in the first 15 months of IDA20 in an effort to help combat rising food insecurity.** The war in Ukraine in 2022 added food price inflation to food insecurity that had been increasing globally since 2015, pushing additional people into hunger. In line with the July 2022 GCRF,[23] IDA moved quickly to make ERF resources available in 24 countries to combat food insecurity.[24] A majority (16 countries) received the maximum available allocation of $50 million, while eight smaller countries received allocations calibrated to population size and planned operations, with values ranging from $8 million to $15 million. Early actions financed by CRW ERF funds may vary depending on country circumstances. For example, Yemen used a $50 million ERF allocation to supplement a project restoring community-based agricultural production through training of farm households and provision of inputs (seeds and tools) and services (animal health); Somalia focused on expanding an emergency basic service operation with a specific focus on nutrition, health, water, sanitation and emergency unconditional cash support for individuals who had been displaced by drought; and Tajikistan is using the resources to strengthen crop and livestock early warning systems and address acute bottlenecks in the food distribution and production system.

40. **Crisis preparedness initiatives linked to CRW financing are progressing after some delays.** Countries that receive CRW ERF resources to respond to food insecurity are required either to demonstrate that they have in place a Food Security Crisis Preparedness Plan (FSCPP), or that they will develop such a plan within a set period after signing project agreements. FSCPPs are national operational plans that aim to detail the process for recognizing emerging and major food and nutrition security crises, describe how crisis risks are actively monitored and identified,

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21 These allocations represent 57 percent of the CRW's Last Resort resources. IDA20's enhanced incentives for crisis preparedness include a commitment to fund 25 percent of the value of Cat-DDOs from CRW Last Resort funds. A total of $250 million has been reserved for that purpose, bringing the total allocation to $1.565 billion, or 68 percent of CRW Last Resort funds.

22 An additional 14 operations with Cat-DDOs are under preparation. Twelve of the countries planning such operations, including eight in the EAP region, two in SAR, and one each in the AFE region and the AFW region have not otherwise benefited from the CRW thus far in IDA20, so the incentive is helping to expand the reach of the window.

23 World Bank Group, *Navigating Multiple Crises, Staying the Course on Long-Term Development: The World Bank Group's Response to the Crises Affecting Developing Countries*, July 2022. Washington, DC. Available at: *https://documents1.worldbank.org/curated/en/099640108012229672/pdf/IDU09002cbf10966704fa00958a0596092f2542c.pdf*

24 Note that in LAC, Honduras returned an ERF allocation in FY24 Q2 after discussions around a proposed project failed to advance. Several other countries are currently eligible to draw from the ERF to finance responses for food insecurity, and the returned funds are expected to be re-allocated soon.

and detail step-by-step protocols, roles, and timelines for early action across multiple actors, including government, humanitarian, development, and peace stakeholders. Covenants in Financing Agreements for CRW-financed operations are used to operationalize the commitment to develop these ambitious plans in individual recipient countries. Initial compliance with the covenant was inconsistent, with some early ERF recipients having missed deadlines for developing FSCPPs. However, outstanding FSCPPs are now in various stages of development in all countries where they are required due to past CRW ERF allocations.

41. **As outlined in the Crisis Response Facility endorsed in April 2023, the new CRW+ resources will be used to support both Last Resort and Early Response Financing needs, while streamlining some eligibility requirements.** Management has considered approaches for administering CRW+ contributions in line with the IDA Crisis Facility. Existing CRW eligibility criteria aim to maximize transparency, rigor, and equity for countries seeking access to the finite pool of CRW resources. In the case of ERF resources, however, a per-country cap of $50 million per IDA cycle for food insecurity may limit the utility of the financing in larger IDA countries, some of which are experiencing severe levels of food insecurity. In the case of Last Resort financing for economic crises, the current criteria may be too narrowly drawn to provide assistance to countries grappling with economic stressors in the current global context. The final level of CRW+ financing will determine whether resources are sufficient to meet the additional demand foreseen through both simplifications. Even at a lower level of CRW+ financing, resources would be adequate to allow some countries to exceed the $50 million per country cap on use of ERF resources. Additional resources would be needed to support a broadened access to Last Resort resources for economic crises. Accordingly, a tiered approach is suggested for determining which eligibility simplifications to apply (See Table 2.3.).

42. ***Depending on the availability of funding, Management recommends using CRW+ pledges initially to supplement both Last Resort and ERF funds, with potential to supplement ERF resources in large countries that were under-resourced by initial ERF allocations for food insecurity. If CRW+ pledges exceed low-range estimates, Management recommends streamlining criteria for accessing Last Resort resources for economic crises to make resources available to assist countries facing economic shocks.*** See Table 2.3 for details.

Table 2. 3. Management Proposal for Use of CRW+ Resources

Tiered Proposals by Prospective Funding Scenario	
Prospective CRW+ financing level	***Recommended approach***
Low case: CRW+ contributions $500 million or less	• Use funds for both Last Resort and ERF, as needed. • Allow larger countries to exceed the $50 million per country cap on use of ERF resources, where needed.
High case: CRW+ contributions exceed $500 million	• In addition to the above, simplify criteria for accessing CRW Last Resort funds to respond to economic crises. Specific adjustments will depend on the final total CRW+ resources. Management will update IDA Participants on applicable adjustments.

ii. Private Sector Window

43. **Since its inception in IDA18, the PSW has played a significant role as an innovative development finance tool dedicated exclusively to mitigating risks to high-impact private investment in the world's most challenging markets.** Originally conceived as a pilot the PSW was launched in recognition of the essential role the private sector plays in lifting people out of poverty through sustained job creation, economic transformation, and domestic resource mobilization. PSW resources are deployed as returnable capital (guarantees, swaps, loans and other instruments that may be offered with or without concessional pricing), to enable projects that would not otherwise happen. The PSW thus generates reflows to IDA, recycling the institution's capital. IDA20 has seen an accelerated rate of approvals, with a total of $1.1 billion approved in the first five quarters of the cycle (or 44 percent of the total IDA20 PSW allocation), well above the $160 million and $611 million approved in the same period under IDA18 and IDA19, respectively. PSW resources have mainly been used in Sub-Saharan Africa and South Asia, the regions with the highest proportion of IDA-only and IDA-FCS countries. Across sectors, PSW utilization has been highest in the financial institutions and the banking sector, reflecting IFC's work through financial intermediaries to reach micro-, small, and medium enterprises (MSMEs), which are the engine to create jobs and lift people out of poverty. Looking ahead, the PSW pipeline indicates full utilization of the $2.5 billion IDA20 PSW allocation.

44. **By crowding in private sector investors, the PSW uses IDA resources to mobilize new development financing without adding to sovereign debt.** Each $1 of PSW finance has enabled $5 of commercial finance (roughly $2 from IFC and MIGA investment and $3 of third-party investment). PSW approvals have grown consistently and reached a cumulative $4.1 billion across the IDA18–19–20 cycles**.** This $4.1 billion has catalyzed $21 billion of new private financing for low income and fragile countries over the past 5 years. PSW-supported transactions are expected to generate between 1.0 and 1.3 million[25] jobs, expand access to health care for over 1 million patients, support more than 170,000 farmers, install renewable energy capacity of 560 MW, and reduce annual greenhouse gas (GHG) emissions by over 490,000 tons of CO_2-equivalent. The PSW has proved to be a flexible mechanism, capable of evolving to respond to the deteriorating external environment since 2018, and incorporating lessons learned to maximize development outcomes. For example, as access to credit for MSMEs and access to trade finance dried up during the COVID-19 pandemic, the PSW provided critical countercyclical support in these areas. Infrastructure projects, as well as investments in funds and in platforms that support access to finance for MSMEs, show a particularly high mobilization potential going forward.

45. **The five years since the launch of the PSW have witnessed unprecedented threats to development, and supporting the private sector as a development partner, along with government and civil society, has never been more urgent or more challenging.** The investment environment for private sector actors in IDA-only and IDA FCS countries has become

[25] Note that these figures are as of FY24 Q1, and as a result are slightly higher than the figures reported in the *IDA20 MTR Private Sector Window Implementation and Utilization* paper, which reports data as of the end of FY23. The current estimate is between 1,009,000 and 1,269,000 jobs. Jobs estimates include direct jobs (such as jobs created by a client company as a result of a project), indirect jobs (which can occur downstream and/or upstream from project or client company) and induced jobs (which are caused by an increase in domestic consumption resulting from an increase in direct and indirect employment and income).

dramatically more precarious. The PSW was conceived as a key One World Bank tool to enable impactful private sector investments and support the most vulnerable. To date, the PSW has supported 238 investment transactions globally, covering over 60 percent of PSW-eligible countries, and contributed to all IDA20 Special Themes. To illustrate a few, the PSW has: (i) enabled IFC's and the Multilateral Investment Guarantee Agency's (MIGA's) first investments in Burkina Faso, Liberia and Yemen in more than a decade; (ii) facilitated the expansion of financial intermediaries' portfolios to support MSMEs at the base-of-the-pyramid, including women-owned and health-care MSMEs; (iii) provided finance for clean energy and other climate-related projects; (iv) expanded micro housing finance for low-income households; and (v) enabled first-of-a-kind renewable independent power producers in Sub-Saharan Africa.

46. **The IDA20 MTR paper on the PSW highlights utilization, development impact and lessons learned for the PSW, and will be accompanied by an updated Independent Evaluation Group (IEG) Focused Assessment of the Window.** The MTR paper highlights the accelerated utilization of PSW over time, its role in enabling IFC and MIGA to expand operations in IDA-only and IDA-FCS countries, and its expected developmental outcomes. It also calls for a continued assessment of disbursements and materialized risks to inform the design of future projects, while maximizing PSW utilization, as also identified by the IEG evaluation. It discusses the need for internal training and outreach across the institutions to accelerate utilization and pipeline development. It also highlights additional directions that Management is working toward to hone the operational model of the PSW, including further simplifications and the enhancement of the PSW governance and optimizing the PSW capital allocation.

47. **Overall, the IEG assessment's findings are aligned with the PSW MTR paper.** For example, both papers find that the usage of the PSW has picked up, that it has facilitated the scaling-up of IFC's and MIGA's activities in PSW-eligible countries, and that all PSW projects contribute to at least one IDA Special Theme. Also, the assessment complements the PSW MTR report by focusing on financial and non-financial additionality of IFC's operations using the PSW, on the risks that the PSW helps IFC and MIGA overcome through concessionality, and on conformity with the minimum concessionality principle.

48. **The IEG assessment makes two main recommendations, the first related to enhanced modeling of the risks taken by the PSW and reducing capital provisioning, which may result in better ways to deploy IDA capital, and the second related to strengthening the reporting of financial results and risk-sharing to WBG Management and the Board.** More specifically, IDA, IFC, and MIGA should develop annual financial management reports that show their profits and losses for PSW activities—per agency, per facility, and by instrument—so that the effects of risk transfers among the three agencies can be clearly tracked. This reporting can be tied into IFC's and MIGA's existing risk reporting systems that cover all projects. The first recommendation is aligned with the proposed review of PSW capital charges and with the findings of the PSW MTR paper suggesting to better assess the materialization of risks over time, especially under pooled first-loss guarantees. The second recommendation would require additional joint efforts to understand costs and benefits of the PSW for the three institutions. If adopted, it would require deeper coordination between IDA, IFC and MIGA to create **new inter-agency financial reporting mechanisms** to better track risk transfers.

49. **In the PSW MTR paper, Management acknowledges that the partnership model adopted between IDA, IFC and MIGA is appropriate for the use of scarce PSW resources, but there is an opportunity to simplify and clarify both governance and guidelines on the utilization of funds to build a "Better Bank".** A streamlined partnership model can efficiently ensure that projects are complementary to IDA countries' strategies and an equitable share of risks is assumed by the different institutions.[26] The use of Development Finance Institutions Enhanced Principles for Blended Concessional Finance for Private Sector Projects[27] has been an effective mechanism to assess the ex-ante case for the PSW. Therefore, all actions taken to enhance processes are in the spirit of maintaining the IDA country-based model, reinforcing the use of the DFI Principles, and further enhancing the PSW's efficiency and effectiveness.

50. **In FY23, IDA, IFC and MIGA worked on streamlining internal processes, with the aim of enhancing speed and predictability**. A swift implementation model allows teams to efficiently experiment with new ideas and build feedback-loop mechanisms. Some of the streamlining efforts implemented include: (i) standardized rules and simplified approval processes under programmatic approaches; (ii) risk-based tiering for project approvals, using objective, rules-based criteria to assess eligibility and prioritization for PSW financing; (iii) simplifying back-office execution processes; (iv) enhanced upstream engagement between World Bank operational teams on the ground; and (v) harmonized Board documentation to reduce duplication and improve coherence, including through an increased emphasis on joint papers for approval to the IDA, IFC and MIGA Boards. In the run up to IDA21, further simplifications and streamlining of PSW governance will be pursued.

51. **Management proposes three adjustments to the PSW operational model to further enhance its impact and mobilization potential**. The *Private Sector Window Implementation and Utilization* paper prepared for the MTR further expands on these proposals.

a. ***Management proposes to modify the PSW Policy to extend the PSW Blended Finance Facility and Local Currency Facility to third parties in IDA20, alongside IFC in IFC-led transactions, without a need for a waiver from the IDA Executive Directors to the PSW Policy.*** The Blended Finance Facility (BFF) and Local Currency Facility (LCF) roles in mobilizing private sector investments in IDA-only and IDA-FCS countries could be enhanced by extending the facilities to third parties alongside IFC-led transactions. This would further leverage the IFC platform to mobilize other development finance institutions, for example in the climate space. The arrangement is possible at present but requires the approval of complex policy waivers.

b. ***Management proposes to expand the PSW MIGA Guarantee Facility (MGF) to extend support to MIGA's trade finance guarantees to respond to heightened needs for this product.***

[26] IDA Representatives participate in the decision-making process for the allocation of PSW resources to IFC and MIGA transactions, and independently review risks borne by IDA.

[27] The Development Finance Institutions Enhanced Principles for Blended Concessional Finance for Private Sector Projects, also referred to as the "DFI Principles" are described in the IDA20 MTR paper *Private Sector Window Utilization and Implementation*, Annex 5.

c. ***Management proposes to expand the MGF to liquidity support guarantees starting in IDA20, which can help further scale up renewable energy and infrastructure.***

iii. Window for Host Communities and Refugees

52. **The WHR continues to support solutions to protracted refugee situations, with 17 countries accessing the window (Liberia's eligibility was confirmed in IDA20) and two more preparing for eligibility (Zambia and Togo).** In the first five quarters of IDA20, the WHR has approved 11 operations in seven countries, with commitments reaching $470 million, or 20 percent of the total IDA20 indicative WHR envelope. Only Africa regions have delivered operations to date in IDA20, with the AFE and AFW regions accounting for 73 and 27 percent of the total WHR commitments, respectively. The SAR region has WHR-supported operations in its current pipeline. Thirteen operations are currently in the pipeline in nine countries: Burundi, Ethiopia, Kenya, Uganda, Zambia, (AFE), Chad, Mauritania, Niger (AFW), and Bangladesh (SAR) totaling $1.1 billion. As such, it is expected that WHR resources will be fully committed by the end of the IDA20 cycle.

Table 2. 4. Actual Delivery of WHR by Region as of FY24 Q1

Region	Number of approved operations	Country	Total Commitments ($ million)
AFW	3	Liberia (1), Cameroon (1), Chad (1)	125
AFE	8	South Sudan (4), Uganda (1), Kenya (2), Ethiopia (1)	345
		Total	**470**

53. **IDA20 projects approved and in the pipeline to date demonstrate diverse and innovative approaches to addressing the challenges of displacement.** While the portfolio remains focused on IPF in core sectors such as education, job creation, and energy access, there is now a wider use of instruments such as PforRs and interest in combining with other financing modalities, such as the Regional Window. In Liberia, the first DPF operation co-financed by the WHR was approved to support the regularization of status for former refugees whose refugee status ended in June 2022. This DPF supports refugees' continued access to basic services and the regularization of refugees' status as permanent residents. The World Bank is currently working with the Government of Chad for a second DPF financed by the WHR to support its efforts in dealing with the new surge of Sudanese refugees fleeing the conflict in Sudan.

54. **The World Bank continues to closely monitor the attractiveness of the financing package to refugee-hosting countries.** In a trend similar to IDA18 and IDA19, the WHR appeared to be undersubscribed in the early part of the IDA cycle, but the pipeline has gradually developed. Past experience shows that demand tends to be backloaded, and the full window is likely to be committed before the end of the cycle. However, it is worthwhile examining during the IDA21 discussions whether some revisions of the financing terms and implementation arrangements could provide both an uptake in financing and a simplification of IDA.

iv. Regional Window

55. **The Regional Window (RW) incentivizes countries to work toward regional solutions to pressing development challenges.** In the first 15 months of IDA20, 26 operations were approved with support from the IDA20 RW, amounting to $3.7 billion, which is equivalent to about 51 percent of the full IDA20 RW envelope. In IDA20, the RW has financed investments in: infrastructure (such as transport corridors, energy, digital connectivity); climate resilience, education and skills; response to COVID-19 and extreme environmental hazards; trade and economic production; and women's empowerment. In the Horn of Africa, the RW helps finance regional connection through fiber optic cables, digital infrastructure, and harmonization of data policies of an area spanning Djibouti, Somalia, South Sudan, Ethiopia and Kenya (see Box 2.2). A SAR project financed by the window works to transform the management of Indian Ocean fisheries—an effort that supports the collaboration between countries on both the South Asian and East African sides of the Indian Ocean for more sustainable fishery management, as well as more environment and climate-friendly practices. In Cambodia, a recently approved project is supporting combating marine plastics in shared rivers connecting to the Pacific Ocean.

56. **Demand for the RW remains high, particularly in AFE and AFW.** These regions have already committed 67 and 65 percent of their full IDA20 RW allocations, respectively. At $2.8 billion for the rest of FY24 and FY25, the total indicative RW pipeline is strong. FY24 pipeline projects include additional investments in transport corridors and in regional energy transmission in the *Horn of Africa*, a digital connectivity Series of Projects (a sister project to the EARDIP initiative described in Box 2.2) and a regional disease surveillance and pandemic preparedness operation in *West Africa*, food system resilience programs, hydropower investments in *Central Asia*, and a project seeking to enhance transversal and advanced technical skills and innovation in post-secondary education in *Latin America and the Caribbean*. In IDA20, the RW continues to support regional initiatives to address FCV drivers, particularly in the Sahel and in the Horn of Africa.

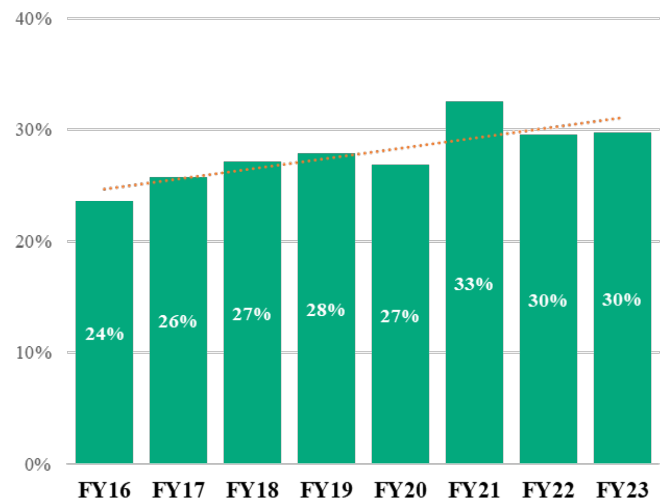
Box 2. 2. Digital Connectivity and Integration in the Horn of Africa

Drawing on RW support, IDA20 is working in the Horn of Africa to increase affordable access to regional broadband connectivity and strengthening the enabling environment for cross-border digital services. The first in a Series of Projects, the *Eastern Africa Regional Digital Integration Project* (EARDIP) was launched in FY23 with support to Somalia, South Sudan, the East African Community, and the Intergovernmental Authority on Development ($172 million in total and $123 from the RW) to kickstart long-term IDA engagement in advancing regional integration of digital markets. A complementing project was subsequently approved in Kenya ($390 million, of this $40 million from the RW), and an operation in the same Series of Projects is in late stages of preparation for Ethiopia and Djibouti ($130 million, including $67 million from the RW)—an operation with components that target the inclusion of refugee populations and is co-financed with IDA's WHR. These projects help equip the Horn of Africa/East Africa for digital transformation and pave the way for increased transnational digital trade and services. Subsequent phases are looking to tie in West, Central and Southern Africa.

The EARDIP program is part of a wider Horn of Africa initiative to support development in a region that has often faced challenges ranging from food insecurity to fragility.

57. **Innovations in IDA20**: RW operations are expected to generate positive spillovers—or mitigate negative ones—across boundaries among participating countries. These objectives were strengthened at the start of IDA20 by hardwiring a requirement for Project Development Objective-level indicators.[28] Every operation receiving RW support in IDA20 tracks regional spillover effects with an indicator.[29] In addition, Deputies agreed to make the RW instrument-neutral by allowing the window to finance PforR operations, in addition to IPF and DPF. The first PforR to receive finance from the RW was a multi-country project to address food insecurity in East Africa, which gained urgency following Russia's invasion of Ukraine. In IDA20, the RW continued to pioneer innovative financing mechanisms to incentivize regional integration in IDA countries, including through direct grant financing to regional organizations totaling $411 million in 17 regional entities,[30] as well as credits to creditworthy regional organizations.

Figure 2. 13. Share of Regional IDA Commitment for RW Projects with a Global Public Goods Focus, from FY16 to FY23



Source: World Bank Staff Calculations

58. **IDA's Regional Window is well-aligned with initiatives of the WBG Evolution that aim to incentivize action toward regional and global public goods.** RW implementation arrangements provide a tested framework to incentivize countries to invest in programs with impacts beyond country borders, while maintaining the country-led model and securing country ownership.[31] By providing additional concessional volume as an incentive, RW financing helps countries collaborate to, for instance, protect or develop shared natural resources and environmental commons, and address public health concerns with cross-border impacts. The funds can also be used to address aspects of global issues such as climate change. In fact, the share of RW commitments directed to regional or global public goods has grown over time, even as the absolute size of the window increased significantly, reaching 33 percent in FY21 and 30 percent in FY23 (Figure 2.13).

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28 This change builds on recommendations from the Independent Evaluation Group. World Bank IEG, *Two to Tango: An Evaluation of World Bank Group Support to Fostering Regional Integration*, April 2019, Washington, DC.
Available at: *https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/Regionalintegration.pdf*

29 It may be too early to track progress against most indicators added in the first year of the cycle.

30 Since IDA18, when direct grant financing was made eligible for the RW, IDA has extended a total of $1.6 billion to regional organizations.

31 See for instance the multiple RW-funded projects under the Regional Disease Surveillance Systems Enhancement (REDISSE) program in West Africa.

v. Scale-Up Window

59. **Demand for non-concessional resources through the Scale-Up Window has remained strong from the very beginning of IDA20.** Of the $4.1 billion in Regular SUW resources allocated in FY23 and FY24, $2.3 billion (or 56 percent) was already committed during the first 15 months in 14 operations. In past IDA cycles, demand for non-concessional resources typically intensified toward the latter part of the cycle. In IDA20, demand for non-concessional SUW resources has been high from the very start, reflecting the strong demand for increased lending volumes from some countries that cannot be met with the concessional resources available to them. For instance, the demand for Regular SUW resources far exceeded the FY23 allocation to AFW, compelling the region to frontload its entire FY24 allocation, as well as a part of its FY25 allocation in FY23. As such, AFW delivered eight Regular SUW-financed operations in Benin, Côte d'Ivoire, Mali, and Senegal, committing a total of $1.6 billion during the first 15 months. The pipeline of Regular SUW operations indicates significant resource gaps in some regions. For example, the FY24 pipeline in AFW (in Liberia, Togo, Senegal, and Côte d'Ivoire) amounts to $826 million and the region would have to frontload its entire FY25 allocation to be able to deliver them. Delivery of three more pipeline operations (in Mauritania, Western and Central Africa, and Côte d'Ivoire) that seek to utilize $500 million in Regular SUW resources is contingent on the availability of additional funds. In AFE, after fully programming the remaining IDA20 allocation, there is a shortfall of about $850 million to deliver three more pipeline operations. Resource utilization remains low in the EAP and LAC regions, with potential to reallocate some resources to other regions.

60. **SUW financing remains heavily concentrated in nine countries, with six accounting for 84 percent of resources committed**. The heavy concentration of resources in a few countries can be attributed primarily to their large lending programs far exceeding available concessional resources, clients' familiarity with this window, and debt absorption capacity to borrow on non-concessional terms. In AFE, Tanzania absorbs the bulk of resources, while in AFW most resources are supporting operations in Côte d'Ivoire and Senegal. As in IDA19, the entire allocation to ECA is supporting Uzbekistan via DPF operations. In SAR, even though five countries are eligible, only Pakistan and Bangladesh have committed or plan to use Regular SUW resources at this point. For some countries at moderate risk of debt distress (e.g., Liberia), access to these non-concessional resources can be constrained by debt limits imposed by the IMF. Strengthening of the US dollar has tended to make lending in other currencies more attractive than Regular SUW financing for some borrowers, especially in SAR. In terms of lending instruments, IPFs accounted for the bulk of resources committed in the first 15 months, with $1.4 billion (or 61 percent) committed to 10 IPFs; $500 million to two PforRs; and $380 supporting two DPF operations.

61. **IDA is responding to the heightened demand with flexibility, but further simplification and/or optimization of policies and procedures could improve efficiency.** One area that deserves attention is regional organizations' access to SUW resources. There have been several requests to provide SUW resources (both Regular SUW and SUW-SMLs) to creditworthy regional organizations, but since the current policy limits access only to eligible countries, a lengthy waiver process involving several business units is required to seek Management concurrence and Board consideration. Going forward, policy consistency with the RW, which allows regional organizations to access IDA grants or credits (subject to meeting respective

eligibility criteria), could simplify access to Regular SUW resources. Another area that could potentially be simplified is the process for considering funding proposals from the WBG-IMF Debt Sustainability Framework for Market Access Countries (MAC-DSA countries), where an elaborate review process involving several business units is required to establish eligibility.

Table 2. 5. Use of Regular SUW Resources by Region[a]

Region	Country	Total Commitments ($ million)
AFE	Rwanda ($20 million), Tanzania ($250 million)	270
AFW	Benin ($200 million), Côte d'Ivoire ($900 million, 3 operations), Mali ($150 million), Senegal ($337 million, 3 operations)	1,587
SAR	Bangladesh ($90 million, 2 operations), Pakistan ($194 million)	284
ECA	Uzbekistan ($130 million)	130
	Total	2,271

a: Board approvals during the first 15 months of IDA20.

62. **As part of a series of balance sheet optimization (BSO) measures, IDA20 introduced shorter-maturity loans (SMLs)[32] through IDA country allocations (PBA-SMLs) and through the Scale-Up Window (SUW-SMLs)** to support IDA countries experiencing heightened financing needs created by the COVID-19 pandemic and exacerbated by multiple overlapping crises. A total of $16.6 billion in SMLs have been made available to IDA countries in IDA20, of which $8.8 billion are offered through PBA-SMLs and $7.8 billion through SUW-SMLs. By region, AFW received the largest share (37 percent) of SUW-SMLs in IDA20, followed by AFE with 30 percent and SAR with 20 percent. By the end of the first quarter of FY24, SUW-SML commitments reached $3.8 billion, or 49 percent of the total IDA20 SUW-SML envelope. Of 40 IDA countries that are eligible to receive SUW-SMLs[33], 19 countries have used SUW-SMLs to date. The Africa regions accounted for 84 percent of total SUW-SML commitments, with the largest share supporting DPF and IPF operations.

63. **Despite the strong uptake, a lack of familiarity with the SML instrument, its financing terms and conditions, and the added complexity created by differing implementation guidelines for PBA-SMLs and SUW-SMLs were cited as disincentives for clients to use SMLs.** The additional volume in concessional financing provided by SMLs and their flexibility of deployment, including the possibility of exceeding country caps in a few cases to support additional critical investments, have been identified as attractive features by both client countries and World Bank teams. Additional efforts are needed to build capacity in World Bank and client

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32 SMLs have 12-year final maturity, 6-year grace period, zero interest or service charges, 36 percent concessionality and can be used to finance any type of lending instrument. The design and features of SMLs can benefit client countries by: (i) providing additional volumes at a moment of heightened financing needs; and (ii) increasing concessionality for some countries and/or operations that have less concessional financing terms. Eligible countries receive between 12 and 24 percent of their total Country Allocation in PBA-SMLs, while the allocation of SUW-SMLs is determined at the regional level. To avoid the concentration of resources, the annual limit for SUW-SML commitments is equivalent to the country's PBA allocation for the FY or one-third of the country's indicative IDA20 allocation, whichever is larger.

33 Out of the 75 IDA countries, 40 were eligible to receive SMLs in FY23 and 35 countries are eligible in FY24.

teams to use SMLs. There is also an opportunity to increase the use of SMLs not only to provide additional financing volumes, but also as part of a blended concessional financing package to help rebalance risks and reduce financing costs. Lessons learned from approved operations can be used to identify the best approach for future investments.

64. **The demand for SMLs from IDA countries is expected to remain high for the remainder of IDA20 and beyond.** The overall assessment of the implementation of SMLs (both SUW-SMLs and PBA-SMLs) indicates a solid business case for including SMLs in future replenishments from an operational perspective. This is consistent with the identified needs, in particular within the WBG Evolution objectives of scaling up financing, increasing concessionality, and leveraging private investment. The concessional nature of SMLs and their flexibility to be blended with non-concessional resources make them useful for supporting Evolution objectives. Management will evaluate the options and financial implications of continued availability of SMLs in future IDA cycles and will present the results of this analysis during the IDA21 Replenishment negotiations.

65. **An accompanying MTR paper, the *Review of Implementation and Utilization of Shorter-Maturity Loans* offers additional details on the use of SMLs and presents Management recommendations for endorsement.** These include proposals to:

a. ***Allow the recommitment of SMLs beyond IDA20 to align with existing World Bank policies and practices that permit the recommitment of IDA resources of other windows***. Management has analyzed the implications of this proposals and the results show that this would not significantly affect IDA's financing capacity over the next few replenishments.

b. ***As per lessons learnt from SUW-SMLs investments, Management proposes to determine country eligibility for SUW-SMLs based on the country's risk of debt distress without additional eligibility criteria at the project level***, given the phasing out of the WBG's GCRF, and the lack of a compelling rationale for extending the operational anchor for SUW-SML eligibility in IDA20.

F. Local Currency Financing

66. **IDA continues to explore financial innovations to address client needs.** To provide greater flexibility and enhanced support for clients in managing foreign exchange risk, IDA has been exploring new ways to offer additional local currency solutions to client countries. IDA Participants endorsed the introduction of fully hedged local currency financing for IDA countries in IDA20. This involves IDA providing local currency financing to its borrowing members by introducing a currency conversion option in its concessional financing, and hedging its cash flows and currency exposure through cross-currency swaps or the issuance of local currency bonds in the international capital markets, subject to market availability. A pilot transaction was agreed to be pursued by the IDA20 MTR. In order to enable fully hedged local currency financing for IDA countries, IDA has established a legal framework for offering local currency conversions to IDA Borrowers, building on existing policies and procedures available for IBRD's Flexible Loans (IFL) and IDA's non-concessional financing. Annex 1 provides details on the actions taken by IDA to offer local currency conversion to Borrowers, explains why there is no IDA conversion yet despite

continuous efforts, and describes the additional actions that the World Bank is taking to advance the local currency financing agenda.

III. RESULTS

67. **IDA's results combine outcomes captured in IDA's Results Measurement System and through the monitoring of Policy Commitments (PCs) agreed during the IDA20 Replenishment**. RMS data are updated annually, after the close of the fiscal year. As a result, RMS data presented in this section reflects results as of the end of FY23 (see Annex 3, Table 1).[34] However, Management has closely monitored indicators where progress has been slower than anticipated and has recently updated the data for such indicators to include results as of the first quarter of FY24. PC data have been captured through the first quarter of FY24 and, in some instances, results are projected through the end of FY24 Q2 (see Annex 3, Table 2). This section captures key delivery information related to IDA's operational and organizational effectiveness, as well as each Special Theme and Cross-cutting Issue.

68. **IDA is delivering robust results across all Special Themes and Cross-cutting Issues.** IDA20 support has reached hundreds of millions of people around the globe. In some areas, such as social safety nets, results that surged during IDA19 in response to the COVID-19 pandemic have returned to pre-pandemic trajectories during IDA20. In other areas, results that were negatively affected by the pandemic and supply chain disruptions are starting to re-gain momentum. FY23 RMS data reflect 86.9 million beneficiaries of Health, Nutrition and Population services. More than 8 million people have benefited from improved water sources, and nearly 11.75 million people have been served by job-focused interventions. IDA continues to address gender gaps in more than 96 percent of its operations and has reached at least 50 percent female beneficiaries across all human capital indicators. Similarly, IDA has expanded its delivery in countries affected by FCV, more than tripling the beneficiaries reached on key measures, such as sanitation, relative to the previous fiscal year. Finally, IDA is on track to exceed ambitious targets for climate co-benefits.

69. **IDA20 is fulfilling Policy Commitments**. As detailed in the following sections, with significant effort from client countries, IDA is on track to meet or exceed cycle targets for 38 of 41 PCs across five Special Themes and four Cross-cutting Issues.[35] Management proposes to adjust one PC (Human Capital PC1) to align with the original intent while reflecting changed circumstances, and to adjust a second (Gender and Development PC7) for clarity. Progress on these two PCs, as adjusted, is on track. Progress on three Policy Commitments is advancing somewhat more slowly than originally anticipated but are progressing. At least eight Policy Commitments are expected to exceed original targets.[36] PCs are effective in continuing to mainstream key priorities, such as Climate Change, building incrementally on successes as in Human Capital, driving One World Bank approaches as in JET, and supporting WBG strategies

[34] As committed in the IDA20 Deputies Report, Management will report cumulatively on the IDA19 and IDA20. This will be done by the end of IDA20 to account for the sum of results delivered over the five-year period.

[35] IDA achieved 35 out of 36 PCs with nominal MTR targets.

[36] Human Capital PC6; Climate Change PC3, PC5, PC6; Gender and Development PC2, PC4; Jobs and Economic Transformation PC5, PC8.

as in FCV and Gender and Development. Even as the PCs advance important priorities, they add complexity to IDA. Simplification will be important for boosting efficiency and ensuring an outcome-oriented approach to managing IDA as it moves ahead with ambition.

A. Special Themes

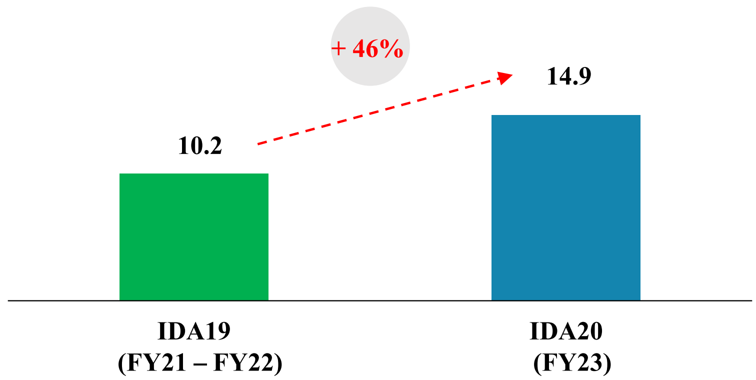
i. Human Capital

70. **IDA20 introduced Human Capital as a new Special Theme**. The Special Theme builds on IDA's longstanding support for human capital, reflected in investments that increased steadily from IDA15 to IDA18, and sharply in IDA19 as IDA pivoted to address the COVID-19 pandemic. Already a Cross-cutting Issue in IDA19, the Special Theme in IDA20 aims to help countries address growing gaps in health, nutrition, education, social protection, and other key elements of human capital. This focus offers a foundation for a strong and sustained recovery from the COVID-19 pandemic, and strengthens growth and resilience. While the COVID-19 health emergency is largely over, the pandemic knocked individuals off course at critical moments in their lives. Human capital trajectories are set during childhood, adolescence, and early adulthood. The losses in early childhood could translate into a 25 percent reduction in future earnings. Learning losses could reduce future earnings globally by US$21 trillion and job 'scarring' can last for up to 10 years.[37] These losses are a call for action.

71. **IDA has continued to strengthen human capital outcomes for people in client countries.** In FY23, IDA stepped up its support for improved sanitation, providing access to nearly 15 million people, a 46 percent increase compared with the number reached during the two-year IDA19 cycle. IDA-supported operations extended access to improved water sources to over 8 million people, nearly half of whom are in FCS locations. Following a significant increase in the number of social safety net beneficiaries during the height of the pandemic, FY23 results reverted to the levels seen in the years immediately preceding the pandemic, reaching an additional 24 million beneficiaries, more than half of whom are female. As of the end of FY24 Q1, progress toward the expected value for the replenishment cycle has reached 36 percent. As of FY24 Q1, the total number of Health, Nutrition and Population beneficiaries has reached 86.9 million, reflecting 30 percent progress toward expected value for the cycle. This includes 50 million beneficiaries in countries affected by FCS, which is double the number reached in FY22. To ensure durable results, IDA supports countries ranked lowest on the Human Capital Index to improve the sustainability of human capital financing. In FY23, IDA provided this assistance to 14 countries, just one short of the expected value for the replenishment cycle. Finally, IDA is helping countries address pandemic learning losses, with 12 countries supported to undertake large-scale assessments during the first year of IDA20 implementation.

[37] World Bank, *Collapse and Recovery: How Collapse & Recovery: How COVID-19 Eroded Human Capital and What to Do About It*, February 16, 2023, Washington, DC. Available at: *https://www.worldbank.org/en/publication/human-capital/publication/collapse-recovery-how-covid-19-eroded-human-capital-and-what-to-do-about-it.*

Figure 3. 1. People Provided with Access to Improved Sanitation Services (million)



72. **All eight Human Capital PCs are on track or exceeding targets**. IDA is on track to meet Human Capital PC targets for planned investments in children's early years (PC2), core social service delivery systems (PC3), expansion of adaptive social protection (PC4), addressing learning capacity (PC5), preventing and preparing for future pandemics (PC7), and financing for human capital (PC8).

73. **Through Human Capital (PC6), IDA20 aimed to expand access to core services for persons with disabilities in 18 countries, but at MTR IDA has already exceeded this target, reaching 22 countries.** The success signals strong demand for systematically considering and addressing barriers to the inclusion of persons with disabilities. The projects contributing to this commitment have considered the needs of persons with disabilities through analysis and meaningful engagement during project preparation. In Bangladesh, for example, the Resilient Infrastructure for Adaptation and Vulnerability Reduction Project improved inclusion in the construction of shelters and community flood resilience activities, using a variety of techniques. The project undertook a field survey, consulted persons with disabilities on construction design and monitoring, employed Universal Design in shelter construction, and set specific targets for including persons with disabilities in Union Disaster Management Committees. Project data collection guides and tools will include disability disaggregated data requirements, which will help to further strengthen the understanding of disabilities and community shelter use. With continued strong momentum under Human Capital PC6, Management projects that delivery will reach 35 countries, exceeding the IDA20 end target of 18.

74. **Management proposes to re-focus one Human Capital PC on emphasizing preparedness for health emergencies, rather than on rolling out COVID-19 vaccines, for which demand has declined**. Human Capital PC1 initially focused on delivering COVID-19 vaccines and pandemic preparedness to all IDA countries. At the time IDA20 was drafted in the second half of 2021, the mismatch between global demand for, and inadequate supply of, COVID-19 vaccines was at its peak. However, as IDA20 began, 52 IDA countries had already received vaccines or pandemic preparedness interventions, and global demand for COVID-19 vaccines declined rapidly, meaning that very few additional IDA countries would be seeking support with IDA20 funds. The pandemic had, however, demonstrated that many countries are unprepared to sustain delivery of essential health-care services while simultaneously addressing a health emergency. The Ebola crisis in IDA16–17 generated similar lessons. The spirit of the original PC

aims at boosting preparedness so that future health emergencies are less likely to erode hard-won development gains in the health sector and could be adapted to the current global context while retaining this intent. ***Management proposes to revise Human Capital PC1[38] to require "Support[ing] at least 20 IDA countries to strengthen inclusive health security by building countries' capacity to prevent, detect and respond to the threat posed by health emergencies."*** The revised PC1 has reached 12 IDA countries at mid-term, with the expectation that it will meet an end target of at least 20 IDA countries. This would be complemented by the 20 IDA countries that PC7 will reach through One Health Initiatives, improving pandemic preparedness and prevention at the nexus of human, animal, and ecosystem health.

75. ***Emerging lesson*****: PCs can support resilience even when focus extends beyond a single type of crisis.** For example, IDA19's Climate PC 4 originally aimed to support at least 25 IDA countries to reduce the risks of climate shocks to poverty and human capital outcomes by incorporating Adaptive Social Protection (ASP) into national systems. The target was adjusted upward to 35 at MTR and exceeded when IDA provided support in 47 countries by the end of the IDA19 cycle as countries shifted focus to preparedness and social safety nets to respond to COVID 19. Under the new Human Capital Special Theme, IDA20 aims to support at least 20 countries to boost resilience to a range of shocks and crises by building ASP systems, including the use of digital technologies (PC4). IDA has supported 14 countries to date, and so delivery remains on track. The current cycle has expanded the focus of this effort beyond climate shocks to include a range of covariate shocks that pose risks to poverty and human capital outcomes.

ii. Climate Change

76. **IDA progressively mainstreamed climate during the IDA16 through IDA19 cycles, and IDA20's ambitious climate policy package builds on this work to scale and strengthen climate policies and investments.** In line with the WBG's Climate Change Action Plan 2021–2025,[39] IDA20 aims to go further in helping countries integrate climate into their development agendas. With a commitment to alignment with the Paris Agreement, an ambitious target of 35 percent climate finance target over the cycle, an intensified focus on adaptation, and a pioneering focus on nature and biodiversity, greening the financial sector, and crisis preparedness and response, IDA20 offers a strategic approach to scaling climate investments. A strong commitment to mainstreaming climate change across the World Bank Group is underpinning the robust delivery of the Climate Change Special Theme. In FY23, the first year of IDA20, 98 percent of IDA projects included some climate finance—a powerful illustration of the broad-based commitment to climate priorities in IDA.

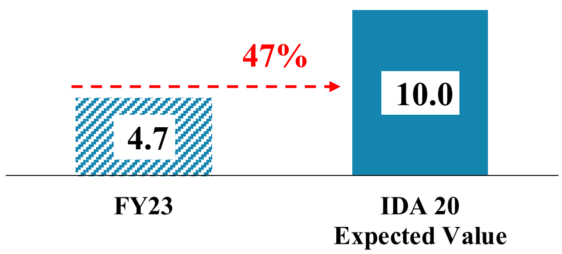
77. **IDA20 results demonstrate that it is translating climate financing into climate action and outcomes.** In FY23, the share of climate finance in IDA-supported operations reached 38

[38] The original wording of PC1 required IDA to "[s]upport all IDA countries to strengthen health security and advance inclusive health systems and universal health coverage, including (i) containing the COVID-19 pandemic, through vaccine rollout, preventive measures, testing, treatment and care, and (ii) strengthening pandemic preparedness, including prevention, detection and response."

[39] World Bank Group. *Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development*, June 22, 2021. Available at: *https://openknowledge.worldbank.org/server/api/core/bitstreams/19f8b285-7c5b-5312-8acd-d9628bac9e8e/content.*

percent, with more than half of that financing focused on climate adaptation (53 percent). This is on track toward the ambitious target of 35 percent on average over the IDA20 cycle, with 50 percent of that climate finance for adaptation. IDA projects approved in FY23 are estimated to reduce annual net GHG emissions by nearly 21 MtCO2eq. A substantial portion of this progress can be attributed to agroforestry and reforestation interventions, with notable results in the Sahel and the Congo basin. IDA is increasing its support for climate finance. More than 4 million people have been provided access to clean cooking, resulting in positive health, economic, and environmental impacts. In the energy sector, projects approved in the first year of IDA20 are expected to contribute 4.7 gigawatts of generation capacity from renewable sources, surpassing FY21 figures by 40 percent and reaching 47 percent progress toward the three-year expected value (Figure 3.2).

Figure 3. 2. Generation capacity of renewable energy (gigawatts)



78. **IDA20 also supported the delivery of Country Climate and Development Reports that inform policies in support of climate mitigation and adaptation in IDA countries.** Country Climate and Development Reports (CCDRs) have been completed and published for 13 IDA countries, including five countries affected by FCS, which is a significant step toward the 30 IDA countries expected by the end of FY25. These core diagnostics integrate climate change and development considerations to help countries prioritize the most impactful actions that can reduce GHG emissions and boost adaptation, while delivering on broader development goals. IDA20 has also deepened support for national planning on climate, with 16 IDA countries, including seven affected by FCS, assisted to implement or update their National Biodiversity Strategies and Action Plans. IDA20 introduced a new indicator to track the share of operations with substantial climate co-benefits that include at least one climate change indicator in their results framework.[40] In FY23, this share reached 94 percent, just shy of the expected value of 95 percent.

79. **All eight Climate Change PCs are on track, with three expected to exceed overall IDA20 targets by, or shortly after, MTR.** As also tracked through RMS data, IDA is exceeding PC1 targets for the percent of new commitments offering climate co-benefits and adaptation. IDA countries are receiving support to develop CCDRs and to implement Nationally Determined Contributions or Long-Term Strategies (PC2). Commitments in sustainable energy (PC4), strengthening freshwater, marine, and coastal ecosystems (PC7) and crisis preparedness related to natural hazards and food crises (PC8) are on track. IDA is also exceeding targets on three PCs:

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[40] "Substantial climate co-benefits" is defined as 20% or more climate co-benefits.

a. Delivery has been particularly strong on efforts to adapt key systems for adaptation and mitigation (PC3), an area that aligns directly to Pillar 2 of the WBG Climate Change Action Plan. IDA expects to exceed the IDA20 target by the end of FY24 Q2 with support delivered to 56 countries (23 FCS), surpassing the target of 50 countries (20 FCS countries). Management anticipates that Climate Change PC3 will reach 60 countries (24 FCS), exceeding the original IDA20 target of 50 countries (20 FCS). This will also result in exceeding the target for community-led climate investments, with IDA20 expected to reach 20 countries, five more than the original target of 15 countries.

b. IDA has already exceeded the original target of 20 countries (five FCS) for Climate Change PC5. By the end of FY24 Q2, IDA expects to have supported 26 countries (five FCS) to revise financial regulatory frameworks to scale up green financing. This is a new area of PC support, with fairly long lead times for preparation and some risk of delays in preparation of planned projects. So while Management expects that delivery will continue to increase, the rate of delivery will even out as the cycle continues. Management projects that Climate Change PC5 will reach 30 countries (eight FCS) by the end of the cycle.

c. Similarly, IDA has also already exceeded the Climate Change PC6 target of providing support to enhance biodiversity and ecosystem services to 20 countries during the cycle. Support has reached 21 countries as of MTR, and is expected to reach 25 countries by the end of the cycle.

80. ***Emerging lesson*: Advancing work on long-term low-emission development strategies calls for coordinated, concerted efforts.** IDA20 works to enhance support for national planning on climate and development. This effort includes supporting more of the poorest and most vulnerable countries to update and implement Nationally Determined Contributions (NDCs) and to develop complementary and mutually reinforcing long-term low-emission development strategies (LTSs). The support aims to integrate development and climate action consistent with the long-term goals of the Paris Agreement. LTS work specifically helps countries systematically to prioritize emissions reduction investments and policies. To date, nearly all support (96 percent) for IDA countries during IDA20 has been to develop, enhance, or implement NDCs. Support for countries in developing LTSs has been slower due to limited budget to support LTS engagements, which are more lengthy and costly than engagements around NDC implementation. The World Bank is partnering with other multilateral development banks (MDBs) to maximize the number of countries supported. At the 2023 United Nations Climate Change Conference (COP28), the partners expect to announce fundraising progress toward a total goal of $250 million for a five-year "Joint-MDB LTS Program".

iii. Fragility, Conflict and Violence

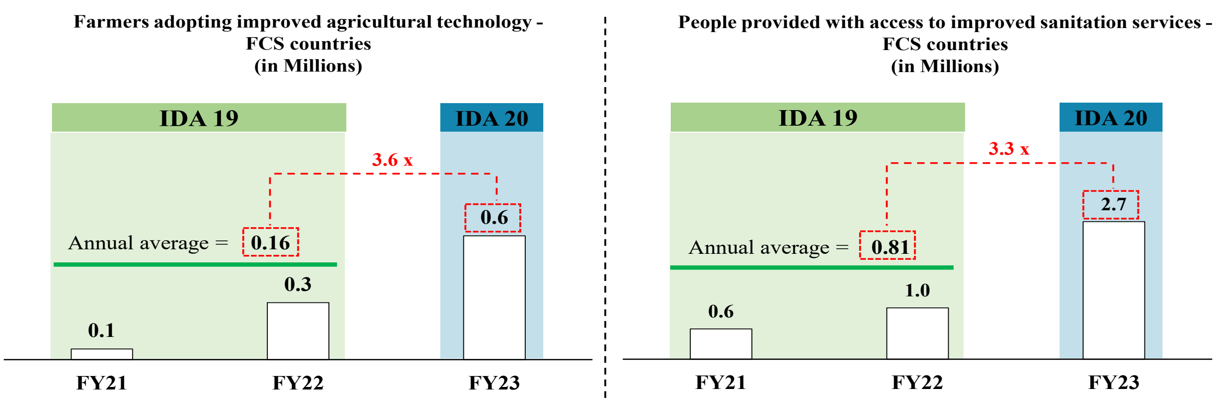
81. **IDA20 retained the Fragility, Conflict and Violence Special Theme to continue deepening support for countries experiencing FCV.** The Special Theme encompasses four foundational policy commitments, with an additional 11 commitments contained as sub-targets in

other Special Themes.[41] This policy package is underpinned by the IDA FCV financing toolkit and reinforces the implementation of the WBG FCV Strategy.

82. **Amid increasing instability and fragility in countries worldwide, IDA is intensifying its efforts to achieve strong development outcomes in countries affected by FCS.** Staff presence in FCS countries has increased by 12 percent compared with FY22, demonstrating the World Bank's commitment to improving the quality and responsiveness of FCS operations. IDA has already supported 17 countries (out of the 18 originally planned by FY25) in building the capacity to use field-appropriate, digital, open-source tools for collection and analysis of geo-tagged data, and to apply this technology to enhance project implementation and coordination. These technologies systematically enhance monitoring and evaluation and project supervision in FCV settings, enabling IDA to bring eyes on the ground, in locations where it is not always possible to have feet on the ground.

83. **Over the past year, IDA has delivered more robust results in countries affected by FCS.** For example, in FY23, the number of farmers adopting improved technology and the number of people with enhanced access to improved sanitation services both exceeded triple the annual average results achieved during IDA19 in FCS countries (Figure 3.3). Over the same period, the reduction in net GHG emissions increased from 8 million CO_2eq/year to 13.4 million CO_2eq/year. Partnerships remained central to IDA's investments and knowledge work in FCS countries. For example, since 2019, the World Bank has partnered with the World Food Program and UNICEF in Somalia to assist over 1.3 million individuals through nutrition-linked cash transfers and nearly 6 million through emergency cash transfers. This $318 million IDA operation has also supported the creation of the unified social registry for the Government of Somalia's national social protection platform, known as Baxnaano.

Figure 3. 3. Number of Beneficiaries in FCS Countries Provided with Agriculture and Sanitation Services (million)



41 These FCV sub-targets are typically reported as a (parenthetical) indicating the number of FCS countries included in the total countries contributing to progress under a PC. PCs with dedicated FCS sub-targets include Human Capital PC1, Climate Change PCs 3–5 and 8, Gender and Development PC 7, and Jobs and Economic Transformation PCs 1–2 and 4–6.

84. **Three of four FCV PCs are on track.** Country engagement products in FCS countries consistently reflect conflict drivers and sources of resilience based on Risk and Resilience Assessments (RRAs) or related diagnostics (PC1). Some FCS countries have benefited from both national and regional analyses. In Chad, for example, the Country Engagement Note was informed by findings from the Sahel regional RRA and the national Chad RRA, as well as Chad's strategic objectives under the Prevention and Resilience Allocation of the FCV Envelope. RRAs have also been carried out in some non-FCS IDA countries, such as Honduras and Sri Lanka, with findings integrated into country engagement products. The PC of strengthening core governance institutions in IDA FCS (PC3) is also on track, as is the commitment to address transboundary drivers of FCV and crisis recovery (PC4). Regional operations addressing FCV dynamics[42] are currently active in the Lake Chad, the Sahel, the Horn of Africa, and Central Asia regions, and additional operations are planned.

85. **FCV PC2, which focuses on leveraging outcomes for host communities and refugees, has seen progress but also faces risks of setbacks.** The PC aims to ensure that at least 60 percent of the countries eligible for the Window for Host Communities and Refugees implement significant policy reforms as identified through the Refugee Policy Review Framework. As of MTR, eight countries (within the overall target of 11 countries)[43] have implemented at least one significant positive reform, with minimal or no negative policy changes in other areas. In Rwanda, for example, access to civil registration, security of legal status, financial and administrative services, and access to education have improved for refugees. An additional five countries have experienced both progress and backsliding in their refugee policy implementation measures, resulting in mixed policy outcomes. Continued policy dialogue will therefore be critical for the remainder of the IDA cycle.

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[42] Work on regional drivers of FCV incorporates private sector considerations. IFC is deploying a five-year Africa Fragility Initiative advisory project, which focuses on supporting private sector development in African FCS countries. Implementation of the project is structured through sub-regional platforms, which cover the Sahel, the Horn of Africa and Lake Chad regions.

[43] Cameroon, Chad, Djibouti, DRC, Kenya, Niger Rwanda, and Uganda.

Box 3. 1. Emerging Lessons: World Bank Support and Intensifying Conflict Trends

A steady increase in the number of global deaths from conflict since 2020 has taken the world to its highest levels of conflict-related violence since WWII. There has also been a spike in irregular political transitions and military coups since 2020, which disrupt development. While the World Bank alone can neither prevent conflict nor bring it to a close, global experiences, as well as early insights from the implementation of the FCV Envelope, provide some salient lessons.

First, World Bank interventions can yield results in FCV settings when they are conceived and implemented as part of a broader effort that also includes political, security, and humanitarian elements. Within this context, a focus on inclusion and on considering conflict dynamics is critical. The Sahel is an example of a region that has been facing political volatility since 2020, which has led the WBG to temporarily pause operations under OP 7.30 assessments. Notwithstanding the regional turmoil, WBG support to the Sahel countries has both expanded and adapted to changing conditions. Since 2020, Burkina Faso, Chad, Mali, and Niger have gained access to the FCV Envelope's Prevention and Resilience Allocation, allowing the WBG and its partners to support the governments on prevention strategies and programming that encompass interconnected development, governance, and security dimensions. Partnerships have been strengthened on analytics, policy dialogue and through platforms such as the Sahel Alliance. Regional and national RRAs, conflict-tracking and collaboration with external experts help adapt FCV programs to evolving contexts. Despite some progress, countries of the Sahel subregion continue to face challenges in implementing conflict prevention approaches and ensuring peaceful and lawful government transitions.

Second, World Bank interventions in FCS settings require *flexible approaches and continued engagement*. The FCV Envelope is a fairly new mechanism, showing both its promise and limitations. It has helped to support governments in politically volatile environments. But additional resources alone are not sufficient to effectively address the structural drivers of FCV. Supporting transitions out of fragile and conflict-affected contexts is neither a short nor a linear process. Countries undergo multiple transitions for at least a generation before achieving institutional resilience and the pathway away from fragility and conflict toward sustainable peace is pitted with setbacks. The World Bank FCV Policy and Operational Policy on Dealing with De Facto Governments (OP 7.30) provide a useful framework for World Bank engagement in FCS settings, but dynamic political contexts and authorizing environments, and uneven WBG risk tolerance, have led to varying responses. (World Bank Independent Evaluation Group, *World Bank Engagement in Situations of Conflict: An Evaluation of FY10–20 Experience*, November 2021, Washington, D.C.) IDA is also committed to explore solutions for the provision of financing in complex emergencies to support investments in human capital and institutional capacity, such as in Afghanistan and Sudan.

iv. Gender and Development

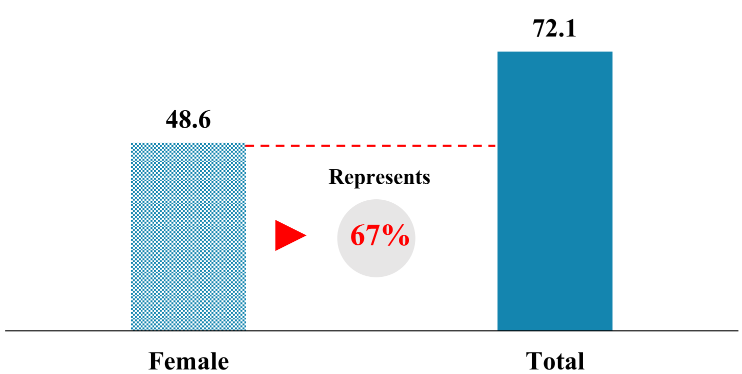
86. **IDA20 continues the Gender Special Theme first introduced in IDA16 and expands its commitments to gender equality to address the impacts of the COVID-19 pandemic.** The pandemic halted, and in some cases set back, efforts to narrow gender inequalities in IDA countries. In most countries, women were on the frontlines of the health workforce, while expectant mothers also experienced disruptions to reproductive health services. Women lost their jobs at a faster rate than men and were more likely to be employed informally in low- and lower middle-income countries, leaving them with less access to social protection and other safety nets. The pandemic further exposed the pervasive unpaid care and domestic work burden borne by women and the "silent" pandemic of gender-based violence (GBV), reports of which increased

dramatically. In a post-COVID-19 context, IDA20 introduced an emphasis on childcare and productive economic inclusion, closing gender gaps through fiscal policy and budget systems, and improving national policy frameworks to address GBV.

87. **IDA has continued to prioritize the advancement of gender equality, ensuring that women and girls derive benefits from its support.** Over the past five IDA cycles, the Gender Special Theme has evolved from focusing on frameworks for action to outcomes and impact. The share of gender-tagged projects—i.e., those that identify a gap through analysis, take specific action to address it, and monitor progress—has continued to rise and currently stands at 96 percent, far surpassing the expected value of 60 percent. This reflects a strong commitment to advancing gender equality across the institution, and a recognition of the critical role it plays in enhancing resilience, prosperity, and economic growth.

88. **In FY23, IDA delivered strong outcomes for women and girls across sectors.** Across all human capital indicators, women and girls comprised at least 50 percent of project beneficiaries. For example, 54 percent of the recipients of IDA-supported social safety nets and 67 percent of the beneficiaries of essential Health Nutrition and Population services in FY23 were female (Figure 3.4). The share of female beneficiaries across Jobs and Economic Transformation (JET) indicators ranged from 41 percent of beneficiaries of job-focused interventions to 46 percent of those reached with financial services.

Figure 3. 4. People Who Have Received Essential HNP Services – FY23 IDA20 (total and female beneficiaries, million)



89. **Gender-based violence continues to inflict a devastating toll, affecting the physical and mental well-being of survivors, their families, and their communities**. After a sharp increase in IDA's support to address GBV through COVID-19-related operations, 40 IDA operations approved in FY23 continue to address GBV. Given the scale and urgency of the challenge, GBV is one of three strategic objectives in the proposed World Bank Gender Strategy (2024–2030)

90. **All eight Gender and Development PCs are on track, and two are likely to exceed targets.** IDA delivery is on track with targets for investing in women's empowerment (PC1), expanding childcare (PC3), closing the gap in digital technology (PC5), strengthening women's land rights (PC6) and implementing fiscal policy and budget systems to close gender gaps (PC8).

a. IDA is also on track in delivering support to strengthen national policy frameworks to prevent and respond to GBV, with additional sectoral support to health or education (PC7). As written, the language of this PC appears to suggest that participating countries must provide support in both the health and education sectors. ***Management recommends clarifying the PC to require IDA to "[s]upport at least 10 IDA countries to strengthen national policy frameworks for prevention and response to GBV, and in at least 15 IDA countries, of which five are FCS, support GBV related services in health systems, and/or implement GBV prevention and response protocols as part of safe and inclusive educational institutions."***

b. Regarding Gender and Development PC2, by the end of FY24 Q2, IDA expects to have incorporated specific productive economic inclusion components for women in 40 projects, exceeding the target of 35 for the IDA20 cycle. Management projects that a total of 50 projects will incorporate the economic inclusion components envisioned under this PC by the end of the cycle.

c. IDA20 also aims, through Gender and Development PC4, to ensure that at least 35 percent of infrastructure operations (transport, energy, and water) include actions to create employment opportunities for women in medium- and high-skilled jobs. As of the end of FY24 Q2, the share is nearly double the target, at more than 70 percent of new infrastructure operations. Some infrastructure projects in the pipeline are not able to provide the types of employment envisioned in the PC, so the share of projects will adjust over the course of the cycle, but is still expected to reach 50 percent, well above the original target of 35 percent.

91. ***Emerging lesson*****: IDA's commitment to gender equality has helped build momentum with a focus on using global knowledge to enhance impact**. IDA has been a foundation of the World Bank Gender Strategy, and policy commitments under multiple cycles have served as a practical vehicle to embed the Strategy's goals and approaches in IDA operations. IDA's experience has in turn helped to shape the proposed World Bank Gender Strategy for 2024–2030, now under consultation.[44] Policy commitments in frontier areas such as GBV have helped focus resources on research and a learning-adapting-expanding approach where teams use evidence to design operations, learn during implementation, adjust operational design, and scale up or replicate programs. Examples include a growing number of multisector operations to promote empowerment of women and adolescent girls, and substantial new investments and accompanying research on childcare.

v. Jobs and Economic Transformation

92. **IDA20 continues the Jobs and Economic Transformation (JET) Special Theme that was first introduced in IDA18, with a focus on minimizing job losses following the pandemic and seizing longer-term job creation opportunities.** Even before the pandemic, around 20 million jobs needed to be created annually in IDA countries just to keep pace with the numbers of

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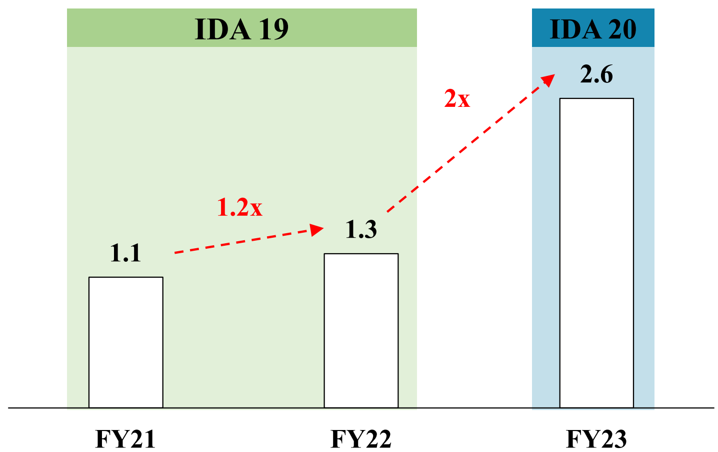
[44] Information on the formal consultation process for the World Bank Gender Strategy 2024–2030 is available at: *https://www.worldbank.org/en/topic/gender/brief/gender-strategy-update-2024-30-accelerating-equality-and-empowerment-for-all*.

youth who were expected to enter the labor market in the next decade. The pandemic caused: a fourfold increase in lost working hours compared with the losses experienced during the 2009 global financial crisis; 30 million people in IDA countries fell back into poverty; and inequality increased. PCs under the JET Special Theme aim to recover losses by expanding private investment, stimulating growth of sectors with potential for jobs and value addition, increasing connectivity and integration, and facilitating the adoption of technology, innovation, and entrepreneurship.

93. **IDA20 results demonstrate progress toward creating a supportive foundation to encourage private investment and promote job creation.** In FY23, 11.74 million people in IDA countries benefited from job-focused interventions, representing a 21 percent increase from FY22. Given the strong potential for growth in the agriculture sector to raise incomes among the poorest, IDA provides targeted assistance to farmers to improve their productivity. In FY23, IDA supported 2.6 million farmers to adopt improved agricultural technology, double the 1.3 million supported in FY22 (Figure 3.5). Notably, access to these technologies among female farmers more than tripled over the same period, rising from 300,000 to 1.1 million. In FY23, IDA also scaled up its support for financial inclusion. IDA operations provided access to financial services to 6.5 million people, surpassing the high end of the expected range for the replenishment cycle. IDA also extended financial services to 200,000 businesses, marking a 31 percent increase compared with the number reached in FY22. These services provide access to capital, promote investment and innovation, and contribute to private sector investment and job creation.

Figure 3. 5. Farmers Adopting Improved Agricultural Technology (millions)



94. **IDA has continued to support physical infrastructure investments, which can catalyze economic activity and job creation.** In the first year of the IDA20 cycle, IDA provided improved urban living conditions for 8 million people and new or improved electricity services for nearly 11 million people. There were some initial delays in the provision of new or improved irrigation services in FY23, but as of FY24 Q1, this indicator is on track to meet its expected value for the cycle. The number of individuals benefiting from enhanced access to transportation services fell short of expectations, totaling 4.7 million beneficiaries in FY23. However, the pace of road works' execution has started to accelerate, after a significant slowdown, due to the pandemic and supply chain disruptions. Management is closely monitoring the portfolio of active transportation projects. As of FY24 Q1, the number of beneficiaries has surged to 12.4 million and is projected to surpass 20 million by the close of FY24 Q2.

95. **Seven of eight JET PCs are on track or exceeding targets.** IDA is delivering on supporting resilient financial systems (PC1), providing infrastructure investment support to countries with governance challenges (PC3), supporting interventions to address market failures and remove constraints in sectors with high potential for job growth (PC4), boosting connectivity and jobs of the future by expanding broadband access (PC6), and promoting adoption of digital technology (PC7). See Annex 3 for details. Two PCs are exceeding their targets:

a. JET PC5 aimed to boost agricultural production, value chains, and food security in 15 IDA countries, including five FCS countries, but has already exceeded the IDA20 target, with delivery in 17 countries, including five FCS countries. An increased number of new operations or additional financing for ongoing operations aims to respond to food insecurity. A continued focus on incorporating market-driven solutions and building resilience within food security initiatives along with regional, multi-country programs have all contributed to strong delivery. The substantial challenges threatening the food system and its related supply chains suggest that building resilience in farming systems and value chains remains a key priority. Together, these factors mean that IDA can expect to exceed the initial IDA20 target, reaching 26 countries (of which seven are FCS) by the end of the cycle.

b. Delivery of PC8, focused on boosting institutional capacity to improve data for policy decision-making, has likewise been strong, driven by an ambitious regional model that is working to strengthen country data systems across East and West Africa. Compared with an initial target of supporting 34 countries with new and ongoing operations, IDA has reached 40 countries to date, already exceeding the target. With a relatively large active portfolio, further expansion will be slower in the second half of the cycle, and Management projects that JET PC8 will reach 41 countries overall.

96. **Significant deterioration in investment conditions in IDA and FCS countries has affected progress under JET PC2, but the commitment is delivering high-value results.** JET PC2 aims to leverage One World Bank to increase investments in vulnerable IDA countries. It commits IFC to make, on average, between 12 and 17 percent of its own new investments during the IDA20 period in IDA countries that were identified as FCS and/or low-income at the time the PSW was established, in IDA17.[45] IFC has made a fairly large number of smaller, impactful, transactions, including in countries where it had not committed in several years, such as Chad, Samoa, and South Sudan. In absolute terms, IFC's long-term financing in these markets doubled between FY18 ($635 million) and FY23 ($1.3 billion) and has helped mitigate the effects of pluri-crisis by providing countercyclical financing to viable companies.

97. **IFC continues to strengthen efforts to increase the share of delivery in the most challenging regions.** As of FY23, the average share of IFC own investments in FCS/low income countries during IDA20 stood at 8 percent, somewhat lower than initially planned to achieve the targeted share over the full IDA20 period. Ongoing efforts to boost the share of delivery in these regions include: (i) enhanced use of the PSW, which had a record start in the first year of IDA20;

[45] Note that the PC does not consider trade and working capital finance. IFC trade and working capital finance commitments have increased considerably in the targeted markets (amounting to roughly $3 billion in FY23 alone), reflecting strong demand for liquidity amid rising commodity prices.

(ii) the scaling-up of platforms to further support MSMEs, supply chain finance, and technology-enabled small and medium enterprises (SMEs); (iii) a "Local Champions" pilot, which aims to build pipeline in Sahel and West Africa by mapping and screening high potential local corporates and providing technical assistance to address critical investment gap; and (iv) increasing origination capabilities and upstream engagements through partnerships and the Private Sector Investment Lab.

98. ***Emerging lesson*: Removing constraints to private sector investment requires WBG and programmatic, portfolio-wide approaches.** Where institutional capacity is weak, balancing simplicity of operational design with the need to tackle a critical mass of both sector-specific and cross-cutting constraints can be challenging. Integrating support for JET priorities across a strategic portfolio of connected projects in collaboration with IFC and other development partners, however, can be effective. A JET-focused DPF operation in the Democratic Republic of Congo, for example, drew from the Country Private Sector Diagnostic to support sector-focused operations in forestry, agribusiness and SME finance that are being developed in cooperation with IFC. In addition, a forthcoming IEG evaluation provides further elements on direct IDA support to achieve IDA's jobs objectives. The IEG evaluation assesses the analytical underpinnings and operational relevance of the evolving IDA jobs strategy, and the extent to which it has been translated into well-designed and performing jobs interventions that directly address the objectives of more, better and more inclusive jobs.

B. Cross-cutting Issues

99. **IDA20 integrates a focus on Cross-cutting Issues across Special Themes**. Debt, vulnerability to crisis, the need to access technology, and the critical importance of governance are relevant to all IDA countries and can contribute to progress under all Special Themes. IDA20 tracks progress under each of these Cross-cutting Issues and has, for the first time, incorporated standalone cross-cutting PCs to aid in this effort.

i. Debt

100. **Public debt vulnerabilities in IDA countries remain elevated, even after retreating from their peak in 2022 in the wake of the COVID-19 crisis, compounded by rising interest rates and slowing economic growth.** As of September 2023, 55 percent of IDA countries under the World Bank-IMF Debt Sustainability Framework for Low-Income Countries (LIC DSF) were at a high risk of external debt distress or in debt distress, compared with 50 percent in 2019 and 57 percent in 2022. Facing higher expenditure needs to combat the crises and diminished revenues due to a contraction in economic activities, countries emerged from the COVID-19 pandemic with limited external and fiscal buffers. The composition of public and publicly guaranteed external debt in IDA countries has also shifted from concessional financing from MDBs and Paris Club creditors toward non-concessional external financing from non-Paris Club creditors and market-based debt.[46]

[46] The share of non-Paris Club creditors and market-based debt in PPG external debt in IDA countries increased from 19 percent in 2010 to 45 percent in 2019 before it slightly declined to around 40 percent in 2022, driven by the strong COVID-19-related increase in multilateral financing.

101. **The World Bank, together with the IMF and other MDBs, has deployed unprecedented financial support to mitigate growing debt vulnerabilities in IDA countries, but challenges remain.** IDA's support during the period of April 2020 to January 2023 reached $107 billion (excluding the PSW), of which $95 billion was on concessional or grant terms. The G20's debt service suspension initiative (DSSI), in effect from May 2020 to December 2021, provided temporary liquidity support during the pandemic, as many countries faced urgent spending pressures amid an abrupt decline in revenues.[47] In November 2020, the G20 and Paris Club group of creditors endorsed the Common Framework for Debt Treatments beyond the DSSI (the Common Framework, hereafter). This framework aims to provide a durable solution to address the debt sustainability challenges of DSSI-eligible countries, on a case-by-case basis. To date, only four countries—Chad, Ethiopia, Ghana, and Zambia—have requested debt treatment under the Common Framework, while restructuring discussions, with no immediate debt relief, were concluded only with Chad (November 2022) and Zambia (June 2023). Progress under the Common Framework has been slow, but over time processes and timelines have become more predictable.

102. **IDA20 retained Debt as a Cross-cutting Issue to continue addressing debt vulnerabilities in a comprehensive and integrated manner.** Support on public debt management has been mainstreamed into World Bank operations and country dialogue through analytical frameworks, technical assistance, and lending operations. Building on the substantial progress made in IDA19, the IDA20 commitment advances the quality of outcomes, focusing on enhancing the comprehensiveness of debt reports and fiscal risk statements. RMS data indicate that, in the first year of IDA20, 35 countries published annual and timely public debt reports. This figure represents the high end of the expected range for the IDA20 cycle and a 70 percent increase compared with FY22. Improving the transparency of debt reporting practices can promote accountability, investor confidence, and debt sustainability.

103. **IDA20 continues to implement the Sustainable Development Finance Policy (SDFP) introduced in IDA19 to address debt vulnerabilities and complement debt-related policy commitments under the World Bank's broader debt agenda.** The SDFP aims to incentivize countries to move toward transparent and sustainable financing and to further enhance coordination between IDA and other creditors in support of countries' reform efforts. The SDFP helps address debt transparency, fiscal sustainability, and debt management challenges systematically and proactively over a medium- to long-term horizon. The SDFP has two pillars: (i) the Debt Sustainability Enhancement Program (DSEP); and (ii) the Program of Creditor Outreach (PCO).

104. **The DSEP pillar incentivizes progress toward sustainable borrowing and investment practices.** Under the DSEP, all IDA countries are screened annually for debt-related vulnerabilities and required to prepare Performance and Policy Actions (PPAs) in areas of debt transparency, debt management, and fiscal sustainability if their debt vulnerabilities are elevated. Fifty-five IDA-eligible countries were required to prepare PPAs in FY21, 58 countries in FY22,

[47] A total of 48 countries joined the DSSI and benefited from an estimated $12.9 billion in debt-service payment suspension from May 2020 to December 2021.

and 60 countries in FY23.[48] More than 90 percent of countries satisfactorily implemented their PPAs in FY21 and FY22, whereas in FY23, the implementation rate was around 80 percent. [49] In FY24, 60 countries are in the process of preparing PPAs.

105. **In FY23, PPAs were increasingly focused on improving fiscal sustainability while further enhancing debt transparency and debt management.** Given the crisis context and significant fiscal constraints faced by countries, PPAs for the first two years of implementation in IDA19 focused primarily on debt transparency and debt management to reduce debt vulnerabilities. In FY23, 40 countries across all IDA country categories prepared at least one PPA on fiscal sustainability, compared with 33 in FY22 and 30 in FY21. While the shift to policy actions on fiscal sustainability, including domestic resource mobilization, and advanced actions on debt transparency and debt management are welcome, it is important to complement their implementation through technical assistance for capacity building. In line with the importance of domestic revenue mobilization reforms and in the context of the WBG Evolution, the SDFP will continue to provide a platform to incentivize reforms that support domestic revenue mobilization.

106. **The PCO supports DSEP implementation and complements existing mechanisms to promote coordination among creditors.** Building on IDA's global platform and convening role, the PCO aims to facilitate information-sharing and promote dialogue on debt transparency and debt sustainability, and joint action in addressing debt-related risks. Working closely with the IMF, other MDBs, and bilateral creditors, the PCO convenes partners at the global, regional, and country levels. Activities under the PCO scaled up significantly in the third year of SDFP implementation, with three high-level global events, two regional events, and two in-country events in FY23.[50]

107. **The SDFP has contributed to bringing greater focus to debt vulnerability issues in the policy dialogue with IDA-eligible countries.** IDA20's debt policy commitment has been supporting comprehensive reporting of public debt and the publication of fiscal risk statements to support better decision-making as countries work to address their high debt vulnerabilities and rebuild from the crisis. At the same time, the implementation of the policy has revealed challenges in engaging in countries where the World Bank is not a major creditor, and the implementation capacity of governments is limited. While it is still too early to determine whether the PCO has led to behavioral changes of creditors, outreach to strengthen country ownership, support open

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[48] In FY23, additional countries were required to prepare PPAs after having their external debt distress risk rating worsened from low to moderate.

[49] As part of the IDA20 MTR, Management carried out a comprehensive review of the implementation of the SDFP. Interested readers may refer to World Bank, *Sustainable Development Finance Policy of the International Development Association: Mid-Term Implementation Review*, April 2023, Washington, DC. Available at: *https://ida.worldbank.org/en/financing/debt/sustainable-development-finance-policy*

[50] At the global level (the WBG-IMF Spring and Annual Meetings in Washington, DC in April and October 2022, respectively, and the IDA20 Launch in Tokyo in September 2022), a range of stakeholders were brought together to explore ways to help developing economies tackle debt vulnerabilities for building a durable foundation for growth and prosperity, amid the overlapping crises. At the regional level, the outreach was focused on two groups of small island developing states—the Pacific and the Caribbean—given the common challenges small island developing states faced with the compounding impacts of the COVID-19 pandemic and climate shocks, worsened debt vulnerabilities and undermined development outcomes. The in-country outreach activities are tailored to the country's challenges and contexts (Uganda and Sierra Leone). These outreach events promoted coordination and discussions among development partners. The activities comprised a series of events with ministry officials, creditors, civil society, and the public.

conversations, and facilitate engagement from key stakeholders on debt sustainability and transparency are essential steps in the right direction.

108. **Experience in implementing the SDFP suggests that some enhancements and streamlining could be beneficial, in line with the proposed simplification of IDA going forward.** Countries acknowledge the important role of the SDFP, particularly as a tool that has opened avenues for discussions of important fiscal and debt policy issues. But the SDFP's current approach to releasing set-asides is a key challenge. At present, countries that do not satisfactorily implement their PPAs in one fiscal year can face set-asides of their annual country allocations in the next fiscal year (FY+1). The set-aside may be 10 or 20 percent of the country allocation, depending on the recipient's risk of external debt distress. If the PPAs are not implemented in FY+1, the country loses the set-aside completely. If the unmet PPAs are subsequently implemented in FY+1, the country may access the set-aside at the start of the following fiscal year (FY+2). During the year when funds are set aside, most countries are also not eligible for frontloading or reallocations unless a waiver is granted.[51] Finally, though countries with set-asides or discounts remain eligible to access most IDA windows, those that are eligible for SUW-SMLs cannot access them when a set-aside or discount is in place. Release of the set-aside, frontloading, or reallocations for countries with set-asides (other than Small States) require waivers of the policy.

109. **Mandatory year-long set-asides, when combined with restrictions on frontloading, can significantly reduce the resources available to countries.** Regardless of the length of delay in implementing a PPA, under the current approach restrictions apply for a full 12 months, until the start of the next FY. This can have a significant impact on programming and on engagement with governments, and penalizes countries that have demonstrated commitment to reforms but implement agreed actions with a slight delay. It also disincentivizes early action to complete outstanding PPAs once an initial deadline has been missed, because no additional funds are available until the mandatory 12-month period has passed. Waivers of the set-asides are possible, but the approval process for waivers is lengthy, includes multiple layers of review, and requires approval by both the Managing Director of Operations and the Board of Executive Directors. To date, only two waivers have been granted: allowing for use of reallocated funds in Comoros (FY22) and allowing frontloading in Pakistan (FY23).[52] By contrast, in FY24, the SDFP Secretariat has already received multiple requests from countries seeking release of the set-aside after delayed implementation of FY23 PPAs.

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[51] There are some exceptions. In line with Footnote 13 of the 2022 SDFP Board Paper, Small States that are subject to a set-aside or discount can frontload up to 50 percent of their indicative allocation for the following FY without additional approvals. This rule applies *only* if the Small State does not receive funds from the FCV Envelope. If it does receive an FCV top-up, frontloading rules for countries accessing the FCV Envelope apply. Another exception is set out in the IDA20 Resource Allocation Framework Guidelines. Capped Blend countries are allowed to frontload up to 50 percent of their indicative country allocation for the following FY after demonstrating sufficient progress in the implementation of the carry-over PPAs, subject to Board approval.

[52] The country team requested a waiver to enable Comoros to receive a reallocation of US$25 million for use in purchasing COVID-19 vaccines in FY22. The waiver was approved once satisfactory implementation of unmet PPAs and compliance with the NCB ceiling was confirmed. Pakistan faced devastating floods in the early months of FY23. Upon completion of the unmet PPA, the country team requested frontloading of 50 percent of its IDA country allocation from FY24 to FY23 to support the authorities in responding to the crisis.

110. ***Management recommends simplifying SDFP implementation by revising the policy to enable the SDFP Committee to approve release of set-asides, frontloading, reallocations, and access to SUW-SMLs for countries that implement previously unmet PPAs in the following fiscal year.*** PPA implementation can be affected by unexpected delays in government processes (including, for example, changes in cabinet/council of ministers due to elections, or procurement issues for PPAs that include contracting of external firms). Revising the policy to make timely recognition simpler can help reinforce commitment to reforms and aligns with the SDFP's overall objective to support countries' efforts toward sustainable borrowing practices. If supported, the policy revision will be presented to the Board and implemented after Board approval.

111. **The revised policy would allow countries that satisfactorily implement the previous year's PPAs with a delay to request release of set-asides, to frontload resources, receive reallocations, and access SUW-SMLs in the current year.** Delaying access to finance until the following fiscal year may disincentivize timely implementation of missed PPAs and may have unwanted effects on planning. Experience over the past year, for example, has shown that preventing access to SUW-SMLs can have significant operational implications. To simplify this process, Management is proposing that countries will be able to submit evidence of delayed PPA implementation and requests for release of set-asides to the SDFP Committee. The Committee will reassess PPA implementation in line with the guidance provided during the Implementation Assessment Note (IAN) review. If the Committee approves the request, the decision would also lift the restrictions on frontloading, reallocations, and access to SUW-SMLs. This proposal will not apply to PPAs that require a full year of implementation (e.g., NCB ceilings) as their implementation cannot be fully assessed mid-year. Countries seeking to lift the set-asides or other restrictions without having implemented PPAs would still be required to seek a waiver.

112. **The approval process for PPA notes and IANs is another area of SDFP implementation that can be further streamlined.** During the earlier years of implementation, the Policy required that decisions regarding PPAs are to be taken at the Managing Director level upon the recommendation of the Regional Vice-Presidencies (RVP) with the concurrence of the Development Finance (DFi) VP, the Operations, Policy and Country Services (OPCS) VP, and the Equitable Growth, Finance, and Institutions (EFI) VP, and advice of the SDFP Committee. The SDFP Committee comprises Directors from DFi, OPCS, the Macroeconomic Trade and Investment Global Practice (MTI), Credit Risk (CROCR), and the Deputy General Counsel (Legal VP). However, experience and implementation of the policy since its inception have indicated that, given the high level of technical expertise involved in review of PPAs, the SDFP Committee can identify and resolve most issues adequately.

113. ***Management recommends empowering the SDFP Committee to take the final decisions on PPA notes and IANs.*** As such, empowering the Committee will not lower the level of accountability that the policy envisions given the high level of technical expertise involved in the review of PPAs. In addition, based on the criticality of individual cases (e.g., countries under the Common Framework, those with unmet PPAs from the previous year, or unsustainable debt situations), the Committee can use its judgment and decide to elevate the discussion to the VPs and the Managing Director of Operations, and seek their concurrence/approval. These changes will streamline the existing approval process without impacting the rigor of review that underpins the SDFP. Regional teams will continue to lead the dialog and define PPAs, while the SDFP

Committee will support efforts, review submissions and take final decisions to ensure the implementation of the Policy. However, any requests for waivers to the Policy will be reviewed by the SDFP Committee and sent for VPs' concurrence and Managing Director of Operations approval.

114. **As part of the overall effort to simplify IDA, Management is closely looking at other aspects of implementation of the SDFP and may propose further revisions to the Policy in the FY24 SDFP Implementation Update**, with the aim to strengthening policy implementation, and enhancing the focus on results and streamlining implementation of the policy in the spirit of simplification.

ii. Crisis Preparedness

115. **IDA20 introduced Crisis Preparedness as a Cross-cutting Issue to accelerate countries' preparation for crises that are increasingly frequent, severe, and interconnected.** The cross-cutting approach includes the ambitious undertaking to incorporate crisis assessments into Systematic Country Diagnostics and Country Partnership Frameworks in IDA countries and accompanies this commitment with expanded incentives to invest in crisis-preparedness instruments, as well as enhanced tracking and reporting across the portfolio.

116. **As overlapping crises have become the new normal, IDA has adopted a multipronged approach that generates actionable knowledge, designs shock responsive operations, and builds national capacity for Crisis Preparedness and response.** To ensure that this support is targeted to address identified gaps, World Bank country strategies are increasingly informed by Crisis Preparedness diagnostics. Diagnostics informed 11 out of the 12 IDA country strategies completed in FY23. IDA is also helping countries strengthen their institutional capacity to prevent and prepare for crises. The multitude of overlapping crises in recent years has underscored the critical need for adaptive social protection (ASP) systems to strengthen resilience. In response, IDA has intensified efforts to help countries integrate ASP into their national systems, thereby enabling households to manage unexpected shocks more effectively. In FY23, IDA provided such support to 17 countries. IDA support also extends to related crisis prevention and response interventions. For example, in FY23, IDA supported the institutionalization of disaster risk reduction in 48 countries, including 17 FCS countries, which represents 87 percent progress toward the low end of the expected range for the IDA20 cycle. Finally, IDA is increasingly integrating disaster risk management across sectors. For projects approved in the first year of the IDA20 cycle, financing of commitments with disaster risk management co-benefits totaled $5.7 billion.

117. **IDA's ability to support Crisis Preparedness will expand as the World Bank works to enhance the Crisis Toolkit to better prepare countries for responding to future shocks.** The Board has approved the introduction of Climate Resilient Debt Clauses (CRDCs), which will provide Small States the option to temporarily defer principal repayments on new IDA loans when a severe natural disaster occurs, and predetermined triggers are met. Further work is being undertaken (i) to expand offering of CRDCs to the existing loan portfolio and (ii) defer interest payments and fees, in addition to the principals, in eligible countries. Four other proposals have been developed and circulated for discussion by the Committee on Development Effectiveness

and the Audit Committee on November 28.[53] These comprise: (i) introducing a Rapid Response Option that would enable borrowers to rapidly redeploy for emergency response a portion of their undisbursed portfolio; (ii) increasing country limits for Cat-DDOs in DPF operations with Cat-DDO options and offering scalable financing in times of crisis; (iii) formalizing an IPF with a DDO feature for specific expenditures when an unforeseen shock occurs; and (iv) offering Disaster Risk Transfer Transactions in conjunction with World Bank financing to expand borrowers' options in managing the risks of high-intensity but low-frequency disasters. If approved by the Board in December, these options will be available to IDA countries for the second half of IDA20.

Box 3. 2. Supporting Crisis Preparedness in Nepal through the Crisis Preparedness Gap Analysis

Six Crisis Preparedness Gap Analyses (CPGAs) have been completed as of the MTR and an additional 12 are in various stages of preparation. The CPGA adopts a holistic, cross-sectoral assessment that identifies gaps in country systems across different types of shocks and elevates the issue from line ministries to the center of government. As such, the CPGA fills a gap among existing tools by promoting preparedness across different types of shocks. Where the CPGA has been delivered, feedback from the client and country teams has been positive. Clients particularly valued the assessment's ability to cut across artificial silos and offer a holistic view of where priority preparedness needs or gaps may exist.

In Nepal, as in many other IDA countries, crisis preparedness is a critical agenda. The country is no stranger to devastating earthquakes, floods and landslides, and zoonotic diseases with epidemic potential pose a significant threat. Structural vulnerabilities to production and trade shocks put food security at risk, even if chronic food insecurity and malnutrition are declining. To help identify opportunities to strengthen Nepal's preparedness to a range of shocks, the World Bank recently completed a CPGA, deploying a multi-sector team of experts from across the institution and working closely with key government stakeholders and development partners.

Because most of the existing analytical work on preparedness in Nepal focused on specific sectors or hazards, it did not offer a holistic understanding of priorities for improving the country's capacity to manage the full range of potential shocks that it faces. The CPGA has helped bring together stakeholders from critical sectors related to natural hazards, health, and food security. This collaboration has played an important role in identifying priorities to enhance preparedness for major crises that have an impact across multiple sectors. As the World Bank and the Government of Nepal set out to develop the new Country Partnership Framework, the CPGA underscores priority areas to strengthen preparedness overall, including continued policy dialogue and investments to strengthen the National Disaster Risk Reduction and Management Agency in its capacity as coordinating agency for crisis preparedness across sectors. In addition, it emphasizes the need for developing multi-hazard early warning systems and establishing shock-responsive social protection systems. Although distribution of some CPGAs with politically sensitive findings may be limited, Nepal's CPGA is planned for publication in calendar year 2024.

118. **The Crisis Preparedness commitment exemplifies IDA's track record of leadership on key priorities of the WBG Evolution.** IDA20 had already expanded its focus on Crisis Preparedness when work to expand the World Bank's Crisis Toolkit began, with good results. New incentives to invest in Crisis Preparedness instruments have been highly effective. To date, 14

[53] Forthcoming: *Proposed Changes to IBARD/IDA Operational Policies to Enhance the World Bank Crisis Preparedness and Response Toolkit*. Reference: AC2023-0040, CODE2023-0050 dated November 14, 2023.

countries have included or are preparing to include Cat-DDOs in IDA20 DPF operations, benefiting from the enhanced financial incentives that IDA20 offers.[54] Responding to early signals from food security monitoring data, IDA allocated CRW Early Response Financing to address rising food insecurity. IDA has also taken steps to intensify monitoring of Crisis Preparedness measures. Six PCs embedded across the Special Themes are on track. Ongoing work to revamp the WBG Corporate Scorecard may inform the IDA RMS, including indicators that reflect the outcomes of crisis preparedness investments.[55]

119. **IDA is also working steadily to integrate Crisis Preparedness considerations into country engagement planning and across Special Themes**. Crisis Preparedness is integrated across the Human Capital, Climate Change, and FCV Special Themes, and commitments are on track.[56] A standalone PC requires IDA to provide technical and financial support for Crisis Preparedness in all IDA countries with an active program, informed by appropriate crisis preparedness assessments. As of the MTR, 86 percent of IDA countries with an active program have operations supporting Crisis Preparedness. Current projections suggest that delivery will reach 96 percent by the end of the cycle. Crisis preparedness diagnostics have been delivered in 74 percent of IDA countries as of the MTR. Current projections suggest that delivery will reach 89 percent by the end of the cycle. One hundred percent delivery remains achievable for both the technical support and diagnostic elements of the commitment, with continued emphasis on the effort and a focus on integrating crisis preparedness diagnostics into country engagement planning. The commitment offers countries flexibility to select from a range of diagnostics that best suit their needs. Use of the new CPGA is also expanding (see Box 3.2.). Diagnostics including disaster preparedness, shock-responsive social protection, and climate and disaster risk financing have also all been employed.

120. ***Emerging lessons*: Cross-cutting attention to Crisis Preparedness is improving coordination on a complex agenda**. Crisis Preparedness requires coordination among a wide range of stakeholders (communities, civil society, government, partners), across sectors, and at local, regional, national, and sometimes multinational levels. Many governments struggle to prioritize ex-ante investments in crisis preparedness, and instead rely on ex-post responses once crises strike, often through donor funds. Even when preparedness plans and policies are put in place, financial and technical capacity constraints can slow operationalization, and therefore effectiveness. Within the World Bank, multiple Global Practices deal with aspects of Crisis Preparedness, and IDA20's policy focus is supporting strategic coordination.

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[54] This includes six countries in the East Asia/Pacific region (Fiji, Kiribati, Tonga, Tuvalu, Samoa, Solomon Islands), three in West/Central Africa (Benin, Cabo Verde, and the Gambia), two in South Asia (Bhutan, Nepal), and one each in Africa East/South (Tanzania), Europe and Central Asia (Tajikistan), and Latin America and the Caribbean (Saint Lucia).

[55] In line with commitments in the IDA20 Deputies' Report, IDA also developed a definition of crisis preparedness for use in tracking the standalone Crisis Preparedness PC and tested a potential indicator to track crisis preparedness financing based on the definition. In view of ongoing work to strength results orientation in reporting, and in light of the potential for overlap with other financing indicators, Management does not recommend pursuing a Crisis Preparedness financing indicator.

[56] Crisis Preparedness-linked Policy Commitments include Human Capital PC1, as amended, on strengthening inclusive health systems, and Human Capital PC7 on preventing and preparing for pandemics; Climate Change PC8 on strengthening freshwater, marine and coastal ecosystems, and FCV PC4 on addressing transboundary drivers of fragility and crisis response.

121. **Proactive data monitoring and cross-sectoral engagement can support early preparedness actions.** Allocation of CRW ERF resources to address the ongoing food and nutrition crisis offers some lessons on the value of coordination at the institutional level. Proactively monitoring major changes in food and nutrition security conditions enabled early detection of worsening conditions, and review by a cross-sectoral group of Bank experts confirmed the need for early action. The requirement for countries to prepare Food Security Crisis Preparedness Plans before or after receiving ERF resources is designed to incentivize a stronger and more consistent focus on Crisis Preparedness in recipient countries. That said, operationalization of CRW ERF funds once allocated is subject to regular project preparation timelines, which can be lengthy. A continued focus on promoting contingent financing instruments will support a comprehensive approach to preparedness and ensure access to funds that can be deployed rapidly in a crisis.

iii. Governance and Institutions

122. **Building on the Governance and Institutions Special Theme of previous cycles, IDA20 introduced Governance as a Cross-cutting Issue to strengthen the foundations for a green, resilient, and inclusive recovery**. Commitments in this cycle aim to reinforce fiscal sustainability and accelerate digital governance to improve service delivery, statistical capacity, and institutional strengthening, while retaining close links to work under the SDFP and in support of domestic resource mobilization.

123. **IDA supports countries to build responsive, effective, and accountable institutions, as a foundation for sustainable and inclusive development.** This includes helping countries to generate reliable and comprehensive data to inform development programs, allocate resources efficiently, and track progress. In FY23, IDA supported statistical capacity building to facilitate household surveys in 50 countries, including 16 FCS countries. This marks a substantial step toward the expectation of reaching 55 countries by the end of the IDA20 cycle. Notably, for the first time, the RMS now includes an indicator tracking support for the collection of disability data. IDA extended such assistance to 29 countries, including eight FCS countries. These data are critical in identifying the needs and challenges of people with disabilities, enabling the creation of inclusive policies to improve the well-being of a significant and often marginalized population. Finally, IDA is helping countries stem illicit financial flows (IFF), which divert resources from public priorities and pose a huge challenge to political and economic security around the world. In FY23, IDA supported 10 countries to take IFF-related actions.

124. **The Governance Cross-cutting Issue employs a mix of four standalone PCs and five PCs embedded in four Special Themes.** All five of the PCs embedded in Human Capital (PC8, on leveraging adequate, efficient financing for human capital), Fragility, Conflict and Violence (PC3, on strengthening core governance institutions in FCS countries), Gender (PC8, on implementing fiscal policy and budget systems to close gender gaps), and JET (PC3, on providing infrastructure investment support to countries with governance challenges, and PC8, on boosting institutional capacity to improve data for policy decision-making), are on track. Three of four standalone PCs, including PC1 (increasing debt transparency and fiscal sustainability), PC2 (improving domestic resource mobilization), and PC4 (combating illicit financing flows) are

expected to be on track as of the MTR or shortly thereafter, by the close of FY24 Q2. PC3 on enabling digital services will fall short of an interim target planned for the MTR, but is advancing. Given the strong pipeline of related projects, it is expected that the end of cycle target will be met.

125. ***Emerging lesson:* Use of a programmatic approach for PPAs under the SDFP has deepened transparency on debt issues.** The programmatic approach has helped increase coverage and improve the timely publication of debt reports and fiscal risk statements. Institutionalization of these reforms has built ownership and supported additionality in each successive cycle of reforms. Availability of comprehensive debt data is essential for debt restructuring, and work on debt transparency in IDA19 helped streamline the process for the debt restructuring negotiations under the G20 Common Framework. Complex implementation arrangements for the SDFP have posed some challenges however, and simplification efforts are underway. These are addressed in more depth under the Debt Cross-cutting Issue section above.

iv. Technology

126. **IDA20 retained Technology as a Cross-cutting Issue to ensure that technology continues to serve as a "connective tissue" across the IDA20 Special Themes.** The COVID-19 pandemic underscored the urgent need to address the digital divide. Accelerating technology adoption in IDA countries can help support recovery. Access to digital connectivity remains severely limited, however, with IDA countries lagging on mobile internet penetration and digital connectivity generally. In addition to access challenges, skills gaps and poor affordability contribute to low usage in IDA countries. The Technology Cross-cutting Issue aims to integrate digital technology into development solutions across the portfolio, building resilience and supporting long-term growth. As IDA countries embrace digital transformation, they also face emerging threats to cybersecurity and data privacy. Risks are growing rapidly with increased digitalization, and are compounded by legal frameworks and institutions that lack capacity to address the challenges. IDA20 aims to bolster efforts to guide the appropriate use of data with attention to cybersecurity, data privacy, and governance.

127. **IDA has taken decisive steps to address gaps in digital connectivity, digital public infrastructure, and legal enablers and safeguards.** In FY23 alone, IDA operations contributed to enhanced access to broadband for more than 66 million people, achieving 84 percent of the expected value for the three-year cycle. Projects include support for: expanding digital ID, data-sharing and digital payments; developing broadband and data hosting infrastructure; and improving digital service delivery. For example, in Ethiopia, IDA has committed $200 million to enhance the competitiveness of the telecommunications market and expand the reach and quality of broadband infrastructure. This support is strengthening legal and regulatory frameworks for competition and data protection, expanding fiber networks and mobile broadband, and supporting digital start-ups and businesses aimed at job creation.

128. **Delivery of six Technology-linked PCs across four Special Themes or Cross-cutting Issues is progressing steadily**. All but one technology-linked PCs are on track. This includes Human Capital PC4 (using digital technology in adaptive social protection) and PC6 (expanding access to core services for persons with disabilities, including technology), Gender PC5 (closing the gender gap in digital technology), JET PC6 (expanding broadband access and usage for jobs

of the future) and PC7 (positioning more firms for recovery, including through the adoption of digital technology).[57]

C. Organizational and Operational Effectiveness and Efficiency

129. **IDA's results are underpinned by a steadfast commitment to operational quality, efficiency, and responsiveness.** Tier 3 indicators in IDA's RMS track progress in how IDA *finances* for outcomes, *monitors* for outcomes, and *implements* for outcomes. With the resumption of mission travel, particularly to FCS countries, there has been an uptick in the average supervision costs of IDA projects. Despite this increase, IDA's budget anchor, which measures the ratio of administrative expenses over IDA net revenue, has declined slightly since FY22, standing at 70 percent, well below the 100 percent threshold. This shows that IDA is spending its administrative budget efficiently to serve clients and ensure quality of operations. In addition, total administrative budget expenses per $1.0 billion of portfolio under supervision have remained consistent with the level during IDA19. This reflects IDA's ongoing shift to fewer, larger operations, which allows IDA to leverage its resources more effectively and achieve greater impact. IDA's proactivity index has continued an upward trend since IDA19 and remains above the 80 percent threshold, demonstrating that IDA takes timely actions to address problem projects. IDA continues to leverage private capital. In FY23 total private mobilization in IDA countries remained steady at $7.9 billion, but the share of mobilization in FCS countries increased by 67 percent, compared with the annual average in IDA19.

130. **Due to the World Bank's robust performance, IDA-supported operations have continued to deliver positive outcomes for people in client countries.** According to IEG ratings, the World Bank achieved satisfactory performance in 90 percent of IDA-financed operations in FY23, an increase from FY22. Similarly, the quality of IDA's monitoring and evaluation has continued to improve, with 70 percent of all IDA operations rated as substantial or high on M&E quality (67 percent in FCS countries). These figures exceed the expected value of 60 percent. As a result, IDA operations have largely been successful in achieving their development objectives. In FY23, IEG rated 87 percent of all IDA operations and 82 percent of operations in FCS countries as having achieved satisfactory outcomes, surpassing the expected 80 percent threshold. Both these figures demonstrate improvement compared with results from FY22. IEG ratings of satisfactory outcomes of IDA Country Partnership Frameworks jumped 8 percentage points, reaching 68 percent, just short of the expected value of 70 percent.

131. **The ongoing strength of IDA's performance indicators reaffirms its position as a partner of choice.** The World Bank regularly surveys stakeholders to obtain feedback on various dimensions of its performance, which are rated on a scale of 1 (low) to 10 (high). The results of these surveys further underscore IDA's effectiveness. Client perceptions of IDA's responsiveness and staff accessibility have continued to see an uptrend since IDA19 and remain above the expected value of 7. Clients also provided favorable feedback on the WBG's effectiveness and impact on results, with a rating of 7.5, surpassing the expected value of 7. Client feedback on IDA's collaboration with other donors remains positive, especially in countries affected by FCV, but has not yet achieved the ambitious expected value of 8. While the share of Advisory Services and Analytics (ASA) rated by clients as having accomplished their objectives fell from 90 percent

[57] As noted above, Governance PC3 (enabling digital government services) will fall slightly below the MTR target.

in FY22 to 79 percent in FY23, client feedback on WBG knowledge improved over the same period, reaching 7.7 against an expected value of 7.0. IDA also regularly engages with beneficiaries to understand their most pressing needs and inform operations. In FY23, 99 percent of IDA projects included a beneficiary feedback indicator at design. Finally, inclusion is central to IDA's approach. This is reflected in the growing share of IDA IPF operations that applied the concept of universal access at design, which has reached 34 percent, a 10-percentage-point increase since the indicator was introduced in IDA19. IDA's strong commitment to transparency is recognized by its strong standing in the 2022 Aid Transparency Index, where it was ranked second among organizations assessed. In addition, the Multilateral Organization Performance Assessment Network 2023 assessment of the World Bank recognized the unparalleled strength of the World Bank's financial model, including IDA's hybrid financial model.

IV. RECOMMENDATIONS

132. **Management proposes specific operational adjustments to IDA20 and will continue simplification efforts to improve IDA20 implementation and inform IDA21 discussions**. Adjustments will ensure continued strong delivery, and in some cases will help to simplify complexity in existing IDA's architecture. In view of the need to prepare for an IDA21 that has sufficient adaptability to respond to urgent—and evolving—global challenges, Management proposes to continue and expand its ongoing work to simplify IDA, with the objective of presenting additional options for simplification of IDA20, and proposals for further simplification of IDA21 to inform discussions. In view of the intensifying conflict trends observed in the cycle to date (see Box 3.1), Management will continue to raise country-specific circumstances with IDA Participants as appropriate during IDA20 and will act quickly and decisively in all countries in complex emergencies, where resources can support the preservation of human capital and institutional capacity, such as in Afghanistan and Sudan.

A. Targeted Operational Adjustments for IDA20

133. **Seven targeted operational adjustments are proposed to ensure IDA20 sustains momentum and to launch the SimplifIDA initiative**. Proposals to streamline eligibility criteria for use in administering new Crisis Response Window+ resources, adjust the wording of selected Policy Commitments, simplify the use of Shorter-Maturity Loans, and streamline Sustainable Development Finance Policy implementation are proposed for endorsement. For readers' convenience, five additional proposals related to the Private Sector Window and IDA Graduation are also summarized below. These proposals are fully elaborated in separate papers and will be discussed during dedicated sessions at the Mid-Term Review.

Table 4. 1. Proposed Adjustments to IDA20

FOR AGREEMENT		
Windows		
1	Administration of new CRW+ resources. *(See paragraph 42.)*	
	• If CRW+ pledges reach *$500 million or less*, use funds for both Last Resort and Early Response Financing, as needed. Allow larger countries to exceed the $50 million per country cap on ERF resources if needed.	**SIMPLIFICATION MEASURE**

FOR AGREEMENT			
	• If CRW+ pledges *exceed $500*, in addition to the above, simplify criteria for accessing CRW Last Resort funds to respond to economic crises.		
Policy Commitments			
2	Adjust Human Capital PC1 to reflect changed context. *(See paragraph 73.)* • Under the revised PC, IDA will ***"Support at least 20 IDA countries to strengthen inclusive health security by building countries' capacity to prevent, detect and respond to the threat posed by health emergencies."***		
3	Clarify Gender and Development PC7 to reflect national level policy processes *(See paragraph 89a)* • Under the clarified PC, IIDA will ***"Support at least 10 IDA countries to strengthen national policy frameworks for prevention and response to GBV, and in at least 15 IDA countries, of which five are FCS, support GBV related services in health systems, and/or implement GBV prevention and response protocols as part of safe and inclusive educational institutions."***		
Shorter Maturity Loans			
4	Allow the recommitment of SMLs beyond IDA20 to align with existing World Bank policies and practices that permit the recommitment of IDA resources of other windows. *(See paragraph 64a and SML paper paragraph 31.)*	See also *Review of Implementation and Utilization of Shorter-Maturity Loans ("SML paper")*	**SIMPLIFICATION MEASURES**
5	Determine eligibility for SUW-SML resources based on the country's risk of debt distress, without additional eligibility criteria at the project level. *(See paragraph 64b and SML paper paragraph 30.)*		
Sustainable Development Finance Policy Implementation			
6	Simplify SDFP implementation by allowing the SDFP Committee to allow early release of set-asides, frontloading, reallocations, and access to SUW-SMLs for countries that implement previously unmet PPAs in the following fiscal year. *(See paragraph 109.)*		**SIMPLIFICATION MEASURES**
7	Empower the SDFP Committee to take final decisions on PPA approval and Implementation Assessment Notes, with discretion to elevate to Vice President and/or Managing Director of Operations review on an as-needed basis. *(See paragraph 112.)*		

PRESENTED IN SEPARATE PAPERS FOR DISCUSSION AND AGREEMENT IN DEDICATED MTR SESSIONS			
Private Sector Window			
8	Modify the PSW Policy to extend the PSW Blended Finance Facility and Local Currency Facility to third parties in IDA20, alongside IFC in IFC-led transactions, without a need for a waiver from the IDA Executive Directors to the PSW Policy. *(See paragraph 51a and PSW paper page 30.)*	Detailed discussion in separate *Private Sector Window Utilization and Implementation Review ("PSW paper")*, to be presented in dedicated session at MTR	**SIMPLIFICATION MEASURE**
9	Expand the PSW MIGA Guarantee Facility to trade financing solutions starting in IDA20, to respond to heightened needs for this product. *(See paragraph 51b and PSW paper page 32.)*		
10	Expand the PSW MIGA Guarantee Facility to liquidity-support guarantees starting in IDA20, which can help further scale up investments in renewable energy and infrastructure. *(See paragraph 51c and PSW paper page 33.)*		
Graduation			
11	Adopt a structured, but flexible approach to guide decisions on reverse graduations and reclassifications to IDA. *See Graduation paper, pages 14-21*	Detailed discussion in separate *IDA Access, Terms and*	

PRESENTED IN SEPARATE PAPERS FOR DISCUSSION AND AGREEMENT IN DEDICATED MTR SESSIONS			
12	Broaden the scope of the Small Island Economies Exception to eligible IDA and IBRD non-island Small States. *See Graduation* paper, *pages 22-27.*	*Graduation Prospects paper ("Graduation paper")*, to be discussed in dedicated session during MTR	
	Recalibrate the criteria on which IDA concessional resources are provided to countries under the broadened Small Island Economies Exception. *See Graduation paper, pages* 27-32.		**SIMPLIFICATION MEASURE**

B. "SimplifIDA" Initiative

134. **Management will offer options to simplify the IDA architecture and policy package for the IDA21 Replenishment**. In view of the need to ensure an IDA21 that has the focus and flexibility to address evolving global challenges, Management seeks to ensure that IDA aligns with the ongoing simplification agenda being pursued via WBG Evolution discussions. Management's "SimplifIDA" initiative will aim to identify opportunities to simplify IDA processes, policy, financing arrangements and architecture. Preliminary inputs have been solicited from Directors across the WBG and operational teams involved in the preparation and delivery of IDA operations. The process will also solicit feedback from clients and from a newly established Network of IDA Champions bringing together staff working on IDA-related issues.

135. **The SimplifIDA initiative aims to present concrete proposals for consideration by IDA Deputies and Borrower Representatives.** Following the MTR meetings, a technical working group will continue to review and prioritize proposals for simplifying IDA processes, policies, and architecture. While Management will continue to propose measures to simplify IDA20 implementation where feasible, the focus will be on suggesting improvements that can support a streamlined and effective IDA21.

C. Conclusion

136. In light of the analysis of implementation progress presented in this paper, Management recommends that IDA Deputies and Borrower Representatives ***agree*** to the proposed adjustments to IDA20 presented in Table 4.1.

ANNEX 1. UPDATE ON LOCAL CURRENCY FINANCING PILOT

1. **At the Twentieth Replenishment of the International Development Association (IDA20) discussions that concluded in December 2021, IDA Participants endorsed the introduction of fully hedged local currency financing for IDA countries in IDA20, with a pilot to be pursued by the IDA20 Mid-Term Review (MTR).** It was agreed that IDA would offer the possibility of local currency financing to its borrowing members by introducing a currency conversion option in its concessional financing[1] and hedging its cash flow and currency exposure by entering cross-currency swaps or issuing local currency bonds in the international capital markets, subject to market availability. IDA Participants agreed that introducing unhedged local currency lending would be counterproductive given that open FX risk would require large amounts of capital consumption, which would reduce IDA's lending capacity.

2. **To facilitate fully hedged local currency financing for IDA countries, IDA has established a legal framework to offer IDA Recipients local currency conversions for IDA concessional financing, building upon the existing policies and procedures already available for IBRD's Flexible Loans (IFL) and IDA's non-concessional financing.** Following the IDA20 Deputies' Report, the Executive Directors approved a legal framework for implementing currency conversions in IDA's concessional lending.[2] All IDA countries and IDA graduates with outstanding IDA concessional financing are eligible to request a currency conversion with respect to their new or existing IDA concessional financing. Consequently, IDA's General Conditions and IDA's concessional loan templates were amended to incorporate the applicable terms governing the relevant currency conversions. The Policy and Directive on Financial Terms and Conditions of Bank Financing, and the Bank's Conversion Directive were also modified to reflect the approved financial conditions for effecting local currency conversions.

3. **With the aspiration to provide additional local currency solutions to client countries, the World Bank is continuously exploring new ways to expand its toolkit with innovative products to offer increased flexibility and better support its clients in managing foreign exchange risk.** To advance the local currency financing possibilities, the World Bank formed a working group with experts from IBRD/IDA, IFC, and MIGA (World Bank Foreign Exchange Working Group – FRoG) to brainstorm potential local FX solutions for both low-income countries and middle-income countries, complementing the already ongoing efforts on the IDA side in advancing the local FX agenda. Although it is premature at this moment to state which options are viable given different tradeoffs, pros, and cons of each option, it is also important to note that all internal (such as: (i) blending higher-cost local FX lending with a hard currency grant; and (ii) hedging directly with the Currency Exchange Fund (TCX)[3] and/or through financial intermediations) and external ones from reputable institutions and scholars (such as: (i) Avinash Persaud's proposal on unblocking the green transformation in developing countries with a partial foreign exchange guarantee; (ii) TCX's proposal to increase their impact by additional risk-capital injection; (iii) DELTA platform that is role-modeled after EBRD's own local FX offering model; and (iv) Citi's proposal in providing proxy hedges) are thoroughly assessed.

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[1] Local currency financing through conversion was already authorized for IDA's non-concessional financing.

[2] Board paper IDA/R2022-0322.

[3] TCX is a global development finance initiative that offers long-term currency swaps and forwards in 80+ financial markets where such products are not available or poorly accessible.

4. **Moreover, IDA continues to actively explore the feasibility of transacting directly with TCX in those markets where other competitive alternatives do not exist.** Some of TCX policies with its counterparts run counter to World Bank risk management practices. TCX has relaxed some of these, and work continues between TCX and IDA to resolve the remaining ones. Transacting directly with TCX could potentially result in lower transaction costs for IDA clients to bear, depending on how many of the current TCX policy requirements remain. In the meantime, transactions via financial intermediaries is an available option and can be used any time, as long as financial terms are acceptable to IDA's Borrowers. For the local currency financing pilot, TCX has agreed to collaborate with the World Bank through intermediary banks.

5. **From the outset of IDA20, the World Bank actively searched for IDA currency hedging opportunities for interested IDA country clients.** Market counterparts were sounded out for cross-currency swaps to hedge the conversions to local currency, the available maturities, and the interest rate in local currency that clients would face. The team then proactively reached out to IDA countries where hedges were offered by the market. While ongoing discussions with several IDA countries continue, it has not yet materialized into clients' interest. In addition, the team also explored countries with currencies linked to the Indian rupee (INR) offering conversion into Indian rupee. Despite the longer maturity available for the India rupee interest from these countries has not yet materialized.

6. **This apparent lack of interest from IDA countries in IDA's local currency offering could be attributed to various factors:**

a. IDA's triple-A credit rating implies that IDA has a cost advantage over its client countries in intermediating hard currency financing. However, IDA's cost advantage over its client countries is significantly lower or non-existent in local currencies compared with sovereigns' domestic cost of funding. Local currency financing is more appealing to private sector clients that face higher costs of funding, and is therefore more prevalent in development banks with a private sector focus, such as the IFC or EBRD. We refer the reader to the second volume of the report of the Independent Expert Group (IEG), which was commissioned by the Indian G20 Presidency, pages 42 and 43, for complementary discussion on foreign exchange risk.[4]

b. An additional challenge lies in the enabling environment. Domestic debt markets in IDA countries are often underdeveloped and lack liquid swap markets. Local currency markets in these countries have structurally shorter maturities and smaller volumes compared with well-developed global currencies. As a result, IDA can only offer local currency financing in some IDA currencies and only for relatively short maturities.

c. Sovereigns tend to hedge hard currency assets with hard currency borrowing, indicating a preference for hard currency loans.

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[4] G20 Independent Experts' Group, *Strengthening Multilateral Development Banks; Triple Agenda, Roadmap for Better, Bolder and Bigger MDBs; Volume 2,* June 30, 2023. Available at: *https://www.g20.org/content/dam/gtwenty/gtwenty_new/document/Strengthening-MDBs-The-Triple-Agenda_G20-IEG-Report-Volume.pdf*

d. IDA's ability to offer local currency financing is also constrained by the limited number of counterparties and dealers that provide hedges in IDA countries' currencies. These hedging instruments also tend to be expensive, with limited tenors and volumes, if they are provided at all. The market quotes that IDA receives from its market counterparts are often based on TCX prices, and they reflect a limited volume capacity.

e. IDA’s local currency financing offering depends on IDA Recipients accepting mismatch risks: when an IDA executed hedge (cross currency swap or local FX bond) expires before the corresponding loan matures, a new hedge will be established, and the interest rate in the local currency will change according to the prevailing market conditions (consequently, IDA Recipients will still be subject to pricing uncertainty). However, if a new hedge is not available, or the IDA Recipient does not agree to the new interest rate, the loan will revert to foreign currency (at the exchange rate prevailing at maturity).

f. Another potential reason for the lack of demand is that policymakers in IDA countries may not be fully aware of the IDA’s local currency offering. The World Bank has been actively involved in outreach efforts to educate clients about the foreign exchange risks associated with currency depreciation, which could lead to losses exceeding the costs of hedging. Despite past outreach and training initiatives, there is still room for further education regarding local currency financing offering among policymakers in IDA countries.

7. **Despite the formidable challenges, IDA proactively and methodically explores different avenues to enable local currency financing for IDA countries, with the objective of making the local currency financing transaction a reality, while remaining dedicated to the development of local currency markets in IDA countries.** In this regard, the World Bank plays a pivotal role by advising authorities and regulators on capital markets development, opening new markets through demonstration transactions, providing technical assistance, participating in standard-setting bodies, disseminating knowledge, and sharing best practices. The World Bank offers local currency solutions through a wide range of innovative programs that are replicable and scalable. One such example is the IDA PSW. One of the facilities under the PSW is a Local Currency Facility (LCF), which provides long-term local currency hedging to support IFC investments in the most challenging IDA markets where local currency hedging solutions are underdeveloped or missing. Another example is the Joint Capital Markets (J-CAP) program, which was launched to promote the development of local capital markets. The J-CAP program is currently being implemented in 18 countries, including the eight countries of the West African Economic and Monetary Union.

ANNEX 2. PROGRESS ON RESULTS MEASUREMENT SYSTEM

Tier 1: IDA Countries' Progress				
No.	**Indicator**	**Unit of Measure**	**Baseline (as of June 2022) ALL IDA/FCS (Coverage Year)**	**Results Achieved (as of June 2023) All IDA/FCS (female) (Coverage Year)**
World Bank Group Goals				
1	Population living on less than $2.15 a day	% of population	26.9 / 35.0 (2019)	26.7 / 34.2 (2019)[1]
2	Median growth rate of consumption/income per capita of the bottom 40 percent	%	1.2 / 5.9 (2019)	0.76 / -4.25 (2015 - 2020)
3	Countries with growth concentrated in the bottom 40 percent	%	50 / 100 (2019)	44.4 / - (2015 - 2020)
4	Gini index	Median Index	-	37.6 / 37.3 (2019)
IDA20 SPECIAL THEMES				
Climate Change				
5	CO_2 emissions	Metric ton per capita	0.55 / 0.38 (2019)	0.52 / 0.34 (2020)
6	Countries without wealth depletion	%	65.1 / 33.3 (2017)	60.5 / 50.0 (2018)
7	Countries without natural capital wealth depletion	%	-	25 / 41 (2016-2018)
8	Average annual deforestation change	%	-	0.58 / 0.58 (2021)
9	Marine protected areas	(% of territorial waters)	3.2 / 4.2 (2020)	3.2 / 4.2 (2021)
Gender and Development				
10	Legal changes that support gender equality	(number of legal changes)	5 / 1 (Oct 2020 - Oct 2021)	12 / 2 (2022)
11	Ratio of female to male labor force participation rate	%	70 / 79 (2021)	70.4 / 79.3 (2022)

[1] To ensure reliable regional and global poverty estimates, countries are required to have survey-based poverty data conducted within three years of the reference year, and regional estimates are only provided if they cover at least 50 percent of the regional population. However, during the COVID-19 pandemic, the extreme economic shocks and uncertainty prompted a shift in the approach. In 2020 and 2021, an annual coverage rule instead of a three-year window is used to decide on the regions for which to report post-2019 aggregates, such that only regions with sufficient data during or post-COVID-19 have aggregates reported. Since, this special coverage rule is not fulfilled for all regions, the Bank is not reporting 2020 regional and global poverty rates.

Tier 1: IDA Countries' Progress				
No.	**Indicator**	**Unit of Measure**	**Baseline (as of June 2022) ALL IDA/FCS (Coverage Year)**	**Results Achieved (as of June 2023) All IDA/FCS (female) (Coverage Year)**
12	Maternal mortality ratio	Number of maternal deaths per 100,000 live births	444 / 604 (2019)	425 / 578 (2020)
13	Proportion of births attended by skilled health personnel	%	62.1 / 59.8 (2018)	64.5 / 57.8 (2019)
14	Contraceptive prevalence by modern methods	% of women ages 15-49	31.4 / 20.7 (2018)	32.9 / 23.6 (2019)
15	Adolescent fertility rate	Number of births per 1,000 women ages 15-19	83.6 / 94.9 (2020)	82.7 / 94.0 (2021)
FCV				
16	Number of refugees by country or territory of asylum	Million	10.2 / 5.1 (2021)	10.5 / 5.2 (2022)
17	Internally displaced persons, total displaced by conflict and violence	Million	42.0 / 40.7 (2021)	46.2 / 45.1 (2022)
Jobs and Economic Transformation (JET)				
18	GDP per person employed	constant 2017 PPP $	11,579 / 9,478 (2021)	11,707 / 9,434 (2022)
19	Non-agriculture sectors, value added	as % of GDP	79.3 / 78.4 (2021)	80.4 / 77.1 (2022)
20	Annual growth rate of real GDP per capita	%	1.7 / -1.6 (2021)	2.1 / 0.6 (2022)
21	Proportion of population with access to electricity	%	63.9 / 49.7 (2020)	65.6 / 51.6 (2021)
22	Youth employment to population ratio (age 15–24)	%	38.3 / 36.6 (2021)	38.7 / 36.9 (2022)
	- Youth employment to population ratio (age 15–24), women	%	31.7 / 33.3 (2021)	32.0 / 33.5 (2022)
	- Youth employment to population ratio (age 15–24), men	%	44.7 / 39.8 (2021)	45.1 / 40.2 (2022)
23	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided	%	44 / 42 (37 Female) (2021)	42 / 41 (36 Female) (2022)

Tier 1: IDA Countries' Progress				
No.	**Indicator**	**Unit of Measure**	**Baseline (as of June 2022) ALL IDA/FCS (Coverage Year)**	**Results Achieved (as of June 2023) All IDA/FCS (female) (Coverage Year)**
24	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provided, bottom 40%	%	-	34 / 30 (29 Female) (2022)
Human Capital				
25	Prevalence of stunting among children under 5 years of age	%	31.1 / 34.4 (2021)	30.6 / 34.0 (2022)
26	Under-5 mortality rate	Number of under-five deaths per 1,000 live births	67.5 / 81.9 (2020)	65.7 / 79.7 (2021)
27	Incidence of HIV	% of uninfected population ages 15–49	0.61 / 0.47 (0.79 Female) (2020)	0.54 / 0.39 (0.70 Female) (2021)
28	Population of children who cannot read by end-of-primary-school age	%	81.8 / - (2019)	83.8 / - (2019)
29	Lower secondary gross completion rate	%	51.6 / - (50.3 Female) (2019)	51.6 / - (50.4 Female) (2020)
	Ratio of girls' to boys' completion rate	%	95.3 / - (2019)	95.6 / - (2020)
30	Lower secondary enrollment rate	%	58.1 / - (56.7 Female) (2019)	57.1 / - (55.7 Female) (2020)
	Ratio of girls' to boys' enrolment rate	%	95.2 / - (2019)	95.3 / - (2020)
31	People using basic drinking water services	%	73.1 / 63.6 (2021)	73.7 / 64.5 (2022)
32	People using basic sanitation services	%	46.3 / 36.5 (2021)	47.1 / 37.2 (2022)
IDA20 CROSS-CUTTING ISSUES				
Debt				
33	Number of IDA countries with low or moderate risk from unsustainable debt	Number	16 / 6 (2021)	16 / 6 (2022)
Governance and Institutions				
34	IDA countries with improved budget reliability, transparency of public finances, and control in budget execution (number)	Number	27 / 9 (2022)	4 / - (2023)

Tier 1: IDA Countries' Progress				
No.	**Indicator**	**Unit of Measure**	**Baseline (as of June 2022) ALL IDA/FCS (Coverage Year)**	**Results Achieved (as of June 2023) All IDA/FCS (female) (Coverage Year)**
35	Statistical Performance Indicators	Scale from 0 to 100	49.3 / 42.6 (2019)	49.7 / 42.9 (2019)
36	IDA countries with increased tax fairness and progressivity	Number	-	6 / 2 (2021)
37	Unweighted average increase in tax-to-GDP ratio in at least those IDA countries with tax revenues below 15 percent of their GDP for three consecutive years	%	0.34 / 0.38 (2019 - 2021)	0.24 / 0.09 (2020 - 2022)
Technology				
38	Individuals using the internet	% of population in IDA countries	-	35.3 / 34.6 (2021)
Crisis Preparedness				
39	Prevalence of undernourishment	%	-	18.8 / 22.5 (2020)

Tier 2: IDA - Supported Development Results						
No.	**Indicator**	**Unit of Measure**	**IDA19 Results (FY21-22) All IDA/FCS**	**Results Achieved (FY23) All IDA/FCS**	**Results Achieved (FY23) Female**	**Expected Range/Value (FY23 - FY25)**
SPECIAL THEMES (IDA20)						
Climate Change						
1	Generation capacity of renewable energy	Gigawatt	4.0 / -	4.67 / 0.19		10 GW
2	Net GHG emissions	tCO_2eq / year	-29,063,545/ -13,365,752[2]	-20,523,982 / -13,414,661		Monitored
3	People provided with access to clean cooking	Number (million)		4.08 / 2.50		20
4	IDA countries supported to implement and/or update their NBSAPs	Number of countries		16 / 7		20
5	IDA countries with completed Country Climate and Development Reports	Number of countries		13 / 5		30 - 40
FCV						
6	IDA FCS supported in building capacity to use field-appropriate digital open-source tools for collection and	Number of countries	14	17		18

[2] This data is updated from what was previously reported and reflects finalized FY21 IDA net GHG project data.

Tier 2: IDA - Supported Development Results						
No.	**Indicator**	**Unit of Measure**	**IDA19 Results (FY21-22) All IDA/FCS**	**Results Achieved (FY23) All IDA/FCS**	**Results Achieved (FY23) Female**	**Expected Range/Value (FY23 - FY25)**
	analysis of geo-tagged data, and apply this technology to enhance project implementation and coordination					
Jobs and Economic Transformation (JET)						
7	Farmers adopting improved agricultural technology	Million	2.42 / 0.32 (0.60 Female)	2.63 / 0.59	1.06	6.5 - 7.0
8	Area provided with new/improved irrigation or drainage services	Hectares (million)	0.82 / 0.04	0.24 / 0.04		1.5 - 2.0
9	People provided with new or improved electricity service	Number of people (million)	24.35 / 11.89	10.83 / 6.48		35 - 50
10	Beneficiaries reached with financial services supported by World Bank operations - People	Number of people (million)	18.80 / 0.72 (10.11 female)	6.48 / 0.48	3.00	5.0 - 6.5 (o/w 95% individuals and 5% firms)
	Beneficiaries reached with financial services supported by World Bank operations - Businesses	Number of businesses (million)	0.48 / 0.11	0.22 / 0.07		
11	Beneficiaries in IDA countries of job-focused interventions	Number of people (million)	26.48 / 6.75 (8.12 female)	11.74 / 2.60	4.80	Monitored
12	People with enhanced access to transportation services	Number of people (million)	16.37 / 3.06	4.67 / 1.99		90 - 105
13	People provided with improved urban living conditions	Number of people (million)	20.30 / 8.00	8.01 / 2.30		15 - 20
Human Capital						
14	Beneficiaries of social safety net programs	Number of people (million)	170.10 / 21.50 (86.92 female)	23.88 / 3.11	12.94	75 - 375
15	People who have received essential health, nutrition and population services (Indicator reporting total from [sub]- indicators 16, 17 and 18 below)	Number of people (million)	210.36 / 82.23 (134.25 female)	72.13 / 50.67	48.56	285 - 430
16	Children immunized	Number of people (million)	76.10 / 25.59 (38.05 female)	20.76 / 13.81	10.38	105 - 200
17	Women and children who have received basic nutrition services	Number of people (million)	114.42 / 46.10 (76.27 female)	39.59 / 28.71	26.39	140 - 150
18	Deliveries attended by skilled health personnel	Number of people (million)	19.87 / 10.55	11.79 / 8.15	11.79	40 - 80
19	COVID-19 vaccine doses administered	Number of doses (million)		212		Monitored
20	Number of large-scale assessments completed at primary or secondary level	Number	36 / 8	12 / 1		25 - 35

Tier 2: IDA - Supported Development Results						
No.	**Indicator**	**Unit of Measure**	**IDA19 Results (FY21-22) All IDA/FCS**	**Results Achieved (FY23) All IDA/FCS**	**Results Achieved (FY23) Female**	**Expected Range/Value (FY23 - FY25)**
21	People provided with access to improved water sources	Number of people (million)	15.83 / 4.35 (7.95 female)	8.23 / 3.87		13 - 20
22	People provided with access to improved sanitation services	Number of people (million)	10.20 / 1.62 (5.13 female)	14.86 / 2.73		12 - 18
IDA20 CROSS-CUTTING ISSUES						
Debt						
23	IDA countries publishing annual and timely public debt reports	Number of countries	41 / 12	35 / 10		30 - 35
Governance and Institutions						
24	IDA countries provided statistical capacity building support by the WBG for the implementation of household surveys	Number of countries	54 / 27	50 / 16		55
25	Countries collecting disability data with IDA support	Number of countries		29 / 8		Monitored
Technology						
26	People provided with enhanced access to broadband internet	Number of people (million)	47.10 / 15.30	66.86 / 42.25		80 - 88
Crisis Preparedness						
27	Countries supported toward institutionalizing disaster risk reduction as a national priority with IDA support	Number of countries	62 / 26	48 / 17		55 - 70
28	Countries integrating adaptive social protection into national systems with IDA support	Number of countries		17 / 3		Monitored
DELIVERING OUTCOMES						
29	Satisfactory outcomes of IDA Country Partnership Frameworks	%, IEG Rating, 4-year rolling	60 / 67 (FY19-FY22 exits)	68 / 67 (FY20-FY23 exits)		70%
30	Satisfactory outcomes of IDA operations - as a share of commitments	%, IEG ratings, 3-year rolling	84.8 / 78.2 (FY19-FY21 exits)	87.4 / 82.4 (FY20-FY22 exits)		80%
	Satisfactory outcomes of IDA operations - as a share of operations	%, IEG ratings, 3-year rolling	81.0 / 74.8 (FY19-FY21 exits)	80.2 / 73.9 (FY20-FY22 exits)		75%
31	Advisory Services and Analytics (ASA) objectives accomplished	Client rating, %	90 / 89	79 / 64		80%
32	Client feedback in IDA countries on WBG effectiveness and impact on results	Average rating scale: 1-10	7.8 / 7.7	7.5 / 7.1		7
33	Client feedback in IDA countries on WBG knowledge	Average rating scale: 1-10	7.5 / 7.6	7.7 / 7.5		7

Tier 3: IDA Organizational and Operational Effectiveness					
No.	**Indicator**	**Unit of Measure**	**Benchmark value (as of end FY22) All IDA/FCS**	**Reported Results (FY23) All IDA/FCS**	**Expected Range/Value (end of FY23)**
Financing outcomes					
1	IDA Budget Anchor	Percent (%)	74	70	<= 100%
2	Bank Budget to Portfolio Volume Ratio (IDA) (per US$ billion under supervision)	$ million	9	9	Monitored
3	Average cost of IDA Supervision Projects (implementation support)	$ thousand	207 / 205	226 / 224	Monitored
4	Share of climate co-benefits over total commitments in IDA-supported operations	Percent (%)	37 / 41	38 / 41	35% over FY21-FY25
5	Share of adaptation co-benefits over total climate co-benefits in IDA-supported operations	Percent (%)	59 / 55	53 / 51	>= 50%
6	Total private mobilization of WBG-supported operations/transactions in IDA countries	$ billion	7.92 / 3.10	7.90 / 4.10	Monitored
	Total private mobilization of WBG-supported operations/transactions in IDA countries - Direct mobilization	$ billion	3.02 / 1.00	3.43 / 1.37	Monitored
	Total private mobilization of WBG-supported operations/transactions in IDA countries - Indirect mobilization	$ billion	4.91 / 2.10	4.47 / 2.73	Monitored
7	IDA countries with the lowest Human Capital Index supported to improve the sustainability of human capital financing	Number of countries	23 / 12	14 / 6	15
8	IDA financing commitments with disaster risk management co-benefits	$ billion	6.09 / 2.29[3]	5.67 / 2.02	2
Monitoring Outcomes					
9	Satisfactory Bank performance in IDA-financed operations, overall	%, IEG Ratings, 3-year rolling	87.9 / 86.4 (FY19-FY21 exits)	89.5 / 86.0 (FY20-FY22 exits)	80%
	Satisfactory Bank performance in IDA-financed operations, at entry	%, IEG Ratings, 3-year rolling	85.5 / 86.3 (FY19-FY21 exits)	83.9 / 83.2 (FY20-FY22 exits)	Monitored
	Satisfactory Bank performance in IDA-financed operations, during supervision	%, IEG Ratings, 3-year rolling	90.8 / 88.0 (FY19-FY21 exits)	93.0 / 92.2 (FY20-FY22 exits)	Monitored
10	Quality of Monitoring and Evaluation in IDA-financed operations	% IDA commitments, IEG ratings, 3-year rolling	64.7 / 61.7 (FY19-FY21 exits)	69.9 / 67.3 (FY20-FY22 exits)	60%
11	IDA20 projects with an AA Resilience Rating	Number		2 / 2	10
12	Percentage of IDA operations with substantial climate co-benefits including at least one climate change indicator in the results framework	Percent (%)		93.9 / 97.8	95%

[3] This indicator has been retroactively updated to reflect a new methodology for calculating DRM co-benefits adopted for IDA20.

Tier 3: IDA Organizational and Operational Effectiveness					
No.	**Indicator**	**Unit of Measure**	**Benchmark value (as of end FY22) All IDA/FCS**	**Reported Results (FY23) All IDA/FCS**	**Expected Range/Value (end of FY23)**
13	Percentage of IDA-supported projects that demonstrate a results chain by linking gender gaps identified in analysis to specific actions that are tracked in the results framework	Percent (%)	93 / 96	96 / 96	60%
Implementing for Outcomes					
14	Disbursement ratio	Percent (%)	19.1 / 20.8	18.8 / 20.4	20%
15	Proactivity Index	Percent (%)	82.1 / 81.6	82.4 / 82.4	80%
16	Number of IDA-supported operations that address and respond to gender-based violence (GBV)	Number	114 / 38	40 / 18	Monitored
17	Country programs (CPFs and SCDs) informed by diagnostics on crisis preparedness	Number		11 / 2	Monitored
18	Facetime index in FCS	Index / Number of days	25 / 171,183	12 / 191,556	Monitored
19	Share of IDA IPF operations that applied the concept of universal access at design	Percent (%)	28.1 / 22.4	28.0 / 12.0	Monitored
20	Countries supported by IDA to take IFF-related actions	Number	14 / -	10 / 5	Monitored
21	Client feedback on WBG on responsiveness and staff accessibility	Average rating scale: 1-10	7.1 / 7.0	7.2 / 6.9	7
22	Client feedback on WBG on collaboration with other donors	Average rating scale: 1-10	7.8 / 7.7	7.2 / 7.5	8
23	Projects with beneficiary feedback indicator at design	Percent	98 / 97	99 / 98	100%

ANNEX 3. PROGRESS ON POLICY COMMITMENTS

Crisis Preparedness **Governance and Institutions** **Debt** **Technology**

Human Capital				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
1	Strengthening inclusive health security	*Proposed revised language of amended PC* “Support at least 20 IDA countries to strengthen inclusive health security by building countries’ capacity to prevent, detect and respond to the threat posed by health emergencies.”	20	13 Benin, Senegal, St. Vincent and the Grenadines, Nepal, Timor-Leste, Burundi, Haiti, Afghanistan, Honduras, Sao Tome and Principe, Syria, Kenya, Ethiopia
2	Investing in children’s early years	To promote child development, restore and expand access to quality early years services, including maternal and nutrition services, in at least 30 IDA countries, of which 15 countries are among those IDA countries with the lowest HCI.[a] [a] *The lowest HCI countries refer to the 30 IDA countries with the lowest Human Capital Index (HCI)*	30 o/w 15 are lowest HCI	15 (o/w 9 lowest HCI) Bangladesh, Benin*, Cambodia, Comoros*, Côte D’Ivoire, Ethiopia*, Gambia the, Kenya, Liberia*, Madagascar* Malawi, Pakistan*, Rwanda*, South Sudan*, Yemen* *lowest HCI
3	Supporting core social service delivery systems	To address gaps exacerbated by the COVID-19 crisis, in at least 40 IDA countries, of which 10 are FCS, support access to core, quality, inclusive social services focused on: (i) social protection systems with a particular focus on vulnerable and underserved informal workers, and/or (ii) students’ return to school and accelerated recovery of learning losses, with a special focus on addressing constraints faced by girls, and/or (iii) children’s immunizations.	40 (o/w 10 FCS)	23 (o/w 8 FCS) Bangladesh, Benin, Burkina Faso*, Chad*, Comoros*, Democratic Republic of Congo*, Ethiopia*, Gambia the, Kyrgyz Republic, Liberia, Madagascar, Malawi, Nepal, Niger*, Pakistan, Senegal, Sierra Leone, Tajikistan, Tanzania, Timor-Leste*, Rwanda, Togo, Yemen* *FCS
4	Expanding adaptive social protection and building resilience to shocks	To ensure inclusive and effective response against shocks and crises, especially among the poorest and most vulnerable, support at least 20 IDA countries’ resilience by building adaptive social protection systems, including the use of digital technologies.	20	14 Benin, Comoros, Ethiopia, Ghana, Guinea, Kyrgyz Republic, Liberia, Madagascar, Malawi, Pakistan, Rwanda, Senegal, Tajikistan, Tanzania

Human Capital				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
5	Addressing learning poverty	To fill critical learning gaps and ensure improvements in learning outcomes, support at least 20 IDA countries, of which 10 are among those IDA countries with the lowest HCI, to reduce learning poverty by (i) measuring learning, with sex disaggregation and (ii) implementing core elements of the literacy policy package (e.g., effective literacy instruction, structured lesson plans, adequate reading materials for all children).	20 o/w 10 are lowest HCI	12 o/w 7 are lowest HCI Bangladesh, Democratic Republic of Congo*, Côte D'Ivoire, Ethiopia*, Maldives, Nepal, Niger*, Nigeria*, Sierra Leone*, Tajikistan, Tanzania*, Zambia* *Lowest HCI
6	Expanding access to core services for persons with disabilities	To promote inclusive societies, support at least 18 IDA countries to meet the needs of persons with disabilities by implementing the principles of non-discrimination, inclusion, and universal access as per the Environmental and Social Framework, through projects in education, health, social protection, water, urban, digital development and/or transport.	18	22 Bangladesh, Benin, Chad, Comoros, Congo DR, Côte D'Ivoire, Ethiopia, Haiti, Kenya, Liberia, Malawi, Maldives, Mozambique, Niger, Pakistan, Senegal, Sierra Leone, South Sudan, Somalia, Tajikistan, Tanzania, Togo
7	Supporting prevention of and preparedness for future pandemics	To strengthen health security by improving pandemic preparedness and prevention at the nexus of human, animal, and ecosystem health, including zoonotic diseases and anti-microbial resistance, support at least 20 IDA countries to mainstream One Health approaches.	20	10 Benin, Cambodia, Kenya, Ethiopia, Kyrgyz Republic, Lao PDR, São Tomé and Principe, Senegal, Tajikistan, Uzbekistan
8	Leveraging adequate, efficient financing for human capital	To strengthen public finance for human capital investments, support IDA operations in at least 20 IDA countries, of which eight are among those IDA countries with the lowest HCI through policy or administrative reforms impacting (i) the availability of resources, and/or (ii) the efficiency of expenditure management and/or (iii) the results-orientation of human capital investments.	20 o/w 8 are lowest HCI	14 o/w 8 are lowest HCI Benin*, Burkina Faso*, Cameroon*, Congo Rep of, Côte D'Ivoire, Ethiopia*, Kenya, Nepal, Niger*, Rwanda*, Senegal, Sierra Leone*, Togo, Yemen* *Lowest HCI

Climate Change				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
1	Increase Climate Co-benefits	IDA's Climate Co-Benefits share of total commitments will increase to 35 percent, on average over FY23–FY25, with at least 50 percent for adaptation. For IDA PSW operations, Climate Co-Benefits will increase to 35 percent of IFC and/or MIGA own account commitments under such operations, on average.	a.35% b.50% c.35% (IFC/ MIGA)	a. 37% b. 52% c. IFC: 42% / MIGA 33%

Climate Change				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
2	Aligning all IDA operations with the Paris Agreement	Starting in FY24, all new World Bank IDA20 operations will align with the Paris Agreement. By the end of IDA20, all new IDA PSW real sector operations will be Paris aligned. Support will be provided to at least 30 countries to develop Country Climate and Development Reports and at least 50 countries to develop, update and/or implement Nationally Determined Contributions or Long-Term Strategies.	a.100% b.100% c.30% d.50%	a. 100% b. N/A c. 13 (Bangladesh, Burkina Faso, Cameroon, Chad, Ghana, Honduras, Malawi, Mali, Mauritania, Nepal, Niger, Pakistan, Rwanda) d. 23 (Bangladesh, Bhutan, Burkina Faso, Cambodia, Cameroon, Côte d'Ivoire, Ethiopia, Guinea, Kyrgyz Republic, Liberia, Lesotho, Mali, Mauritania, Mozambique, Nepal, Niger, Pakistan, Senegal, Tajikistan, Tanzania, Togo, Uzbekistan, Zimbabwe)
3	Transitioning key systems for adaptation and mitigation	Support at least 50 countries (including at least 20 FCS) to develop inclusive climate policies and increase investment in climate adaptation and mitigation in at least one key transition system (i.e., agriculture, food, water and land; cities; transportation; and/or manufacturing), including community-led climate investments in at least 15 countries.	50 o/w 20 FCS	45 o/w 19 FCS Bangladesh, Benin, Burkina Faso*, Burundi*, Cameron*, Central African Republic*, Chad*, Comoros*, Côte d'Ivoire, Democratic Republic of Congo*, Dominica, Ethiopia*, Gambia The, Ghana, Grenada, Guinea, Guinea Bissau*, Guyana, Haiti*, Kenya, Lao PDR, Liberia, Madagascar, Malawi, Mali*, Mauritania, Mozambique*, Nepal, Niger*, Nigeria*, Pakistan, Republic of Congo*, Senegal, Sierra Leone, Somalia*, South Sudan*, St. Lucia, St. Vincent and the Grenadines, Tanzania, Togo, Tuvalu*, Uganda, Uzbekistan, Yemen*, Zimbabwe* *FCS
4	Sustainable energy for all	Facilitate development of low-carbon energy sector development strategies and policies in at least 20 countries (including at least 8 FCS) and development of battery storage in at least 15 countries (including at least 10 FCS); provide direct, indirect, and enabling policy support for at least 10 gigawatts (GW) of renewable energy (including at least 1 GW in FCS). The support would cover on-grid, off-grid, and distributed renewable energy.	a.20 o/w 8 FCS b.15 o/w 10 FCS c. 10GW o/w 1GW in FCS	a. 8 o/w 3 FCS (Cambodia, Cote d'Ivoire, Kenya, Liberia, Nigeria*, Republic of Congo,* Uzbekistan, Zimbabwe*) b. 7 o/w 3 FCS (Cabo Verde, Chad*, Madagascar, Mali*, Sierra Leone, South Sudan*, Togo)

Climate Change

	Objective	Policy Commitment	IDA20 Target	Status as of First Quarter – FY24
				c. 4.7 GW o/w 0.21 GW in FCS (Benin, Cameroon*, Chad*, Grenada, Kyrgyz Republic, Liberia, Madagascar, Mali*, Sierra Leone, South Sudan*, Tajikistan, Togo, Uzbekistan) *FCS
*5	Scaling-up green financing	Support at least 20 countries (including at least 5 FCS) to revise their financial regulatory frameworks to manage climate and environmental risks and to mobilize private capital for a low-carbon and resilient economy.	20 o/w 5 FCS	20 o/w 4 FCS Bangladesh, Bhutan, Burkina Faso*, Cabo Verde, Cambodia, Ethiopia*, Gambia The, Ghana, Guinea Bissau*, Honduras, Kyrgyz Republic, Mozambique*, Rwanda, Samoa, Senegal, Sri Lanka, Tajikistan, Tanzania, Uganda, Zambia *FCS
6	Enhancing biodiversity and ecosystem services	Implement nature-based solutions, including landscape, seascape and watershed restoration and management or forest restoration and sustainable forest management, in at least 20 countries to support biodiversity and ecosystem services.	20	19 Bangladesh, Benin, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Nepal, Niger, Senegal, Sierra Leone, Somalia, Tanzania*
7	Strengthening management of fresh water, coastal and marine ecosystems	Support at least 25 countries to implement integrated and sustainable management of freshwater, coastal and marine ecosystems, including by addressing marine plastic pollution.	25	14 Bangladesh, Cambodia, Comoros, Fiji, Gambia the, Ghana, Guinea Bissau, Kenya, Malawi, Mali, Niger, Senegal, Somalia, Tanzania
8	Increasing crisis preparedness and response	Support at least 25 countries (including at least 10 FCS) facing natural hazards and food crises to improve their crisis preparedness and response capacity by strengthening related institutional and planning frameworks and/or physical infrastructure. This support should include improving climate data and information services (such as hydromet and early warning systems) in at least 10 countries.	a. 25 o/w 10 FCS b. 10	a. 16 o/w 8 FCS (Bangladesh, Cabo Verde, Comoros*, Democratic Republic of Congo*, Djibouti, Ethiopia*, Haiti*, Liberia, Malawi, Mozambique*, Pakistan, Sierra Leone, Somalia*, South Sudan*, Tajikistan, Yemen*)

Climate Change				
	Objective	Policy Commitment	IDA20 Target	Status as of First Quarter – FY24
				*FCS b. 4 (Bangladesh, Chad, Democratic Republic of Congo, Ethiopia)

Fragility, Conflict and Violence				
	Objective	Policy Commitment	IDA20 Target	Status as of First Quarter – FY24
1	Operationalizing the FCV Strategy through better tailored country engagement	Reinforce implementation of the WBG FCV Strategy, by ensuring that all country engagement products[a] in IDA FCS demonstrate how the WBG program, in collaboration with relevant partners, help address FCV drivers and sources of resilience, based on FCV diagnostics and FCV sensitive portfolio analysis undertaken in Risk and Resilience Assessments (RRAs) or other FCV assessments. An FCV lens will continue to be integrated into relevant joint World Bank-IFC Country Private Sector Diagnostics in IDA FCS. [a] *Country engagement products include Country Partnership Frameworks (CPFs), Country Engagement Notes (CENs) and Performance and Learning Reviews (PLRs).*	100%	7 CPFs/CENs/PLRs in FY23 preceded by RRA/FCV analysis (100%); FY24 pipeline being monitored. 3 CPSDs Delivered
2	Leveraging outcomes for both refugee and host communities	Work with government counterparts and other partners to ensure that, by the end of IDA 20, at least 60 percent of the countries eligible for the Window for Host Communities and Refugees (WHR) will have implemented significant policy reforms related to the WHR purposes, as identified through the Refugee Policy Review Framework.	60%	Policy discussions underway in all relevant countries. Eight countries (within the overall target of 11 countries) have implemented at least one significant positive reform, with minimal or no negative policy changes in other areas.
3	Strengthening core governance institutions	Support 40 percent of IDA countries in FCS (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability, and promote resilience and trust, including by partnering with key national and international stakeholders.	40%	7 (24%)
4	Addressing transboundary drivers of FCV and recovering from crisis	Implement regional initiatives in the Sahel, Lake Chad, the Horn of Africa, and Central Asia to help address transboundary drivers of FCV, support transboundary resilience, and / or strengthen regional crisis risk preparedness and mitigation together with key relevant partners. IFC will commit to leverage its local presence to scale up upstream and	4	4

Fragility, Conflict and Violence				
	Objective	Policy Commitment	IDA20 Target	Status as of First Quarter – FY24
		advisory service activities in these areas, leading to enhanced private sector opportunities.		

Gender and Development				
	Objective	Policy Commitment	IDA20 Target	Status as of First Quarter – FY24
1	Investing in women's empowerment	Support women's empowerment, through restoring and expanding access to quality and affordable sexual and reproductive, adolescent, and maternal health services, in at least 30 IDA countries, of which 15 countries with the lowest HCI.	30 o/w 15 are lowest HCI	17 o/w 11 are lowest HCI Bangladesh, Burkina Faso*, Chad*, Republic of Congo, Côte d'Ivoire*, Ethiopia*, The Gambia, Liberia*, Niger*, Pakistan*, Rwanda*, Senegal, South Sudan*, Tanzania*, Timor-Leste, Togo, Yemen*
2	Scaling up productive economic inclusion	Incorporate specific productive economic inclusion components (e.g., producer cooperatives/associations, digital finance/savings and service delivery, entrepreneurship support, social care services, regulatory frameworks, and/or links to market support) for women in at least 35 IDA social protection/jobs, agriculture, urban, and/or community development projects.	35	38
3	Expanding childcare	Support at least 15 IDA countries to expand access to quality, affordable childcare, especially for low-income parents.	15	10 Bangladesh, Benin, Côte d'Ivoire, Ethiopia, Kenya, Madagascar, Mozambique, Niger Rwanda, Senegal
4	Supporting medium and high skilled employment opportunities for women	At least 35 percent of IDA20 infrastructure operations (transport, energy, and water) will include actions to create employment opportunities for women in medium and high skilled jobs in these sectors.	35%	75% (33 of 44)
5	Closing the gap in digital technology	At least 30 IDA20 operations in digital development, financial inclusion, and agriculture will increase women's access to and usage of digital technology to close gender gaps in access and usage.	30	18
6	Strengthening women's land rights	At least 70 percent of IDA20 operations with land activities in (i) land administration, (ii) post-disaster reconstruction and resilient recovery, and (iii) urban development will include specific actions to strengthen women's land rights.	70%	100%

Gender and Development				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
7	Increasing support to prevention of and response to Gender-based Violence (GBV)	Support at least 10 IDA countries to strengthen national policy frameworks for prevention and response to GBV, and in at least 15 IDA countries, of which five are FCS, support GBV related services in health systems, and implement GBV prevention and response protocols as part of safe and inclusive educational institutions.	Policy: 10 Services: 15 o/w 5 FCS	Policy: 7 (Benin*, Cabo Verde, Cameroon*, Côte d'Ivoire, Nepal, Pakistan, Sierra Leone) Services: 14 (Burkina Faso, Chad*, Côte d'Ivoire, Ethiopia*, The Gambia, Liberia, Maldives, Nepal, Pakistan, Senegal, South Sudan*, St. Vincent and the Grenadines, Timor-Leste, Togo)
*8	Implementing fiscal policy and budget systems to close gender gaps	Support at least 10 IDA countries to make their fiscal policy and budget systems more inclusive and gender responsive by, for example, budget reforms, removing discriminatory provisions from tax legislation and/or monitoring the effectiveness of public spending, including where appropriate through fiscal incidence analysis for equality policies.	10	3 Benin, Kenya, Somalia

Jobs and Economic Transformation				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
1	Supporting resilient financial systems for recovery	Strengthen the resilience, inclusion and depth of the financial system in 15 IDA countries, including five FCS, based on FSAP or similar financial sector analytics to support a robust and inclusive recovery.	15 o/w 5 FCS	10 Côte d'Ivoire; Ethiopia; Ghana; Kenya; Liberia; Mozambique; Nepal; Senegal; Haiti; Rwanda
2	Leveraging One WBG to increase private investments	In the context of IDA PSW operations involving IFC, IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries, reaching 12-17 percent of Own-Account commitments on average during the IDA20 cycle, with an intent to reach an Own-Account annual commitment of 14-17 percent in the last fiscal year of IDA20. Consistent with this aim, targeted platforms and programmatic approaches for IDA PSW-eligible countries will be supported to develop and encourage scalable initiatives across sectors in these countries, including those targeted to support small and medium-sized enterprises, for trade finance purposes, in support of gender, and for climate friendly investments focused on mitigation and adaptation.	12-17%	8%
3	Delivering quality infrastructure investments in countries with governance challenges	Support at least 20 countries, of which 10 have a score of 3.0 or less on Country Policy and Institutional Assessment Dimension 16 covering transparency, accountability and corruption, to identify the governance	20 o/w 10 low CPIA	9 o/w all with 3.0 or lower CPIA score Gambia; Kyrgyz Republic; Liberia.

Jobs and Economic Transformation				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
		constraints to the development, financing, and delivery of quality infrastructure investments, with particular attention to resilience, climate and environment, and regulatory practices, transparency and integrity, to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these. These will be undertaken through Infrastructure Sector Assessments Programs and standalone governance assessments that support improved delivery of quality infrastructure services.		Malawi; Maldives; Mauritania; Tanzania; Tajikistan; Uzbekistan
4	Creating better jobs and sustainable, inclusive economic transformation in high potential sectors	Support interventions to address market failures and remove constraints in sectors with high potential for the private sector to drive sustainable and inclusive economic transformation and create better jobs, or where women and youth disproportionately work, in 20 IDA countries, of which five are FCS, including through upstream activities and informed by data and private sector development diagnostics such as the joint IFC-WB Country Private Sector Diagnostics, and selected in agreement with country authorities.	20 o/w 5 FCS	11 o/w 4 FCS Burkina Faso*, Cabo Verde, Democratic Republic of Congo*, Fiji, Kenya, Liberia, Mozambique*, Nigeria,* Tajikistan, Togo, Zambia *FCS
5	Boosting agriculture productivity, value chains and food security	Improve agricultural productivity, including through the promotion of climate-smart agriculture, and strengthen sustainable agri-business value chains with high potential for growth and better jobs addressing modernization and food and nutrition security in 15 IDA countries, including five FCS, in ways that are inclusive, expanding training for agricultural workers to access these better jobs, and encouraging private sector opportunities.	15 o/w 5 FCS	17 o/w 5 FCS Bangladesh, Burkina Faso*, Chad*, Comoros*, Ghana, Liberia, Malawi Mauritania; Pakistan; Sierra Leone; Somalia*; Tajikistan; Tanzania; Uganda; Uzbekistan; Yemen*; Zambia *FCS
6	Expanding broadband access and usage for jobs of the future	To close the connectivity gap, IDA will support 17 IDA countries, including those which will benefit from IFC's support under the IDA PSW to develop digital infrastructure, to increase inclusive, secure and affordable access to and usage of broadband connectivity, among which are six landlocked countries, four Small States and nine FCS.	17 o/w 6 landlocked, 4 small states, and 9 FCS	15 delivered: 2 Upstream (Pakistan, Senegal) and 12 in Mainstream Investment (Cote d' Ivoire, Bangladesh, Burkina Faso, Nigeria, Kenya, Africa and Southern Europe (regional project which involves Kosovo). Of these 2 were in FCS (Burkina Faso and Nigeria.
7	Positioning more firms for recovery, including through the adoption of digital technology	Support programs in 15 IDA countries, to strengthen private sector recovery and transformation that are well targeted, inclusive of SMEs and support the adoption of digital technologies, with monitoring to capture distributional impacts and effectiveness. To support this, IFC will increase its support to digital infrastructure, with consideration of cyber security and related issues, and its venture capital work in IDA and FCS countries.	15	15 delivered: 2 Upstream (Pakistan, Senegal) and 12 in Mainstream Investment (Cote d' Ivoire, Bangladesh, Burkina Faso, Nigeria, Kenya, Africa and Southern Europe (regional project which involves Kosovo). Of these 2 were in FCS (Burkina Faso and Nigeria)

Jobs and Economic Transformation				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
8	Boosting institutional capacity to improve data for policy decision-making	Support 34 IDA countries including those with ongoing statistical operations (i) to strengthen institutions and build capacity to reduce gaps in the availability of core data for evidence-based policy-making, including disaggregation by sex and disability where appropriate; and (ii) to increase resilience of statistical systems, including through investments in digital technology and high-frequency monitoring capabilities.	34	14 delivered Benin; Central African Republic; Comoros; Guinea-Bissau; Gambia; Guinea; Lao PDR; Madagascar; Malawi; Mali; Mauritania; Sao Tome and Principe; Senegal; Zambia

Crisis Preparedness				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
1	Strengthening crisis preparedness	WBG country programs in all IDA countries will provide technical and financial support to strengthen crisis preparedness. Such support will be informed by appropriate crisis preparedness assessments such as the Crisis Preparedness Gap Analysis (CPGA) and/or other relevant diagnostic tools.	100%	86%

Governance and Institutions				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
1	Increasing debt transparency and fiscal sustainability	Support 50 IDA countries in publishing comprehensive public and publicly guaranteed debt reports or fiscal risk statements.	50	31 Benin, Bhutan, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Congo DR, Côte D'Ivoire, Gambia The, Guyana, Kenya, Kiribati, Kyrgyz Republic, Liberia, Madagascar, Mauritania, Micronesia Federal States of, Mozambique, Nicaragua, Niger, Pakistan, Rwanda, Samoa, Senegal, Sierra Leone, Tajikistan, Tanzania, Tuvalu, Uzbekistan, Zambia
2	Improving domestic resource mobilization	Support 15 IDA countries to bolster their domestic resource mobilization capacity through equitable (fair and progressive) revenue policies (as verified using fiscal incidence analysis or other methods) toward achieving a tax-GDP ratio of at least 15 percent in the medium term.[a] [a] *Revenue policies include tax administrative policies, including those that seek to improve and introduce new tax compliance measures. The concept of equitable DRM has two dimensions: (1) fairness (taxpayer*	15	21 Bangladesh, Benin, Bhutan, Cambodia, Cameroon, Central African Republic, Chad, Congo Rep of, Côte D'Ivoire, Fiji, Lao PDR, Liberia, Madagascar, Nicaragua, Niger, Nigeria, Pakistan, Senegal, Sierra Leone, Somalia, Tanzania, Uganda

Governance and Institutions				
	Objective	**Policy Commitment**	**IDA20 Target**	**Status as of First Quarter – FY24**
		with similar income or property should be treated similarly); and (2) progressivity (contribution according to taxpayers' ability to pay).		
3	Enabling digital government services	Support at least 15 IDA countries to adopt universally accessible GovTech policies, regulations, or solutions to enable secure digital government services.	15	4 Kenya, Kosovo, Senegal, Sierra Leone
4	Combatting illicit financial flows	Support at least five countries to conduct comprehensive Illicit Financial Flows (IFF) assessments and prepare action plans. Also support at least 20 IDA countries to undertake policy actions that tackle corruption, money laundering, and/or tax evasion to reduce IFF, such as strengthening public accountability mechanisms, increasing access to and awareness of beneficial ownership information, and/or adopting automatic exchange of information to reduce tax evasion.	a. 5 b. 20	a. 1 (Honduras) b. 10 (Benin, Cameroon, Guinea-Bissau, Liberia, Mozambique, Malawi, Solomon Islands, Somalia, Sri Lanka, Tajikistan)