



IDA21 POLICY PACKAGE: THE 'FOCUS AREAS' PAPER

May 31, 2024

ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30

All dollar amounts are US dollars unless indicated otherwise.

A&R	Adaptation and Resilience	FCS	Fragile and Conflict-Affected Situations
AFD	French Development Agency	FCV	Fragility, Conflict, and Violence
AfDB	Africa Development Bank	FDI	Foreign Direct Investment
AI	Artificial Intelligence	FNS	Food and Nutrition Security
ASCENT	Accelerating Sustainable and Clean Energy Access Transformation	FSAP	Financial Sector Assessment Programs
ASP	Adaptive Social Protection	FSRP	Food System Resilience Program
AU	African Union	GAFS	Global Alliance for Food Security
BFF	PSW Blended Finance Facility	GB	Gigabytes
BRT	Bus Rapid Transit	GCP	Global Challenge Programs
CAFI	Central African Forest Initiative	GCP-E	GCP for Energy Access and Transition
CCDR	Country Climate and Development Reports	GDP	Gross Domestic Product
CCIA	Climate Change Institutional Assessments	GHG	Greenhouse Gas
CCKP	Climate Change Knowledge Portal	GTP	Global Tax Program
CFT	Countering the Financing of Terrorism	HEPPR	Health Emergency Prevention, Preparedness, and Response
CPF	Country Partnership Frameworks	HIC	High-Income Countries
CPIA	Country Policy and Institutional Assessment	IBRD	International Bank for Reconstruction and Development
CRW	Crisis Response Window	ICT	Information and Communications Technology
CSO	Civil Society Organizations	IDA21	21 st Replenishment of the International Development Association
DARES	Distributed Access through Renewable Energy Scale-Up Platform	IDB	Inter-American Development Bank
DE4A	Digital Economy for Africa	IDP	Internally Displaced Persons
DPI	Digital Public Infrastructure	IEG	Independent Evaluation Group
DRM	Domestic Resource Mobilization	IFC	International Finance Corporation
DRR	Disaster Risk Reduction	IFF	Illicit Financial Flows
EHR	Electronic Health-Care Records	IFI	International Financial Institutions
EIB	European Investment Bank	ILM	Integrated Landscape Management Portfolio
EMDE	Emerging Markets and Developing Economies	ILO	International Labour Organization
EPARD	Sustainable Rural and Small Towns Water and Sanitation Project	IMF	International Monetary Fund
FCDO	Foreign, Commonwealth and Development Office	IoT	Internet of Things
		IPs	Indigenous Peoples

IT	Information Technology	SID	Small States/Small Island Developing States
JET	Jobs and Economic Transformation	SOE	state-owned enterprises
LCF	PSW Local Currency Facility	SSA	Sub-Saharan Africa
LDCs	Least Developed Countries	SUW-SML	Scale Up Window-Shorter Maturity Loans
LIC	Low-Income Countries	UHC	Universal Health Coverage
LIC-DSA	Low-Income Countries Debt Sustainability Assessments	UN	United Nations
LIC-DSF	Debt Sustainability Framework for Low-Income Countries	UNESCO	United Nations Educational, Scientific and Cultural Organization
LMIC	Lower-Middle Income Countries	UNHCR	United Nations High Commissioner for Refugees
LTS	Long-Term Strategies	UNICEF	United Nations Children's Fund
MAPS	Methodology for Assessing Procurement Systems	UPBEAT	Utility Performance and Behavior in Africa Today
MDB	Multilateral Development Banks	USAID	United States Agency for International Development
MIGA	Multilateral Investment Guarantee Agency	WASH	Water Supply, Sanitation, and Hygiene
MSME	Micro Small and Medium Enterprises	WBG	World Bank Group
NAP	National Adaptation Plans	WDR	World Development Report
NCD	Non-Communicable Diseases	WHO	World Health Organization
NDC	Nationally Determined Contributions	WHR	Window for Host Communities and Refugees
ONWP	One Water Supply, Sanitation, and Hygiene National Program		
PCE	Private Capital Enabling		
PCM	Private Capital Mobilization		
PCT	Platform for Collaboration on Tax		
PEFA	Public Expenditure and Financial Accountability		
PES	Payment for Environmental Services		
PFR	Public Finance Review		
PPA	Performance and Policy Actions		
PPP	Public-Private Partnerships		
PSW	Private Sector Window		
PV	Photovoltaic		
RE	Renewable Energy		
RISE	Resilient and Inclusive Supply-chain Enhancement		
RMS	Results Measurement System		
RW	Regional Window		
SCD	Systematic Country Diagnostics		
SDFP	Sustainable Development Finance Policy		
SDG	Sustainable Development Goals		

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EXECUTIVE SUMMARY

- i. **The 21st Replenishment of the International Development Association (IDA21) stands ready to tackle the great challenges of our time and deliver impact with urgency and ambition.** IDA Participants have agreed to focus efforts in five Focus Areas (*People, Planet, Prosperity, Infrastructure, and Digital Transformation*) informed by four Lenses (*Gender, Jobs, Private Investment, and Fragility, Conflict and Violence [FCV]*), under an overall theme to “*End Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition*”.
- ii. **Within these five Focus Areas, IDA21 offers a robust and integrated package of support to IDA countries.** This includes 12 proposed policy commitments within these Focus Areas, as outlined in Table 1, as well as policy commitments for Lenses, indicators in the World Bank Group (WBG) Scorecard, and broader WBG institutional commitments.
- iii. **While WBG is engaged in the IDA21 focus and lens areas at different levels in most IDA countries, the policy commitments below will be directed to either all countries or a quarter of them where the policy commitments are particularly relevant.**

Table ES. 1. IDA21 List of Proposed Focus Area Policy Commitments

POLICY COMMITMENTS Reporting arrangements: IDA21 reporting			
Group A: All relevant IDA countries Group B: One-quarter of IDA countries where particularly relevant			
Objective	Group	Commitment	
 People	B	Support countries to provide services to young people, with a focus on early childhood and adolescent services.	
 People	A	Improve the resilience of health and /or education and/ or social protection delivery systems.	
 Planet	B	IDA21 will support countries to design and deliver policy reform and investments for adaptation and resilience that build preparedness to climate change impacts, including private sector enabling reform and locally-led adaptation actions.	
 Planet	B	Support countries to improve their capacity to design and implement inclusive, financially sustainable, and resilient water sector reforms and investment programs.	
 Planet	B	Support countries to identify reform options for redirecting agricultural budgets towards, and / or supporting investments in, more resilient, healthy, and sustainable food systems.	

POLICY COMMITMENTS Reporting arrangements: IDA21 reporting			
Group A: All relevant IDA countries Group B: One-quarter of IDA countries where particularly relevant			
Objective		Group	Commitment
 Prosperity	Evidence-based Policy Making	A	Assist countries with foundational poverty data older than five years and no current operational engagements in the area, by financing the collection and dissemination of household surveys.
 Prosperity	Debt Sustainability	A	Support debt sustainability and debt transparency in all IDA countries at high risk or in debt distress through technical assistance, knowledge, and/or financing engagements.
 Prosperity	Domestic Resource Mobilization	A	Support effective, efficient, and equitable domestic resource mobilization and prudent fiscal management in countries with tax-to-GDP ratio below 15 percent through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.
 Infrastructure	Electricity Access	B	Support countries to improve the financial and operational performance of electricity utilities.
 Infrastructure	Urban Services	B	Support countries with municipal engagements – through financing, knowledge, and technical assistance – for sustainable and resilient urban and transport infrastructure and services.
 Digital Transformation	Digital Access	B	Support countries to increase inclusive, sustainable, resilient, and affordable usage of broadband connectivity through approaches leveraging private sector investment.
 Digital Transformation	Digital Services	B	Support countries to put in place safe and interoperable digital platforms, such as digital identity, digital payments, and trusted data sharing, to enable digitalization of services at scale.

iv. **This paper outlines why it is crucial for IDA21 to focus on these five Focus Areas, and then discusses each Focus Area in turn, including its expected outcomes and proposed policy commitments.** For each Focus Area, the paper shows the line of sight from previous replenishments through to IDA21, highlights some key lessons that IDA will apply in IDA21 implementation, and shows the links between that Focus Area and other IDA21 priorities, including each of the Lenses and WBG Evolution. The paper should be read jointly with the **IDA21 Overview Paper and Lenses Paper**.

I. WHY IDA SHOULD FOCUS ON THESE FIVE AREAS

1. **This section outlines why it is crucial for IDA21 to zoom in on five Focus Areas: *People, Planet, Prosperity, Infrastructure, and Digital Transformation*.** These five Focus Areas build on IDA’s priorities from the previous cycles, have been identified in consultation with IDA Deputies, and Borrowers, and informed by the feedback received through non-papers. The Focus Areas are closely linked with the four Lenses (*Gender, Jobs, Private Investment, and Fragility, Conflict and Violence [FCV]*), under an overall theme to “*End Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition*”. The World Bank Group (WBG) country engagement strategies, policy dialogue, and operations in IDA countries will contribute to making progress on each of these Focus Areas. This paper examines the context in IDA countries in each Focus Area, the experiences of recent IDA replenishments in addressing them, and the proposed policy commitments for IDA21. This paper should be read jointly with the IDA21 Overview Paper and the Lenses Paper.

A. People

2. **Investing in people—the world’s most precious resource—is essential to ending poverty on a livable planet.** Better lives and futures are only possible with equitable access to quality healthcare, education, and social protection and when all people can build and draw on their human capital throughout life to learn, work, create businesses, and thrive, even amid challenges. When countries invest in the health, education, livelihoods, employability, and social safety nets of the most vulnerable people, they also build resilience to crises. Further, human capital is essential to deliver opportunities for all, improve productivity, and drive sustainable economic growth.

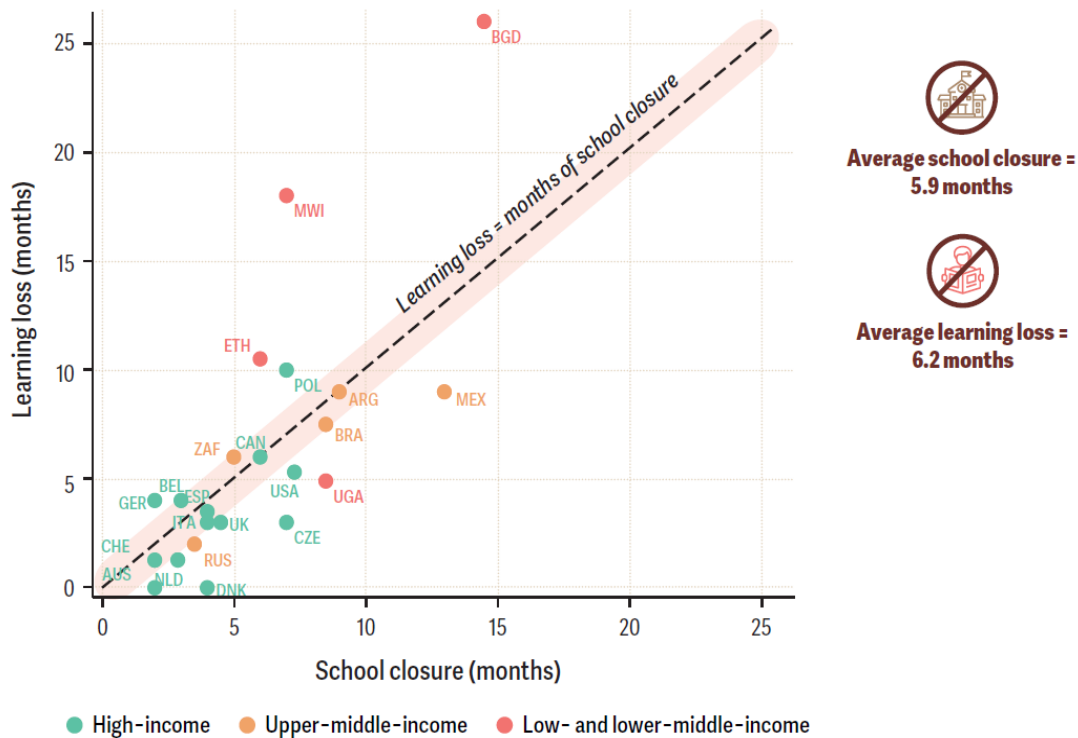
3. **Equity and inclusion are crucial for development in IDA countries.**¹ Research shows that inequality negatively impacts growth—for every 1 percent increase in the Gini index, there is a Gross Domestic Product (GDP) decrease of around 0.8 percent (Saleem, Farooq and Aurmaghan, 2021). Inequality also sustains poverty and threatens social cohesion. Equitable access to quality health care, education, and social protection enables people to build and draw on their human capital throughout life to learn, work, create businesses, and thrive. Yet today, many people in IDA countries do not have ready access to these critical services. Characteristics, including poverty, gender, disability, refugee or displaced status, age, ethnicity, religion and residing in a conflict zone, can prevent equitable access. For instance, people with disabilities may not be able to access services unless they are designed and equipped to meet a range of physical and mental disabilities. And some population groups, including the extreme poor and marginalized, are often the most vulnerable, yet have little access.

4. **The pandemic highlighted how the accumulation of human capital can be stalled and how difficult it is to regain momentum once lost—and thus why resilience is key to long-term development.** The pandemic resulted in significant reversals of hard-won gains in human capital accumulation, especially learning, with disproportionate impacts on women, school-age children, informal and unskilled workers, and vulnerable groups such as forcibly displaced populations and

¹ We are grateful for the suggestions in the non-paper on Inequality contributed by Belgium, Denmark, Germany, Iceland, Italy, Latvia, and Norway which helped inform this and the following sections.

persons with disabilities. These setbacks have collective implications for IDA countries' growth and productivity. If these losses continue to go unaddressed, both individual earnings and economic growth will decline for decades to come, while inequality will increase within and between countries.

Figure 1. 1. For 30 days of school closures, students lost 34 days of learning.



5. **Investing in people is critical for equality of opportunity and sustainable economic growth.** Human capital is the most important component of wealth globally, and for many of the poorest people, their skills and abilities may be their only assets. Many IDA countries have large youth populations seeking jobs and a brighter future but are at risk of being held back by a lack of skills and job opportunities.

6. **IDA countries continue to be exposed to systemic weaknesses in essential social service delivery which are compounded by successive crises.** System resilience and adaptability are critical for addressing today's megatrends, such as the green transition, the changing nature of work, conflict, rising migration and refugee flows that strain already overstretched services, and demographic shifts (whether aging populations or youth bulges). With increased incidence, severity, and distribution of climate-driven health impacts, reduced learning due to heat, and a lack of access to services during floods, new interventions need to be prioritized and new models of service delivery will be required.

7. **IDA21 must support a rapid, robust, ambitious, responsive, and sustained effort to help IDA countries develop and protect their populations' human capital.** There is a huge need for large-scale programming to invest in people's access to quality health services, skills, and social protection programs to pursue economic opportunities and access jobs. IDA21 must set its sights high and aim for an acceleration of human capital accumulation to ensure transformative, and resilient outcomes.

Box 1. 1. Human Capital Loss in IDA Countries

Compared to pre-pandemic levels:

- One third of IDA countries are poorer on average;
- Nearly twice as many people face food insecurity: 651 million people, 92 percent of the global total
- Extreme poverty reduction was set back by 3 years with over 500 million people in IDA countries now living in extreme poverty;
- Vaccine coverage dropped by almost twice the rate of non-IDA countries;
- Learning poverty rose to 89.1 percent in 2022, up from an already high 83.8 percent;
- Over 250 million students were out of school for a year and learned nothing, risking losses of 7 percent in potential lifetime earnings;
- Social safety net transfers were scaled up more than ever before during the pandemic, yet only a quarter of the extreme poor in low-income countries are covered.

Source: Collapse and Recovery (2023) Cash Transfers in Pandemic Times (2022), The State of Global Learning Poverty (2022), The Great Reversal (2024), World Bank calculations.

B. Planet

8. **Nearly all types of natural capital—the world's stock of resources and services provided by nature—are in decline.** Since 2000, the world has lost around 100 million hectares to deforestation, an area the size of Ethiopia. Around 40 percent of all land is degraded, making the climate crisis worse, reducing biodiversity, and threatening food security and livelihoods, especially for Indigenous Peoples (IPs) and other local communities. Multiple shocks, from intensified climate extremes to FCV are damaging the food system, resulting in a global food and nutrition security (FNS) crisis. Water quality is declining, and lack of access to drinking water, safely managed sanitation services, and basic handwashing facilities make water insecurity one of the greatest risks to economic progress, poverty eradication, and sustainable development. Air pollution cuts the average person's life short by 2.2 years, claiming more lives each year than all wars and forms of violence.

9. **The impact of these trends is most severe in the poorest countries and among the poorest people.** First, the poor are the worst affected by environmental destruction—the livelihoods of farmers, fishers, and forest dwellers are immediately adversely impacted. The poor and vulnerable are less able to manage exposure to dirty water and air, and governments in fragile and conflict-affected situations (FCS) are constrained in supporting national adaptation. For instance, the urban poor and city migrants reside in disaster-prone areas and are more exposed to floods, air pollution, or land contamination. Second, environmental degradation is not reversible in the short and medium term, while ecosystems once destabilized require centuries before they return to their original state. Many IDA countries host tropical forests providing global ecosystem

service benefits as local public goods, such as biodiversity, greenhouse gas (GHG) sequestration, and freshwater provision underscoring the importance of preserving these vital ecosystems. Third, a degraded environment itself impacts the economy: pollution adds to public health burdens; destroyed environments cannot provide ecosystem services; and degraded resources undermine long-established livelihood strategies. For IDA countries, such environmental degradation reinforces socio-economic inequalities, including disparities in access to clean drinking water and sanitation. As resilience increases with income, low-income households are least capable of adapting to environmental degradation, leading to vicious circles of poverty and resource dependence driving people into extreme poverty.

10. Climate change is compounding all these challenges and the impact on IDA countries is potentially devastating. Most of IDA's clients reside in areas highly exposed to climate shocks including over 80 percent of people in South Asia and over 40 percent in Sub-Saharan Africa (SSA).² By 2050, SSA expects to see 86 million internal climate migrants. Of the 25 countries most exposed to climate change, 15 are FCS. Climate change is increasing the probability of extreme natural shocks, altering mean temperatures and rainfall patterns critical for food systems, leading to growing water scarcity, extreme heat, and food and nutrition insecurity. It is also causing biodiversity and ecosystem loss, driving internal migration, and exacerbating social tensions. Natural disasters push 26 million into hardship annually and are a leading contributor of FNS crises.³ By 2040, one in four children will live in areas with extreme water shortages.⁴ If not addressed with urgency, climate change threatens to push up to 132 million into extreme poverty by 2030, mostly in IDA countries.⁵ This is particularly unfair given that IDA countries contribute the least to emissions.

11. Exacerbated by climate change, the water crisis is threatening economic progress, poverty eradication and sustainable development. One-tenth of the world lives in a country with high or critical water stress and 3.2 billion live in water-insecure areas affecting the ability to grow food.⁶ Shortages of drinking water, safely managed sanitation services, and handwashing facilities constitute a public health, economic, and environmental emergency across the developing world. Climate change is changing the water cycle by decreasing predictability and increasing the frequency and intensity of floods and droughts, amplifying issues caused by underdeveloped and unsustainable water use. These impacts, along with rising populations and demands for water, will limit food production and impact nutritional needs, making climate-resilient solutions necessary to feed people on a livable planet. Without expansion of irrigation, the share of self-sufficient Africans facing hunger risk could increase by 12 percent by 2050.

² *WBG Policy Research Working Paper*, Counting People Exposed to, Vulnerable to, or at High Risk from Climate Shocks: A Methodology. P. 26.

³ <http://documents.worldbank.org/curated/en/512241480487839624/Unbreakable-building-the-resilience-of-the-poor-in-the-face-of-natural-disasters>, Climate Change and Development Washington, D.C.: WBG.

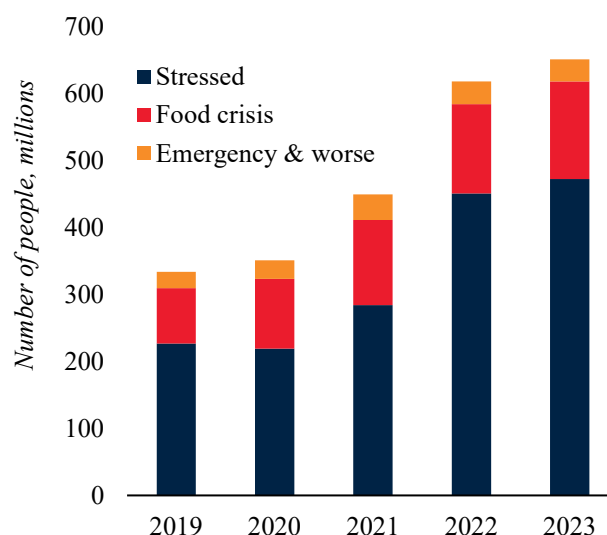
⁴ *UNICEF 2019*

⁵ <https://documents1.worldbank.org/curated/en/706751601388457990/pdf/Revised-Estimates-of-the-Impact-of-Climate-Change-on-Extreme-Poverty-by-2030.pdf>

⁶ *UN SDG Report 2022; FAO, 2020; UNICEF 2019*

12. **FNS is a global challenge — more than 258 million people are acutely food insecure, and nearly all of them live in IDA countries.**⁷ Without action, these trends will continue through 2030. Hunger and starvation are the manifestations of extreme poverty, with women and children bearing the brunt of food and nutrition insecurity. Globally, 148 million children are stunted, and 1.2 billion women have major micronutrient deficiencies.⁸ Moreover, food systems in IDA countries are highly exposed and vulnerable to climate change, and multiple shocks from intensified climate extremes to conflicts such as Russia’s invasion of Ukraine have led to a global FNS crisis.

Figure 1. 2. Food Insecurity in IDA Countries



Sources: GRFC (database); World Bank.

Note: IDA = IDA-eligible countries. Number of people facing food security stress, food security crisis, or emergency and worse. Sample includes data for up to 50 IDA-eligible countries.

13. **Human and economic development is embedded in nature and people depend on it for prosperity.** The ecosystems that

sustain economic activity have historically been taken for granted. Yet economic activity and development is not possible without nature and biodiversity, including the ecosystem’s goods services such as food, raw materials, water filtration, and climate regulation. Half of the world’s GDP is generated in sectors using nature as a production factor (forestry, fisheries, nature-based tourism) and millions rely on them for their jobs. More than half of GDP is derived from forests and ecosystem services (\$44 trillion out of \$84.4 trillion in 2020). In the forest sector, each job is estimated to generate 1.5 to 2.5 additional jobs, and in the fisheries sector, 492 million depend on small-scale fisheries for their livelihoods. Coastal and marine tourism constitutes half of global tourism, equal to \$4.6 trillion or 5.2 percent of global GDP. The decline in nature threatens these ecosystem services, with a widening gap between humanity’s ecological footprint, and nature’s ability to replenish and regenerate. Transitioning to nature-smart production would allow nature to regenerate.

14. **Scaling up IDA’s support in these areas can bring profound changes for people in IDA countries.** The poorest and marginalized populations bear the brunt of environmental degradation, which exacerbates socio-economic inequalities and hinders sustainable development. Failure to invest in climate-smart and resilient pathways will affect the poor and vulnerable disproportionately. IDA21 must prioritize investments in sustainable agricultural practices, clean water and sanitation, ecosystem preservation, and green infrastructure to help ensure equitable access to vital resources.

⁷ FSIN and Global Network Against Food Crises. 2023. GRFC 2023. Rome.

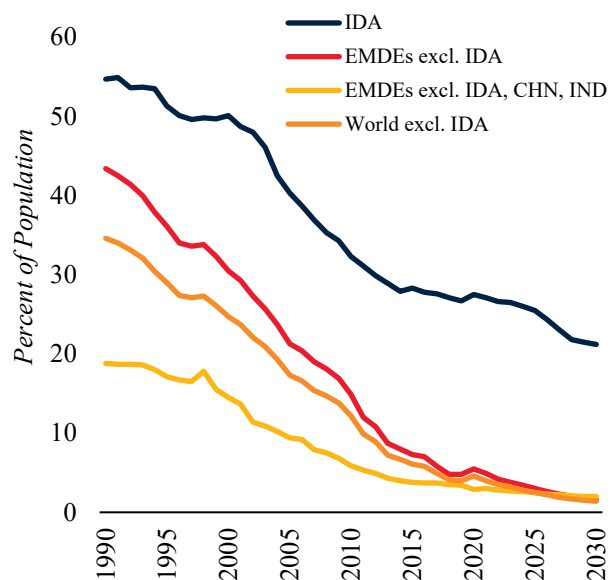
<https://www.fsinplatform.org/sites/default/files/resources/files/GRFC2023-hi-res.pdf>.

⁸ <https://data.unicef.org/resources/jme-report-2023/>

C. Prosperity

15. **The massive toll of the crises of the past four years have further widened the income gap between IDA countries and advanced economies.** Growth, trade, and poverty reduction have been dealt a massive blow in IDA countries. Growth performance of IDA countries in recent years has been weak, reversing the earlier progress on poverty reduction. Output has fallen four percent below pre-pandemic trends in 2020 and output losses are projected to reach nearly 5.7 percent in 2024. Trade performance has also been disappointing. By the end of 2024, IDA countries are set to experience the weakest half-decade of growth since the early 1990s, in both total and per-capita terms. Poverty reduction has stalled, with the pandemic undoing three years of progress. In total, over 35 percent of the population in IDA’s fragile or conflict-affected states were estimated to have endured extreme poverty in 2023. By 2025, it is estimated that 25.5 percent of the population in IDA countries will still be living in extreme poverty, about 10 times more than in the rest of the world.

Figure 1. 3. Extreme Poverty in Percent of Population: 1990-2030



Sources: Mahler and Lakner (2022); World Bank Poverty and Inequality Platform.
 Note: CHN = China; EMDEs = emerging market and developing economies; IDA = IDA-eligible countries; IND = India. Sample includes up to 75 IDA-eligible countries, and 83 EMDEs excluding IDA. World includes 158 countries. Poverty data from Mahler and Lakner

16. **The growth and jobs challenges in IDA countries are becoming even more urgent now due to demographic shifts, climate change, and technological advancements.** A weak growth outlook further exacerbates existing macroeconomic imbalances on the domestic and external side and limits productive employment opportunities. Elevated inflation levels, especially food prices and depreciating currencies combined with high interest rates, put macroeconomic stabilization policies at the forefront of the policy agenda. Furthermore, the risks of increased fragmentation of trade and investment networks complicate the outlook for IDA countries, even if they are often less integrated into global value chains. These recent pressures weigh on private sector growth—the main source of jobs—in addition to other challenges such as financial instability, poor contestability of markets, and weak public institutions.

17. **Insufficient fiscal space — and the resulting underinvestment in physical and human capital — is partly due to weak domestic resource mobilization (DRM).** The average tax-to-GDP ratio in IDA countries was 14.7 percent in 2023, unchanged from 2018, significantly limiting the resources available for investment and social programs. Over the past decade, 60 percent of IDA countries collected tax revenues below 15 percent of GDP. Obstacles to revenue mobilization include structural characteristics (large informal economy, heavy dependence on extractive industries), weak tax policy frameworks (large tax exemptions, limited capacity of tax and custom

administrations), and institutional limitations. In recent years, revenue collection has also been hampered by weak post-pandemic recovery. Consequently, spending on critical sectors remains notably lower compared with other Emerging Markets and Developing Economies (EMDEs)—for example, health-care expenditure was a mere 1.6 percent of GDP, roughly half that of other EMDEs.

18. Persistent budget deficits prior to the pandemic — combined with pandemic response and subsequent external shocks — have left IDA countries with record high public debt levels. The average debt-to-GDP ratio in IDA countries rose from around 40 percent in 2015 to around 65 percent in 2023. Currently, 54 percent of IDA countries covered under the World Bank-International Monetary Fund (IMF) Debt Sustainability Framework for Low-Income Countries (LIC-DSF) are at high risk of—or already in—debt distress, which is more than double the level a decade ago. The combination of weak growth, high government debt, and elevated interest rates has contributed to a sharp increase in debt service costs. IDA countries are estimated to spend \$185 billion in debt service payments in 2024, or roughly 7.5 percent of their combined GDP, which is more than their combined public spending on health and education. In this context, one of the most pressing challenges for IDA countries is the lack of affordable liquidity to roll over obligations and maintain policy space to absorb shocks.

19. With lower levels of trade openness and a more concentrated export structure, IDA countries are vulnerable to abrupt changes in commodity prices and the impacts of geopolitical tensions. Trade-to-GDP ratios average around 66 percent in IDA countries, below the 82 percent of GDP in other EMDEs. Output and exports of IDA countries also tend to be concentrated in a narrow set of industries—on average, around 40 percent of good exports are derived from a single sector across IDA countries, well above the 27 percent average in other EMDEs. Global climate mitigation efforts and concerns over the control and reliability of strategic products have prompted advanced and large economies to introduce trade measures that may inadvertently impede access to key export markets for IDA countries. The growing digital divide risks excluding IDA countries from the large opportunities offered by digital trade, by far the fastest growing segment in trade.

20. Weaknesses in financial sector development in IDA countries contribute to the inadequate access to financial services for businesses and households, leaving the banking sector vulnerable to shocks. Domestic financial sectors in many IDA countries are underdeveloped, with limited capacity for conducting basic transactions of intermediation. Despite a rising trend, domestic credit to private sector is only 34.9 percent of GDP in IDA countries (134.9 percent in International Bank for Reconstruction and Development [IBRD] countries). Shallow and illiquid financial systems, lacking diverse instruments, leave IDA countries ill-equipped to absorb and mitigate the impact of adverse shocks. In addition, the recent rise in domestic debt levels has further limited availability of credit for the private sector and increased risks of the sovereign-bank nexus. Access to financial services is also very limited, with large shares of the population remaining unbanked.

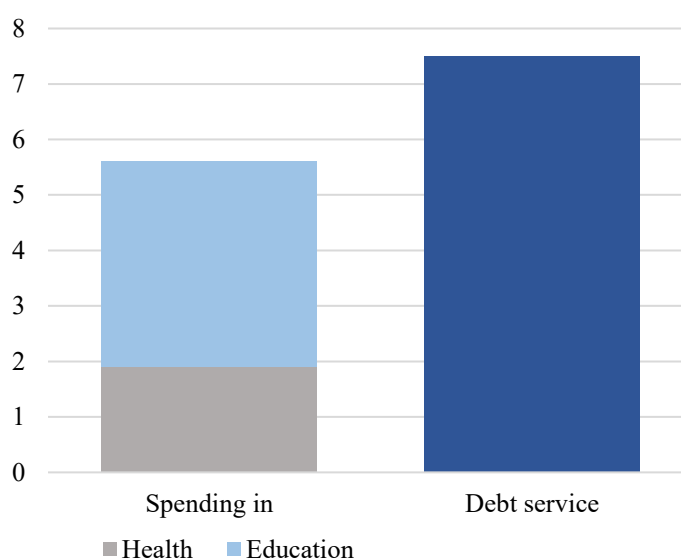
21. The private sector in IDA countries is characterized by high informality and stagnating productivity. In many IDA countries, the domestic private sector remains largely informal and barriers to entry for companies remain high, with a ‘missing middle’ of strong,

sustainable Micro Small and Medium Enterprises (MSMEs) that can grow, create long-lasting jobs, and enter export markets. Markets are concentrated and state-owned enterprises (SOEs) often crowd out viable private players.⁹ Furthermore, many IDA countries retain, or are expanding, government interventions that can harm competition dynamics, including price controls, import/export restrictions, and foreign investment restrictions. Market institutions to enable competition on a level playing field are weak or non-existent in many IDA countries—40 percent lack a competition law and 59 percent a competition enforcer.¹⁰ Other important constraints to entrepreneurship and private sector growth include complex and unpredictable regulatory procedures, limited access to skilled workers, and infrastructure services. Adoption of productive technology is limited: 89 percent of manufacturing firms still use manual processes or manual machines.¹¹ These conditions inhibit growth of domestic and foreign firms and constrain investment. Foreign direct investment (FDI) flows as a share of IDA countries’ GDP declined from 3.9 percent in 2012 to around 1.4 percent in 2022.¹²

22. IDA countries continue to face challenges in building and maintaining public sector institutional capacity. The Country Policy and Institutional Assessment (CPIA) scores for Public Sector Management and Institutions are low and even deteriorating slightly, reflecting persistently high levels of corruption and weak governance. On public financial management, recent Public Expenditure and Financial Accountability (PEFA) assessments point to weaknesses in public procurement and SOE governance in particular. These factors perpetuate poverty and underinvestment and limit economic opportunities.

23. Social programs in IDA countries often suffer from weaknesses in design and outreach, limiting their benefits for the poor. Growth has contributed less to poverty reduction in

Figure 1. 4. IDA Countries Spending on Health and Education, and Debt Service in 2024
(Percentage of GDP)



Source: DRS, MPO, IMF SDR, MTI and FCI GP staff calculations. BOOST database and World Bank country reports.
Notes: Latest available data on health and education spending.

⁹ World Bank. 2023. The Business of the State. Washington, DC: World Bank. Enterprises with state shareholding in IDA countries reported domestic revenues above \$93 billion (equivalent to the GDP of Bulgaria or Guatemala) and employed over 1.1 million workers in 2019. They often constitute virtual monopolies in essential sectors.

¹⁰ World Bank (forthcoming), From Market Power to Markets that Power Growth

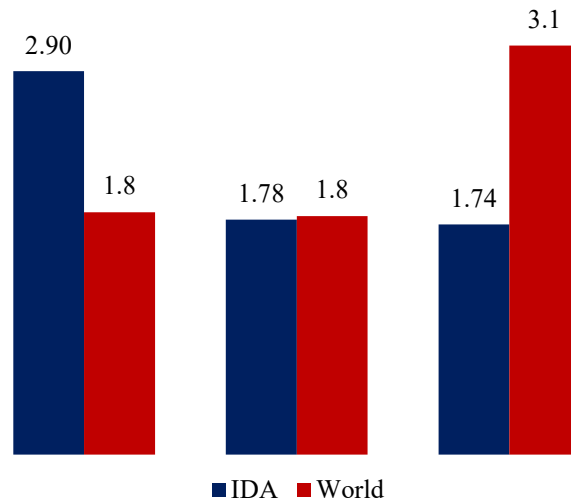
¹¹ Based on the data from firms with 5 or more employees in Bangladesh, Burkina Faso, Cambodia, Ghana, Kenya, and Senegal. Source: Cirera, Xavier; Comin, Diego; Cruz, Marcio (2022) A New Approach to Measure Technology Adoption by Firms: Bridging the Technological Divide: Technology Adoption by Firms in Developing Countries

¹² World Bank 2024. Investment Climate Assessment 2.0: enabling productive private investment, Washington D.C.

SSA than in the rest of the world.¹³ Social spending is not well-targeted to poorer households and a large share of spending goes on subsidies that are ineffective at reaching poorer households. Instead, spending on well-targeted transfers is low, and education and health spending is not as well-targeted to poorer households in low-income economies as in middle- and high-income economies.¹⁴

24. **A lack of good data affects policy design, implementation, and monitoring in many IDA countries.** While considerable progress was made in IDA20, for example in West Africa, many IDA countries continue lagging on household surveys and collection of other foundational poverty data. For example, over the past five years only half of IDA countries collected household surveys with distributional data to measure poverty. While alternative sources can fill some gaps, the effective use of frontier approaches—including Artificial Intelligence (AI), machine learning and big data—requires foundational data as a baseline input for modeling. Availability and access to good quality foundational data are constrained by lack of financing, limited technical capacity, and uncertain data governance.

Figure 1. 5. IDA Countries and World GDP per Capita Growth (Percentage)



Source: WDI, World Bank staff

Notes: Period 2011-2020 does not include 2020 (Covid-19)

D. Infrastructure

25. **Green, inclusive, and resilient infrastructure is foundational for eliminating extreme poverty and boosting shared prosperity on a livable planet.** Access to efficient and affordable transportation, water and sanitation, and energy is crucial to support households' basic needs, access to jobs, and thus economic opportunities. It also enables businesses to operate efficiently, trade, and access markets, and support key sectors such as agriculture and manufacturing. In addition, infrastructure has the potential to generate large positive externalities through agglomeration economies in cities, including access to ideas and innovation, education, health, gender equity, and resilience in the face of economic and environmental shocks. But not all infrastructure is equal – the complementarity and quality of infrastructure is crucial in unlocking its impact, so for infrastructure's many benefits to materialize, these investments must be identified, designed, implemented, operated, and maintained appropriately. They should also integrate nature-based solutions to generate additional climate, biodiversity, and social benefits.

¹³ World Bank. 2024. Africa Pulse, Spring 2024.

¹⁴ World Bank. 2022. Poverty and Shared Prosperity Report 2022: Correcting Course.

26. **Infrastructure is contributing to climate changing emissions, is impacted by climate change, and is crucial to meeting global climate goals.** Infrastructure contributes to climate changing emissions as its construction and operation result in the release of GHGs. Conversely, infrastructure is also impacted by climate change, as rising global temperatures and their associated impacts, such as extreme weather events, rising sea levels, and fluctuating temperature, can damage infrastructure and reduce its effectiveness and lifespan, particularly in poorer countries. There is a complex interplay between infrastructure development and climate mitigation and adaptation, underscoring the need for sustainable infrastructure that both reduces emissions and is resilient to the impacts of climate change. Climate change is exacerbating the current vulnerability of urban services, and increasingly exposing people and businesses to multiple disaster hazards. Cities in low-income countries (LICs) face the highest exposure to projected climate hazards but are also less resilient to increasingly frequent climate-related shocks. Meanwhile, urgent and massive investments in infrastructure are needed to meet the world’s climate objectives. Key systems will need to be transformed and decarbonized across energy, agriculture, food, water, land, cities, transport, and manufacturing sectors—collectively accounting for more than 90 percent of GHG emissions. For climate adaptation, the extra cost of building resilience into infrastructure is only three percent of overall investment needs.

27. **Energy access is one of eight identified global challenges, where intensified effort and focus is needed because affordable, reliable, sustainable, and modern energy is fundamental for poverty reduction and growth.** Research¹⁵ has shown that access to energy has important linkages with structural change, migration, employment, including female employment, educational attainment, household income, productivity, and market competition. Unfortunately, as of 2021, 675 million people globally do not have access to electricity and 2.3 billion do not have access to clean cooking solutions.¹⁶ Eighty percent of lacking access living in SSA are in IDA countries. To achieve universal access to electricity by 2030, a total of 940 million people will need energy solutions. The WBG has committed to connect 250 million people to electricity in SSA through distributed renewable energy (RE) systems or the distribution grid by 2030. As part of this effort, the WBG’s recently launched the Distributed Access through Renewable Energy Scale-Up Platform (DARES) which aims to increase private investment in distributed renewable energy across Africa.

28. **While achieving universal energy access, the world must also find ways to transition away from climate changing emissions.** Renewable energy and energy efficiency need to be scaled up to meet growing demand for energy while reducing emissions. This requires further public and private sector investments to strengthen the electricity grid, including energy storage. The institutions responsible for this infrastructure must be financially and operationally strong, and the investment climate to attract private capital must be strengthened. Unfortunately, many IDA countries are caught in a poverty trap. They are unable to afford the high up-front costs of switching to clean energy and are thus locked into higher costs and recurring payments for fossil fuels. The high cost of capital is stifling the growth of a project pipeline to meet both development

¹⁵ Foster, V., Gorgulu, N. Straub, S., Vagliasindi, M. (2023). The Impact of Infrastructure on Development Outcomes: A Qualitative Review of Four Decades of Literature. World Bank Policy Research Working Paper. Washington, D.C.: World Bank Group.

¹⁶ IEA, IRENA, UNSD, World Bank, WHO (2023). “Tracking SDG 7: The Energy Progress Report”. Washington DC.

and climate objectives. Mobilizing foreign and domestic private capital and scaling up the use of de-risking instruments in IDA countries can play a key role in helping them to escape this poverty trap.

29. The energy transition will rely significantly on critical minerals, which are essential for renewable energy. Global demand for these minerals has been growing rapidly and is expected to accelerate to meet global climate targets. Meeting the goals of the Paris Agreement implies a quadrupling of mineral requirements for clean energy technologies by 2050.¹⁷ Soaring demand, paired with historic underinvestment in mining, is already placing pressure on clean energy supply chains. Lithium in particular is essential for electric vehicles and battery storage and is expected to face an undersupply in the medium term. In this regard, the WBG's Resilient and Inclusive Supply-chain Enhancement (RISE) initiative plays a central role in the diversification of supply chains of clean energy products.

30. Sustainable transport connectivity remains a major challenge in many IDA countries. IDA countries face significant challenges due to the much lower average density of transport infrastructure, including roads, bridges, rail track, and airports. This in turn hinders agricultural productivity and food security, logistics and supply chain performance, and integration into local, regional, and global markets, together with access to basic services such as health and education. Safe and green transport connectivity can improve health and environmental outcomes through multiple channels. As urbanization patterns spread out, public transport plays a critical role in ensuring that jobs remain accessible.¹⁸ Multimodal transport connectivity is also essential to ensuring the proper functioning of supply chains and is a key determinant of food security. Over one-third of food produced in Africa is lost due to poor logistics—a consequence of the lack or low quality of transport infrastructure and inefficient transit and trade facilitation policies. In rural areas, access to employment opportunities is constrained for about one billion people who do not have access to a basic all-weather road.

31. A livable planet will not be achieved unless we make our cities livable. While making up only two percent of the earth's surface, cities contribute more than 80 percent of global GDP, but also 70 percent of global energy use and 75 percent of total carbon emissions. Rapid urbanization and the resulting expansion of infrastructure services is leading to the acceleration of carbon emissions in cities due to accelerating energy consumption from transport and buildings. Equally, the cascading impact of the climate crisis has catastrophic implications for cities, manifesting itself through increased heat and extreme weather events such as storms, hurricanes, floods, droughts, coastal erosion, water scarcity, and loss of biodiversity. Failure to act on mitigating threatens to potentially push an additional 165 million people into extreme poverty by 2030.¹⁹ Natural hazards also cause \$18 billion annually in direct damage to power and transport

¹⁷ Refer to Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition, WB, 2020

¹⁸ Research conducted on the impact of public transport system expansions on local labor market informality rates in the Sao Paulo metropolitan region in Brazil show that informality rates decreased on average between one and seven percentage points in areas receiving new public transport infrastructure compared to those facing travel delays.

¹⁹ 2016. Shock Waves: Managing the Impacts of Climate Change on Poverty. WBG.

infrastructure alone. If not invested to build green, resilient, and inclusive infrastructure, inaction in addressing disaster risks over the next decade could cost \$1 trillion more.²⁰

E. Digital Transformation

32. **Digital technologies provide solutions to address intertwined development challenges.** Digitalization is a key enabler for 70 percent of the Sustainable Development Goals (SDGs), and research has demonstrated that countries with stronger growth in digital infrastructure had higher SDG score improvements, translating into 40 percent higher progress across all SDGs than those with slower growth in digital infrastructure.²¹ Breakthroughs in areas such as generative AI, cloud computing, and Internet of Things (IoT) have the potential to enable developing countries to increase productivity and leapfrog conventional growth pathways by adopting cutting-edge solutions without the need to undergo lengthy and costly transitions. For these reasons, digitalization is a global challenge that warrants focus and scaled-up action in IDA21.

33. **Adoption of digital technologies drives growth, job creation, and poverty reduction.** Research has shown that fixed broadband penetration is related to GDP growth,²² and when fast internet becomes available, the probability that an individual is employed increases by up to 13.2 percent, employment per firm increases by up to 22 percent, and firm exports nearly quadruple.²³ In Nigeria and Tanzania, extreme poverty decreased by seven percent after three or more years of exposure to internet coverage, while labor force participation and wage employment increased by up to eight percent.²⁴ Analytics and data-driven decision-making can boost MSMEs' sales and help them establish a competitive advantage.²⁵

34. **Digital technologies are key to increasing efficiency and enhancing access to services across nearly every social and economic sector.** From streamlining government services through digital platforms, to making private sector offerings more accessible, useful, and resilient, as well as enabling precision agriculture that optimizes resource use and increases crop yields, the application of digital technologies is transforming the economies. For example, digital ID verification services have the potential to significantly reduce transaction times for banking, social programs, and business permitting, resulting in cost savings for both service providers and

²⁰ 2019. Hallegatte, Stéphane, Jun Rentschler, and Julie Rozenberg. *Lifelines: The Resilient Infrastructure Opportunity*. Sustainable Infrastructure Series. Washington, DC: WBG.

²¹ *ITU, UNDP. 2023. SDG Digital Acceleration Agenda.*

²² Minges, Michael. *Exploring the relationship between broadband and economic growth (English)*. World Development Report background papers Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/178701467988875888/Exploring-the-relationship-between-broadband-and-economic-growth>

²³ Hjort, Jonas, and Jonas Poulsen. 2019. "The Arrival of Fast Internet and Employment in Africa." *American Economic Review*, 109 (3): 1032-79.

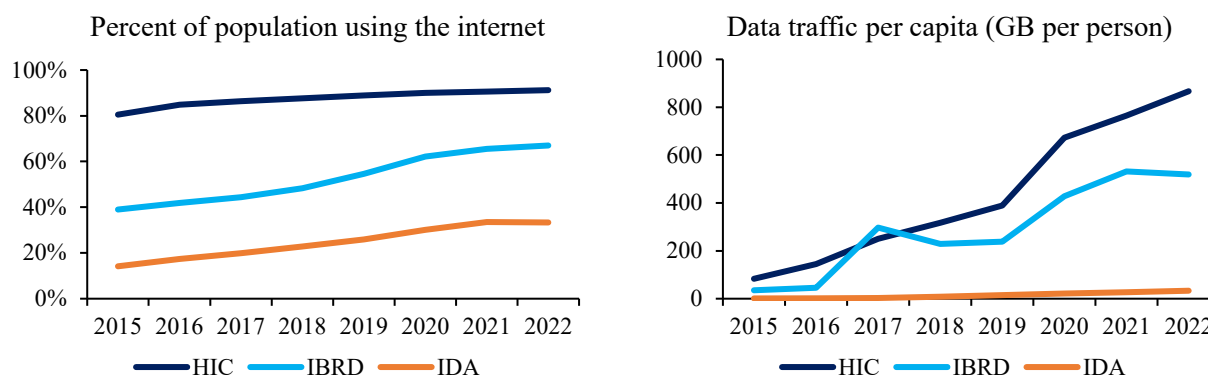
²⁴ World Bank. 2024. *Digital Progress and Trends Report 2023*. Washington, DC: World Bank. doi:10.1596/978-1-4648-2049-6. License: Creative Commons Attribution CC BY 3.0 IGO
<https://openknowledge.worldbank.org/server/api/core/bitstreams/95fe55e9-f110-4ba8-933f-e65572e05395/content>

²⁵ Bar-Gill, Brynjolfsson and Hak. 2023. "Helping Small Business Become More Data-Driven: A Field Experiment on eBay" Working Paper 31089, <http://www.nber.org/papers/w31089>

beneficiaries.²⁶ Digital payments enhance financial inclusion and resilience.^{27, 28} Electronic health-care records (EHR) and EHR systems can help improve health-care outcomes in LICs (NIH, 2023). More generally, digital government services contribute to improved accountability and transparency.²⁹

35. Digital technologies are a cornerstone in the fight against climate change and in enhancing resilience to economic and climate-related shocks, conflicts, and pandemics. Digital technologies have the potential to reduce emissions in energy, mobility, and manufacturing by up to 20 percent by 2050.³⁰ During the COVID-19 pandemic, firms with greater digital readiness were twice as resilient in their sales. Countries with higher levels of digital adoption prior to the pandemic had lower COVID-19 cases per million population and fewer COVID-19-related deaths.³¹ Through a mobile app, the Government of Ukraine has been able to connect 19 million citizens with over 120 government services during Russia’s invasion of Ukraine.

Figure 1. 6. The Growing Digital Divide between IDA and non-IDA Countries



Source: World Bank staff calculations based on ITU and WDI data.

36. This enormous development opportunity calls for a digital transformation in IDA countries, supported by a significant scale-up of IDA support. The potential is clear, but IDA countries risk falling further behind in the absence of even the most basic infrastructure to connect to the digital world. Indeed, for too many of the world’s poorest people and countries digitalization

²⁶ Lowmaster, Kaelyn. *Private Sector Economic Impacts from Identification Systems (English)*. Identification for Development Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/219201522848336907/Private-Sector-Economic-Impacts-from-Identification-Systems>

²⁷ <https://www.unsgsa.org/publications/igniting-sdg-progress-through-digital-financial-inclusion-2023>

²⁸ <https://www.worldbank.org/en/publication/globalindex>

²⁹ *GovTech: The New Frontier in Digital Government Transformation (English)*. Equitable Growth, Finance and Institutions Note Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/898571612344883836/GovTech-The-New-Frontier-in-Digital-Government-Transformation>

³⁰ <https://www.weforum.org/press/2022/05/digital-tech-can-reduce-emissions-by-up-to-20-in-high-emitting-industries/>

³¹ World Bank. 2023. *Digital-in-Health: Unlocking the Value for Everyone*. © Washington, DC: World Bank. <http://hdl.handle.net/10986/40212> License: *CC BY 4.0*.

is not yet a reality. A step change in ambition, resources and focus is needed so that people, businesses, and governments in IDA countries can have a reasonable chance of realizing economic and social transformation through digitalization.

37. **The digital divide is wide and multi-dimensional, and efforts will be needed to prevent this gap from widening.** About 2.6 billion people globally still did not have access to the internet in 2023, of which around half live in IDA countries. In IDA countries, only 33 percent of the population use the internet based on 2022 data, compared with 67 percent in IBRD countries and 91 percent in high-income countries (HIC). Data traffic per capita was merely 33 Gigabytes (GB) in IDA countries, compared with 520 GB in IBRD countries and nearly 900 GB in HICs (Figure 1.4). In 2022, internet download speed was, on average, 2.6 times and 7.6 times faster in IBRD countries and HICs, respectively, compared with IDA countries. Significant gender gaps in internet usage and employment in technology sectors remain in most IDA countries. Women are 21 percent less likely than men to use the internet.³² In Pakistan, Bangladesh and Sri Lanka women represent only 10 percent of employment in Information Technology (IT) services.³³ Moreover, the urban-rural digital divide is more pronounced in IDA countries. In rural areas of Haiti and Nicaragua, only 15 percent of households possess a computer or tablet, compared with about twice that figure in urban areas.³³

38. **As digitalization advances, IDA countries need more support to mitigate the risks and hazards.** Cybersecurity threats pose significant risks to the integrity and safety of digitized systems, networked infrastructure, and sensitive information. These threats call for robust legal, institutional, and operational measures to build cyber resilience and capabilities. Similarly, data privacy concerns require robust regulatory frameworks and enforcement mechanisms to ensure the protection of personal information. There are significant user concerns regarding personal data being stolen or misused by governments and corporations. A Lloyd's Foundation study found that most users in SSA, Latin America and Caribbean countries, and Southeast Asia are concerned about personal information being stolen.³⁴ Online harassment and misinformation represent additional challenges, undermining social cohesion, trust, and the reliability of digital platforms as sources of accurate information. These threats risk increasing through rapid advances in AI, while IDA countries and their languages also risk being underrepresented in datasets used to train global AI models. These issues need comprehensive strategies, including policy, technological and educational responses, to cultivate a safer online environment. Furthermore, accelerating the rollout of digital infrastructure to meet growing demand requires policies and solutions to ensure climate resiliency and minimize environmental impact.

39. **Having discussed why it is crucial for IDA21 to focus in these five Focus Areas, the next sections will address each Focus Area in turn,** including by outlining what IDA21 plans to prioritize within each Focus Area, the expected outcomes and proposed policy commitments. In doing so, these sections will also illuminate the line of sight from previous replenishments through to IDA21, highlight some key lessons that IDA will apply in IDA21 implementation, and

³² <https://webfoundation.org/2020/03/the-gender-gap-in-internet-access-using-a-women-centred-method/>

³³ Liu, Yan-000529044; Qiang, Zhenwei., *Digital Progress and Trends Report 2023 (English)*. Washington, D.C.: World Bank Group.

<http://documents.worldbank.org/curated/en/099031924192524293/P180107173682d0431bf651fded74199f10>

³⁴ https://wrf.lrfoundation.org.uk/LRF_2021_report_a-digital-world-ai-and-personal-data_online_version.pdf

demonstrate the links between that Focus Area and other IDA21 priorities, including each of the Lenses and WBG Evolution.

II. PEOPLE FOCUS

PEOPLE: Proposed Policy Commitments

- (1) Support countries to provide services to young people, with a focus on early childhood and adolescent services.
- (2) Improve the resilience of health, education and/ or social protection delivery systems.

A. Lessons and Continuity from Previous IDA Cycles

40. **Human capital has long been a priority for IDA and became a Special Theme in IDA20, with the aim of reversing enormous human capital losses incurred due to the pandemic and building back better.** The targeted effort in IDA20 built on decades of support for human capital formation by IDA, which has been—and remains—the largest external source of financing for health, education, and social protection in LICs.

41. **The IDA20 Human Capital Special Theme included outcome-oriented policy commitments across several sectors that will remain crucial through IDA21.** IDA20 achieved policy commitments on integrated multisectoral investments, such as restoring access to quality services for young children, including maternal and nutrition services, children’s immunizations, protection of informal workers, accelerated recovery of learning losses, with a special focus on addressing constraints faced by girls, and strengthening public finance for human capital investments. IDA also built resilient adaptive social protection (ASP) systems and made core services more accessible to people with disabilities, in line with commitments made at the Global Disability Summit in 2018. The strong delivery of these policy commitments demonstrates client interest in advancing opportunity, resilience, and equity in IDA countries,³⁵ as well as the unique position of IDA as a platform for multisectoral investments.

42. **Both Country Allocations and IDA Windows have been instrumental in helping IDA countries to build resilience.** For example, the Regional Window (RW) has supported Ethiopia, Kenya, and São Tomé and Príncipe through the *Eastern and Southern Africa: Health Emergency Preparedness, Response and Resilience Program* (\$359 million, of which \$251 million from the RW) to strengthen the resilience of regional and national health systems to manage pandemics and other health emergencies. Meanwhile, in Pakistan, the *Sindh Flood Emergency Housing Reconstruction Project* has helped to ensure that government responses to natural disasters prioritize the needs of vulnerable groups, including people with disabilities, thereby supporting an IDA20 policy commitment to implement principles of non-discrimination, inclusion, and universal

³⁵ The IDA20 MTR report provides an update on the implementation of the specific commitments, and how they were adapted to match the changing context and country demand in the post-COVID period.

access in at least 18 IDA countries. Operations that focus on building resilience of people and systems are set to continue in IDA21.

43. **Nonetheless, a key lesson from IDA19 and IDA20 was that, despite decades of improvements in key social services, many governments remain unprepared to deliver essential social services during a crisis as large as the pandemic.** Breaking the cycle of panic and neglect related to pandemic outbreaks and other crises is crucial. IDA can play an important role in this by investing in stronger and more resilient delivery systems. The IDA20 policy commitment related to COVID-19 vaccinations was adjusted to focus on strengthening inclusive health security and advancing universal health coverage (UHC) by building countries' capacity to prepare for, prevent, detect, and respond to the threat posed by health emergencies. In building country capacities for UHC and health emergency requirements, it is key to enable countries to leverage the full capabilities of the public and the private sector. This involves developing a strong enabling environment to unlock the private sector, strengthening demand financing for health, and creating appropriate public-private collaboration mechanisms to increase access to available services for all income groups. In IDA21, the focus on strengthening systems for resiliency will be key.

B. Way Forward and Expected Outcomes in IDA21

44. **IDA21 policy commitments under the 'People' Focus Area will help to build equity, resilience, and opportunity in IDA countries.** While WBG is engaged in the IDA21 focus and lens areas at different levels in most IDA countries, the policy commitments below will be directed to either all countries or a quarter of them where the policy commitments are particularly relevant. IDA will focus on investing in people at scale and engage in all areas where human capital is built and utilized. The policy commitments complement the Scorecard indicators, which focus on the number of beneficiaries of World Bank human development services, and disaggregate them by sex, country income groups, Small States/Small Island Developing States (SIDS), FCS status, region, youth, and disability. The IDA21 focus has three elements: first, a focus on equity, to ensure all people have access to quality, affordable services; second, a focus on resilience to prepare for, cope with and recover from the multiple crises affecting the poor in IDA countries; and third, a focus on opportunity, to use human capital for productivity and growth.

The Scorecard will measure the millions of students supported with better education.

i. Equity

45. **IDA21 will engage across the health, education, social protection, water, agriculture, energy, and other sectors to change policy, environmental, and social factors that prevent disadvantaged groups from accessing the services they need.** This includes expanding coverage of social services, paying particular attention to the needs of women and girls and of people with disabilities. The unique needs of adolescent girls, including sexual and reproductive health will be addressed through the 'Gender' Lens and in the Gender Strategy 2024-2030.

46. **While striving to achieve UHC, IDA21 will work with governments to reach those most in need of quality health services.** IDA21 will expand essential services promoting quality maternal and child health, nutrition, and sexual and reproductive health services, as well as the growing burden of Non-Communicable Diseases (NCD), anti-microbial resistance, mental health and long-term care associated with aging.

47. **At the same time, IDA21 will expand health-care coverage to reach more people by targeting communities that are not receiving health services.**

This will contribute to the WBG-wide goal of reaching 1.5 billion people with quality affordable health services by 2030. This expansion will require leveraging the full capabilities of the public and private sectors. For the private sector element, the Private Sector Window (PSW) will help to enable impactful private sector investments that expand access to health care and lower financial barriers to accessing health services for the poor. As part of this work, IDA21 will continue to target constraints faced by people with disabilities by

addressing physical barriers to access new buildings and structures and services. This is an important component of ensuring universal access, and a vital step for reaching UHC.

The Scorecard will measure the percentage of people receiving essential health services (SDG Target 3.8.1: Universal Health Coverage service coverage index).

The Scorecard will also measure the millions of people receiving quality health nutrition and population services supported by WBG financing.

48. **IDA21 will focus on malnutrition, with special attention to the prevalence of stunting, the effects of which are inter-generational and largely irreversible.**

Child stunting serves as a proxy for inequalities in human development. Stunted children are more likely to start school later, perform more poorly on cognitive functioning tests, and are more likely to drop out of school, whereas children who escape stunting are 33 percent more likely to escape poverty. Undernutrition increases the risk of children dying in the first few years of life and contributes to nearly one-half of all child deaths. IDA21 will: (i) engage countries to ensure the integration of nutrition services in essential health benefit packages; (ii) design adaptive safety net programs to target children (and women) in the first 1,000 days of life; (iii) deliver high-impact nutrition services for children to prevent stunting and wasting and improve women's nutrition; and (iv) strengthen supply chains to integrate and deliver nutrition commodities. Furthermore, IDA21 will accelerate action to improve access to clean water and sanitation.

The Scorecard will measure the percentage of children under 5 who are stunted globally.

49. **Ensuring that all children receive quality education is central to development, but learning is in crisis globally, especially for those who were already disadvantaged.** Learning poverty (the share of 10-year-old children who cannot read with understanding) in lower-middle income countries (LMIC) stood at 57 percent globally in 2019 but may have reached 70 percent after the pandemic.³⁶ In Africa, half of 15- to 19-year-old girls are out of school, married, or have

³⁶ The State of Global Learning Poverty: 2022 Update. The World Bank Group, United Nations Children's Fund, Foreign, Commonwealth & Development Office, United States Agency for International Development, Bill and Melinda Gates Foundation 2022. <https://www.unicef.org/reports/state-global-learning-poverty-2022>.

children, curtailing their education and opportunities. High learning poverty hinders more advanced skill development. IDA21 will support the realization of the SDGs to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (SDG4), which is now off track in IDA countries. IDA21 will systematically focus on reducing learning poverty, providing targeted support for girls' education, creating the appropriate learning environment for foundational skills (e.g., basic literacy and numeracy) and ensuring adequate fiscal space for education, with solutions adapted for conflict and violence situations.

50. Proposed Policy Commitment: “Support countries to provide services to young people, with a focus on early childhood and adolescent services.”

This policy commitment will help countries to better focus on the needs of *young people*, with an emphasis on ensuring services in a person's early formative years, as well as adolescence, as children prepare to enter adulthood. It will apply to one-fourth of all IDA countries.

Focus on young people.

IDA21 will support countries to provide services to young people with a focus on early childhood and adolescent services.

51. Social protection has a key role to play in reducing both poverty and inequality. The coverage of social safety net programs has grown in recent years but still covers only 20 percent of the poorest quintile in the poorest countries, where it is most needed. IDA21 will support the achievement of SDG1.3: “*Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and vulnerable.*” Doing so helps the poor to protect their human capital, assets, and enterprises during hard times and to make investments in improving these at other times, with long-term benefits not just for individuals but for entire societies.

The Scorecard will measure the share of people in the poorest quintile covered by social protection and labor programs in client countries, and the millions of beneficiaries of social safety nets programs supported by IBRD and IDA operations.

52. IDA21 will build countries' capacity to accurately identify the poorest and most vulnerable and prioritize them for support.

While working toward protecting all in need in times of crisis, prioritizing the poorest ensures that social protection systems, including non-contributory social assistance, social insurance, and jobs for the extreme poor, maximize both the equity and efficiency of public spending.

ii. Resilience

53. It is imperative that IDA21 focus on investing in resilient health, education, and adaptive social service delivery systems. Whether a health emergency, volatile weather, sharp economic downturns, or conflict, the poor are often more exposed to the likelihood of a shock and the least equipped to prepare for, cope with, or recover from them. Investing in resilient health, education, and livelihoods/employability programs, together with social safety nets, can help the poorest and most vulnerable people build resilience and minimize the impact of such interruptions,

whether they are able to remain in their communities, become internally displaced, or become refugees. IDA will also strengthen diagnostics around pandemic preparedness and response, and better prepare countries to use the Crisis Response and Preparedness Toolkit.

54. **Proposed Policy Commitment: “*Improve the resilience of health and/or education and/or social protection delivery systems in all active IDA countries.*”** This commitment focuses on resilient service delivery and aims to ensure that health, education, and social protection *systems* are fit for purpose to support poor people to prepare for and cope with shocks in all IDA countries.

Continuity of Services.

IDA21 will improve the resilience of health and/or education and/or social protection delivery systems in IDA countries.






55. **IDA21 investments will target urgent systems strengthening and resilience measures.** IDA’s comparative advantage remains its country-led approach that focuses on capacity building and support for government systems strengthening. IDA21 will invest in ensuring effective response by strengthening emergency-ready health services, veterinary health services, and early warning systems, and developing core public health capacities and facilities (e.g., surveillance, laboratories, human resource capacity, and infrastructure). IDA will also support actions to reduce the risk of epidemics and spillover risks, the transmission of disease from animals to humans (zoonoses), and the spread of disease due to anti-microbial resistance. IDA21 will support investments in resilient education systems to ensure learning continuity, unconstrained by lack of access to traditional classrooms during conflict or crisis. IDA will continue to support ASP programs that build resilience, and which can scale up in times of need to reach new beneficiaries or increase benefits to existing beneficiaries and then revert to normal coverage once the crisis subsides. Such programs will also be essential to support the poor and vulnerable during fiscal and subsidy reforms, and through the *Green Transition*. In addition, climate-induced migration may increase the need for emergency or mobile services. IDA21 will support interventions that reduce the direct impacts of climate change on human capital service delivery (adaptation) and strengthen the climate resilience and environmental sustainability of social service delivery systems and facilities (adaptation and mitigation).

The Scorecard will measure the millions of people benefiting from strengthened capacity to prevent, detect, and respond to health emergencies, supported by WBG financing.

56. **In FCS, IDA21 engagements will focus on investing in people.** Ensuring people in FCS can still send their children to school, avail themselves of medical attention, and access food and economic opportunities is core to the *‘People’* agenda. Education, social protection, and health investments have seen annual average growth of 13 percent in FCV settings since 2016. Such work is crucial as the number of poor people in FCS is growing—by 2030, around 60 percent of the world’s poor will live in IDA FCS. IDA21 will continue efforts to strengthen health education and social protection systems, and build local capacity in IDA FCS, while also contributing to the longer-term restoration and development of social services, laying the groundwork for sustainable improvements in these contexts. When needed, IDA will support emergency response and refugees, in close cooperation with United Nations (UN) and humanitarian agencies. By

addressing immediate humanitarian needs through emergency health and nutrition support, IDA21 will ensure the continuity of essential services during crises. Tailoring financial support through mechanisms such as IDA’s Crisis Response Window (CRW), as well as providing greater operational flexibility, will allow IDA21 to adapt to changing conditions.

Figure 2. 1. Impacts of early adversity and investments can take years to emerge and persist across generations.

	Early childhood	Childhood	Adulthood	Next generation
Early adversity	 Early gestation food deprivation	Lower birthweight (US) Lower test scores at age 7 (UK)	Higher likelihood of cognitive disability (Iraq and Uganda) Higher likelihood of cardiac disease and mental illness (Netherlands) Cognitive impairment at ages 56–59 (Netherlands)	Higher percentage of fat tissue at birth and worse health outcomes (Netherlands)
	 Natural disasters	Lower height (Pakistan) Lower test scores (Pakistan) Lower years of completed education (Latin America)	Increased disability (Latin America) Lower employment (Latin America) Lower wealth (Latin America)	Lower years of completed education (Latin America)
Early investments	 Windfalls in household income in birth year from increase in price of cash crop	Increased schooling attainment (Ghana)	Improved mental health and higher literacy (Ghana)	
	 Weekly visits for two years by counselor to increase stimulation in home for stunted children ages 9–24 months	Higher cognitive skills (Jamaica and multiple countries) Higher schooling attainment (Denmark, Jamaica)	Lower crime, higher wages and earnings, lower substance abuse, improved mental health (Jamaica)	
	 Preschool attendance	Higher cognitive and social-emotional skills (multiple countries)	Higher college completion (US) Higher life expectancy (Denmark) Higher earnings (Denmark, Norway, US) Lower reliance on social assistance (Norway, US)	Higher school completion (Denmark)

Sources: Adhvaryu, Fenske, and Nyshadham 2019; Almond and Mazumder 2011; Almond, Mazumder, and Van Ewijk 2014; Andrabi, Daniels, and Das 2021; Bailey, Sun, and Timpe 2021; Bleker et al. 2005; Caruso 2017; de Rooij et al. 2010; Gertler et al. 2021; Havnes and Mogstad 2011; Holla et al. 2021; Neugebauer, Hoek, and Susser 1999; Roseboom et al. 2000; Rossin-Slater and Wust 2020; Susser, Hoek, and Brown 1998; Walker et al. 2021.

57. **Digitalization will also bring resilience benefits to people living in IDA countries.** IDA21 will support countries to upgrade and integrate their health data systems, expand broadband coverage for health facilities, and scale up the use of mobile diagnostics, telehealth services, and other digital health tools. In education, learning, and teaching materials can be digitized and delivered at low cost, teachers can be trained and supported cost-effectively at scale, and the

management of education systems can be greatly strengthened. In social protection, digital technology has improved registries capable of identifying the poorest, including the use of new ways to collect and process data, such as through mobile phones, satellite imagery, and machine learning. This will require investments in digital infrastructure, human capacity, organizational capabilities, and regulatory capacity. Digitally enabled human development services will require broader strategy and investments in digitalization. For example, digital IDs can be used to identify patients across different health facilities, authenticate persons receiving social grants, or validate teacher qualifications.

iii. Opportunity

58. IDA21 will focus on investing in people to ensure equality of opportunity and sustainable economic growth, with the goal to ensure that people have the health, education, skills, and social protection programs to pursue economic opportunities and access jobs. IDA will help countries to invest in improving the school-to-work transition, upskilling and reskilling workers to keep up with the changing world of work (e.g., technological innovations), ensuring accessible health care to unlock human capital and economic dividends, and protecting workers when they experience shocks. Small States face unique challenges, given that they need to invest more in human capital as other avenues for growth, such as trade, are often limited, but they find it difficult to retain that capital due to outmigration.

The Scorecard will measure global Learning Poverty and the number of students supported with better education through WBG-financed projects.

59. Investments in people almost always require cross-sectoral approaches, which IDA is uniquely equipped to provide. IDA21 aims to engage Ministries of Finance, line ministries and other sectors to adopt a whole-of-government approach. Effective and resilient social service programs often require the integration of services across multiple ministries, as well as with the disaster risk management sector and non-governmental providers, such as civil society or humanitarian providers. IDA21 will help countries to facilitate private sector engagement by strengthening workforce skills to improve returns to investment, developing innovative public-private partnerships, and building robust regulatory and governance frameworks for extensive private sector service provision in health and education.

The 2024-2030 Gender Strategy aims to improve equal access to more and better jobs, expand ownership and use of economic assets, and expand access to and use of services that enable economic participation.

60. The International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) will play critical complementary roles to IDA in health and education. IFC's investments and advisory services may include fostering innovation in health care, bolstering pandemic prevention preparedness and response, improving the supply chain, and increasing the availability of essential commodities, equipment, information technology solutions or management services. In education, IFC is: (i) working with industry associations to create

Sector Skills Councils and industry-led vocational training models; (ii) developing standards for micro-credential and online learning; (iii) engaging private sector to develop green transition skills; (iv) enabling private sector investment and provision of education; and (v) supporting the development and deployment of relevant edtech solutions. MIGA will complement these activities through its guarantees, which may be used to support Public-Private Partnerships (PPP) or to crowd in international private financing in support of investments in health and education, including in related infrastructure.

61. To deliver on the People agenda, **IDA will promote a variety of partnerships that support strategic alignment, advocacy, knowledge exchange, financing, and implementation support.** IDA21 will leverage a range of partnerships with financial intermediary funds, particularly with a view to crowding in co-financing. Working with the Global Financing Facility for Women, Children, and Adolescents helps to crowd in financing to improve women, children, and adolescents' health, including sexual and reproductive health. Working with the Pandemic Fund will help to build preparedness and resilience of health systems to ensure the world is better prepared for the next pandemic. Co-financing with the Global Partnership for Education also helps to transform education systems so that every child has hope, opportunity, and agency. More broadly, the new multilateral development banks (MDB) co-financing platform is expecting to increase opportunities for MDBs to join forces and co-finance larger-scale initiatives in the *'People'* Focus Area and beyond.

62. **IDA21 will also build on key partnerships within the international system, and at the local and regional levels.** In health, IDA21 will collaborate closely with the World Health Organization (WHO), the Global Fund, Gavi, and other key agencies to ensure alignment of strategies, reduce fragmentation, pursue synergies, and maximize impact. In education, IDA21 will join forces with the United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization (UNESCO), United States Agency for International Development (USAID), Foreign, Commonwealth and Development Office (FCDO), and the Gates Foundation in the Global Coalition for Foundational Learning that they recently established to improve foundational learning outcomes. Digital transformation will be supported through the Global Education Coalition and Digital Transformation Collaborative. The Social Protection Inter-Agency Coordination Board and the Global Partnership for Universal Social Protection, both co-led by the World Bank and the International Labour Organization (ILO) will continue to be important platforms to coordinate social protection policy. IDA also engages in the Multistakeholder Collaboration on the Global Accelerator on Jobs and Social Protection for Just Transitions, which has the explicit mandate to foster greater collaboration among the World Bank, the UN, and other stakeholders. In keeping with the Knowledge Compact, IDA21 will seek out new partnerships with academics, think tanks, civil society organizations (CSOs), and regional organizations such as the African Union (AU) to achieve its aims.

63. **In FCS, IDA partners with humanitarian partners to ensure that social services are delivered and that durable systems are built.** In education, IDA partners with UNICEF and Office of the United Nations High Commissioner for Refugees (UNHCR) to increase impact in FCV contexts. Close coordination is especially important in linking humanitarian assistance to longer-term ASP programs and systems, as described in the Grand Bargain that brings together UN agencies, international financial institutions (IFIs), and UN member states to improve the

effectiveness, efficiency, and coordination of humanitarian action and domestic social protection programming.

64. **IDA also works with bilateral donors and foundation partners to provide catalytic funding to IDA-financed projects through co-financing, vertical funds, or trust funds.** Trust funds and vertical funds complement IDA financing to provide evidence, technical support, and capacity building to enhance impact, while IDA focuses on supporting country-led system-building efforts, keeping IDA governments squarely in the driver's seat.

C. Links with Knowledge Compact and Global Challenge Programs

65. The focus on *'People'* in IDA21 is also well-aligned and complementary with the Global Challenge Programs (GCPs).

- a. **The Health Emergency Prevention, Preparedness, and Response (HEPPR) GCP aims to build the resilience of health systems in 'peacetime'** to ensure resilience and readiness for health emergencies. It will expand WBG support to countries and regional institutions to reinforce core public health, health system, and multisectoral capacities, including through a One Health Approach where the health and agriculture teams work closely to bolster countries' efforts to minimize the outbreak of zoonotic diseases and anti-microbial resistance. Working closely as one WBG, the HEPPR GCP also aims to enable equitable access to medical countermeasures, including diagnostics, vaccines, pharmaceuticals, devices, and personal protective equipment. Finally, the HEPPR GCP will enhance response readiness and coordination in the case of a pandemic.
- b. **The FNS GCP aims to transform food systems, improve FNS, and support individuals to reach their full potential.** The FNS GCP focuses on scaling up early crisis responses, such as ASP systems with anticipatory transfers linked to early warning systems when possible, expanding support for nutrition during the first 1,000 days of life, and ensuring food systems meet future food needs and protect a livable planet. This requires collaboration across WBG teams, including nutrition, agriculture, and social protection practices, as well as with humanitarian actors.
- c. **The Digital GCP promotes the use of digital technology to improve health, education, and social protection services.** Social safety net programs use social registries and digital payments for safety net transfers; in health, digital technology is being used to help health professionals reach people where they are through telehealth, improving diagnostics, and expanding access to screening and medicines; and digital technology and edtech facilitate hybrid systems so learning can continue in times of crisis.
- d. **The Energy Access and Transition GCP** includes measures to reform regressive energy subsidies. Tailored social safety nets can play an important role in protecting the poorest from rapid price rises.

66. **Under the Knowledge Compact and through the GCPs, IDA teams are improving their learning and training programs** and creating more opportunities for peer-to-peer learning

for clients. Examples include the joint learning network on pandemic preparedness, the South-South Learning Forum in social protection, and the Education Policy Academy, which is expanding its online modules to increase its reach to more practitioners. The teams are also ensuring that critical sectoral data are available to the public for analysis, through the Prosperity Data360 initiative. These initiatives are contributing to enhanced dialogue, analysis, planning, development, and strengthening of operational design to support country priorities in these areas.

D. Links with Other IDA21 Priority Areas

67. The IDA21 *'People'* Focus links well with the other Focus Areas in the policy package.
- a. **People for *'Prosperity'***. The *'People'* Focus Area's focus on investment in people's human capital formation will support the *'Prosperity'* objectives of achieving economic inclusion and jobs. And *'Prosperity's'* focus on generating sufficient domestic revenue and fiscal space will be essential for enabling the sustainable investment in people. Good governance and financial inclusion are critical for effective human development.
 - b. **People for *'Planet'***. Human capital is heavily impacted by climate change, and investments in people are critical to achieving climate change adaptation and mitigation targets through investments in skills for green growth, adapting health systems for shifting disease burdens, and developing shock-responsive social protection systems.
 - c. **People and *'Infrastructure'***. Service delivery to people requires investments in critical infrastructure, such as safe transport, energy, and water and sanitation, which are all crucial for health and nutrition, and thus human capital accumulation. Developing and maintaining infrastructure requires investments in skills, including green skills.
 - d. **People and *'Digital Transformation'***. Digital development is critical to improving the efficiency and effectiveness of social service delivery and human capital is needed to leverage digital solutions at scale.
68. Each of the four Lenses will be applied to the *'People'* Focus Area to ensure meaningful and integrated engagement.
- a. **Applying the *'Jobs'* Lens**. Human capital is needed both to succeed in finding jobs and is also developed on the job. Investments in health and education, and ensuring access for women to labor markets, support the jobs agenda. Social protection and economic inclusion programs enable the poorest households to improve productivity and incomes. Investments in human capital are also critical to build skills for catalytic sectors of economic growth, and to support reskilling as labor demand evolves.
 - b. **Applying the *'Gender'* Lens**. To achieve equity, resilience or opportunity, special attention is needed to ensure that women and girls have access to health care, education, and employment opportunities. Emphasis will be placed on approaches that are multisectoral, gender-responsive, yield benefits across the lifecycle, and are developed and implemented in partnership with other development institutions and stakeholders.

- c. **Applying the ‘Private Investment’ Lens.** The private sector can play a key role in providing health and education services in IDA countries, with IFC and MIGA support. Going forward, areas of focus include: identifying areas where public sector capabilities have been limited and the private sector should play a role; creating an enabling environment and strong governance to unlock private sector investment in these sectors; establishing financing mechanisms that increase demand for services while reducing the burden of household payments that often drive inequity; and creating public-private collaboration mechanisms to increase access to services across all income groups.
- d. **Applying the ‘FCV’ Lens.** Ensuring people in FCV settings can still send their children to school, obtain medical attention, and have access to food and economic opportunities is core to the ‘People’ agenda, as the number of poor people in FCV settings is growing. For example, the Window for Host Communities and Refugees (WHR) has been an important vehicle in IDA20 for supporting IDA FCS to advance their human capital plans for both refugee and host communities. For example, South Sudan received its largest WHR support to the tune of \$105 million for the *Health Sector Transformation Project* to expand access to a basic package of health and nutrition services, improve health sector stewardship, and strengthen the health system for the people of South Sudan, including refugees, in all 10 states and three administrative areas of the country. More recently, the WHR financed \$75 million toward the Ethiopia *Second Additional Financing for the Urban Productive Safety Net and Jobs Project* to scale up public works safety nets and support the integration of refugees and hosts, safety-net support for internally displaced persons (IDP), and youth employment, which is expected to benefit an estimated 133,000 people in Ethiopia. IDA21 is set to see several more such projects where the WHR can support the ‘People’ Focus Area in FCS.

III. PLANET FOCUS

PLANET: Proposed Policy Commitments

(3) IDA21 will support countries to design and deliver policy reform and investments for adaptation and resilience that build preparedness to climate change impacts, including private sector enabling reform and locally led adaptation actions.

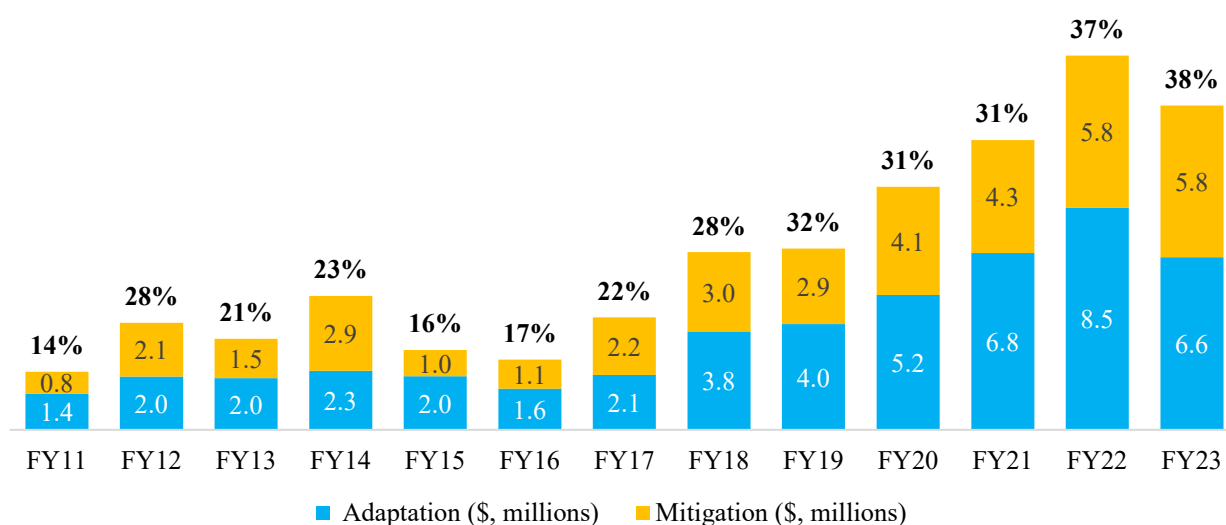
(4) Support countries to improve their capacity to design and implement inclusive, financially sustainable, and resilient water sector reforms and investment programs.

(5) Support countries to identify reform options for redirecting agricultural budgets towards, and/or supporting more investments in, more resilient, healthy, and sustainable food systems.

A. Lessons and Continuity from Previous IDA Cycles

69. **Since its introduction as a Special Theme in IDA16, Climate Change has been mainstreamed across the IDA portfolio.** Indeed, 98 percent of IDA operations approved in FY23 include a climate component. Over the past decade, IDA has significantly scaled up support to countries to tackle the climate crisis, and with this IDA’s climate co-benefits have increased more than three-fold from \$3.5 billion in FY13 to \$12.9 billion in FY23. By FY23, IDA’s share of climate co-benefits was 38 percent, with adaptation co-benefits reaching 53 percent (see Figure 3.1). Since July 2023, all new IDA operations align with the Paris Agreement. These successes reflect IDA’s increasingly high ambitions on climate, including commitments on climate finance, crisis preparedness, greening financial regulatory frameworks, transitioning key systems, and strengthening management of biodiversity and ecosystem services.

Figure 3. 1. IDA Climate Co-Benefits (FY11-FY23), in \$ billion and percent share



70. **Country Climate and Development Reports (CCDRs)³⁷ are strengthening the analytical underpinning of IDA’s engagement and informing programming.** CCDRs offer systematic, standardized, and comprehensive analysis and recommendations that feed into Systematic Country Diagnostics (SCD) and Country Partnership Frameworks (CPF) (e.g., Bangladesh, Burkina Faso, and Cameroon). They inform operations such as development policy operations with climate components in Mauritania, Nepal and Niger, and a regional climate resilience program covering Malawi. As of FY24 end-Q3, CCDRs are available for 24 IDA countries.³⁷ Nonetheless, more are needed to support countries on national planning for climate and development. The past three IDA cycles supported countries on their Nationally Determined Contributions (NDC). With increasing demand, resources are needed to develop complementary Long-Term Strategies (LTS), which are lengthier and costlier than NDCs. A WBG-MDB LTS Program supporting formulation and operationalization of LTS will help close this gap in IDA21.³⁸

³⁷ <https://www.worldbank.org/en/publication/country-climate-development-reports>

³⁸ <https://thedocs.worldbank.org/en/doc/b04ea7fc51fda9aa98aea17bb86d9785-0020012023/original/COP28-jMDB-final-Draft-FINAL.pdf>

71. **In IDA20, the WBG established a Nature Finance Tracking Methodology to capture contributions to nature and implement the Kunming-Montreal Global Biodiversity Framework in a systematic manner.** The approach aligns with the MDB Common Principles for Tracking Nature-Positive Finance and in IDA21 will track nature-positive investments delivering measurable positive gains for nature, as well as investments that integrate nature in sectors to transition toward nature-positive practices. An example of an IDA country promoting a healthy coexistence between humans and nature is Mozambique, where the Integrated Landscape Management Portfolio (ILM) tackles deforestation, resource exploitation, rural poverty, community rights, and land management. This is critical as 70 percent of households depend on natural resources, as do their fisheries, tourism, and timber industries. ILM also inspires conservation by funding environmental clubs for students with scholarships awarded to girls between the ages of 13 and 17 for vocational and general education. It is a cornerstone for raising environmental awareness, promoting changes in action, and modifying behavior.

72. **IDA20 supported resilience and inclusion of communities as part of investing in a livable planet, and this will be scaled further in IDA21.** Locally led efforts to address climate change, strengthen resilience and protect biodiversity helped channel finance to local communities in 20 IDA countries in the Pacific Islands, South Asia, Africa, and Haiti. For instance, this was crucial in developing regional platforms to share knowledge, strengthen partnerships and identify best practices in West Africa. The *Nigeria for Women Project* is an example of investing in local women's organizations to build their climate resilience.

73. **IDA is responding with scale and impact to the global challenge of water security and access—in FY23 alone IDA supported more than eight million people to access improved water sources and 15 million people to access better sanitation.** However, investments must increase sixfold to achieve inclusive and equitable water and sanitation services by 2030. This requires doubling down on 'systems change' to address governance bottlenecks, re-align incentives, and mobilize finance, including the private sector. Flagship programs, such as the Ethiopia One Water Supply, Sanitation, and Hygiene (WASH) National Program (ONWP), present a replicable model for accelerating progress. IDA supported Ethiopia in providing WASH to 10 million people in the past decade, with investments of \$1 billion underway. IDA's role in convening stakeholders and attracting donor participation was pivotal in advancing ONWP and raising \$300 million from partners.

74. **IDA20 models of irrigation expansion are scalable in IDA21.** Irrigation expansion in Africa is slow, reaching 60,000 hectares per year, compared with 1.8 million hectares per year over the past 30 years in South Asia. A transformative push could double irrigated area in Africa sustainably in 10 years. A replicable initiative is the *Sahel Irrigation Initiative Support Project* in Burkina Faso, Chad, Mali, Mauritania, Niger, and Senegal. The project developed 12,000 hectares of irrigated perimeters and 11,000 jobs within the irrigation and agricultural value chains. The results are lower irrigation costs, increased resilience to climate change, more income for farmers, and enhanced food security.

75. **IDA supported people living in FCS to better prepare for, and build resilience to, climate change and natural disasters.** For example, when an earthquake struck Roche-à-Bateau in Haiti in 2021, the water infrastructure built under the *Sustainable Rural and Small Towns Water*

and Sanitation Project (EPARD) was spared, and EPARD improved access to drinking water for 560,000 in rural areas and improved sanitation facilities for 31,000 by constructing and upgrading water supply systems. Then, also in Haiti, CRW Early Response Financing has helped mitigate emerging food security risks through agriculture input distribution programs, school feeding programs and cash-for-work programs to build community infrastructure and increase resilience. Work under the project has supported the IDA20 policy commitment to help countries facing natural hazards and food crises increase their preparedness.

76. **Experience reveals the need for better governance to achieve equitable access to water and sanitation and adapt to climate change.** Water must be effectively measured, allocated, stored, utilized, and reused in ways to meet increasing demand for water resources and climate stress. However, existing systems undervalue water and lack incentives for improving efficiency, safeguarding water resources, and enabling access to finance. The *Sindh Water and Agricultural Productivity Project* supports legal and policy measures to tackle inefficient water usage, incentivize water-thrifty crops and renovate irrigation infrastructure to lay the foundations for transformation in Pakistan’s agriculture sector. The loss of efficiency due to weak governance is \$21 million per water utility. While governments spearhead sector governance, protection, regulation, water pricing, resource allocation, and capital planning, the private sector provides capital, management expertise, and technical innovation needed to lower operating costs, increase revenues, enhance efficiency, promote circular economy solutions, and improve climate change resilience.

77. **IDA21 will build on existing efforts to manage transboundary waters.** While over three billion people rely on transboundary river basins, 60 percent of international river basins lack frameworks to govern disputes. Given increasing pressure on common water sources, developing cooperation benefits everyone. IDA20 supported transboundary groundwater development and management through the *Regional Groundwater for Resilience Program* in the Horn of Africa (Kenya, Somalia, Ethiopia), which is helping countries to map, manage and benefit together from the region’s untapped groundwater resources to cope with and adapt to drought and other stressors. Such support is set to expand in IDA21.

78. **The WBG’s response to the current FNS crisis brings lessons that will inform IDA21 operations.** One lesson is that achieving sustainable food systems requires tackling the root of FNS crises and accelerating the transformation of food systems while ensuring countries are better prepared for future crises.³⁹ Investing in national plans is critical to better respond to FNS crises. Crisis preparedness is imperative to prevent and mitigate emergency and famine conditions. Preparedness plans for FNS crises will help support governments to take systematic and coordinated approaches to anticipate and respond to FNS crises at national, regional, and global levels. The WBG—in partnership with national governments, United Nations agencies, donors, the Global Alliance for Food Security (GAFS), the Global Network Against Food Crises, and the Inter-Agency Standing Committee—is supporting the development of national plans in 25 countries, with expectations that plans will be launched in 60 countries by 2030. Most are FCS or hunger hotspots, including Somalia, South Sudan, and Yemen.

³⁹ Between April 2022 and June 2023, \$45 billion was made available to respond to the global FNS crisis and benefit 335 million people, of whom 53 percent are women.

79. **Transforming food systems in a climate smart way requires scaling solutions that maintain or increase productivity while lowering emissions.** For instance, the WBG is scaling responses to boost FNS and strengthen resilience of food systems in the Sahel and the Horn of Africa⁴⁰. The *West Africa Food System Resilience Program* (FSRP) and the *FSRP for Eastern and Southern Africa* support 14 countries, one continental and five regional organizations. Almost 9.35 million beneficiaries, including farmers (with a focus on women and youth), small-scale processors and agricultural MSMEs will benefit from the FSRPs, for which the financial and geographical scope of programs will widen.

B. Way Forward and Expected Outcomes in IDA21

80. **For the ‘Planet’ Focus Area, IDA21 will support countries to pursue transformative policy reforms and operations in: (i) green and blue planet; (ii) inclusive and equitable water and sanitation services; and (iii) sustainable food systems, to strengthen resilience of populations.** While WBG is engaged in the IDA21 focus and lens areas at different levels in most IDA countries, the policy commitments below will be directed to either all countries or a quarter of them where the policy commitments are particularly relevant. Durable development on a livable planet can only be realized if all three are pursued in an integrated manner. For instance, forests are critical for water security through adding moisture to air affecting rainfall which also supports food security. IDA21 will scale up efforts to address the global challenge of climate change, strengthen resilience, increase support to adaptation, and protect biodiversity and ecosystem services.⁴¹ This includes support for operationalizing climate plans and commitments that reflect countries’ climate ambitions to reduce GHG emissions and boost adaptation and resilience to shocks from natural hazards, such as through National Adaptation Plans. To address increasing water scarcity and variability, IDA21 will prioritize efforts to sustain water resources, deliver services, and build resilience through climate smart solutions. IDA21 will address FNS by repurposing agricultural support toward more sustainable agrifood production, improving crisis prevention, preparedness, and response systems, increasing trade in food and agriculture inputs, supporting vulnerable households, and investing in low-emission climate-resilient food systems.

The Scorecard will measure the number of people exposed to hazardous air quality and the number of countries without renewable natural capital wealth accumulation.

81. **IDA21 will mark an important shift to mainstreaming climate action.** In continuity with IDA20, IDA21 will develop and operationalize CCDRs that help countries prioritize climate actions and inform programming. It will pursue joint efforts with MDBs to support country-led, long-term low GHG emissions development strategies. IDA countries will continue receiving support to implement NDCs and update commitments with increased climate ambition in the short

⁴⁰ <https://www.worldbank.org/en/results/2024/01/04/enhancing-food-and-nutrition-security-in-the-sahel-and-horn-of-afe-africa>

⁴¹ This overall goal of the Planet Focus Area reflects the suggestions offered in the ‘IDA21 Non-paper on Climate and Nature’ developed jointly by Germany, Japan, Italy, Canada, USA, Denmark, UK, Austria, Netherlands, and France, and is aimed at, among other things, helping IDA countries in meeting their goals under the Paris Agreement as well as the Kunming-Montreal Global Biodiversity Framework.

term. This will be delivered through the One WBG Approach and deepened collaboration other IFIs, CSOs, UN agencies, the private sector, and development partners.

i. Green and Blue Planet

82. As climate shocks occur more often, IDA21 will support countries to adapt and buffer climate and disaster risks, while embracing low-carbon development and decarbonizing their economies. IDA21 anticipates contributing to resilience and decreased climate vulnerability, together with flattening the trajectory of GHG emissions (while sustaining natural capital) and the WBG indicator on millions of people with enhanced resilience to climate risks.

The Scorecard will measure the number of people with enhanced resilience to climate risks.

83. To maintain ecosystem functionality, significant outcomes are expected in IDA21 for sustainable natural resources management and environmental conservation. IDA21 will support an extension of sustainable management of terrestrial and aquatic resources and will contribute to the Scorecard indicator that measures the millions of hectares of terrestrial and aquatic areas under enhanced management and conversation. An integrated landscape/watershed management approach encompassing forest, agriculture and water management will be essential for resilience. The WBG will support analytics, policies and programs designed to optimize development efforts to ensure that people benefit from natural resources without degrading them.

84. IDA21 will partner with local actors, including communities and local governments, to foster inclusion and reduce vulnerability. Financing local communities is crucial as they are the first responders to climate change, and most knowledgeable of the immediate needs during crises. Financially empowered communities can implement localized solutions to climate resilience and adaptation, ensuring quicker responses and more sustainable outcomes, while fostering innovation and ownership. Investing in locally managed natural resources can unlock nature-based economies that sustain and generate returns from natural resource use, while leading to long-term sustainable management and conservation outcomes, including protection of biodiversity, improved livelihoods, goods and service provision, local enterprises, and benefits to society.

The Scorecard will measure the millions of hectares of terrestrial and aquatic areas under enhanced conservation and management.

85. IDA21 will work with IPs and local communities, including women, youth, and vulnerable groups, including in FCS. IDA21 will facilitate their participation by increasing their access to services and markets and helping them to influence planning to protect forests and manage natural resources. Incorporating sensitivity to conflict through the project cycle will help address disputes over illegal activities happening in forests that are commonly used to fuel or fund conflict, or that may otherwise trigger instability. Attracting predictable private climate finance to FCS requires viable projects addressing climate, development, conflict dynamics, regulatory reform, and extensive capacity building.

86. **Proposed Policy Commitment:** While WBG is engaged in the IDA21 focus and lens areas at different levels in most IDA countries, *“IDA21 will support countries to design and deliver policy reform-and investments for adaptation and resilience that build preparedness to climate change impacts, including private sector enabling reform and locally led adaptation actions.”*

To address the need for strengthening country support for scaling up adaptation and resilience (A&R) in IDA investments to benefit countries that are disproportionately vulnerable to climate change. This will be through fast tracking building preparedness to climate shocks, embedding climate risk management in policy and investment planning, and integrating adaptation actions in national policies and commitments (such as NDCs, LTS, National Adaptation Plans [NAPs], and National and Sectoral Development Plans). Most of this support is through an integrated package for enhanced policies, A&R data & analytics, access to early warning and response services as well as strategic green and resilient infrastructure investments, building on CCDRs. Additionally, this policy commitment captures the needed emphasis on locally led interventions which foster inclusivity, engagement, and empowerment of local and regional stakeholders to respond better to climate impacts, including in least developed countries (LDCs), Small Island Developing States, and FCV countries where social vulnerabilities are high and adaptive capacity is low. This policy commitment will apply to at least one-fourth of all IDA countries.

Climate Adaptation

While WBG is engaged in the IDA21 focus and lens areas at different levels in most IDA countries, IDA21 will support one-fourth of all IDA countries to design and deliver policy reform and investments for adaptation and resilience that build preparedness to climate change impacts, including private sector enabling reform and locally led adaptation action.

87. **Implementation will benefit from strong and inclusive partnerships.** For example, WBG will partner with the Inter-American Development Bank (IDB) in the Amazon and Africa Development Bank (AfDB), the French Development Agency (AFD), the Central African Forest Initiative (CAFI), and the European Investment Bank (EIB) in the Democratic Republic of Congo. Likewise on climate, IDA21 will observe strengthened collaboration with MDBs that jointly developed methodological principles for the assessment of Paris Agreement Alignment, climate mitigation and adaptation finance tracking, and a common approach toward climate outcomes reporting (under development). This will also include strong partnerships with international organizations, the UN system, the private sector, and CSOs in supporting IDA clients’ needs and scaling impact on the ground.

ii. Water and Sanitation Services

88. **Water and sanitation operations in IDA21 will boost inclusive and equitable access to water security and services.** Addressing this global challenge requires sustainable water management, including measurement, allocation, storage, utilization, and reuse of water in new ways, including integration of nature-based solutions, to meet the increasing demand for water resources

The Scorecard will measure the millions of people provided with water, sanitation, and hygiene.

and respond to climate stress. IDA21 plans to replicate and scale successful public sector flagships that incentivize service delivery at the subnational level. One example is Tanzania's *Sustainable Rural Water and Sanitation Services Program* which provided 4.8 million people with improved water sources, 6.6 million with improved sanitation, and 2,900 health-care facilities and schools with sanitation and hygiene facilities. Another example on climate resilient irrigation is Uganda's *Micro Scale Irrigation Program*, which supports smallholders to overcome knowledge and financial constraints, and catalyses productivity and income generation.

89. **To increase countries' abilities to draw on private sector resources, IDA21 will build on Cascade principles through a One WBG Approach.** The private sector can play an important role, but in many IDA countries high investment risks reduce investor appetite. Solutions include de-risking mechanisms, such as guarantees, risk participation and first loss facilities, blended finance, or viability gap funds, addressing risks faced by local MSMEs, and managing financial infrastructure and payment systems in crisis situations. Joint Implementation Plans offer a good practice for WBG engagement where there is potential for accessing private sector expertise and capital, such as in Senegal where the WB, IFC and MIGA are tackling water security challenges in Greater Dakar.

90. **Partnerships will be key for achieving water security and SDG6.** It is critical to maximize development finance through closer donor coordination, especially co-financing with other MDBs and bilateral partners. A multi-stakeholder platform approach to financing has demonstrated effectiveness through the 2030 Water Resources Group, a multi-donor trust fund within the Water Global Practice. Such platforms bring together ministries, the private sector, civil society, academia, development partners, and MDBs to facilitate upstream reforms to strengthen the enabling environment for private sector solutions. Successful examples include the first PPP for industrial wastewater treatment in economic zones in Bangladesh and the first irrigation financing facility in Kenya.

91. **Proposed Policy Commitment: “Support countries to improve their capacity to design and implement inclusive, financially sustainable, and resilient water sector reforms and investment programs.** Exacerbated by climate change, the global water crisis is one of the world's most urgent multi-dimensional crises, which threatens economic progress, poverty eradication and sustainable development, and disproportionately impacts people in FCV settings. This policy commitment addresses the need for robust water systems that integrate climate stress and increased demand. This policy commitment would apply to at least one-fourth of all IDA countries.

Water Security

IDA21 will support countries to improve their capacity to design and implement inclusive, financially sustainable, and resilient water sector reforms and investment programs.

iii. Sustainable Food Systems

92. **The magnitude of the global FNS challenge warrants an integrated response at scale, which IDA is well-placed to provide.**

The One WBG Approach to FNS crisis prevention, preparedness, and response in IDA12 will build resilience in hunger hotspots in three ways. First, IDA will fast-track implementation of Preparedness Plans at national, regional, and global levels and enhance measurement and data systems. Second, IDA will expand ASP systems. Third, IDA will increase infrastructure investments for transporting food, including in emergency settings. Cross-sectoral initiatives for nutrition and healthy diets will also be scaled through nutrition-sensitive social protection and health programs. Finally, solutions for low emissions and climate resilient food systems will be augmented with: (i) additional and concessional financing to improve FNS while enhancing resilience and reducing emissions; (ii) investments and technologies that maintain/increase productivity while lowering emissions; and (iii) measurement of climate and nutrition outcomes. Efforts toward increased water security through sustainable water management and climate smart irrigation will also contribute to FNS outcomes. These efforts will contribute to the WBG indicator on millions of people with strengthened FNS.

The Scorecard will measure the millions of people benefitting from strengthened food and nutrition security through WBG operations.

93. **Through the One WBG Approach, IFC and MIGA will seek out diverse FNS investments in IDA21, supporting projects that avoid deforestation and incentivize suppliers to maintain forests beyond legal requirements** (e.g., Dreyfus in Brazil). IFC and MIGA investments in agri-tech companies will promote low-emissions livestock farming practices, efficient feed use, alternative protein sources, and lower emission animal feed to reduce the GHG intensity of animal protein. IFC and MIGA investments will catalyze progress with technologies such as seaweed aquaculture for feedstock and methane-reducing supplements for fortifying staple foods at scale. Through the PSW Blended Finance Facility (BFF), IFC will continue to support the agribusiness base (e.g., plastics circularity and green agribusiness practices in Nigeria).

94. **The global FNS crisis has reinvigorated partnerships that will be key to implementation in IDA21.** This is evident from the establishment of the GAFS and the support of donors to the Food Systems 2030 Trust Fund, the Global Agriculture and Food Security Program, the Global Network Against Food Crises, the Inter-Agency Standing Committee, and the Agricultural Market Information System. The FNS crisis has also further mobilized the international community and created new partnerships such as the G20 Global Alliance Against Hunger and Poverty that seeks to raise resources and knowledge for implementation of public policies that are proven to be effective in reducing hunger and poverty around the world. IDA21 operations will leverage these partnerships to promote global and regional support for national preparedness plans so that when a country faces a crisis and triggers its plan, partners can be quickly organized to bolster country-led responses immediately.⁴²

⁴² These partnerships include: the Food and Agriculture Organization; the UN Office for the Coordination of Humanitarian Affairs; the UN Children's Fund; the United Nations Development Programme; the World Food Programme; the Office of the UN Famine Prevention and Response Coordinator; the European Commission; the Foreign, Commonwealth and Development Office; the Federal Ministry for Economic Cooperation and Development in Germany; and the United States Agency for International Development.

95. **Proposed Policy Commitment: “Support countries to identify reform options for redirecting agricultural budgets toward, and/or supporting investments in, more resilient, healthy, and sustainable food systems.** Such repurposing of agricultural support is critical to accelerate food system transformation. Domestic resources are often underutilized for sustainable food systems. Many agricultural support programs encourage excessive use of inputs and unsustainable exploitation of natural resources, while crowding out provision of agricultural services critical for adoption of climate-smart practices. This policy commitment would apply to at least one-fourth of all IDA countries.

Food Security

IDA21 will support countries identify reform options for redirecting agricultural budgets toward, and/or supporting investments in, more resilient, healthy, and sustainable food systems.

C. Links with Knowledge Compact and Global Challenge Programs

96. **The focus on *Planet* is well-aligned with the GCPs to maximize scale through IDA21 operations and investments tailored to the most vulnerable.** Each will contribute to outcomes under the ‘*Planet*’ focus area. Climate considerations are mainstreamed within each GCP to advance climate adaptation and resilience building, and mitigation solutions. Linked to the outcome on net GHG emissions, for example, GCPs on Forests and Energy cover the monetization of emissions reduction in both voluntary and Article 6 carbon markets and support the transaction of generated emissions reduction. The GCP on Forests will support sustainable management and conservation of terrestrial areas, underpinning their relevance in global economic activity and livelihoods, while protecting biodiversity and providing mitigation services. The GCP on FNS will support climate resiliency while strengthening food security through: (i) FNS crisis prevention, preparedness, and response; (ii) cross-sectoral nutrition and healthy diets solutions; and (iii) low-emissions and climate-resilient food systems. It supports vulnerable farmers in low-carbon and climate-resilient food systems, thereby enhancing resilience to climate risks. The GCP on Water will strengthen water security and climate adaptation through: (i) systems changes increasing access to WASH, climate-resilient irrigation, and water productivity; and (ii) improving climate resilience and water resource management (e.g., flood and drought risk reduction), all while aiming to increase private sector participation and financing. The GCP on *Digital* will deliver connectivity and services focused on digital technologies, and data for climate solutions and resilience.

97. **The focus on ‘*Planet*’ in IDA21 will put the Knowledge Compact into action by leveraging the WBG’s knowledge and partnerships.** IDA21 will augment operationally relevant, application-oriented, and sector-specific products to support operations. For instance, IDA projects will be informed by the Climate Change Knowledge Portal (CCKP), which underpins diagnostics such as CCDRs, corporate commitments such as Paris Alignment and Climate and Disaster Risk Screening, and risk tools such as Climate and Health Vulnerability Assessments and the Adaptation and Resilience Diagnostic Tool. In addition, IDA will deliver capacity building on climate change and advisory services, enhancing technical support for client countries. The Global FNS Dashboard will serve as the knowledge and learning platform for *Sustainable Food System* outcomes and FNS crisis preparedness. IDA operations will invest in government data systems and capacity building to support policy dialogue on FNS, particularly around repurposing agrifood

public support and promoting healthy diets. Global knowledge programs and flagships will foster an integrated approach to water and climate issues. Collaboration with partners and knowledge exchanges will advance sustainable water management, creating political economies for reform, and stimulate innovations (e.g., Eastern and Southern Africa WASH Leadership Summit). Partnerships with academia and think tanks will contribute to foundational knowledge and learning activities. Likewise, Communities of Practice and Global Solution Groups will connect countries with World Bank experts and knowledge (e.g., Water Expert Facility and a Global Facility for Transboundary Waters Cooperation). Client capacity is key to building institutions that can formulate, implement, and sustain policy reform, and provide high quality services. Core courses, deep dives and seminars will support client capacity development hand in hand with operations and policy dialogue activities. For example, training on the environment, natural resources and blue economy will take place through the WBG academies. Finally, core analytics ensure alignment across WBG while integrating cross-cutting themes (green, blue, pollution and circular economy, climate change, private sector participation, commercial financing, digitalization, enhancing water security in FCV, and regulations and governance to support services tailored to each country).

D. Links with other IDA21 Priority Areas

98. **Focusing on *Planet* in IDA21 will contribute to outcomes and priorities under the *People* and *Infrastructure* focus areas and ‘*Jobs*’ lens.** For instance, building resilience to climate shocks will contribute to protection and health of the poorest (*‘People’*). Conversely, education and skilling enhance environmental awareness and fosters behavior change. Construction, maintenance, and operation of water facilities generates onsite *jobs*, and in addition, water-dependent sectors also have large *job* creation potential (i.e., agriculture, energy, manufacturing, and transportation). Therefore, investments in water promote labor productivity and stimulate labor supply and benefit human capital. Likewise, FNS operations will create more and better *jobs* along the food system. *‘Planet’* also supports resilient and sustainable infrastructure such as hydropower and road networks through integrated landscape management with climate-smart agriculture and sustainable forest management.

99. **Applying the ‘*Gender*’ Lens.** IDA operations focusing on *‘Planet’* will be designed in ways that acknowledge that women are disproportionately vulnerable to climate change, water and food, and nutrition insecurity while also being leaders and participants in low-carbon transitions. *Planet* creates opportunities for women in green jobs across all sectors. For example, Payment for Environmental Services (PES) that facilitate funds for landscape management services provided by women. *Planet* also bolsters women’s economic empowerment and their participation in FNS programs providing financing for climate-smart enterprises, enhancing their leadership and decision-making capabilities, and mitigating gender-based violence. IDA supports inclusive water services, water jobs and markets, and water decision-making through operations, knowledge programs, and policy dialogue and partnership platforms. For example, *Equal Aqua*, provides the water sector’s largest global database on gender diversity in water institutions, to better quantify and benchmark progress. It also supports capacity building and peer-to-peer learning to enhance diversity in water utilities.

100. **Applying the Private Investment Lens.** IDA21 support will both enable and mobilize private capital (Private Capital Enabling [PCE] / Private Capital Mobilization [PCM]) to incentivize and remove barriers to bring in funds for IDA countries, including climate finance. Agriculture operations will realign incentives to encourage private sector investment in sustainable transformation of the food system through improving enabling and regulatory environments. Augmenting scarce public resources with concessional financing such as that from IDA is crucial for stimulating investment and enabling farmers to access private sector solutions. Blended financing through the IDA-PSW has also allowed IFC and MIGA to de-risk projects that have a weak financial profile but significant developmental impacts, helping to bring the private sector into places it otherwise may not go.

101. **Applying the FCV Lens.** People living in IDA FCS face severe constraints in their capacity to adapt and respond to compounded threats from challenges such as climate change, and food and water insecurity. Indeed, most of these people facing acute food and nutrition insecurity live in these contexts.⁴³ The 'Planet' Focus Area will apply a *fragility lens* and prioritize places plagued by hunger and implement FCV-informed crisis preparedness, nutrition, and climate interventions. In addition, it will support increasing access to WASH, construction of water supply systems and climate resilient irrigation for farmers (with private investment as well). IDA will support FCS communities to reduce their dependence on the natural environment for survival and the illegal use of natural resources for income, which harms people and forests.

IV. PROSPERITY FOCUS

PROSPERITY: Proposed Policy Commitments

- (6) Assist countries with foundational poverty data older than five years and no current operational engagements in the area, by financing the collection and dissemination of household surveys.
- (7) Support debt sustainability and debt transparency in all IDA countries at high risk or in debt distress through targeted technical assistance, knowledge, and/or financing engagements.
- (8) Support effective, efficient, and equitable domestic resource mobilization and prudent fiscal management in countries with tax-to-GDP ratio below 15 percent, through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.

⁴³ WFP, FAO. 2023. Hunger Hotspots: FAO–WFP early warnings on acute food insecurity: November 2023 to April 2024 outlook. <https://www.fao.org/documents/card/en?details=cc8419en>.

A. Lessons and Continuity from Previous IDA Cycles

102. **IDA is the main vehicle to support the world's poorest countries to pursue prosperity.** The *'Prosperity'* Focus Area will build on the progress of and lessons from the IDA20 policy commitments (under Jobs and Economic Transformation [JET], Debt, and Governance and Institutions), implementation of the Sustainable Development Finance Policy (SDFP), as well as broader development work in IDA countries.

103. **IDA20 mobilized strong support for countries facing increased debt vulnerabilities at the time of rapidly declining net flows from the official bilateral and private sector creditors.** IDA's support from April 2020 to January 2023 reached \$107 billion (excluding the PSW), of which \$95 billion was on highly concessional or grant terms. IDA continued to provide support to countries undergoing debt restructuring under the G20 Common Framework.⁴⁴ In addition to financing, IDA has provided debt management support, through analytics, dialogue, and technical assistance. The use of a programmatic approach for Performance and Policy Actions (PPAs) under the SDFP has deepened transparency on debt issues. Yet, debt challenges have not dissipated, and further multifaceted support is needed, especially for countries at high risk and in debt distress. Important lessons emerge. First, there is a need to develop solutions to support countries in the context of increased liquidity pressures, rather than focusing mostly on solvency challenges. Second, another area where more focus is needed is related to the large increase in domestic debt in recent years and its broader macroeconomic implications, including crowding out of private credit or the risk of sovereign bank nexus. And third, since many solutions to debt vulnerabilities are being addressed through global international forums (such as the G20, G7, Paris Club, and the Global Sovereign Debt Roundtable), the Bank needs to continue its active engagement and convening on behalf of developing countries in these initiatives.

104. **IDA20 has prioritized DRM, but progress in terms of increased revenue collection has been slow, reflecting a combination of adverse economic conditions and structural obstacles.** DRM initiatives were delivered in 24 countries, including seven FCS, well surpassing the original target of 15 countries. Eighty percent of eligible projects included an equity-enhancing component, defined as the introduction or improvement of equitable tax revenue or administration policies, including those that seek to improve or introduce new tax compliance measures. The number of IDA SDFP countries with policy performance actions aimed at broadening countries' DRM has increased from 9 to 19 during FY21–FY23. Despite these efforts, the higher-level outcomes, such as realized tax collection have been difficult to attain, especially in the context of weak post-pandemic recovery in IDA countries and deeply rooted structural obstacles to revenue collection, including high informality, large tax exemptions, and weaknesses in tax administration. Lessons from the recent Independent Evaluation Group (IEG) evaluation include the need to scale up WBG support for DRM, including by: (i) using tax diagnostics more systematically to inform priority setting; (ii) increasing the number of operations and improving their quality; and (iii) enhancing collaboration with development partners.⁴⁵ In addition, DRM engagements need to recognize the importance of countries' capacities, data constraints, and underlining tax gaps and

⁴⁴ For the four countries in the Common Framework, Chad, Ethiopia, Ghana, and Zambia, for the last four years, the World Bank has committed close to \$16 billion, of which about \$7.6 billion was pure grants and the rest was highly concessional. In the same period, net flows from the Bank were at over \$9 billion.

⁴⁵ IEG. 2023. World Bank Support for Domestic Revenue Mobilization

prioritize strategic, medium-term engagements. Building on this experience, more emphasis will be placed on sequencing analytics and programming and introducing a stronger multiannual and policy component. The experience of countries that were successful in raising more tax revenues (e.g., Uganda, Mauritania, Nepal), shows that broadening the tax base, removing loopholes and tax breaks on value-added tax and corporate income tax, lowering the threshold on property taxes, taxing wage income, and modernizing tax administration, can bring substantial increases in tax revenues.

105. IDA20 scaled up its support for the financial sector, which is the prime enabler of private sector-led growth. Eleven IDA countries received support in financial sector stability and integrity, such as strengthening anti-money laundering (AML)/countering the financing of terrorism (CFT) regimes, three countries conducted comprehensive assessments of both the criminal and fiscal sources of illicit flows and 11 countries took policy actions to improve their frameworks to combat such flows—notably putting in place measures to enable access to beneficial ownership. Across many countries, policy support for financial inclusion strategies, fostering resilience in households and firms, MSME and long-term finance for sectors such as housing were supported. By the IDA20 MTR, IDA operations provided access to financial services to 6.5 million people, surpassing the high end of the expected range for the IDA20 cycle. The PSW has been a critical part of this by enabling four million loans to MSMEs, of which 37 percent are to women-led businesses. PSW support for MIGA supported financial inclusion in 12 SSA countries by improving consumers’ access to mobile money services. One year into IDA20, IDA extended financial services to 200,000 businesses in FY23, marking a 31 percent increase compared with the number reached in FY22, though there is a need to pivot support to crowd in greater private sector capital and participation. Lessons learned include the need for deeper sector analysis in designing risk-sharing facilities and for financing interventions to pivot from solely focusing on financing assets (e.g., lines of credit) to doing more toward financing risk capital (credit enhancements, first loss, etc.) to crowd in private capital.

106. Support to private sector development included business environment reforms, interventions aimed at removing constraints in sectors with high potential for growth, and targeted support to help firms recover from the pandemic. Lessons learned from operations and evidence from a recent IEG evaluation⁴⁶ point to the importance of general institutional and business environment reforms and well-designed business development services for firms’ growth. Other factors contributing to good performance include: (i) program design anchored in sound diagnostics (such as Investment Climate Assessments and Country Private Sector Diagnostics [CPSD] among others); (ii) cross sectoral collaboration to tackle multisectoral constraints; and (iii) the importance of targeting and selectivity in MSME support programs.

107. The PSW has supported high-impact investment projects focused on jobs, the development of local capital markets, and economic transformation. Recent reviews of the six years of PSW activities have shown that the PSW has been effective in enabling high-impact projects in challenging markets, as well as in financing projects with higher risks than would otherwise be possible. For example, the Local Currency Facility (LCF) has played a key role in enabling IFC to provide local currency funding to clients in different industries. The LCF supported growth and development of local capital markets through investments in client bonds

⁴⁶ IEG.2019. World Bank Group Support for Small and Medium Enterprises: A synthesis of Evaluative Findings

and securitizations, and the use of market hedging/funding solutions in combination with LCF-provided hedging. The LCF and other PSW instruments have been used to support local manufacturing, infrastructure, and agriculture. IDA's PSW has also been critical in facilitating cross-border investment, including in fragile environments, through the MIGA Guarantee Facility.

108. Policy commitments on governance and institutions in successive IDA cycles have built a track-record of successful and impactful implementation, with strong sectoral links. Previous IDA cycles focused on policy reforms, which promote private sector and social development, improve service delivery, and strengthen citizens' mechanisms for holding governments accountable. The IDA19 Retrospective⁴⁷ highlights the successful implementation of policy commitments under the Governance and Institutions Special Theme, as well as strong sectoral links. IDA20 saw sharper focus on reinforcing fiscal sustainability and accelerating digital governance, statistical capacity, and institutional strengthening, while retaining close links to work under the SDFP and DRM. An important lesson from previous IDA cycles is the mutually reinforcing effect of technology adoption and institutional reform. The implementation of e-Procurement under IDA19 showed that countries benefited mostly from the transformations needed in public procurement practices to adopt e-Procurement, and not just from the digital system itself. Experience from recent IDA cycles has also shown that tech adoption in government programs (GovTech) could be leveraged more broadly to promote agile alternatives for delivering services, building on the rapid spread of mobile technology, the typically large youth population, and the absence of widespread legacy systems.

109. Core analytics undertaken in 33 IDA countries during IDA20 have provided key insights on the distributional impacts of growth and social policies. These analytics have highlighted areas where policy reforms have been successful at increasing the productive capacity of the poor and areas where further progress is urgently needed to see greater success. In some cases, these were the first such analyses for many years. For example, the first Poverty and Equity Assessment ever undertaken in the Central Africa Republic was launched in FY24. However, a key lesson is that in many countries core analytics could not be undertaken due to lack of recent data and this limited our understanding of the impact of the poly-crisis on welfare and constrained policy prioritization through the crisis and recovery.

110. Strong commitments to increasing data availability in IDA19 and IDA20 have resulted in tangible improvements in the number of countries with recent data on poverty, prosperity, and other indicators. In total, 41 IDA countries have received support, exceeding the original target of 34 countries. This has resulted in tangible improvements in data availability. The share of countries with poverty estimates in the past three years has nearly doubled for IDA countries with ongoing statistical operations and is expected to increase further with implementation. A regional approach to closing data gaps in East and West Africa and partnerships with other development partners (IMF, Food and Agriculture Organization and the United Nations Population Fund) has been core to this success. Other lessons learned are that: (i) flexible

⁴⁷ World Bank. *IDA19 Retrospective – Responding to Multiple Crises on the Road to 2030: Growth, People, Resilience (English)*. IDA19 Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/099520305242316126/SECBOS1c8b982ce19580149511bd8919d251ac62a37>

approaches are needed to close data gaps; (ii) more focus is required to ensure national statistical offices take full advantage of the digital transformation; (iii) support is needed to increase the crisis management capacity of statistical systems; and (iv) those systems need to include vulnerable groups such as IDPs and refugees in national statistics.

B. Way Forward and Expected Outcomes in IDA21

111. **Recognizing the challenging economic context in IDA countries, the ‘Prosperity’ Focus Area seeks to address the need for urgent action and a decisive, ambitious response to improve development outcomes.** It will prioritize four complementary pillars that aim to strengthen foundations for sustainable growth and poverty reduction (Table 4.1).

Table 4. 1. Prosperity Focus Area Pillars

Economic Policies	Finance and Private Sector Development	Institutions	Poverty Reduction
<ul style="list-style-type: none"> • Growth and Jobs • DRM and Expenditure Efficiency • Debt (debt sustainability, debt management, and debt transparency) • Trade and Value Chains 	<ul style="list-style-type: none"> • Business Regulatory Reforms (competition, markets, SOE reform, investment) • Firm Growth and Productivity • Access and Active Use of Financial Services by People and Businesses • Financial Sector Stability • Illicit Financial Flows Prevention • Local Capital Market Development 	<ul style="list-style-type: none"> • Public Spending and Revenue Management • Public Financial Management (PFM) • Institutional Capacity, Accountability, and Anti-corruption. 	<ul style="list-style-type: none"> • Distributional Impact of Public Policies • Distributional Impact of Growth • Data for Policy Making

Notes: Certain aspects of Prosperity Focus Area are covered in more detail in IDA21 Lens paper relating to jobs and private investment.

i. Economic Policies

112. **IDA21 will continue prioritizing prudent economic policies that maintain or restore macroeconomic stability in IDA countries to achieve stronger growth and create more and better jobs, including in the private sector.** To support these objectives, IDA21 will apply both existing and new forms of engagement with IDA countries, including through policy dialogue, technical assistance, and financing, all anchored in sound analytics. One of the new products supporting growth is a Country Growth and Jobs Report (core diagnostics), which will mainstream jobs into the growth analysis and policy recommendations and incorporate the climate considerations building on the findings from the CCDRs. In addition, CPSDs will also identify concrete and actionable reforms to reduce barriers to private sector investment and create jobs, increase domestic revenue, and expand and diversify the tax base. This enhanced approach will contribute to achieving the Scorecard commitment to create more and better jobs. It will also

facilitate the integration of the jobs agenda with the growth and climate agenda, while offering clear progression from insights through to programming.

Evidence-based Policy Making
IDA21 will assist all relevant IDA countries with foundational poverty data older than five years and no current operational engagements in the area, by financing the collections and dissemination of household surveys.

113. Proposed Policy Commitment: “*Assist countries with foundational poverty data older than five years and no current operational engagements in the area, by financing the collection and dissemination of household surveys.*” This policy commitment aims to help bridge gaps in data availability in all relevant IDA countries and will lead to better use of micro data and distributional impact analysis in policy design, execution, and monitoring. Foundational data collected in household and other surveys are

required for measuring Scorecard Country Context and Vision indicators. This policy commitment will ensure that these data are available for accurate and timely reporting on these indicators.

114. Building on the WBG’s multi-faceted approach to address debt vulnerabilities, IDA21 will intensify the work to improve fiscal policies, particularly domestic revenue mobilization, and further strengthen debt management and debt transparency. Increased focus on the DRM agenda will come from enhanced analytics. For example, the

The Scorecard will measure number of countries at high risk or in debt distress that implemented reforms toward debt sustainability.

new Public Finance Review (PFR) will, on a systematic basis, integrate revenue analysis into the Bank’s analytical and operational work to identify the most powerful revenue/tax reforms.⁴⁸ Climate considerations will be mainstreamed in the policy dialogue on debt and fiscal reforms including the redirection of harmful environmental subsidies. This will be facilitated by the new guidance note on climate considerations in the context of joint World Bank-IMF Low-Income Countries Debt Sustainability Assessments (LIC-DSA). In addition, the Bank will further expand debt management technical assistance to the most vulnerable countries through the next phase of the Debt Management Facility program, which is expected to be rolled out in 2026. The Scorecard underpins the commitment of the Bank to support countries in strengthening their debt and fiscal management institutions, and will help prioritize technical assistance and policy dialogue, in addition to the ongoing efforts under the SDFP. The focus on the most vulnerable countries (those at high risk and in debt distress) will be actively used to prioritize Bank interventions. The Bank will remain engaged in improving the international financial architecture. The IDA21 period will see the conclusion of the comprehensive review of the joint WB-IMF LIC-DSF, as well as continued coordinated efforts to improve sovereign debt restructuring, including through the Global Sovereign Debt Roundtable.

⁴⁸ The new PFRs are a core diagnostic instrument that analyze the efficiency, effectiveness, sustainability, and progressivity of fiscal policy. PFRs support the creation of fiscal space by providing analytical foundations and identifying options for revenue-enhancing tax reforms, alongside improvements in expenditure efficiency and effectiveness. They underpin deep engagements with governments and stakeholders on policy and institutional reforms and inform World Bank lending operations, including DPOs and Program-for-Results financing.

115. **Proposed Policy Commitment: “Support debt sustainability and debt transparency in all IDA countries at high risk or in debt distress through targeted technical assistance, knowledge, and/or financing engagements.”** This policy commitment will help all relevant IDA countries to implement reforms toward debt sustainability, which will directly support the scorecard goal of increasing the number of countries in or at high risk of debt distress that implemented such reforms. The policy commitment also aligns well with the SDFP that provides important incentives to support countries to pursue sustainable debt pathways.

Debt Sustainability

IDA21 will support debt sustainability and debt transparency in all IDA countries at high risk or in debt distress through targeted technical assistance, knowledge, and/or financing engagements.

116. **To accelerate progress in unlocking domestic revenue for investment and service delivery, IDA21 will strengthen efforts in three key domains.** These are: (i) strengthening the country-driven model of engagement through systematic core diagnostics (reflected also in the new PFR) on tax and spending to inform priority-setting; (ii) bolstering domestic ownership of reform objectives and policy measures by introducing taxation as a core component in CPFs; and (iii) deepening collaboration with development partners. Under the new approach in IDA21, a special emphasis will be made on supporting DRM reforms in countries with the tax intake below 15 percent of GDP, enabling greater spending on key development needs and faster growth. This will require consistent strong dialogue with authorities in these countries. Reform measures will seek to expand underused and emerging tax bases, increase the progressivity of tax systems, tackle illicit financial flows, and accelerate transformation of revenue administrations reflecting country-specific contexts. They will be combined with more efficient and pro-poor public expenditure policies to achieve inclusive and sustainable economic growth. PFR diagnostics, policy support under the SDFP and budget support operations will be utilized toward these objectives. IDA21 will also scale up partnerships with development partners. An upcoming collaboration with the IMF on DRM in selected pilot countries will help provide more coordinated and comprehensive assistance, financing, and capacity building to countries undertaking ambitious tax policy reforms. Partnerships with other development agencies will also be strengthened, including through the existing Platform for Collaboration on Tax (PCT)⁴⁹ and the Global Tax Program (GTP) Trust Fund.⁵⁰ The DRM approach has strong links to other IDA21 priority areas and is integral to the implementation of the new Scorecard, GCPs and the Knowledge Compact.

The Scorecard will measure number of countries with tax revenues-to-GDP ratio at or below 15 percent (including social security contributions) that have increased collections, considering equity.

⁴⁹ The PCT is a joint initiative of the WBG, the IMF, the OECD, and the UN, with a Secretariat at the WBG. PCT partners collaborate within five key workstreams: (1) the Medium-Term Revenue Strategies; (2) policy responses to the pandemic; (3) tax and the SDGs; (4) international taxation; and (5) broader coordination, including of knowledge dissemination events and consultations with client countries. The partners meet regularly and consult on critical DRM issues, strengthening work complementarities and limiting duplications.

⁵⁰ The GTP was launched in 2018 and has more than USD 90 million in contributions from ten development partners. The GTP portfolio consists of Bank-executed advisory and technical assistance projects, currently standing at 78 project activities in over 85 countries.

117. **Proposed Policy Commitment:** *“Support effective, efficient, and equitable domestic resource mobilization and prudent fiscal management in countries with tax-to-GDP ratio below 15 percent, through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.”* This policy commitment focuses on the IDA countries below the 15 percent tipping point in a targeted effort to help them generate the revenue needed for economic growth and poverty reduction. The policy commitment will contribute to the achievement of the Scorecard goal of increasing tax revenue collection in countries with tax-to-GDP ratios below 15 percent.

Domestic Resource Mobilization
IDA21 will support effective, efficient, and equitable domestic resource mobilization and prudent fiscal management in all IDA countries with tax-to-GDP ratio below 15 percent through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.

118. **Strengthening IDA countries’ ability to leverage trade for poverty reduction, job creation, and green transition will continue to be fundamental under IDA21.** A three-pronged approach will be fully aligned with the new Scorecard indicators for more and better jobs and private investment. First, it will provide support to strengthen IDA countries’ trade resilience through better connectivity and trade facilitation, and through the deepening of their trade agreements, including the implementation of the Africa Continental Free Trade Area. Second, it will support IDA countries’ greater participation in green value chains, through the development of adequate infrastructure and skills, and the alignment of climate and trade policies. Third, it will support improvement of IDA countries’ services regulatory frameworks, for greater and more secure trade in services, including digitally enabled trade in services.

ii. Finance and Private Sector Development

119. **Financial sector reforms will focus on two related priorities in IDA21.**

- a. First, IDA21 will support financial integrity and stability. This is a foundation for scaling up access to financial services and broader macroeconomic stability. Robust Financial Sector Assessment Programs (FSAPs) and financial sector analytics and advisory will help enhance government capacity to address sovereign-bank nexus risks. Strengthening capacity to prevent illicit financial outflows from IDA countries will also be a priority, with a focus on improving data gathering, establishing beneficial ownership transparency mechanisms, and supporting countries in implementing action plans (adopted under IDA20) to stem illicit financial flows (IFF).
- b. Second, IDA21 will scale up access to financial services for households and firms via digitization and innovative instruments supporting financial services, jobs, resilience, and private capital, with a sharper focus on helping women and people living in FCS to tap into digital financial services. For example, in Tanzania, a \$500 million blended financing package of the Scale Up Window-Shorter Maturity Loans (SUW-SML) and regular SUW resources is supporting the *Inclusive and Resilient Growth Development Policy Operation* that focuses on improving the business environment for private sector-driven growth,

strengthening public sector transparency and fiscal risk management, better access to health-care services, and building resilience against future shocks. IDA21 will aim to support reforms of this kind in several IDA countries. Strengthening the financial preparedness of governments and vulnerable households and firms, including in FCV contexts, against climate shocks/other crises will also be supported through pre-arranged financial instruments, and increased access to private risk capital through (re)insurance and regional catastrophe risk pools, as well as by incorporating the SDGs and sustainability disclosure in financial regulations.

120. **IDA21 will also ramp up PCE and PCM.** This will be achieved by enhancing policy engagement and deploying more innovative instruments that help focus on de-risking transactions via guarantee instruments, blended finance, project aggregation platforms and other efforts to support the bankability of more projects in IDA markets and enable mobilization of private capital into a greater share of these projects. PCE will entail building deeper financial sectors to crowd in private capital to finance strategic sectors for economic growth, including MSMEs, housing, infrastructure, and climate change. Collaborative efforts such as the IFC-World Bank Joint Capital Markets Program and CPSDs will be scaled up. Alongside PCE, a focus will also be on PCM in IDA21 operations that will be structured to prioritize leveraging private sector through innovative financing structures, such as first loss, blended finance, credit enhancement, mezzanine products and guarantees. Rwanda's Sustainability Linked Bond illustrates the potential in IDA to enable clients to "stretch" public resources. The PSW will remain an essential tool for IFC and MIGA for de-risking projects.

121. **Private sector development will be supported through a mix of horizontal policies to improve the business environment and targeted interventions to strengthen entrepreneurship and competitiveness of firms, including in sectors with high potential for growth.** IDA21 will support policies to open economic opportunities, including for women and youth, with policies to enhance regulatory predictability, remove policy distortions, strengthen competition, and promote domestic and foreign investment to create more and better jobs for all. Targeted firm-level support will be provided to create more sustainable and greener value chains by assisting governments to design policies that enhance private sector resilience to climate risks and support firms to decarbonize and integrate sustainability practices. Support will be provided through capacity building, developing market linkages, facilitation of technology adoption, and development and adoption of green solutions. This work will be informed by data and diagnostics on inclusive growth, private sector development, and market policy, such as Growth and Jobs Reports, the WBG CPSDs, Investment Climate Assessments, Trade Competitiveness Diagnostics, Markets and Competition Policy Assessments, and Business Ready Assessments, among others.

iii. Institutions

122. **IDA21 will maintain its long-term commitment to building institutional capacity and enhancing governance in core functions of government, through an evidence-based approach.** This agenda entails a strong focus to identify and implement institutional reforms to strengthen fiscal management, skills, and organizational structures, as well as systems of accountability and control of corruption, through a set of governance assessments such as PEFAs, Methodology for Assessing Procurement Systems (MAPS), Climate Change Institutional

Assessments (CCIA) and the Public Sector Employment and Compensation Assessment Framework, among others. Governance and institutional reforms are more effective when informed by assessments that generate a systematic knowledge agenda that facilitates evidence-based policy decisions, refines targeting strategies, and improves the measurement of development outcomes. This approach is aligned with a broader international consensus on the importance of data and analytics, particularly on governance issues.⁵¹ It will also help inform assessments of policy implementation in IDA countries as presented in the CPIA, more robustly. This effort aims to strengthen and build capacity to reduce gaps in the availability of core governance statistics.

123. IDA21 will also have a stronger focus on enhancing efficiency and effectiveness of public spending. Modernizing aspects of public spending such as budgeting, public procurement and public investment management systems can bring material impact to government services. Equally, assessments such as Integrated State-Owned Frameworks and related advisory or operational engagements can scale up efforts to achieve well-governed SOEs, by rationalizing their structure, and enhancing transparency and accountability mechanisms. These reforms can make SOEs more profitable and accountable, reduce public infrastructure inefficiencies and expenditure losses, and improve management.⁵² Better use of resources will contribute to more fiscal space, opportunity for new investments and service delivery and, equally important, will advance socio-economic goals that help build trust between citizens and governments.

iv. Poverty Reduction

124. Reforms that strengthen trade and access to finance and encourage job creation will raise incomes of poor households. Increasing DRM, considering equity implications, and the efficiency and targeting of social spending will increase the degree to which poor people will benefit from social spending. Core analytics (including Poverty and Equity Assessments) will track progress and inform priority setting.

125. IDA21 will extend the breadth and depth of previous commitments to close data gaps for nearly all IDA countries and will strengthen government capacity to track the distributional impact of social spending and growth. IDA21 will significantly increase the number of countries that have recent and reliable data on the Scorecard vision and country context indicators. It will expand support from around 40 countries to nearly all eligible IDA countries. This will also increase the frequency and quality of foundational data through better utilization of digital technology in the collection, processing, and dissemination of data. To facilitate progress on key household survey data gaps in particular, support will be provided through: (i) continued support to regional and country statistical operations; and (ii) stand-alone investments in household survey data collection in FCS contexts where data gaps are significant and statistical capacity projects have a low likelihood of success.

C. Links with Knowledge Compact and the Global Challenge Program

126. The ‘Prosperity’ Focus Area will help build the economic foundations needed to advance several GCPs. This includes supporting reforms to build effective institutions and

⁵¹ World Development Report 2021: Data for Better Lives, UN’s *Handbook on Governance Statistics*.

⁵² As defined by the OECD SOE Corporate Governance Guidelines and WBG iSOEF framework.

mobilize public and private investment to address the most pressing development challenges in IDA countries, for example, related to climate, food security, water, and energy access.

127. **Key elements of the Knowledge Compact will support the implementation of the ‘Prosperity’ Focus Area.** New core analytical products, namely Country Growth and Jobs Report and the new PFR, and the upgraded Poverty Assessments will offer actionable policy recommendations that, combined with technical assistance and lending, will support growth enhancing and fiscally prudent economic policies. The approach will also support investment in better data to inform design and implementation of evidence-based policies and measurement of outcomes – for example, the new Prosperity Data360 portal, will inform the design of IDA projects and operational engagements. The *How to Notes* and global analytical work will help share experiences, good practices and knowledge across countries and regions. Meanwhile, capacity building through the WBG Academy will support clients to design and implement cross-cutting and foundational reforms needed to take forward economic policy that reduces poverty and promotes shared prosperity on a livable planet.

D. Links with Other IDA21 Priority Areas

128. **The ‘Prosperity’ Focus Area covers the key dimensions of economic policies, private sector development, institutions, and poverty reduction, in close alignment with the new Scorecard.** By their nature, these are foundational areas, that are at the core of development as they enable other more specific thematic and sectoral interventions. The cross-cutting nature of the Prosperity focus area is closely linked to IDA21 lenses, in particular *Jobs, Private Investment, Gender*, as well as is a main enabler of progress under the *People, Planet, Infrastructure*, and *Digital Transformation* focus areas.

129. **The approach to DRM in IDA21 is foundational to achieving IDA21’s overall theme.** The DRM agenda will support a focus on ‘*People*’ by emphasizing equity considerations of taxation and promoting policy measures to increase tax progressivity, helping raise revenue while protecting the poor and vulnerable. The DRM efforts will also help protect the ‘*Planet*’, by supporting the design of carbon pricing mechanisms through the tax system and other fiscal measures to support the green transition. Effective DRM will be essential to enabling investment in ‘*Infrastructure*’. Finally, by promoting investment in digitalization of tax and customs administrations, and enabling taxpayers to use digital services, the approach will help leverage the benefits of ‘*Digitalization*’.

V. INFRASTRUCTURE FOCUS

INFRASTRUCTURE: Proposed Policy Commitments

(9) Support countries to improve the financial and operational performance of electricity utilities.

(10) Support countries with municipal engagements — through financing, knowledge, and technical assistance — for sustainable and resilient urban and transport infrastructure and services.

A. Lessons and Continuity from Previous IDA Programming

130. **Infrastructure has contributed to several priority areas, delivering robust results in IDA20.** Infrastructure played a key role in delivering the policy commitment on supporting the ‘*Sustainable Energy for All*’ theme, transitioning key systems for adaptation and mitigation, and expanding access to core services for persons with disabilities. IDA20 policy commitments that enabled 15GW of RE and expanded energy access will continue during the IDA21 period and will be monitored via the Scorecard. Support for the energy transition was an important policy goal in IDA20, during which 23 countries were supported in producing low-carbon energy sector strategies and policies. Support for the energy transition and the ability of electricity utilities to undertake the transition are notable elements of IDA21, reflecting that financially viable electricity utilities are necessary to attract the private capital needed for the energy transition. Infrastructure operations in energy, transport, and water also supported the creation of medium- and high-skilled employment opportunities for women under the ‘Gender’ Special Theme. As of the end of FY24 Q2, this policy commitment is nearly double the original target of 35 percent and is expected to exceed it toward the end of the IDA20 cycle. Good performance on this policy commitment suggests that IDA infrastructure investments could serve as an appropriate vehicle to include women in leadership positions, as well as in decision-making roles, to guide investments in rural and urban operations, and in reconstruction and recovery from disasters.

131. **Addressing the global challenge of energy access calls for an expansion of indirect and enabling policy support for RE in IDA countries.** Among the emerging trends of IDA’s energy portfolio is an increase in indirect and enabling policy support for RE development, which is aligned with the Maximizing Finance for Development approach. IDA deepened support for RE integration with a focus on transmission and distribution network infrastructure and battery storage development, and created the enabling policy, regulatory, and institutional conditions for facilitating private investments in RE. The Energy policy commitment reinforced the importance of indirect and enabling policy support and transformed it into measurable results in the IDA Results Measurement System (RMS). To date, indirect and enabling policy support accounts for 77 percent of the IDA20 RE results delivered. The IDA20 PSW supported six infrastructure projects in Africa with \$256 million in financing. Also, through RW, in six West African countries, three of which are FCS, the West Africa Regional Energy Trade Program (a Development Policy Financing with a value of \$300 million IDA of which \$150 million from the RW) supports the sustainable increase of regional electricity trade and the displacement of imported oil-based fuels

with renewable resources, with spillover effects expected across the Economic Community of West African States.

132. IDA’s commitment to RE and electricity access over successive IDA cycles is now demonstrated in the new Scorecard. As the Bank’s energy portfolio across IDA countries has been evolving with an increased share of financing to network infrastructure to enable RE integration, the old corporate scorecard, which measured only direct support for renewables, could not accurately reflect the WBG’s full impact on development outcomes. Building on the IDA experience, the indicator of “RE capacity enabled” has been introduced in the new Scorecard to capture and measure the outcomes of the indirect and enabling policy support in addition to direct support to RE. In addition, the model-based approach for estimating indirect access results used in IDA provided a tested framework for measuring electricity access across WBG institutions. Building on the positive IDA experience, this approach allows the WBG to track the impact of energy operations more comprehensively.

The Scorecard will measure the GW of renewable energy capacity generated.

133. Fiscal instruments, especially performance-based grants from the national government to urban local governments, have been an effective approach to improve service delivery and climate resilience in many countries. Between FY13 and FY20, \$3.5 billion in IDA financing was used to support urban local government performance grants. A comprehensive review (World Bank, 2022) has found that the overall performance of participating local governments significantly improved across all urban performance grant programs, as measured in rigorous Annual Performance Assessments. These programs enhanced urban systems by improving: (i) own-source revenues; (ii) public financial management; (iii) transparency, accountability, and citizen engagement; (iv) capital investment design, execution, and maintenance; (v) asset management; and (vi) human resources management and local staffing. The key enablers of such improvements combined strong financial incentives with targeted capacity-building support, both before and during the implementation.

134. A further lesson is that capacity support is a key ingredient to the success of urban resilience investments. From 2020 to 2024, the City Resilience Program and the Cities Climate Finance Gap Fund have supported 128 cities across 40 countries for both upstream (strengthening planning systems and prioritizing interventions) and downstream (project identification and initial preparation) work for investments that enhance climate mitigation and adaptation in cities, in areas such as flood risk management, nature-based solutions, and climate action plans. Operations have shown that there are strong co-benefits from climate resilience investments, including improving the livability and inclusiveness of intervention areas.

135. IDA countries require both capacity building for disaster risk reduction (DRR) and climate adaptation, as well as emergency preparedness and access to rapid financing to offset the impacts of disasters and climate-related shocks. IDA has helped countries invest in DRR measures and improve their preparedness and emergency response capacity for specific crises, such as natural catastrophes, pandemics, and food insecurity. Preventing crises requires a comprehensive approach based on investments to reduce exposure and vulnerability, as well as coordinated contingency plans backed by *ex-ante* financial protection instruments. As of FY23, 48

countries had been supported to institutionalize DRR as a national priority, of which 17 were in FCV situations. Preparedness and response efforts will be scaled up through the rollout of the recently approved Crisis Preparedness and Response Toolkit.

136. IDA20 supported the *Sustainable Energy for All Theme in a comprehensive and integrated manner*. IDA20 aimed to help countries facilitate the transition to low-carbon, climate-resilient economies through the design of low-carbon energy sector development strategies, upstream work to support the development of distributed generation and battery storage, and the provision of direct, indirect, and enabling policy support for RE, while also supporting medium- and high-skilled employment opportunities for women in infrastructure operations (energy, transport, and water).⁵³

137. IDA20 delivered energy policy commitments and results, with a strong emphasis on FCV. For example, IDA20 has played a significant role in helping Nigeria to increase access to electricity services with private sector led distributed RE generation. The Nigeria DARES project is envisioned as a scalable platform, enabling stakeholders to combine efforts to achieve universal electrification and support energy transition. DARES will benefit over 17.5 million Nigerians (20 percent of the current access gap), replace more than 280,000 polluting and expensive fossil-fueled generator sets, and further push the envelope on supporting 465MW of RE capacity through distributed solar. IFC committed \$50 million and benefited from additional support from the PSW for concessional loans and risk mitigation instruments in the Scatec Release project, which offers flexible containerized solar photovoltaic (PV) and battery solutions to IDA countries such as Chad and Cameroon to bridge energy supply challenges. In FY23, MIGA provided its first guarantee in Somalia, a \$6.3 million guarantee to develop a hybrid solar PV plant, which will provide electricity to international agencies and the state government. These interventions demonstrate the potential of the PSW to help crowd in investors into infrastructure investments in the most challenging FCS markets.

138. The continuity in PCs over multiple IDA cycles drives their deeper and broader integration into energy programs and projects. PCs were reinforced over time, with each cycle pushing the frontier, signaling WBG commitment and driving systemic change. In the case of RE development, the continuity of support over successive cycles was crucial to expanding RE capacity, integrating RE integration through network infrastructure and battery storage, and scaling up private investments to maximize impact. For example, the Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) Program—a Multiphase Programmatic Approach approved during the IDA20 cycle in Africa’s Eastern and Southern Region—launched a systematic effort to increase energy access at scale across the region and signals IDA commitment through the approval of a financing envelope (\$5 billion across two IDA cycles). Building on the momentum of earlier IDA cycles, IDA21 will play a greater role in mobilizing private capital and improving the operational and financial performance of electricity utilities.

⁵³ To date, IDA20 supported nine countries with the development of long-term low-carbon strategies, including three fragility, conflict, and violence (FCV) affected countries (toward the target of 20 countries, including eight FCS), 12 countries with the development of battery storage, including six FCS (toward the target of 15 countries, including ten FCS), and 8.1 gigawatt (GW) of RE capacity, including 1.3 GW in FCS (toward the target of 10GW, including 1GW FCS).

B. Way Forward and Expected Outcomes in IDA21

i. Energy Access

139. **Energy access is a global challenge, and IDA21 brings a strong focus on scale and impact, especially in SSA.** IDA will work to ensure that the expansion of sustainable energy access brings with it the benefits of the energy transition and inclusive growth. Without these benefits, the potential to lift hundreds of millions out of poverty will remain unfulfilled. In addition to electrifying households, IDA will work toward income-generating uses of electricity, such as solar irrigation, solar water pumping, and solar refrigeration.

140. **IDA21 will be a key driver in providing energy access across SSA.** The WBG recently announced a new commitment to connect 250 million Africans to affordable energy by 2030, working alongside AfDB delivering an additional 50 million people. IDA21 will be central in delivering on this commitment. IDA's concessional resources, including those provided in

The Scorecard will measure millions of people provided with access to electricity.

IDA20 RW and the SUW will play a significant role. Thus far in IDA20, \$5.6 billion has been committed toward the energy and the extractive industry in the Africa region, of which \$1.6 billion and \$721 million were from the SUW and RW resources, respectively.

141. **IDA21 will expand the use of programmatic approaches to achieve energy access and transition outcomes at scale.** Programmatic approaches will support IDA countries to overcome barriers to scale, and systematically and increasingly attract private capital. The movement from projects to programs underpinned by extensive knowledge-sharing will allow IDA countries to replicate successful examples from across the world and scale their home-grown successes. These programmatic approaches will be delivered via a One WBG Approach to leverage institutional complementarities, for example reforming legal and regulatory frameworks and de-risking projects, including through the IDA PSW, to crowd in private capital. The new WBG Unified Guarantee Platform can also attract domestic or foreign investment into infrastructure, and the energy sector in particular, de-risking the transition toward a sustainable energy pathway.

142. **Proposed Policy Commitment: “Support countries to improve the financial and operational performance of electricity utilities”.** Universal access to electricity and the energy transition cannot be achieved without well-performing electricity utilities. As the stewards of the world's electricity networks, and the link between electricity supply and demand, electricity utilities are at the heart of efforts to support the energy transition. Electricity utilities need to significantly increase the share of RE in their generation mix, modernize networks to integrate these variable power sources into the grid, and manage the ever-more varied and complex power needs of industry, households, and transportation. In addition, electricity utilities need to be at the forefront of an accelerated push to provide electricity access to the nearly 700 million people who still lack it today. Meeting these demands while ensuring reliable and affordable electricity service

Electricity Access

IDA21 will support countries to improve the financial and operational performance of electricity utilities.

will require well-performing, financially sustainable electricity utilities. This policy commitment is directly aligned with the Scorecard in that it addresses an aspect that is key to achieving the Scorecard outcome of increasing people's access to electricity. It would apply to at least one-quarter of all IDA countries.

143. **Partnerships will play a vital role in delivering IDA21 outcomes.** Delivering the substantial needs in infrastructure in IDA countries will require all Development Finance Institutions to work in a coordinated manner. For example, to deliver universal access to energy by 2030, the WBG is partnering with the AfDB which, in addition to the WBG's 250 million target, has pledged to connect 50 million Africans by 2030. Another channel includes the DARES platform established by the WBG. Under DARES, the WBG is partnering with external stakeholders to scale up electricity access, including with governments, development partners, the private sector, and impact and climate financiers. The MDB co-financing platform is also expected to increase opportunities to co-finance in this area.

ii. Urban Transport and Services

144. **IDA21 will scale up urban mobility results** in line with the goals of the Paris Accord by expanding investment in urban mobility and addressing challenges in fleet modernization programs, including two-, three-, and four-wheel vehicles in intensively used public and private fleets. This will be achieved along with complementary improvements and investments in mass transit systems such as urban bus, bus rapid transit (BRT) corridors, commuter rail public transport reforms, non-motorized transport (i.e., walking and cycling facilities). Added to this, improved streets will allow for universal accessibility, with more people-oriented traffic management and road safety approaches, as well as transit-oriented development. This will be complemented by travel demand management, integrated transport land use planning, and the digitalization of transport approaches. Mobilizing private capital through a combination of MIGA and IFC instruments will also be catalytic to complement IDA's investments to modernize and expand sustainable urban transport.

The Scorecard will measure percentage of people with access to reliable transport solutions all year-round.

The Scorecard will also measure the millions of people that benefit from improved access to sustainable transport infrastructure and services.

145. **IDA21 will scale up urban infrastructure services and help to make cities more resilient to climate and other shocks.** IDA finance will support improvements in: (i) solid waste management; (ii) flood risk reduction; (iii) affordable, green, and resilient public buildings; and (iv) green infrastructure. IDA will also support strengthening institutions and regulatory systems that provide for sustainable service delivery, including building the capacity of subnational governments in urban planning, municipal finance, service delivery, and disaster and emergency responses. In collaboration with IFC and MIGA, PPPs will be tapped to expand urban services and affordable housing supply.

Urban Services

IDA21 will support countries with municipal engagements — through financing, knowledge, and technical assistance — for sustainable and resilient urban and transport infrastructure and services.

146. **Proposed Policy Commitment: “Support countries with municipal engagements — through financing and technical assistance — for sustainable and resilient urban and transport infrastructure and services”.** Addressing the urgent challenges posed by climate change in cities requires a concerted effort to increase financing and technical support aimed at expanding critical urban infrastructure and services. This support is not only essential for mitigating the impact of climate change, but also for meeting the fundamental

infrastructure and service needs of city residents, thereby enhancing the overall livability of urban environments. This encompasses a broad spectrum of initiatives, including solid waste management, flood risk mitigation, resilient transportation systems, sustainable energy solutions, and the establishment of green infrastructure. By prioritizing investments that simultaneously address climate resilience and improve quality of life for urban residents, we can make cities more sustainable, inclusive, and resilient. This policy commitment is directly aligned with the Scorecard in that it addresses an aspect that is key to achieving the Scorecard outcome of increasing people’s access to year-round reliable transport. It would apply to at least one-fourth of all IDA countries.

C. Links with Knowledge Compact and Global Challenge Programs

147. **The WBG GCP for Energy Access and Transition (GCP-E) and Academy program on energy will support clients to achieve SDG7 and the goals of the Paris Agreement.** The results areas of the GCP-E and the focus areas for client capacity building will drive important outcomes tracked through the new Scorecard. Several longer-term outcomes must be supported by earlier successes, which are reflected in the proposed IDA21 policy commitments. The financial viability of power electricity utilities is a foundation on which to sustainably expand investments in energy access, energy efficiency, and RE. Mainstreaming climate resilient energy infrastructure is essential to steward limited concessional resources and prevent economic disruptions caused by climate impacts. Resources from IDA21, including the PSW, will support GCP-E engagements to further energy access and address affordability constraints for the energy transition. In addition, IDA Windows will support the electrification of public transport buses and two- and three-wheeled vehicles in several IDA countries.

148. **The Knowledge Compact will be leveraged to help achieve Scorecard outcomes.** The above-mentioned priority areas in energy, transport, and urban infrastructure will advance the Knowledge Compact for Action. For instance, in the case of energy, the Utility Performance and Behavior in Africa Today (UPBEAT) unique database initially covering only SSA now captures the financial and operational performance data of 182 electricity utilities in 93 countries since 2012. Evidence of the use of the database for African electricity utilities has informed specific lending operations, which include the structuring of disbursement linked indicators and utility benchmarking for the Kenya and Zambia Performance for Results project, as well as to inform utility benchmarking in several IDA investment projects, including in South Sudan, the Democratic Republic of Congo, Rwanda, and Kenya. The WBG’s knowledge and advocacy efforts

on fuel subsidies have helped build consensus on a difficult reform topic. In 2023, Nigeria removed fuel subsidies, with IDA support to scale up its social programs.

D. Links with Other IDA21 Priorities

149. **The ‘Infrastructure’ Focus Area will have impacts far beyond infrastructure sectors.** Reliable and affordable energy is a prerequisite to digitalization, while emerging digital technologies can allow for a faster uptake of clean energy, e-mobility, and energy demand management. The energy transition has impacts on forests and watershed management. Infrastructure investments are crucial for the functioning of the social system, including for health facilities and roads, which have been found to reduce violence in FCS (Lebrand, 2024). As half of the forced displacement population moves to cities, strengthening the capacity of host cities to deliver essential services is critical for addressing conflicts, especially in the Africa, Middle East and North Africa regions. Proper collection and disposal of solid waste will also be essential in fulfilling the WBG’s commitment to methane reduction.

150. **The ‘Infrastructure’ Focus Area is well coordinated with each of the four IDA21 lenses.** It will contribute to, as well as be impacted by:

- a. **Applying the ‘Private Investment’ Lens:** Structural transformation in key infrastructure sectors such as the energy transition will require additional financing in the trillions of dollars. While a large share of finances can be expected from domestic sources, a substantial share will need to come from the private sector.⁵⁴ However, governments will need to improve the investment climate so that the massive scale-up of private finance is enabled. The ‘Infrastructure’ policy commitment that addresses the viability of electricity utilities is a first step toward the goal of attracting private finance.
- b. **Applying the ‘Gender’ Lens:** Access to infrastructure and infrastructure services has a significant impact on women’s lives – for example, women and girls are up to four times more likely to spend their time gathering fuel, and the absence of electricity restricts their ability to work and study. Safe, accessible transport is essential to ensuring women’s access to economic opportunities, and lack of transport reduces the probability of women working by 16.5 percent.⁵⁵ IDA21 investments will play a key role in reducing gender barriers to infrastructure services by examining sex-differentiated impacts on safety, economic empowerment, voice and representation, and resilience.
- c. **Applying the ‘FCV’ Lens:** Fragile contexts pose a serious challenge to achieving global goals such as the SDG7 goal of universal access to electricity. IDA21 can help to bridge that gap by paying particular attention to infrastructure needs in FCV settings. For example, IDA countries hosting displaced populations often have limited capacity and resources to address the infrastructure constraints that come with hosting. IDA will prioritize efforts to

⁵⁴ The High-Level Advisory Group on Sustainable and Inclusive Recovery and Growth (HLAG) reports that of the financing needed to close the financing gap for SDGs by 2030, 70 percent would need to come from the private sector.

⁵⁵ *ILO World employment and social outlook: Trends for women 2017.*

provide safe, reliable, and affordable electricity and other essential services, including through the WHR.

- d. **Applying the ‘Jobs’ Lens:** In cities, transport helps connect people to jobs. In Africa alone, around 450 million people suffer from a lack of accessibility and mobility due to missing transport infrastructure and systems, particularly in rural areas. In urban areas, where an additional two billion people are expected to be living by 2045, growth in population and vehicles outstrips growth of sustainable urban transport. Infrastructure’s policy commitment addressing urban transport systems, urban services, and housing is a necessary component in improving accessibility to jobs.

VI. DIGITAL FOCUS

DIGITAL TRANSFORMATION: Proposed Policy Commitments

(11) Support countries to increase inclusive, sustainable, resilient, and affordable usage of broadband connectivity through approaches leveraging private sector investment.

(12) Support countries to put in place safe and interoperable digital platforms, such as digital identity, digital payments, and trusted data sharing platforms, to enable digitalization of services at scale.

A. Lessons and Continuity from Previous IDA Programming

151. **Previous IDA cycles have integrated digital technologies for development of IDA countries.** Digital transformation was integrated across the special themes and cross-cutting issues of Human Capital (to build and expand adaptive social protection systems and building resilience to shocks, including the use of digital technologies), Jobs and Economic Transformation, Inclusion (with a particular focus on FCS, gender, and people with disabilities), as well as Governance and Institutions (to enable secure digital government services through the adoption of universally accessible GovTech policies, regulations, or solutions).⁵⁶

Table 6. 1. IDA19-20 Technology Cross-cutting Theme Results Highlights

Support Areas	Key Results
Promoting digital economy to unlock new pathways for rapid economic growth, innovation, job creation and access to services	<ul style="list-style-type: none"> Launched the Digital Economy for Africa (DE4A) initiative to boost digital adoption by 2030, in support of the AU Digital

⁵⁶ Reflects comments from “*Non-Paper by GER, NLD, FRA, LVA, BEL: Enabling “Sustainable Development Finance” in IDA21*”.

Support Areas	Key Results
	<p>Transformation Strategy 2020-2030⁵⁷. 42 DE4A reports were completed under IDA19-20.⁵⁸</p> <ul style="list-style-type: none"> Developed the Digital Development Gender Strategy.
Expanding broadband access and usage for jobs of the future	<ul style="list-style-type: none"> IDA19-20 is projected⁵⁹ to support over 40 countries, (of which 16 FCS, 12 Landlocked, and eight Small States) by end of FY25, surpassing the target of 35, to increase inclusive, secure and affordable access to and usage of broadband connectivity to 300 million people.
GovTech and digital ID enabling digital government services	<ul style="list-style-type: none"> Committed to supporting at least 27 IDA countries to adopt universally accessible GovTech policies, regulations, or solutions to enable secure digital government services. IDA-funded operations, through the global ID4D program, are supporting 40 IDA countries to issue more inclusive, secure, and user-centered digital IDs to an estimated 375 million people.
Regional integration through IDA’s Regional Window	<ul style="list-style-type: none"> IDA20 started the ‘second-generation’ of regional digital programs, integrating digital data and services markets across borders.
Leveraging more private investment through PSW	<ul style="list-style-type: none"> Provision of MIGA guarantees with PSW support to facilitate cross-border investments into the telecoms and digital (including mobile money and data centers) sectors across 12 IDA countries. Examples of IFC investments enabled by IDA20 PSW include CSquared in DRC and venture platform (i.e., ANKA commitment, Côte d’Ivoire)
Enhancing resilience through the WHR	<ul style="list-style-type: none"> Twelve of the 33 digital operations approved in IDA19 and IDA20 are being implemented in fragile states. Ethiopia and Burkina Faso accessed WHR under IDA20 in the face of crises, CFS, focusing on vulnerable groups such as refugees and IDPs.

152. In 2019, IDA launched the **Digital Economy for Africa (DE4A) Initiative in partnership with the AU and IFC**.⁶⁰ Under the DE4A initiative, the Bank committed to supporting SSA to double 3G broadband penetration in the five years to 2021.⁶¹ SSA surpassed the target, almost tripling the figure from 12 to 34 percent by 2021. Under IDA20, the region continued its upward trajectory, with broadband penetration increasing to 37 percent in 2023. In 2024, the momentum remains strong, with ongoing efforts to build upon these achievements and further expand accessibility and affordability of the services. Looking forward, many IDA countries have high digital ambitions and have outlined strategies that will require significant progress during the IDA21 cycle and through to 2030.

⁵⁷ <https://www.worldbank.org/en/programs/all-africa-digital-transformation>

⁵⁸ <https://www.worldbank.org/en/programs/all-africa-digital-transformation/country-diagnostics>

⁵⁹ This includes already approved and advanced pipeline projects.

⁶⁰ <https://www.worldbank.org/en/programs/all-africa-digital-transformation>

⁶¹ Broadband penetration is defined as “the share of unique mobile broadband subscribers/users”, i.e., the number of subscribers among the total population, taking into account the multi-SIM effect to avoid double counting. This penetration number is driven by reducing both the coverage gap *and* the usage gap.

153. **Over 40 IDA countries and 300 million people are expected to benefit from new or improved access to the internet through IDA19–20 commitments – but much more can be done to build on this success.** While IDA20 targets will have been met, many IDA clients still face important connectivity gaps, either *access gap* (for areas that are not yet served by broadband infrastructure) or *usage gap* (driven by affordability of service, affordability of devices, lack of digital skills and relevance of content). As a central foundation to the development and expansion of digitally enabled services, sustained efforts to support increased productive usage of broadband internet must continue under IDA21. Moreover, FCS and SIDS will benefit from tailored support to help them address their unique challenges, including lower local capacity, more limited commercial attractiveness for private investment, and higher per capita costs for infrastructure investments.

154. **The proposed policy commitment on digital platforms is an evolution of the IDA20 policy commitment on government services.** That commitment focused on enabling digital government services by: (i) focusing more explicitly on interoperable building blocks; and (ii) putting in place institutional capacity and digital safeguards to enhance trust, reach, efficiency, innovation, and accountability of both public and private services across all economic and social sectors. Experience from IDA20 shows that enabling digital government services requires strong coordination, commitment, and cooperation among government departments, as well as strong coalitions between governments and stakeholders from the private sector and civil society.

155. **IDA19 and IDA20 have also significantly contributed to building GovTech and Digital ID platforms across IDA countries.** The World Development Report (WDR) 2016 on Digital Dividends⁶² argued that the use of digital technology by governments can expand political participation, improve service delivery, and improve public sector capability. Potential benefits include increased efficiency and productivity in core government systems (such as taxation, financial management and customs), more competition in procurement processes, improved efficiency in service delivery, improved monitoring of the performance of public sector workers, and the opportunity for citizens to give specific feedback quickly. As part of the policy commitment on enabling digital government services under both the Governance and Institution and the Technology cross-cutting issue from IDA19 to this date, IDA has supported 25 countries to adopt universally accessible GovTech policies, regulations, or solutions to enable secure digital government services.

156. **In parallel, without a policy commitment, IDA-funded operations, coordinated by the global ID4D program, seized the pandemic as an opportunity to start supporting 40 IDA countries to issue more inclusive, secure, and user-centered digital IDs to an estimated 375 million people.** Countries that had digital databases or ID records and data-sharing platforms reached over three times more beneficiaries than those countries that had to collect new data for the pandemic response. Reusable digital public infrastructure (DPI), such as digital identity, digital payments, data-sharing, can drive innovation and be used by the public and private sectors to scale new services more quickly, creating opportunities for the information and communications

⁶² World Bank. 2016. World Development Report 2016: Digital Dividends. Washington, DC: World Bank. doi:10.1596/978-1-4648-0671-1. License: Creative Commons Attribution CC BY 3.0 IGO <https://www.worldbank.org/en/publication/wdr2016>

technology (ICT) sector to grow and for the public sector to improve accountability and transparency by implementing digital government services.

157. **IDA20 included several policy commitments explicitly aimed at closing the gender digital divide and promoting the digital inclusion of people with disabilities.** Recognizing the importance for IDA clients to benefit from inclusive access to digital technologies, IDA20, under its Gender Special Theme, committed to tackling gender gaps in access and usage of digital technology in its interventions across digital development, financial inclusion, and agriculture in at least 30 countries. IDA20 is helping promote women and girls' access to broadband services by providing public access in safe spaces that women and girls disproportionately use (e.g., Senegal), boosting economic opportunities for young women and people with disabilities through digital skills and online work (e.g., Sierra Leone), and broadening access to digital skills and employment opportunities in ICT-enabled services with a focus on women, people with disabilities and youth (e.g., Uzbekistan). Under its Human Capital Special Theme, IDA20 has also successfully embedded in over 30 countries to date design to meet the needs of people with disabilities by implementing the principles of non-discrimination, inclusion, and universal access through projects across seven key sectors, including 40 percent of these interventions in digital development operations.

158. **IDA20 started the 'second-generation' series of regional digital programs, integrating digital data and services markets across borders, leading the way for the programmatic scaling-up of digitalization.** From 2007 to 2022, IDA supported seven 'first-generation' regional digital initiatives mainly focused on expanding basic broadband connectivity infrastructure, including financing international/submarine and regional backbone networks. These encompassed 27 sub-projects and seven additional financing operations, which positively impacted 38 countries across five regions (Eastern and Southern Africa, Western and Central Africa, East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean) for a total investment of \$1.4 billion. These projects contributed to providing new or enhanced access to the internet to 112 million people, half of whom are female, 57,000 km of fiber optic network built, and a 76 percent decrease in retail broadband internet prices, which covered eight FCV-affected countries and five landlocked countries. IDA clients have benefited from these regional digital programs during the past five IDA cycles, from design to implementation, achieving economies of scale and network effects through collaboration and helping connect distant and landlocked countries to the global internet infrastructure. These initiatives have informed and shaped the new generation of scaled-up regional programs in IDA countries in IDA20 (e.g., East Africa Regional Digital Integration Program, West Africa Regional Digital Integration Program). Building on these strong results, IDA21 will scale up further and focus on digital market integration, as well as private sector participation and regional cooperation.

159. **In IDA20, the RW and the WHR have been instrumental in supporting the digital transformation agenda.** In Somalia and South Sudan, the Eastern Africa Regional Digital Integration Project 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, including \$40 million from the RW), and in Ethiopia and Djibouti (\$130 million, including \$67 million from

the RW) with components that target the inclusion of refugee populations co-financed between the RW and 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. For the WHR, an IDA project in Ethiopia aims to promote financial inclusion, ASP systems, and improved service access for refugees. In Burkina Faso, where about 2.1 million people have been displaced by armed group attacks, an IDA project is working to enhance digital connectivity, focusing on vulnerable groups such as IDPs. IDA Windows are set to continue to support the *'Digital Transformation'* Focus Area in IDA21.

160. **The PSW has also helped de-risk and increase longer-term financing for private digital infrastructure and services investments.** Under IDA20 so far, digital operations have accounted for \$171 million, about 10 percent of IDA20 PSW Board Approvals as of May 2024. Of this, \$77 million has been committed to support the telecoms sector, with a ratio of 1:1 Own Account to the PSW and accounting for 14 percent of all commitments in Telecom in IDA countries. For example, the PSW BFF supported IFC investments in CSquared, a wholesale, open-access fiber backbone operator, to expand into DRC, supporting access to high-speed, lower-cost connectivity. The use of the PSW has helped rebalance the risk-reward equation and motivated shareholders to commit additional funds and make the project possible. In the Venture space, the PSW has enabled the approval of a \$50-million venture platform to support the entrepreneurship ecosystem. Commitments leveraging this platform include an investment into Anka, an e-commerce platform focused on supporting Africa's creative artisans. Similarly, the PSW's LCF enabled the investment in Uganda's M-KOPA—a company fostering financial inclusion in Africa—to increase the availability of longer-term local currency financing to accelerate the penetration of consumer financing for smartphones.

B. Way Forward and Expected Outcomes in IDA21

161. **Two policy commitments are proposed for this Focus Area in IDA21—together they reflect the urgency of the global challenge and seek to respond with scale and impact.** These policy commitments have a sharp focus on building critical foundations and enablers for digital transformation, as well as a pathway to digital adoption through digital services in IDA countries. They also build on approaches that have proven effective and sustainable in previous IDA cycles. While there is significant interest in AI and deployment of digital technologies and the development of digital services and solutions across sectors, success first requires strong and inclusive digital foundations and enablers to build from. This will ensure that the digital services that individuals, firms, and institutions in IDA countries need to thrive in a digital world—digital finance, digital health, and smart agribusiness and value chain solutions—are developed and delivered at scale and can bring about sector outcomes. Solutions for FCS and SIDS will be tailored to address the unique challenges they face.

i. Broadband Connectivity

162. **Proposed Policy Commitment: “Support countries to increase inclusive, sustainable, resilient, and affordable usage of broadband connectivity through approaches leveraging private sector investment”.** IDA proposes to boost access and usage of broadband connectivity through the Cascade approach, including in FCS and Small States. This work will support key government reforms, leverage private investment, and tackle demand-side barriers to access and usage. This policy commitment would apply to at least one-fourth of all IDA countries.

Digital Access

IDA21 will support countries to increase inclusive, sustainable, resilient, and affordable usage of broadband connectivity through approaches leveraging private sector investment.

163. **This proposed policy commitment scales up IDA’s ambition from previous cycles.** It builds on the achievements under the IDA20 JET Policy Commitment 6 “Expanding broadband access and usage for jobs of the future”, which started to capture the usage gap instead of the access gap exclusively. It increases ambition in several ways. First, the number of countries supported from 17 to 25, and some of the most challenging contexts are included within the target. Second, it sharpens focus on ensuring that infrastructure developed is sustainable (maximizing efficiency and use of renewable energy) and resilient (minimizing service disruptions), in addition to the inclusion, security and affordability aspects were already included in previous IDA cycles. This work will also aim to draw in private sector investment through the WBG cascade approach. The policy commitment will contribute directly toward the target outcome “millions of people using broadband internet” under the new Scorecard. This supports the digital foundation’s theme of the digital transformation framework for people and businesses in IDA countries to participate in the digital society and digital economy.

The Scorecard will measure the millions of people using broadband internet.

164. **IDA21 will address both the supply and demand-side barriers to achieving universal internet access, especially in rural areas and among disadvantaged communities and populations.** This includes: (i) policy and regulatory reform to strengthen competition, drive private investment in connectivity infrastructure, and improve service quality and affordability; (ii) support for demand aggregation and bulk purchase of connectivity or cloud services across government entities to close the coverage gap in rural areas and connect schools, health centers and public administration buildings; and (iii) investment in programs to equip individuals with the capabilities to use the internet safely and productively, including a focus on addressing the persistent gender digital divide in IDA countries and improving access and use by people with disabilities. Close collaborations with the private sector will facilitate expanded and upgraded connectivity infrastructure (such as fiber, broadband towers, and/or satellite), construction of datacenters, and the rollout of new models for improving device affordability to improve uptake and gain value from broadband investments.

ii. Digital Platforms

165. **Proposed Policy Commitment: “Support countries to put in place safe and interoperable digital platforms, such as digital identity, digital payments, and trusted data sharing, to enable digitalization of services at scale.”** IDA will scale up its support to countries, including FCS and Small States, to put in place these important platforms, including the corresponding trust environment and safeguards needed to protect institutions, businesses, and citizens through cybersecurity and data protection and privacy. By

providing shared and reusable building blocks for digital services across sectors, such digital platforms will facilitate the development of digital government and private sector services and solutions. These building blocks are a key enabler of the target outcome “people using digitally enabled services” under the new Scorecard and in line with the digital transformation framework, including enhancing public administrative capacity using technologies. This policy commitment would apply to at least one-fourth of all IDA countries.

166. **IDA21 will support the development of the interoperable and safe data platforms in IDA countries while enhancing cybersecurity and data protection.** Key horizontal layers, including digital platforms, open data platforms, and laws and regulations that both enable and safeguard digitalization, are essential for digitalization across the public and private sectors. Digital platforms, for example, provides shared and re-usable building blocks to achieve economies of scale. Similarly, investments in capabilities for data protection and cybersecurity are essential to build trust in digital transactions and protect people’s rights and data. This focus on shared digital assets and policy reforms moves away from siloed digitalization—i.e., reinventing the wheel for each new digital service—to an infrastructure and common platform approach that can facilitate innovation, cost-effective scaling up of digital solutions, and rapid deployment of high-impact services across sectors. The approach is particularly advantageous in IDA countries, given its potential to reduce the expenditure associated with rolling out new digital services in both the public and private sectors.

167. **The objectives and targets for this policy commitment will be supported through a One WBG Approach that aims to maximize private investment to unlock digital transformation.** Building on successful models and in line with the approach developed as part of the Accelerating Digital GCP, a joint working model involving the World Bank, IFC and MIGA has been formulated and is expected to inform select areas of engagements. This joint approach encompasses: (i) joint analytics, research, and strategy alignment; (ii) joint engagement with the private sector to understand needs and ensure uptake of infrastructure and services; and (iii) joint missions to develop and present a One WBG Approach view to clients on solutions and interventions. For example, a One WBG Approach effort will aim to support regional connectivity for landlocked countries

Digital Services

IDA21 will support countries to put in place safe and interoperable digital platforms, such as digital identity, digital payments, and trusted data sharing, to enable digitalization of services at scale.

The Scorecard will measure the millions of people using digitally enabled services.

in Africa, linking 16 countries, most of which are IDA-eligible. A One WBG Approach is also being developed in the context of digital device affordability and consumer device financing in IDA countries in Africa and South Asia. MIGA political risk insurance guarantees can also play a crucial role in reducing barriers to cross-border investments in IDA countries to accelerate digitalization, particularly on access, fiber-optic backbone, mobile banking, and datacenters.

C. Links with Knowledge Compact and Global Challenge Programs

168. **The IDA21 ‘Digital Transformation’ Focus Area uses the same framework as the Accelerating Digitalization GCP.** It takes inspiration from the GCP’s overarching goals to bridge the digital divide and harness digital technologies as catalysts for economic growth, social inclusion, and resilience in the face of global challenges, and focuses on digital foundations and digital enablers. These two themes form the bedrock and building-blocks for digital transformation (including use of digital services) across society, the economy and government, and are particularly relevant in the IDA context.

169. **The new Knowledge Compact will further enhance impact on the ‘Digital Transformation’ Focus Area.** The new Digital Vice Presidency, including its regional and global teams, to be established on July 1, 2024, as part of the Systems pillar action of the Knowledge Compact, will anchor the implementation, institutional coordination, tracking and reporting for this Focus Area. Three inter-related global platforms will aid World Bank task teams and IDA clients to adopt better policies and design of investment and reform programs in pursuit of Digital Transformation. These include: (i) an Analytics Platform that aggregates data, diagnostics, and insights critical for understanding digital adoption barriers; (ii) a Platform for Collective Learning that facilitates the sharing of best practices; and (iii) a Partnership Platform that fosters strategic alliances to spur digital policy reforms. Sustained dialogue with the private sector is envisioned to ensure alignment of priorities, understanding of needs and opportunities, and coordination of key initiatives.

D. Links with Other IDA21 Priority Areas

170. The ‘Digital Transformation’ Focus Area also has strong links to the other Focus Areas and can enable and accelerate progress in those areas to drive outcomes at scale.

- a. **Digital Transformation for ‘People’.** Digital tools and services empower people by democratizing access to education and health care through online learning platforms and telehealth services, while also improving education and health outcomes through customized classwork development and electronic health records.⁶³ Vulnerable populations, especially those in rural or isolated areas, benefit from digital ID and digital payment systems to receive remittances, social assistance, and emergency cash transfers in a timely and secure way.

⁶³ <https://www.un.org/en/un75/impact-digital-technologies>

- b. **Digital Transformation for ‘Planet’.**⁶⁴ Digital technologies and tools support decarbonization across sectors to help adapting to the gradual effects of climate change,⁶⁵ and building resilience to shocks. At the same time, as digitalization intensifies, the digital sector needs to substantially lower its own emissions and to increase resiliency for quick recovery of critical digital infrastructure in the wake of climate events or natural disasters. IDA has assisted countries to develop digital infrastructure that is energy efficient and climate resilient and which also leverages technology for climate action. For example, in the Maldives, a small island state, IDA is helping to establish platform that will support data-informed planning and policymaking for climate adaptation and resilience. In Sierra Leone, IDA is supporting a data-driven early warning system to improve the country's capacity to predict, prepare for, and respond to extreme weather events and natural disasters. Mainstreaming these efforts will be tracked and measured through Climate Co-Benefits of digital transformation operations, as well as other sectoral operations leveraging digital technologies.
- c. **Digital Transformation for ‘Prosperity’.** Digital transformation drives economic growth and job creation by reducing information asymmetry, transaction costs and frictions, fostering innovation, and creating new products and business models. Digitalization has become a competitiveness differentiator for firms and economies. The Digital Africa Flagship Report provides robust new evidence that internet availability has led to job creation and poverty reduction across Africa, but more enterprises and households need to access and productively use digital technologies.⁶⁶ Particular attention could also be paid to the need for enhanced tax administration and increased capacity, facilitated through the deployment of new technologies and improved digitalization.⁶⁷
- d. **Digital Transformation for Infrastructure.** Digital solutions play a pivotal role in enhancing the efficiency, sustainability, and security of all infrastructure sectors. Distributed computer networks and real-time data-processing in intelligent traffic systems can greatly optimize routes, reduce congestion, and enable electric vehicles.⁶⁸ Smart grids and smart meters allow utility companies to optimize energy distribution, while use of AI and weather data can increase the share of RE in power systems. In addition, infrastructure sharing of fiber optic laid along transport and energy infrastructure with the digital sector can provide a key contribution to achieving universal affordable and good quality broadband.

⁶⁴ Reflects comments from *non-paper signed by Belgium, Canada, France, Germany, Italy, Japan, The Netherlands, United Kingdom, United States.*”

⁶⁵ <https://blogs.worldbank.org/en/endpovertyinsouthasia/maldives-turning-digital-innovations-tackle-climate-change>

⁶⁶ Begazo, Tania, Moussa P. Blimpo, and Mark A. Dutz. 2023. *Digital Africa: Technological Transformation for Jobs*. Washington, DC: World Bank. doi: 978-1-4648-1737-3. License: Creative Commons Attribution CC BY 3.0 IGO

⁶⁷ Reflects comments from “*An IDA21 non-paper: the Prosperity Focus Area*” signed by Belgium, Canada, Estonia, France, Germany, Italy, Latvia, Netherlands, Sweden, Switzerland, the United Kingdom, and the United States.

⁶⁸ <https://blogs.worldbank.org/en/digital-development/digitizing-infrastructure-technologies-and-models-foster-transformation>

171. **Indeed, IDA financing can support several Focus Areas at once.** For example, in IDA20 the Scale Up Window’s concessional SUW-SML financing is supporting Madagascar’s *Digital and Energy Connectivity for Inclusion Project* to scale up access to RE and digital services for the country’s underserved communities. Meanwhile, regular SUW financing is supporting Senegal’s *Digital Economy Acceleration Project* to expand access to affordable and climate resilient broadband connectivity, improving the adoption of online government services and electronic media records. There is high demand for these kinds of innovative interventions in IDA21.

172. **Each of the four Lenses will be applied to the ‘Digital Transformation’ Focus Area to ensure meaningful and integrated engagement.**

- a. **Applying the ‘Jobs’ Lens.**⁶⁹ By 2040, the youth population (ages 15–29) in IDA countries will exceed 700 million compared with 480 million today. Job creation is central to inclusive and sustainable growth, as quality jobs are the basis for dignity, stability, and prosperity. Digitalization offers significant potential for the youth bulge in IDA countries. Digitalization is creating more and better jobs and improving inclusion,⁷⁰ while accelerating structural transformation and shifting jobs to high-skilled services subsectors (Wang et al., 2022) and enabling more flexible work arrangements, such as remote work and online gig work. Online gig workers alone are now estimated to account for up to 12 percent of global workforce (World Bank, 2023). Digital skills will be required, for example, by 50-55 percent of all jobs in Kenya, 35-45 percent of all jobs in Côte d’Ivoire, Nigeria, and Rwanda by 2030 with a substantial share of the demand for digital skills coming from enterprises adopting digital technologies.⁷¹ Given the digitalization agenda for government agencies, the public sector will also have strong demand for digital skills to develop and maintain applications and services in local content. Yet, akin to the industrial revolution, the advent of innovation will alter the landscape of required skills. By investing in up- and re-skilling, the countries can expect to help workers and learners adapt to the advances in technology that are changing the labor market.
- b. **Applying the ‘Gender’ Lens.** Digital technologies can play a pivotal role in empowering women and girls through access to information and economic opportunities while overcoming mobility constraints. The proposed policy commitments can build in gender-intentional approaches to meaningfully narrow the gender digital divide by tackling issues that disproportionately affect women, such as affordability of digital devices and services, and access to identification. Identification is another essential building-block of economic empowerment, enabling access to digital financial services and digital government-to-

⁶⁹ Reflects comments from “*A non-paper on the Jobs and Economic Transformation Special Theme by African Borrower Representatives.*”

⁷⁰ A study from Nigeria suggests that two to three years of 3G/4G coverage increased labor force participation for women (Bahia, et al., 2020 in Aranda-Jan & Qasim 2023 [[link](#)]).

⁷¹ World Bank. *Demand for Digital Skills in Sub-Saharan Africa: Key Findings from a Five-Country Study - Côte d’Ivoire, Kenya, Mozambique, Nigeria, and Rwanda (English)*. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/099614312152318607/IDU0b36e9e030767f0417e0afb806e2ffdf1e8bf>

person payments that increase women's control over their finances.⁷² Attention will be paid to the privacy and vulnerability of women, children, and marginalized groups to protect their data and online safety.⁷³

- c. **Applying the 'Private Investment' Lens.**⁷⁴ Catalytic use of IDA financing to unlock private investment through policy and regulatory reforms, PPPs and public procurement of connectivity services will be key to closing the digital divide. It is central to the approach under the proposed IDA21 policy commitments and will build on what has worked to date in mobilizing private investment in broadband infrastructure. Expanding the use of the PSW will also be critical, enabling IFC and MIGA to support countries through high-impact private sector investment projects by blending concessional funds with commercial finance.⁷⁵ The Accelerating Digitalization GCP developed a detailed Policy Compact and a joint WBG Program to substantially increase PCE activities that can further mobilize private capital investment downstream. The proposed IDA21 policy commitments will also contribute toward the PCE and PCM Scorecard indicators.
- d. **Applying the 'FCV' Lens.**⁷⁶ In IDA19–20, 12 of the 33 IDA digital operations are being implemented in FCS. Digital technologies are critical for FCV-affected clients as they can facilitate economic growth, enhance access to essential services, and strengthen institutions, thereby fostering stability and resilience. Digitalization in FCS is also seen as a way of overcoming systemic constraints and finding solutions amid a challenging environment. Despite these benefits, FCV-affected countries face significant digital adoption challenges, including limited access to electricity and the internet, low smartphone penetration, and underdeveloped digital public services. These issues are compounded by conflict and political instability, which deter private investments and elevate service costs for citizens. Well-designed digital tools can promote transparency and accountability, as well as address root causes of fragility, such as unequal access to services and economic opportunities. For example, real-time geospatial data platforms can help to monitor and ensure that projects are reaching intended beneficiaries. A special focus on expanding internet access and establishing common digital platforms, including digital ID, trusted data-sharing, and payments in FCV-affected countries, will be critical to overcoming these challenges and harnessing this opportunity.

⁷² Cashier, Claire Susan; Clark, Julia Michal. *Closing the Gender Gap in ID Ownership in Ethiopia: Findings and Recommendations (English)*. Washington, D.C.: World Bank Group.

<http://documents.worldbank.org/curated/en/099031924141042674/P1766291106b1a0001b82c167073b2ff9dc>

⁷³ Reflects comments from non-Paper on Advancing Gender Equality in IDA21 submitted by Australia, Austria, Belgium, Canada, Denmark, Germany, Iceland, Ireland, Italy, Japan, The Netherlands, New Zealand, Norway, Representatives of African Borrowing Countries (Burundi, Cameroon, Ethiopia, The Gambia Ghana, Madagascar), Sweden, Switzerland, United Kingdom, and United States.

⁷⁴ Reflects comments from "A non-paper on the Jobs and Economic Transformation Special Theme by African Borrower Representatives."

⁷⁵ According to the IDA20 MTR Review of PSW Utilization and Implementation, each dollar of PSW resources leverages \$5.2 of additional investment (including IFC, MIGA, and third parties). This includes digital infrastructure and telecoms projects as well as early-stage investments in digital startups supported by blended finance.

⁷⁶ Reflects comments from "A non-paper on the Jobs and Economic Transformation Special Theme by African Borrower Representatives." and "A non-paper on FCV by African Borrower Representatives."

VII. QUESTIONS FOR IDA PARTICIPANTS

173. **Management warmly welcomes feedback from IDA Participants on the five Focus Areas, in particular:**

- a. **Are the Focus Areas sufficiently prioritized** toward the greatest development challenges facing IDA countries today?
- b. **Are the synergies and links clear** among IDA21 priorities clear in demonstrating how IDA21 offers an integrated package of support for IDA countries?
- c. Together with the outcomes measured through the Scorecard, do the proposed **Policy Commitments in these five Focus Areas reflect the ambition of the IDA21 overarching theme?**