



IDA21

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

**Ending Poverty on a Livable Planet: Delivering Impact with
Urgency and Ambition**

Draft for Comments
November 7 - 14, 2024

The Conclusions and Recommendations in this Report are tentative until final agreement has been reached.

[Approved by the Executive Directors of IDA]

On [Month, Day, Year]

ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30

All dollar amounts are US dollars unless otherwise indicated.

AfDB	African Development Bank	GFPP	Grant Facility for Project Preparation
BMZ	German Federal Ministry for Economic Cooperation and Development	GHG	Greenhouse Gas
CAF	Capital Adequacy Framework	GNI	Gross National Income
CCDR	Country Climate and Development Report	GROW	Global and Regional Opportunities Window
CCW	Concessional Capital Window	HC	Hybrid Capital
CEM 3.0	Country Growth and Jobs Report	HIPC	Heavily Indebted Poor Country Initiative
CEN	Country Engagement Notes	HNP	Health, Nutrition and Population
CPF	Country Partnership Frameworks	IBRD	International Bank for Reconstruction and Development
CPGA	Crisis Preparedness Gap Analyses	IDA	International Development Association
CPIA	Country Policy and Institutional Assessment	IDA21	21 st Replenishment of the International Development Association
CPL	Concessional Partner Loan	IEG	Independent Evaluation Group's
CPR	Country Performance Rating	IFC	International Finance Corporation's
CPSD 2.0	Country Private Sector Diagnostic	IFIs	International Finance Institutions
CRW	Crisis Response Window	IMF	International Monetary Fund
CSOs	Civil Society Organizations	IOC	Instruments of Commitment
DPO	Development Policy Operations	LCD	Least Developed Countries
DRM	Domestic Resource Mobilization	LIC DSF	Low-Income Country Debt Sustainability Framework
ERF	Early Response Financing	LTS	Long-Term Low GHG Emissions Development Strategies
ESF	Environmental and Social Framework	M&E	Monitoring and Evaluation
ESG	Environmental Social and Governance	MAC DSA	IMF Debt Sustainability Framework for Market Access Countries
EU	European Union	MAC-SRDSF	Sovereign Risk and Debt Sustainability for Market Access Countries
FCS	Fragile and Conflict-Affected Situation	MDB	Multilateral Development Banks
FCV	Fragility, Conflict and Violence	MDRI	Multilateral Debt Relief Initiative
FCVE	Fragility, Conflict and Violence Envelope	MIGA	Multilateral Investment Guarantee Agency
FDI	Foreign Direct Investment	MTR	Mid-Term Review
FFI	Framework for Financial Incentives		
GAF	Grant Allocation Framework		
GBV	Gender-Based Violence		
GCPs	Global Challenge Programs		
GDP	Gross Domestic Product		

NCB	Non-Concessional Borrowing	SDFP	Sustainable Development Finance Policy
NDCs	Nationally Determined Contributions	SDGs	Sustainable Development Goals
ODA	Official Development Assistance	SIDS	Small Island Developing States
OECD	Organisation for Economic Co-operation and Development	SML	Shorter-Maturity Loans
OEE	Organizational Effectiveness and Efficiency	SOGI	Sexual Orientation and Gender Identity
OFF	Official Financial Flows	SRH	Sexual and Reproductive Health
PBA	Performance-Based Allocation	SSA	Sub-Saharan Africa
PBA-SML	Performance-Based Allocation Shorter-Maturity Loan	SSE	Small States Exception
PCM	Private Capital Mobilization	SUW	Scale Up Window
PCs	Policy Commitments	SUW-SML	Scale Up Window - Shorter Maturity Loans
PEA	Poverty and Equity Assessment	TAA	Turn-Around Allocation
PFR	Public Finance Review	UN	United Nations
PGP	Portfolio Guarantee Platform	UNHCR	Office of the United Nations High Commissioner for Refugees
PPA	Performance and Policy Actions	UNHCR	United Nations High Commissioner for Refugees
PPP	Public-Private Partnerships	WBG	World Bank Group
PRA	Prevention and Resource Allocation	WHR	Window for Host Communities and Refugees
PSW	Private Sector Window	WSME	Women Small and Medium Enterprise
RECA	Remaining Engaged in Conflict Allocation	WTO	World Trade Organization
RMS	Results Measurement System		
ROs	Regional Organizations		
RRAs	Risk and Resilience Assessments		
RW	Regional Window		

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
SECTION 1: DEVELOPMENT AND FINANCING LANDSCAPE.....	1
SECTION 2: ALIGNING IDA WITH THE WBG EVOLUTION	6
SECTION 3: MANAGING FOR OUTCOMES IN IDA COUNTRIES.....	8
SECTION 4: IDA21 POLICY FRAMEWORK.....	11
A. IDA21 OVERARCHING THEME.....	15
B. IDA21 FOCUS AREAS	17
I. PEOPLE	17
II. PLANET.....	19
III. PROSPERITY	20
IV. INFRASTRUCTURE	21
V. DIGITAL TRANSFORMATION.....	22
C. LENSES	23
I. GENDER	24
II. JOBS 26	
III. PRIVATE INVESTMENT	28
I. FRAGILITY, CONFLICT, AND VIOLENCE.....	29
SECTION 5: RESOURCING IDA21 – VOLUME, USE OF FUNDS, OPERATIONAL AND FINANCING FRAMEWORK.....	31
A. COUNTRY ALLOCATIONS	32
I. PERFORMANCE-BASED ALLOCATION.....	32
II. SUSTAINABLE DEVELOPMENT FINANCE POLICY INCENTIVE	34
III. FRAGILITY, CONFLICT AND VIOLENCE ENVELOPE	34
IV. GRANT FACILITY FOR PROJECT PREPARATION ENVELOPE	36
B. IDA WINDOWS	37
I. GLOBAL AND REGIONAL OPPORTUNITIES WINDOW.....	37
II. SCALE-UP WINDOW.....	38
III. CRISIS RESPONSE WINDOW	39
IV. PRIVATE SECTOR WINDOW.....	40
C. ADJUSTMENTS IN GRANT ALLOCATION FRAMEWORK AND FINANCING TERMS	41
SECTION 6: ENSURING EFFECTIVE IMPLEMENTATION.....	43
SECTION 7: MANAGING IDA FINANCIAL RESOURCES.....	45

A. COMMITMENT AUTHORITY	45
B. DONOR CONTRIBUTIONS AND IBRD TRANSFERS.....	46
C. REPLENISHMENT EFFECTIVENESS	49
D. FINANCING OF ARREARS CLEARANCE OPERATIONS	49
E. CONTRIBUTION PROCEDURES	50
F. IDA CURRENCY	52
SECTION VII: RECOMMENDATION.....	52

DRAFT

LIST OF ANNEXES

Annex 1. IDA21 Policy Package	54
Annex 2. IDA21 Policy Package Visualizations	63
Annex 3. Crisis Preparedness In focus	75
Annex 4. Performance-Based Allocation System.....	77
Annex 5. Sustainable Development Finance Policy Incentive	80
Annex 6. Fragility, Conflict and Violence Envelope.....	83
Annex 7. IDA Grant Facility for Project Preparation	86
Annex 8. Global and Regional Opportunities Window	88
Annex 9. Crisis Response Window	90
Annex 10. Scale-Up Window	92
Annex 11. Private Sector Window.....	93
Annex 12. Consultation with Civil Society	98
Annex 13. Concessional Partner Loans	100
Annex 14. Hybrid Capital Instrument Framework	105
Annex 15. Portfolio Guarantee Platform Framework.....	107
Annex 16. Financing HIPC, MDRI and Arrears Clearance.....	110
Annex 17. Documents Provided for the IDA21 Replenishment.....	113
Annex 18. IDA21 Reporting Mechanism	114
Annex 19. IDA21 Midterm Review Deliverables	116
Annex 20. Draft IDA21 Resolution	117

TABLE OF FIGURES, BOXES, AND TABLES

Figures

Figure 1.1. GDP Growth in IDA countries, annual average.....	1
Figure 1.2. IDA Countries' External Financing Needs in IDA21	4
Figure 1.3. Composition of OFF Commitments to IDA Countries at High Risk of Debt Distress (red light), 2010-2021	4
Figure 3. 1. Four Building Blocks of the IDA21 Scorecard	9
Figure 3. 2. At a Glance: Organizational Efficiency and Effectiveness Dashboard.....	11
Figure 4. 1. Strengthening the IDA21 Policy Architecture guides IDA Support towards Ambitious Results and Impact	12
Figure 4. 2. IDA21 Overarching Theme, Focus Areas, and Lenses	16
Figure 4. 3. Total IDA commitments in FCS, IDA16-IDA20	
Figure 5. 1. Overview of IDA21 Terms in Country Allocations	42
Figure 6. 1. Trends in IDA Undisbursed Balances (FY14-FY24).....	44
Box 2. 1. Impact, Scale, Partnerships: Energy Access for 300 million people in Sub-Saharan Africa by 2030.....	6
Box 2. 2. <i>SimplifIDA</i> Streamlines IDA to Benefit Client Countries and Boost Accountability.....	8
Box 3. 1. Learning from Results Measurement System Improvements	10
Box 4. 1 IDA's Approach to Crisis Preparedness and Response	24
Box 4. 2. Advancing Gender Equality through IDA21	25
Box 4. 3. Strengthening Engagement in Fragile and Conflict-Affected Settings through IDA21	29

Table

Table 5. 1. IDA21 Use of IDA Resources	32
--	----

TABLE OF FIGURES, BOXES, AND TABLES - ANNEXES

Figures

Figure A4.1. IDA21 Allocation Framework.....	77
--	----

Boxes

Box A4.1. CPIA Criteria.....	77
Box A5. 1. SDFP Incentive: Key Points.....	81

Tables

Table A11. 1. Indicators and Disclosures for the new PSW Public Dashboard (Hypothetical Example).....	97
Table A13. 1. IDA21 Discount Rates	102
Table A13. 2. IDA21 Maximum Coupon Rates and Corresponding Grant Element	102
Table A13. 3. Additional Grant Payments Required for a Buydown of 100bps to meet the Maximum Coupon Rate.....	103
Table A18. 1. Details of IDA21 Reporting.....	114

EXECUTIVE SUMMARY

- i. **Under the overarching theme of “Ending Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition”, the International Development Association’s 21st replenishment (IDA21) will invest in the future of people and the planet with renewed scale, effectiveness, and financial efficiency.** The world’s poorest countries have high external financing needs. Multiple crises have set back global development, putting lives and livelihoods at risk and delaying progress toward the Sustainable Development Goals (SDGs). IDA21 responds to these challenges with an ambitious agenda that will seize opportunities for change. As it supports IDA countries to chart their own paths toward sustainable development, IDA21 will benefit 1.9 billion people around the globe and sustain IDA’s record of continuous improvement.
- ii. **IDA21 is central to the WBG’s redoubled efforts to be a Better and Bigger Bank for its entire membership.**ⁱ The whole of the WBG is on the move to be “Future-Ready”, boldly embracing challenges and opportunities to help our clients address the complex, intertwined challenges of development. The WBG of tomorrow will be Better and Bigger, serving the needs of partners, clients, and the poor. IDA21 will be a cornerstone of that effort, sustaining a lifeline for people in the world’s poorest countries, including those mired in fragility, conflict, and violence. IDA21 addresses the current needs of IDA countries, builds on IDA’s established track record as the best value in development, and embraces change and innovation to drive impact.
- iii. **IDA countries face daunting challenges – and historic opportunities.** Seventy percent of the world’s extreme poor live in IDA countries, and for half of these countries, the income gap with the wealthiest economies is widening. Half of IDA countries are in, or at high risk of, debt distress. Nearly 45 percent of IDA countries are classified as fragile and conflict-affected situations (FCS). Climate change, if not addressed urgently, is likely to push more than 130 million people into extreme poverty by 2030, mainly in IDA countries, and the costs of natural disasters have doubled over the past decade. At the same time, demographic shifts and abundant natural resources offer IDA countries a major opportunity to accelerate growth and development—supported by investments, knowledge, and strong institutions.
- iv. **IDA as the global solidarity fund has consistently supported IDA countries – and their people – to navigate both challenges and opportunities, and IDA21 advances that mission.** IDA offers a more than 60-year track record of global solidarity, impact, and transparency. IDA’s financial strength and hybrid finance model multiplies donor contributions to accelerate development. IDA has supported countries through crises such as the COVID-19 pandemic with generosity and innovation. IDA’s global presence and comprehensive partnerships complement its financial support with deep knowledge and expertise that target solutions and maximizes development impact. Even amidst recent crises, IDA has delivered more resources, enhanced quality, and improved development outcomes. IDA21 will continue this support, building on opportunities and helping IDA countries get back on track toward eradicating poverty on a livable planet.

ⁱ Development Committee of the World Bank Group, “A Future-Ready World Bank Group: Update to Governors.” Washington, D.C., September 26, 2024. Available at: https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2024/Final_DC2024-0004.pdf.

v. **IDA21 offers simplified policy and financial frameworks designed to deliver impact at scale, with speed, and with strong accountability.** Both benefitting from and supporting the World Bank Group (WBG) Evolution reforms that are delivering a better and bigger Bank, IDA21 offers a robust and integrated policy package, enhanced reporting, and a revamped results architecture with an intensified focus on outcomes across the whole WBG. IDA21's policy architecture fully aligns with the WBG verticals supporting the Evolution: with five Focus Areas of *People, Planet, Prosperity, Infrastructure* and *Digital Transformation* and four Lenses that address priorities across these topics: *Gender, Jobs, Private Investment*, and *Fragility, Conflict and Violence* (FCV). Directly linking IDA's policy framework with the new institutional alignment will improve IDA's implementation, results reporting and further increase transparency. IDA21's consolidated financial architecture offers powerful support for IDA21's ambitions and its policy framework. It increases resources while sustaining high levels of concessionality, including for country-led development, allocates resources based on performance while taking account of vulnerabilities and the needs of countries in fragile and conflict-affected situation (FCS) and Small States; leverages private investment, and incentivizes investments in addressing global challenges.

vi. **IDA21 offers an ambitious and innovative policy package to support the overarching theme.** Recent IDA cycles have incorporated policy commitments (PCs) that required specific country-level actions. IDA21 builds on the progressive policy achievements of earlier cycles but takes a more holistic approach to the package. It supports each Focus Area and Lens with country-level and institution-level actions, encompassing the objectives of WBG thematic strategies and efforts to tackle the challenges outlined in the IDA21 policy papers, with a strong focus on the delivery of development results. The policy schematics appended to this report illustrate how the integrated approach works in practice.

vii. **IDA21 also recognizes that achievement requires a joint effort from both WBG Management and IDA countries and commits both to actions that will drive progress.** IDA21 will support strong accountability in line with the WBG Evolution while responding to calls to maximize each IDA country's ability to steer its own development agenda. Twenty-five PCs will require *both* Management *and* IDA countries to act on IDA21 priorities. With the expectation that IDA21 should both benefit from and contribute to the WBG Evolution, seven *institutional* PCs will enable partners to track IDA's progress in supporting institution-wide priorities aimed at improving development outcomes for clients. Seven *institutional* PCs with specific sectoral or country focus are directly embedded in the Focus Areas and Lenses. Eleven *country-level* PCs have been strategically selected to show how IDA countries are addressing binding constraints to development outcomes across Focus Areas and Lenses. This policy architecture delivers on a shared goal to simplify IDA, enables IDA countries to focus on delivery of key development outcomes, and strengthens IDA's overall accountability.

viii. **Embracing enhanced transparency and drawing on lessons from past IDA cycles, the new Scorecard boosts IDA21's accountability to deliver results towards a "People-centered" approach.** The Scorecard forms an integral part of IDA21's policy framework. With a distinct and dedicated view of IDA results, unprecedented data disaggregation, a capacity to estimate expected results and a first-ever harmonization of results reporting across WBG institutions, the new Scorecard will offer data insights to guide strategic discussions and accountability both within IDA

and across the WBG. Recognizing that not everything IDA does can be captured quantitatively, Results Narratives will complement data-driven indicator reporting to demonstrate how IDA leverages technical assistance, knowledge, and convening to help clients build stronger institutions, policies, and markets, contributing to more sustainable development outcomes.

ix. **Performance-driven, country-led development remain at the heart of IDA21.** IDA21's performance-based allocation (PBA) system will continue to allocate the vast majority of IDA resources, strategically balancing countries' performance in implementing policies that promote sustainable development, as well as needs. It will continue to incorporate comprehensive and well-structured measures to address varied vulnerabilities in IDA countries. The Sustainable Development Finance Policy (SDFP) will continue to incentivize attention to sustainable borrowing and investment practices. A refined and amply resourced FCV Envelope continues to address drivers of fragility, conflict, and violence with flexibility to tailor approaches and reinforce strong accountability. A new Grant Facility for Project Preparation Envelope (IDA-GFPP) provides resources to support IDA21's focus on building client capacity for delivery.

x. **A consolidated window architecture will complement Country Allocations and drive strategic priorities in IDA21.** A new Global and Regional Opportunities Window (GROW) replaces the former Regional Window and integrates a dedicated sub-window, the Window for Host Communities and Refugees (WHR) into a single, fully concessional window. It will finance country-level action to deepen regional integration and cross-border infrastructure connectivity and tackle global challenges, with a particular focus on climate adaptation and refugee-related programming. In a world marked by increasingly frequent and severe crises, the larger Crisis Response Window (CRW) will enable IDA to respond with greater firepower when crises befall IDA countries during IDA21. The Scale Up Window (SUW) will continue to finance high-returning transformation investments with both concessional and non-concessional support. The enhanced Private Sector Window (PSW) will continue to mobilize sustainable private sector investment in IDA and FCS countries.

xi. **Joint efforts by all partners will ensure IDA21 can respond to heightened needs, protect IDA's concessionality, and allocate resources to reward performance and address vulnerabilities, while preserving IDA's long-term sustainability.** Participants and WBG Management have taken a thoughtful and judicious approach to updating IDA's financing architecture, financing terms and allocation rules. IDA21 financing framework incorporates new measures that enhance IDA's Capital Adequacy Framework (CAF) and optimize its balance sheet. It also includes measures that require efforts by IDA countries that aim to maximize resources for development and preserve concessionality for countries facing the greatest needs. These measures further stretch the reach of donor contributions for the benefit of IDA countries, so that each \$1 invested in IDA21 will generate around [\$amount] in programming for IDA countries. Donors remain firmly committed to providing the grant resources necessary to support IDA's most concessional terms and have made extraordinary efforts to sustain [and in some cases increase] grant pledges in a context of currency fluctuations and fiscal constraints. IDA's continued innovation has introduced new financial instruments that can be employed alongside grants to increase IDA resources (hybrid capital or HC) or to reduce credit risk on IDA's balance sheet, thus increasing IDA's lending capacity (portfolio guarantee platform or PGP). Donors have used [these tools, along with] existing modalities such as concessional partner loans, to deliver an IDA21 with

a commitment authority of [\$amount] billion. Accompanying these measures, IDA21 also incorporates a number of measures that will require effort by IDA countries while aiming to improve IDA's long term financial sustainability and further stretch the reach of donor contributions and IDA's internal BSO measures.

xii. **IDA21 is the product of extensive and careful deliberations with international development partners, including comprehensive consultations with civil society held over the course of the calendar year.** IDA deliberations benefited from an unprecedented level of engagement with civil society, including nine forums organized in Washington, D.C. and all WBG regions. The forums reached more than 800 organizations, involved more than 1,000 participants, and produced publicly available consultation materials to inform IDA21 planning and implementation.ⁱⁱ Formal replenishment discussions began with the IDA20 Mid-Term Review (MTR) in Zanzibar, Tanzania, and continued through five formal meetings and nine technical discussions in Washington, D.C., Kathmandu, Nepal and Seoul, the Republic of Korea.

xiii. **Key agreements are summarized in this section and further explained in the body of this Replenishment Report and its annexes.** Over the course of the replenishment discussions, IDA Deputies and Borrower representatives (collectively, "Participants") agreed that:

1. IDA21's strategic theme will be "*Ending poverty on a livable planet: delivering impact with urgency and ambition.*" This theme aligns with the WBG's refreshed mission statement.
2. IDA21's simplified policy architecture will include five Focus Areas (People, Prosperity, Planet, Infrastructure and Digital Transformation) that fully align with WBG verticals and four Lenses (Gender, Jobs, Private Investments, and Fragility, Conflict and Violence) and will prioritize investments and action in support of the strategic theme.
3. IDA21 will advance progress under each Focus Area and Lens with a streamlined package of 25 strategic policy commitments as laid out in Annex 1 requiring both Management and Borrower actions.
4. IDA21 will track and report progress in delivering outcomes through the new WBG Scorecard, which includes a dedicated view of IDA results data.
5. IDA21 introduces new simpler PBA financing terms that maintain the same level of concessionality as IDA20. Financing terms for Small States are also simplified and are even more concessional than in IDA20. Grant eligible countries will continue receiving grants.
6. IDA21 will re-introduce a grant allocation volume discount of 10 percent in the PBA to manage grant scarcity, incentivize sustainable borrowing practices in IDA countries and to foster IDA's long-term financial sustainability. This discount will apply to all grant-eligible

ⁱⁱ World Bank, IDA21 Replenishment: Global and Regional IDA Forums. Various locations, April 17-October 22, 2024. Available at: https://www.worldbank.org/en/events/2024/03/07/ida21-replenishment-global-and-regional-ida-forums?_gl=1*1kso3yq*_gcl_au*NDMYnDE0TMwLjE3MjMzODI3ODk.

countries except Small States, countries eligible for FCV Envelope RECA allocations, and countries that are subject to the annual cap on grants.

7. The annual cap on grants in Country Allocations will be reduced from \$1 billion to \$650 million.
8. Eligible IDA-only red-light grant recipient countries will be offered a choice to borrow on highly concessional 60-year credit terms, subject to a debt sustainability assessment, which would entitle them to the full volume of PBA without the grant allocation volume discount.
9. Gap and Blend countries at moderate and low risk of debt distress (excluding Small States) will receive financing on floating-rate terms equivalent to the International Bank for Reconstruction and Development (IBRD) Group A pricing minus 250 basis points. These countries may elect to continue borrowing on fixed-rate terms if they wish to do so, with a discounted PBA allocation volume of 15 percent compared with the allocation on floating rates.
10. In IDA21, the SDFP will offer a positive incentive-driven approach to encourage countries to pursue sustainable borrowing and investment practices, replacing the set-aside mechanism of previous IDA cycles. Implementation details for the new incentive process will be developed and approved prior to the effectiveness of the SDFP Incentive in FY26.
11. IDA21 will retain the FCV Envelope with a Prevention and Resource Allocation (PRA), a Remaining Engaged in Conflict Allocation (RECA), and a Turn-Around Allocation (TAA). Targeted adjustments to the administration of the FCV Envelope will raise the per-cycle cap on top-up resources for countries facing high-intensity conflict to \$400 million, enhance upstream prevention, improve flexibility, and boost transparency with annual reporting. The FCV Envelope will be set at \$[amount] billion.
12. IDA21 will introduce a new Grant Facility for Project Preparation (IDA-GFPP) Envelope in Country Allocations. The objective of the IDA-GFPP Envelope is to provide timely project preparation financing to enable client countries to improve project quality and readiness. The IDA-GFPP will be set at \$[amount] million.
13. IDA21 will establish GROW, a new window to scale up action on priority global and regional challenges. (i) GROW resources will be set at \$[amount] billion, including \$[amount] billion reserved for a dedicated WHR sub-window. (ii) GROW will offer resources to supplement country allocations for financing of regional integration (financed in IDA20 and earlier cycles by the Regional Window, which will be discontinued in IDA21), global challenges with cross-border externalities, climate adaptation activities, and, continuing the good partnership with the United Nations High Commissioner for Refugees (UNHCR), support for refugees and host communities. (iii) GROW will offer financing to IDA countries on the same terms they receive for PBA, and without a requirement for a PBA contribution.

14. IDA21 will retain the CRW. (i) CRW resources will be set at \$[amount] billion. (ii) CRW will offer last resort financing for severe crises, and up to \$1 billion in early response financing (ERF) to support responses to certain slower-onset disasters. (iii) CRW will offer financing on concessional terms, as follow: (a) grant-eligible countries will receive CRW financing on grant terms; (b) countries that fall within IDA’s Small States Exception (SSE) will receive CRW financing on Small Economy terms; and (c) all other countries will receive CRW financing in the form of concessional shorter-maturity loans (SML).
 15. IDA21 will retain the SUW. (i) SUW resources will be set at \$[amount] billion, of which \$[amount] billion will be on non-concessional terms and \$[amount] billion on concessional SML terms. (ii) SUW will offer additional volume to enable eligible countries to scale and deliver higher impact investments. Eligibility for non-concessional lending on IBRD terms will be simplified and carefully screened so as not to exacerbate debt vulnerabilities. (iii) [Non-concessional lending will also be extended to eligible Regional Organizations]
 16. IDA21 will retain the PSW with a modified governance structure (see below). (i) PSW resources will increase to \$[amount] billion. (ii) PSW resources will support the International Finance Corporation’s (IFC) and Multilateral Investment Guarantee Agency’s (MIGA) strategic priorities in all IDA countries, with a focus on IDA and FCS, while addressing global challenges. (iii) In IDA21, the governance of PSW will be streamlined to enhance efficiency and accessibility while strengthening reporting, transparency, and accountability. In this context, it was noted that IFC has committed to establishing the Concessional Capital Window (CCW), in which IFC will ringfence \$500 million of capital on its balance sheet during IDA21, and which will be administered under the same harmonized governance of the PSW.
 17. As in IDA20, IDA21 will retain the flexibility for the size of each window to be adjusted within a range of 10 percent to respond to demand during the implementation period, with close monitoring by Management and reporting to Participants.
 18. The IDA21 reference exchange rates, the discount rates in the IDA21 donor contribution encashment framework, and the discount rates in the IDA21 Concessional Partner Loan (CPL) framework, will be based on the six-month averaging period, from March 1, 2024 through August 31, 2024.
- xiv. **Generosity of a global coalition of donors is critical to IDA21’s success.** As replenishment discussions concluded, Participants commended the continued generosity of IDA Donors and recommended that contributions of [\$amount] be provided to achieve a total replenishment of [\$amount] in IDA21. Participants also:
1. Recognized that strong grant contributionsⁱⁱⁱ remain critical to IDA’s financial framework, enabling IDA to provide concessionalism while sustainably leveraging resources.

ⁱⁱⁱ For simplicity and clarity, subscriptions made by Non-Recipient members and by Recipient and Interstitial Non-recipient members (as described in paragraph 3(b) of the appended IDA21 Replenishment Resolution) are referred in this report as “grant contributions” or “contributions” and such members are referred to as “donors”. Recipient

2. Recommended that IDA's cost of debt relief under the Heavily Indebted Poor Country Initiative (HIPC) be covered under the IDA21 Replenishment, funded by Donors contributions.
3. Reaffirmed the importance for Donors to continue honoring their financing commitments to the separate Multilateral Debt Relief Initiative (MDRI) replenishment in order to support the total volume of IDA21 commitment authority.
4. Welcomed that IFC will establish the Concessional Capital Window (CCW), in which IFC will ringfence \$500 million of capital on its balance sheet during IDA21, and which will be administered under the same harmonized governance of the PSW.
5. Endorsed the continuation of CPLs within IDA21 CPL framework, which maintains the IDA20 CPL framework with the following refinement: the maximum coupon rate of CPL would be first calculated based on the average coupon rate of IDA's concessional loans in US\$ terms and then the rates for other currencies will be calculated as the financial equivalent of this US\$ rate.
6. Endorsed the introduction of Hybrid Capital (HC) in IDA21 as a new contribution modality that provides additional flexibility to Donors to boost volumes alongside minimum grant. Financing terms and additional details are provided in the IDA21 HC framework.
7. Endorsed the introduction of the Portfolio Guarantee Platform (PGP) in IDA21 as a new contribution modality that provides additional flexibility to highly rated Donors to reduce credit risk on IDA's balance sheet and thus increase IDA's lending capacity. Terms and additional details are provided in the IDA21 PGP Framework.
8. Agreed to continue reporting both gross and net donor burden shares under the Dual Reporting Approach agreed in IDA20 as a balanced and pragmatic means of concerns regarding the impact of the increasing structural gap.
9. Agreed that IDA21 financing will be subject to an effectiveness condition, and the targeted effectiveness date is December 15, 2025.
10. Acknowledged the importance of providing Instruments of Commitment (IoC) as early as possible to enable timely implementation of IDA21.
11. Agreed that IDA21 will continue to apply the existing IDA voting rights framework.

xv. **IDA21 reflects the strong consensus among Donors, IDA countries, and civil society stakeholders around the globe.** Leadership and advocacy by IDA countries have been instrumental in building and sustaining this support. In addition to the valuable feedback provided through expanded civil society consultations, the consensus in support of IDA has been expressed

and Interstitial Non-Recipient members (as described in paragraph 3(a) of the IDA21 Replenishment Resolution) are referred to as "non-donors" or "non-contributors" and their amounts are referred to as "subscriptions".

in international calls for continued support through the Paris Pact for People and the Planet,^{iv} the G20 Independent Experts' Group,^v IDA for Africa Heads of State Summit,^{vi} public figures' and civil society organizations' open letters to G20 and G7 leaders;^{vii} the G7 Leaders' Summit,^{viii} the G20 Finance Ministers' Meeting,^{ix} the Abuja Declaration of the African Governors of the International Monetary Fund (IMF) and WBG,^x the Pacific Islands Forum,^{xi} the United Nations Summit of the Future,^{xii} and the Abidjan Accord.^{xiii} Building on the strength of this support and the deep partnerships it represents, IDA21 will continue playing an essential role in the global aid architecture.

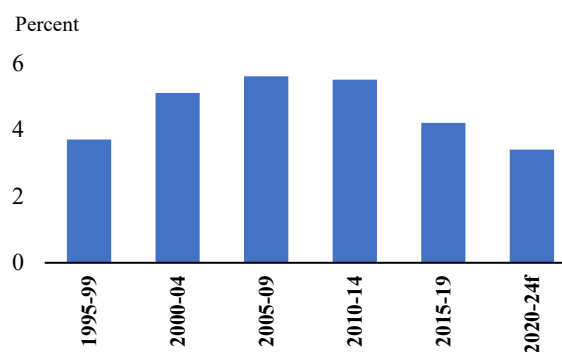
-
- ^{iv} Ministry for Europe and Foreign Affairs, French Republic, *Paris Pact for People and the Planet*, June 23, 2023, Paris, France. Available at: <https://pactedeparis.org/pdf/pacte-de-paris-pour-les-peuples-et-la-planete-en.pdf>.
- ^v G20 Independent Experts' Group, *Strengthening Multilateral Development Banks, the Triple Agenda: Report of the Independent Experts' Group*, June 30, 2023, New Delhi, India. Available at: <https://www.cgdev.org/publication/strengthening-multilateral-development-banks-triple-agenda>.
- ^{vi} World Bank, *Press Release: African Leaders Unveil Bold Transformation Agenda at Summit, Backed by Powerful New Coalition*, April 29, 2024, Nairobi, Kenya. Available at: <https://www.worldbank.org/en/events/2024/04/28/ida-for-africa-heads-of-state-summit>.
- ^{vii} Project Everyone, *Artists, Activists and Ex-Leaders launch unprecedented call for reform of global financial system*, April 18, 2024, Global Goals Campaign. Available at: <https://www.globalgoals.org/news/artists-activists-and-ex-leaders-launch-unprecedented-call-for-reform-of-global-financial-system/>. Project Everyone and Development Initiatives, *Open Letter to G20 Finance Ministers*, July 19, 2024, Bristol, United Kingdom. Available at: <https://devinit.org/what-we-do/news/open-letter-to-g20-finance-ministers/#:~:text=Development%20Initiatives%20has%20signed%20an,and%20facing%20a%20historical%20reversal>.
- ^{viii} Italy Council of Ministers, *Apulia G7 Leaders' Communique. June 15, 2024*, Apulia, Italy. Available at: <https://www.g7italy.it/en/documents/>.
- ^{ix} Federative Republic of Brazil, *Third G20 Finance Ministers and Central Bank Governors Meeting, Communique*, July 26, 2024, Rio de Janeiro, Brazil. Available at: <https://www.gov.br/fazenda/pt-br/assuntos/g20/declaracoes/2-3rd-fmcbg-communique.pdf>.
- ^x Federal Republic of Nigeria, *The Abuja Declaration of African Governors of the International Monetary Fund and the WBG*, August 3, 2024, Abuja, Nigeria. Available at: https://africancaucusmeeting2024.com.ng/wp-content/uploads/2024/08/The-2024-ABUJA-DECLARATION_FINAL-AFRICAN-CAUCUS-MEETING-3RD-AUGUST-2024.pdf.
- ^{xi} Pacific Islands Forum, *Outcome Statement by Pacific Island Country Leaders for a Robust IDA21 Replenishment*, September 10, 2024, Suva, Republic of Fiji. Available at: <https://forumsec.org/publications/reports-outcome-statement-pics-leaders-robust-ida21-replenishment-0>.
- ^{xii} United Nations, *Pact for the Future*, September 23, 2024, New York, United States. Available at: <https://www.un.org/sites/un2.un.org/files/sotf-the-pact-for-the-future.pdf>.
- ^{xiii} Global Citizen, *Abidjan Accord*, October 10, 2024, Abidjan, Côte d'Ivoire. Available at: <https://www.globalcitizen.org/en/info/abidjan-accord/>.

SECTION 1: DEVELOPMENT AND FINANCING LANDSCAPE

1. **The International Development Association (IDA) countries stand at a critical inflection point for poverty reduction, as progress slows and challenges intensify.** Achieving the goal of reducing global poverty from its current level of around nine percent to three percent by 2030 will require strengthened efforts. Global extreme poverty rates declined over the past three decades, and the current pace of reduction is expected to be slow compared to the pre-pandemic period. In 2020, the COVID-19 pandemic had pushed an estimated 70 million people into extreme poverty, the largest one-year increase since at least 1990 when global poverty monitoring began.¹

2. **Extreme poverty remains high in IDA countries.** Extreme poverty persists at high levels affecting 498 million people in 2023, representing an increase from approximately 473 million people in 1990 and reflecting a range of challenges. Although this figure is projected to moderately fall to 463 million by 2030, around 21.2 percent of the population in IDA countries is still expected to live in extreme poverty. Food insecurity has surged, nearly doubling between 2019 and 2023 in IDA countries, and accounting for 92 percent of the global total. To that end, IDA Participants noted the strong synergies between the priorities of IDA countries and the objectives of the G20 Global Alliance Against Hunger and Poverty. Acknowledging the role of the IDA partnership as the main source of grant and concessional funding to fight poverty and hunger, they appreciated the WBG's confirmation at a July 2024 G20 ministerial meeting in Rio de Janeiro, Brazil, that IDA financing would be available to fund countries' choices from the Global Alliance policy basket, recognizing that knowledge is more impactful when paired with resources.² Populations, in particular women and youth, face rising inequality, insufficient job growth and diminishing life prospects.³ By 2025, more than half of all people living in extreme

Figure 1. 1. GDP Growth in IDA Countries, Annual Average



Source: World Bank
Note: f = forecast. IDA = IDA-eligible countries. GDP aggregates calculated using real U.S. dollar GDP weights at average 2010-19 prices and market exchange rates.

¹ World Bank Group, *Poverty and Shared Prosperity 2020: Reversals of Fortune*, October, 2020, Washington, D.C. Available at: <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity-2020>.

² World Bank Group, *Remarks by World Bank Group President Ajay Banga at G20 Global Alliance Against Hunger and Poverty*, July 24, 2024, Rio de Janeiro, Brazil. Available at: <https://www.worldbank.org/en/news/speech/2024/07/24/remarks-by-world-bank-group-president-ajay-banga-at-g20-global-alliance-against-hunger-poverty#:~:text=Put%20simply%3A%20hunger%20and%20poverty,Brazilian%20government%20for%20your%20leadership.>

³ Development Committee of the World Bank Group, *From Vision to Impact: Implementing the World Bank Group Evolution. Report for the Development Committee*, April 19, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099032924184513110/bosib11b64b67b0511a66d139b76c4235f6>.

poverty will live in countries experiencing fragile and conflict-affected situations (FCS).⁴ Elevated levels of violence and extreme weather events have continued to displace people and disrupt food supplies, against a backdrop of water and energy scarcity, connectivity gaps, and limited access to essential goods and services.⁵

3. **Growth in IDA countries has been slow, debt vulnerabilities remain high, and the income gap with the rest of world is likely to widen.** From 2020–24, IDA countries experienced the weakest half-decade of growth since the mid-1990s (Figure 1.1), in both total and per capita terms, slowing progress in income catch-up relative to advanced economies. Half of IDA countries are set to see their per capita income differentials widen relative to advanced economies.⁶ There are mounting concerns over persistent debt vulnerabilities. Over half of all IDA countries are in high risk or are already in debt distress, and debt service has reached levels last seen during the 1990s.

4. **Fiscal space and institutional capacity are limited.** IDA countries collectively allocate 7.5 percent of their Gross Domestic Product (GDP) to debt service payments. This is higher, on average, than their combined public spending on health, education and infrastructure. IDA’s support for capacity building has helped strengthen institutional capacity, sustainable lending practices, data sharing and debt transparency, fiscal risk assessments and the implementation of policy actions under the Sustainable Development Finance Policy, thereby enhancing the ability of countries to manage their debt transparently and effectively. Nevertheless, a protracted period of tighter financial conditions would worsen fiscal and external imbalances. Dependence on a narrow range of exports and limited fiscal space means that IDA countries are particularly exposed to external shocks. IDA countries also struggle to maintain public sector institutional capacity. Low and declining Country Policy and Institutional Assessment (CPIA) scores for Public Sector Management and Institutions highlight persistent risks of corruption and weak public financial management. Even in the private sector, attracting investment and creating markets in IDA countries is challenging due to weak business environments, limited access to financing, and high political risks, which deter investors. These factors further limit the space for a broader-based expansion of economic opportunities, exacerbating the circle of poverty and underinvestment.

5. **Climate change is compounding existing challenges.** Though IDA countries contribute less than 4 percent to global greenhouse gas emissions,⁷ they bear disproportionate impacts of climate change, with high risks and adaptation needs going forward. Populations in most IDA

⁴ World Bank, *Mid-Term Review of the World Bank Group Strategy for Fragility, Conflict, and Violence (2020–25)*. October 20, 2023, Washington, D.C. Available at: <https://documents1.worldbank.org/curated/en/099102523150028132/pdf/BOSIB00eef97e208a0937700f5b7e85e393.pdf>.

⁵ Development Committee of the World Bank Group, *Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution*. Development Committee, September 28, 2023, Washington, D.C. Available at: <https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2023/Final%20Updated%20Evolution%20Paper%20DC2023-0003.pdf>.

⁶ World Bank Group, *The Great Reversal: Prospects, Risks, and Policies in IDA Countries*, April 15, 2024, Washington, D.C. Available at: <https://www.worldbank.org/en/research/publication/prospects-risks-and-policies-in-ida-countries>.

⁷ Global Carbon Project, *Global Carbon Budget 2022*, September 4, 2023, Exeter, United Kingdom. Available at: <https://globalcarbonbudget.org/>

client countries, including over 80 percent of people in South Asia and over 40 percent in Sub-Saharan Africa (SSA) are highly exposed to climate shocks and natural disasters.⁸ Climate change is increasing the probability of extreme natural events, 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 contributing to irreversible biodiversity and ecosystem loss, driving migration, and exacerbating social tensions. Additionally, 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.

6. Continuing gaps in human capital accumulation and gender equality affect prospects for growth. The pandemic highlighted how quickly human capital can be lost and how difficult it is to regain. In IDA countries, overall performance on the human capital index remains low for both sexes, with women facing additional barriers, including disproportionate representation in informal, low productivity jobs. 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. In many IDA countries, large youth populations are eager for jobs and a brighter future but face the risk of being left behind due to a lack of skills and employment opportunities. Equity is also critical to development, especially as crises, conflicts, and megatrends disproportionately affect women, girls, sexual and gender minorities, and the elderly and marginalized groups.

7. Despite difficult circumstances, with the necessary combination of ambitious reforms and support, IDA countries can realize considerable upside opportunities. IDA graduates have accelerated their development paths with significant progress on policy reform packages. If the current cohort of IDA countries can implement similarly comprehensive reforms, and if the global community can offer financial and technical support for those reforms, IDA countries can make decisive progress in delivering strong, sustainable, and inclusive growth. IDA countries can build on significant assets to overcome challenges and advance progress. Substantial natural resources, demographic endowments and growing adoption of digital technologies present considerable opportunities for IDA countries. Currently, one in every five workers in the global working-age population resides in IDA countries, and by 2050, this is expected to increase to one in three. Digitalization can enable 70 percent of the Sustainable Development Goals (SDG)⁹ and is accelerating in client countries with IDA's support, including in SSA.

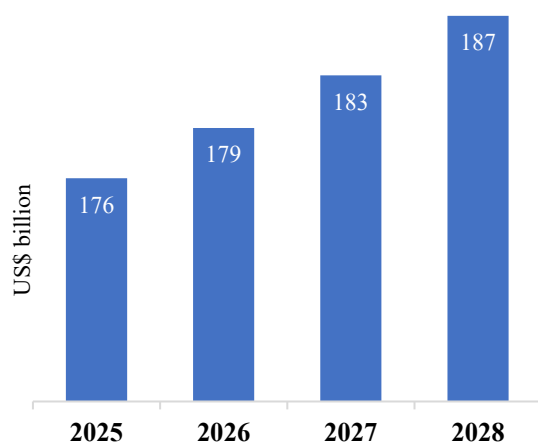
8. A strained global aid architecture will face challenges supporting IDA countries' needs for external financing during the IDA21 period. External financing needs for IDA countries will total \$724 billion for the period 2025–2028 assuming current macroeconomic and fiscal projections (Figure 1.2). However, as a result of a strained global aid architecture and tight

⁸ World Bank Group, *Policy Research Working Paper. Counting People Exposed to, Vulnerable to, or at High Risk from Climate Shocks: A Methodology*, December 4, 2023. Available at: <https://www.worldbank.org/en/topic/poverty/publication/people-exposed-to-vulnerable-to-and-at-high-risk-from-weather-shocks>.

⁹ International Telecommunication Union and United Nations Development Programme, *SDG Digital Acceleration Agenda*, September 15, 2023. Available at: <https://www.undp.org/publications/sdg-digital-acceleration-agenda>.

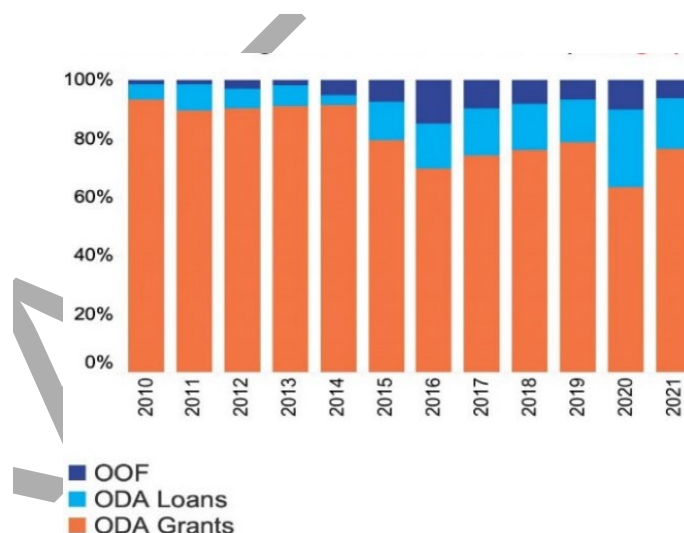
fiscal conditions in donor countries,¹⁰ official financial flows (OFF) which is typically a dependable source of external financing for developing countries, have declined or, at best, stagnated since the pandemic began. Moreover, official development assistance (ODA) to low-income countries dropped for the second year running from \$76.3 billion in 2021 to \$72.9 billion in 2022.¹¹ Over the past decade, the share of ODA as part of total OFF to SSA has also decreased from 91 percent in 2013 to 79 percent in 2022.¹² Aid that is being delivered is becoming less concessional. The share of grants in official development assistance to IDA countries in or at high risk of debt distress fell from 93 percent to 77 percent over the eleven years leading up to 2021 (Figure 1.3).¹³

Figure 1. 3. IDA Countries' External Financing Needs in IDA21



Source: IMF WEO

Figure 1. 2. Composition of OFF Commitments to IDA Countries at High Risk of Debt Distress (red light), 2010-2021



9. **IDA's ability to generate additional resources through its unique hybrid financial model brings significant value in the face of increasing global constraints.** As the only triple-A rated fund for the world's poorest countries, IDA offers exceptional financial efficiency. The hybrid financial model adopted in IDA18 expanded IDA's financing capacity, enabling every dollar of grant financing to mobilize three and a half dollars in IDA commitment authority in

¹⁰ United Nations Inter-Agency Task Force on Financing for Development, *Financing for Sustainable Development Report, 2021*. March 2021, New York, NY. Available at: <https://desapublications.un.org/publications/financing-sustainable-development-report-2021>.

¹¹ International Monetary Fund, *Macroeconomic Developments and Prospects in Low Income countries, 2024*, April 2, 2024, Washington, D.C. Available at: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2024/04/02/Macroeconomic-Developments-and-Prospects-For-Low-Income-Countries-2024-547064>.

¹² Organisation for Economic Cooperation and Development, *OECD Creditor Reporting System (CRS)*, Accessible at: https://www.oecd-ilibrary.org/development/data/creditor-reporting-system_dev-cred-data-en.

¹³ World Bank Group, *Financing the Future: IDA's Role in the Evolving Global Aid Architecture*, April 2024, Washington, D.C. Available at: <https://thedocs.worldbank.org/en/doc/4d9f3d42dedc0bb5eb452fbf887ec0c5-0410012024/original/IDA-Financing-the-Future-V1-04-15-24.pdf>.

IDA20.¹⁴ More than 70 percent of the IDA19 and IDA20 replenishments were funded from resources other than contributions, an increase from 65 percent in IDA18 and between 40 and 50 percent in the six previous replenishments before the introduction of the hybrid model.¹⁵

10. With considerable support from donors, over recent cycles IDA has simultaneously scaled-up lending and sustained a strong focus on quality. IDA's financing commitments increased by 69 percent during FY20-FY24 compared to FY15-19. IDA disbursements kept pace, increasing by 72 percent in the same period. Average annual commitments for IDA FCS countries have tripled. According to data reported in FY24, the Independent Evaluation Group's (IEG) ratings show satisfactory performance in 91 percent of IDA-financed operations, an increase compared to FY23 data, demonstrating sustained progress in achieving development objectives. IDA has also ramped up support for private sector investments, in partnership with International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). IDA's Private Sector Window (PSW) has played a pivotal role in lowering barriers to private investment and mitigating private sector risks in the world's poorest countries. For every dollar of PSW funding from IDA donors, five dollars have been invested in private sector projects.

11. IDA's success is defined by how effectively it enhances the lives and well-being of people in the world's poorest countries. As a steadfast partner, IDA plays a crucial role in helping client countries address pressing challenges and achieve tangible results. Since FY15 IDA has provided social safety nets to nearly 327 million people, safeguarding families during periods of economic uncertainty and hardship. Since FY12, IDA has provided essential health, nutrition, and population services to nearly 1.3 billion people, underscoring its commitment to ensure healthcare access, even for the most vulnerable. During the same period, IDA delivered access to improved sanitation services to nearly 72 million people and improved water sources for over 121 million people. These are life-changing outcomes that offer lasting benefits to people and communities.

12. As a first-rate development financing and knowledge platform, IDA21 offers an essential vehicle for acting with urgency and ambition to achieve the SDGs and address global challenges in IDA countries. With global financial support currently falling well short of identified demand, there is an urgent need both to increase the volume of development finance from domestic, international, public and private resources, and to ensure its efficiency. IDA is uniquely positioned to help the poorest countries, standing at the forefront of development partners in addressing new and challenging areas. With its strong global footprint with local presence and longstanding engagement in low-income countries, IDA brings significant comparative advantages in direct support of a variety of country settings. IDA also drives the flow of global knowledge at the country-level and facilitates the sharing of local insights on a global scale, including, as one example, through the WBG's role as the lead knowledge partner for the G20 Global Alliance Against Hunger and Poverty. IDA21 leverages IDA's proven financing capacity, ground presence, and knowledge resources to support IDA countries' development priorities, both sustaining and intensifying efforts to meet the escalating needs and building resilience against future crises.

¹⁴ This represents an increase from the IDA17 period, when the ratio was of 1 dollar of contributions to-2 dollars of commitment authority.

¹⁵ *Financing the Future: IDA's Role in the Evolving Global Aid Architecture.*

SECTION 2: ALIGNING IDA WITH THE WBG EVOLUTION

13. **The World Bank Group (WBG) Evolution offers a solid foundation for IDA21.** The Evolution encompasses (i) a new vision, *to create a world free of poverty on a livable planet*; (ii) innovative avenues to increase the institution's financing capacity; (iii) operational efficiency, simplification and enhanced country engagement model to facilitate more replicable and scalable approaches such as the Global Challenge Programs (GCPs); (iv) a new Knowledge Compact; (v) strengthened focus on partnerships at the national, regional, and global levels; (vi) enhanced WBG approach for private capital mobilization (PCM); and (vii) a revamped WBG Scorecard that enhances outcome orientation and reporting.

14. **IDA21's policy and financing architecture both contribute to, and benefit from, this foundation.** IDA21 supports the Evolution agenda. IDA21's over-arching theme reflects the renewed WBG vision of *ending poverty on a livable planet*. IDA21 focus areas and lenses align with the verticals that will help deliver this vision. IDA21 financing will support efforts to address the eight Global Challenges, deliver the six GCPs, and achieve ambitious WBG corporate outcome targets (see Box 2.1). IDA's longstanding practice of financial innovation will boost volumes and preserve the concessionality of the resources that are essential to these efforts. IDA21 also benefits from the Evolution agenda, through enhanced and strengthened partnerships, simplification measures that respond to client priorities, and an upgraded results architecture and revamped WBG Scorecard that will advance IDA's outcome orientation and reporting, making it easier to track IDA results at scale.¹⁶

Box 2. 1. Impact, Scale, Partnerships: Energy Access for 300 million people in Sub-Saharan Africa by 2030

The WBG and the African Development Bank (AfDB) Group *launched an ambitious initiative* in April 2024, to bring electricity to 300 million people across Africa by 2030. Through this bold partnership WBG aims to connect 250 million people to electricity through distributed renewable energy systems or the distribution grid, while the AfDB Group will support an additional 50 million. With 600 million Africans lacking electricity, this effort is crucial for overcoming barriers to health care, education, productivity, digital inclusivity, and job creation. The initiative highlights the commitment of both institutions to tackle one of Africa's most pressing challenges with increased ambition and impact. To achieve this goal, a transformative \$30 billion in public sector funding is required, with IDA playing a pivotal role. The partnership expects to unlock \$9 billion in private sector investment in renewable energy alone, with further opportunities in grid-connected renewable energy, marking a significant step toward a brighter, more connected future for Africa. Driving this transformative effort is the newly formed Joint Working Group, which includes influential partners like the Rockefeller Foundation, the Global Energy Alliance for People and Planet (GEAPP), and Sustainable Energy for All (SEforALL). At the Heads of State Energy Summit in Tanzania next year, African leaders, development partners, and private sector players will come together to endorse energy reforms and demonstrate their commitment. A robust IDA21 can support Mission 300 and these collaborative efforts, targeted toward IDA countries, and tackle development challenges by bringing together key players and harnessing the full power of strategic partnerships.

¹⁶ For further details on the Scorecard, see World Bank Group, *New World Bank Group Scorecard FY24-30 Driving Action, Measuring Results*, April 9, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099121223173511026/bosib1ab32eaff0051a2191da7db5542842/>

15. **Evolution initiatives will enhance and strengthen IDA21’s established record of partnerships to catalyze delivery.** IDA itself is an extraordinary global partnership - a growing global solidarity fund that crowds in partners to work together - and even sees former Borrowers returning as Donors. As its policy and financing framework have evolved over the years, IDA has increasingly leveraged partnerships that complement its country-based delivery model. Today, IDA cooperates with a wide array of partners to deliver for clients, including through the Regional, Private Sector, and Host Communities and Refugees windows, the Fragility, Conflict, and Violence (FCV) Envelope and the Sustainable Development Finance Policy (SDFP).¹⁷ IDA also maintains good cooperation with regional and global initiatives, such as the Global Development Initiative, Africa Union, Agenda 2063 and the United Nations 2030 Agenda for Sustainable Development. The Evolution’s intensified focus on partnerships will strengthen these efforts, aligned with the WBG Partnership Charter,¹⁸ which articulates the principles for partnering. Working closely with IFC and MIGA to mobilize private investment in IDA countries will be supported by the Evolution emphasis on working as One WBG. The recently launched Global Collaborative Co-financing Platform will improve coordination among multilateral development banks (MDB) and other co-financing partners, simplify processes for clients, and boost impact. Collectively, these efforts will play a crucial role by enabling IDA to work with other partners to counter trends of fragmentation and circumvention in global aid flows.¹⁹

16. **IDA is becoming simpler and faster, in line with the Evolution drive for efficiency and effectiveness.** IDA countries have powerfully articulated the challenges that IDA’s growing complexity poses as they work to deliver development outcomes with *urgency*. Both client capacity constraints and cumbersome operational processes and risk-aversion within the WBG can delay vital operations. This runs counter to the WBG’s commitment to improve delivery speed. IDA is responding by simplifying its policy and financing architecture to clarify objectives and accountability, and by streamlining its operational approaches, instruments, and tools to support speed and impact. Reducing the number of IDA21 policy commitments (PC) and aligning the policy package with broader institutional actions will enhance shared accountability and reduce significantly the number of required country-level actions from 1,011 in IDA20 to less than 500 in IDA21.²⁰ Simplifying IDA financing with composite financing terms in PBA and streamlining the IDA windows structure and eligibility requirements will ease access to IDA resources as discussed in Section 5.²¹ In parallel, IDA has introduced a number of operational simplifications at the IDA20 Mid-term Review (MTR), along with simplifications of the SDFP and a new incentive-based approach. (See box 2.2.) Together with broader policy, financing, and operational simplification efforts undertaken by the WBG as a whole, these efforts will equip IDA to help clients deliver country priorities and address global challenges with urgency.

¹⁷ World Bank, *IDA20 Mid-Term Review Partnerships: IDA Cooperates with a Broad and Diverse Range of Partners*, November 22, 2023, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099012624183525575/bosib16dc1d1c30421a68319494c775ddfa>.

¹⁸ World Bank Group, *One World Bank Group Partnership Charter*, Washington, D.C. Available at: <https://www.worldbank.org/en/about/partners/stakeholder-relations>.

¹⁹ *Financing the Future: IDA’s Role in the Global Aid Architecture*.

²⁰ This reflects the identified country-level actions.

²¹ World Bank, *IDA21 Updated Operational and Financing Framework*, October 2024, Washington, D.C.

Box 2. 2. *SimplifIDA* Streamlines IDA to Benefit Client Countries and Boost Accountability

SimplifIDA is a strategic initiative to streamline IDA's architecture and processes, ensuring it remains effective, relevant, and aligned with the Evolution reforms. This effort builds on insights gained from previous IDA cycles and feedback from client countries and donors and includes measures agreed at the IDA20 MTR and in subsequent IDA21 discussions (key measures below). *SimplifIDA* efforts will continue during IDA21 implementation.

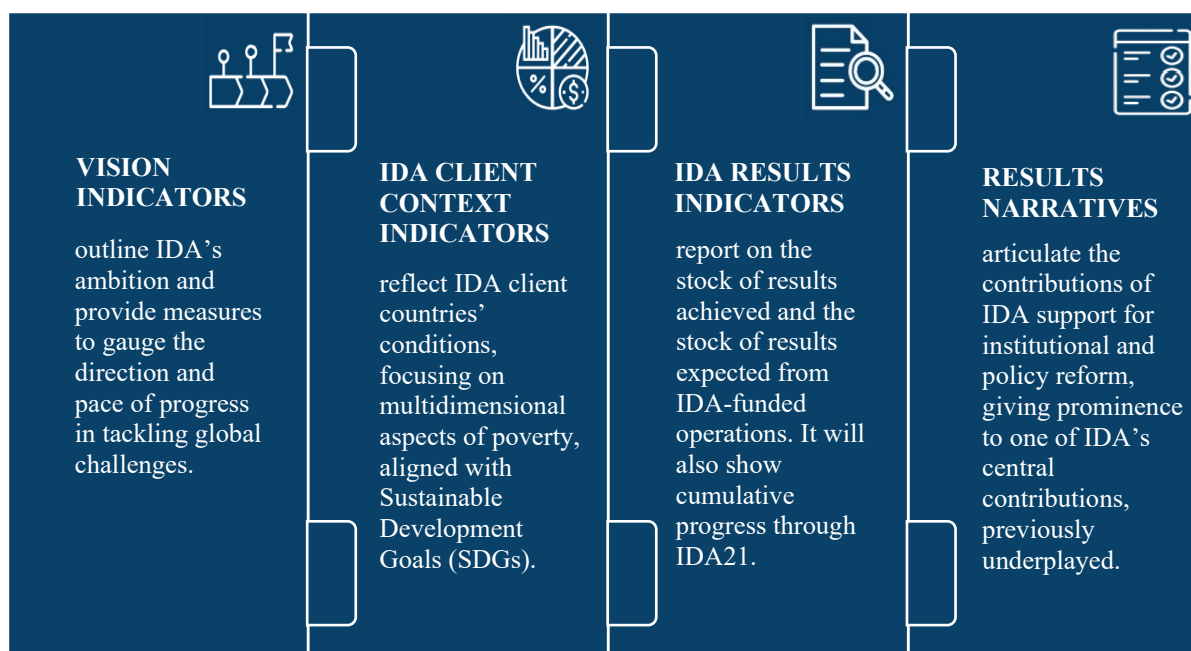
1. Consolidating and re-orienting IDA21 policy commitments toward more strategic institutional-level action while streamlining required country actions down to less than half of the number in IDA20.
2. Developing a single Scorecard that will track results across WBG institutions for the first time, while still offering a distinct view of IDA21 results.
3. Simplifying financing terms, with a single composite term in PBA.
4. Flexibility in FCV Envelope to reduce the need for waivers.
5. Maximizing IDA21 resources with a streamlined window structure that complements country resources while driving strategic priorities.
6. Introducing a consolidated GROW window, without the need for PBA contribution.
7. Simplifying rules for accessing SUW for Blend and IMF Debt Sustainability Framework for Market Access Countries (MAC DSA). Updating eligibility for Scale Up Window shorter maturity loans (SUW SMLs) to focus only on the country's debt distress risk.
8. Modifying Private Sector Window rules to reduce the reliance on waivers in certain types of financing arrangements; streamlining governance of the window by empowering IFC and MIGA and transferring greater accountability to them.
9. Permitting SMLs to be recommitted beyond IDA20.
10. Enhancing SDFP procedures and adjusting the policy to incorporate an incentive mechanism in support of a more constructive dialogue on critical reforms for IDA countries.

SECTION 3: MANAGING FOR OUTCOMES IN IDA COUNTRIES

17. **The new WBG Scorecard unifies the focus on outcomes across WBG institutions, while offering a distinct view of IDA21 results and forms a key element of the IDA21 policy architecture.** For the first time, a single Scorecard will track results for IDA, International Bank for Reconstruction and Development (IBRD), IFC, and MIGA. The WBG institutions have agreed on a select set of outcome-oriented indicators with harmonized definitions, driving joint action toward the WBG's new mission. At the same time, the results achieved through IDA will be highlighted separately through an IDA21 Scorecard. The Scorecard will facilitate collaboration and selectivity, while enabling the WBG to reshape its management approach, with a stronger emphasis on results. It will help rebalance the focus from lending volumes to tangible results, such as job creation, greenhouse gas (GHG) reduction, and private investment. The 22 WBG results indicators measure progress in addressing the most critical development challenges IDA countries face, from electricity access to debt sustainability, to gender equality. These indicators raise

measurement standards, moving from measuring inputs and outputs to outcomes that improve people’s well-being. The Scorecard will help track IDA21’s achievements and contributions to ambitious corporate outcome targets.

Figure 3. 1. Four Building Blocks of the IDA21 Scorecard



Note: A full list of indicators, including Vision, Client Context Indicators, and Results, is available in Annex 1 (IDA21 Policy Package – IDA Scorecard One-Pager).

18. **The IDA21 Scorecard consists of four building blocks that together provide a holistic view of IDA’s progress.** *Vision indicators* outline the WBG’s ambition and provide measures to gauge the direction and pace of progress in tackling global challenges. *Client context indicators* measure important aspects of the development context in which IDA operates. These were selected with the recognition that poverty encompasses multiple dimensions. At the center of the Scorecard, 22 *results indicators* measure outcomes attributable to IDA financed operations. And finally, *results narratives* use both qualitative and quantitative data to trace how WBG support for institutions, policies, and market transformation contribute to better development outcomes. They provide real-world examples and lessons that highlight how IDA-supported technical assistance, knowledge, and convening [<https://scorecard.worldbank.org/en/home>] help clients overcome challenges and deliver results.

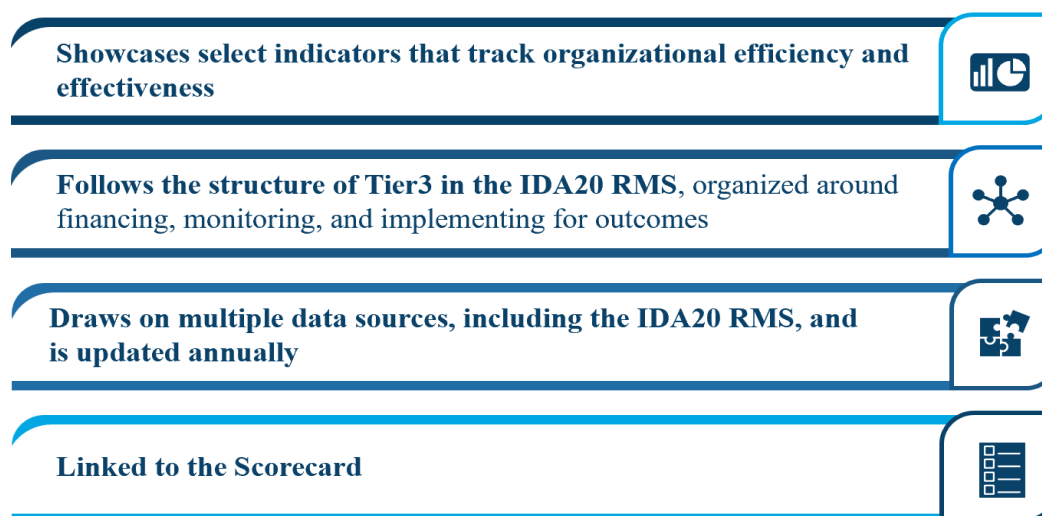
19. **Designed as a managerial tool, the Scorecard will offer data insights to guide strategic decisions in IDA21.** With unprecedented levels of data disaggregation - by sex, youth, FCS, disability inclusion, country income categories, regions, Small States, Small Island Developing States (SIDS), least developed countries (LDC), institution, and joint efforts – it reveals who benefits from IDA results, where these benefits are realized, and how they are achieved. Comparing disaggregated data for client context and WBG results indicators can prompt critical questions and inform Management decisions and dialogue with clients about whether the scale of IDA’s results matches the magnitude of the challenge and targets the areas of greatest need. The answers to these questions highlight replicable successes and identify areas for improvement, helping transform IDA into a stronger learning institution.

Box 3. 1. Learning from Results Measurement System Improvements

The IDA21 Scorecard builds on lessons from previous IDA cycles and incorporates valuable feedback from IDA stakeholders and partners. For the past two decades, IDA has been at the forefront of shaping the results agenda with a focus on delivering impact for people in client countries. As the first multilateral development institution to establish a framework with quantitative indicators to measure aggregate results in 2002, IDA has played a pivotal role in defining how institutions worldwide track and report on their contributions to outcomes. Over successive replenishment cycles, IDA has gradually improved its Results Measurement System (RMS) by increasing its outcome orientation and enhancing its indicator methodologies and reporting. The IDA21 Scorecard builds on these trends, providing greater selectivity, an even sharper focus on outcomes, more robust methodologies, additional data disaggregation, and greater reporting transparency, enabling the emphasis on scale and impact requested by IDA partners. By building on successes of previous cycles, the IDA21 Scorecard encapsulates a balance of continuity and innovation.

20. **Embracing enhanced transparency, the Scorecard will serve as a yardstick of accountability for IDA Partners.** The Scorecard is setting a new standard for results measurement across MDBs. Methodologies for all indicators will be published, along with backend data whenever feasible, to ensure reproducibility. The methodologies articulate transparent inclusion criteria, calculation methods, and limitations, enabling stakeholders to reproduce indicator data. Through this heightened level of transparency, the WBG invites stakeholders to hold it accountable for the reported results and to drive continuous improvements over time. In addition, the Organizational Effectiveness and Efficiency (OEE) dashboard will continue to give visibility to IDA’s operational performance. The Scorecard will link to the dashboard, which consists of select indicators that track how IDA finances, monitors, and implements for outcomes; for example, how fast IDA delivers to clients, how IDA incorporates citizen engagement, and how it partners strategically to co-finance projects and achieve greater scale. Annex 1 provides an overview of the Scorecard and the OEE dashboard, along with other elements of the IDA21 policy architecture, including policy commitments discussed in the next chapter.

Figure 3. 2. At a Glance: Organizational Efficiency and Effectiveness Dashboard



SECTION 4: IDA21 POLICY FRAMEWORK

21. **In line with the WBG Evolution, the IDA21 policy framework is designed to deliver results with speed and at scale, offering greater flexibility to respond to client needs and navigate increasingly complex development challenges and opportunities.** Building upon experiences and progress achieved in past IDA cycles,²² IDA21 will continue to provide a strong policy framework for delivering impact.²³ IDA21 maintains continuity in key thematic priorities while adapting to the evolving external and internal landscapes to fight poverty and inequality on a livable planet. It addresses global and regional challenges that threaten countries' development trajectories.

22. **Three over-arching objectives have guided the development of IDA21's policy architecture.** First, greater focus on development outcomes via the Scorecard. Second, greater selectivity in PCs to avoid predetermining country programs for the clients. Country-level actions required by IDA policy commitments have grown over recent IDA cycles – exceeding 1,000 in IDA20. IDA21 has cut this number by more than half. Third, strategic alignment with broader institutional actions to capture the full spectrum of what IDA delivers.

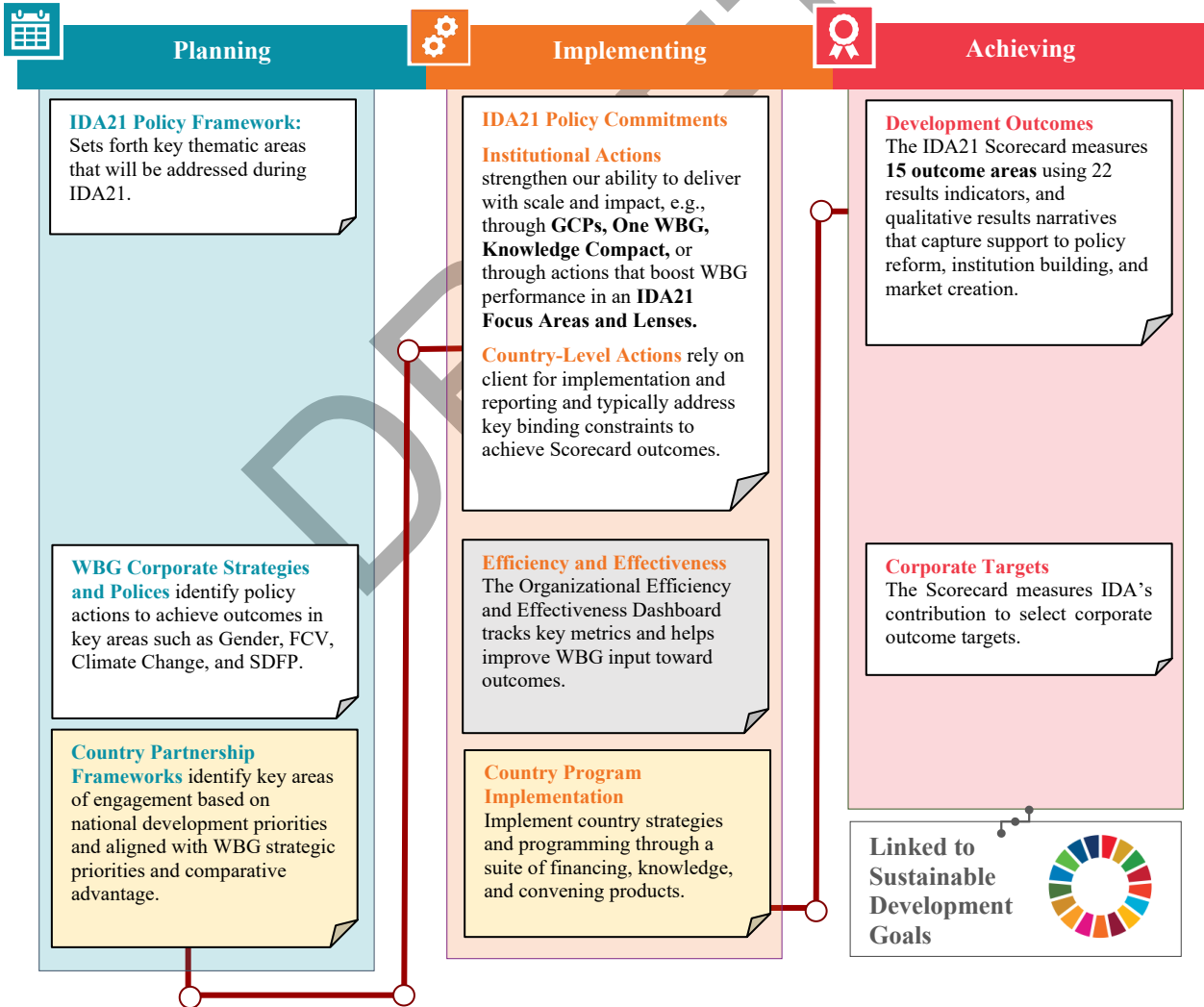
23. **The IDA21 policy architecture embodies a comprehensive approach featuring three key elements – which represent a step change towards a more strategic, institutionalized and outcome-oriented package.** The package ensures a strong alignment between *planning,*


²² World Bank, *IDA20 Mid-term Review: Implementation Update and Issues for Discussion* (“Omnibus Paper”), November 28, 2023, Washington, D.C.. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099012624183055952/bosib1dd6aceb20e61ba8d19253d964eb38>.

²³ World Bank, *IDA21 Replenishment: Proposed Strategic Directions*, May 17, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099051724171538554/bosib19313f22e0391841d1e0f6ea594ec9>.

implementation, and achievements. To **plan** for impact, the five Focus Areas and four Lenses set forth the thematic areas IDA21 will address. These respond to the most critical challenges countries are facing and will drive selectivity and focus. Key corporate strategies and policies and the WBG’s country driven model also shape how IDA works. To ensure IDA21 **implementation** is guided by a focus on impact, a select set of PCs – including both institutional actions and country-level actions has been agreed. Finally, for **achieving** impact, the new Scorecard will serve as yardstick to measure progress toward outcomes. It will also help track IDA21’s contributions to several ambitious corporate outcome targets that the WBG has adopted – for example providing health, nutrition and population (HNP) services to 1.5 billion people by 2030. For the first time, across all elements where possible, IFC and MIGA are contributing to the IDA21 policy package. Visualizations included in Annex 1 illustrate the full ambition of the IDA21 policy package for all nine policy areas and Annex 18 summarizes the comprehensive reporting planned for the whole of IDA21, including the policy architecture.

Figure 4. 1. Strengthening the IDA21 Policy Architecture Guides IDA Support towards Ambitious Results and Impact



 Elements represented in detail for each of the Focus Areas and Lenses in the Policy Package Visualizations in Annex 2.

24. **IDA21 PCs enhance ambition with a bold set of institutional actions and country-level actions.** IDA targets its support to those who need it most and in the hardest to reach places. IDA21 PCs define two levels of actions – institutional actions and country level actions. *Institutional actions* typically apply to most or all relevant²⁴ IDA countries. Each IDA21 Lens includes at least one institutional PC, reinforcing their cross-cutting nature by informing and influencing all IDA21 policy areas. These actions aim to boost institutional performance, and while they may involve underlying country actions, progress will be reported in a generalized and aggregate manner to capture overall trends. *Country level actions*, on the other hand, typically apply to a subset of IDA countries. These actions complement the Scorecard results in relevant policy areas and often address key binding constraints to achieving the desired outcomes. Implementation efforts are focused at the country level, and reporting will offer more granular, country-level information. The new approach is exemplified in the energy sector, where the ambitious electricity access target for Africa is aligned with the relevant Scorecard indicator. The country-level PC tackles a key constraint in reaching that target - utility reforms – while institutional PCs on GCPs and cross-border externalities (i.e., regional power pools) will help scale-up impact and identify optimal national and regional solutions, alongside complementary efforts to promote renewable energy for the transition.

25. **Seven evolution-related institutional actions cover important aspects of how IDA delivers for clients.** These include improving crisis preparedness, stepping-up the knowledge agenda, delivering on One WBG efforts for private sector investments, and improving client capacity. The GCPs²⁵ will strengthen IDA’s ability to quickly scale and replicate successful approaches, and the Knowledge Compact will turn ideas into impact by systematically providing the latest development knowledge to tackle complex challenges more effectively. The visualizations in Annex 2 take a selective approach to reflecting the most relevant Evolution-related PCs for each area. The reporting of implementation progress regarding these PCs will, however, cover all areas of IDA21.

²⁴ For institutional actions, ‘relevant’ refers to IDA countries that are engaging with the subject matter. For example, “all relevant” IDA countries for the institutional PC related to FCV in country engagement products refers to FCS countries that develop a CPF/CEN cycle during IDA21 cycle.

²⁵ The six GCPs are: (i) Forests for Development, Climate, and Biodiversity: to build sustainable forest economy in critical forest biomes; (ii) Energy Transition for Efficiency and Access: to increase access to affordable, reliable, sustainable and modern energy, by scaling up clean-energy and phasing down fossil fuel use; (iii) Accelerating Digitalization: to accelerate digitalization at scale to enable innovation and adoption of technology; (iv) Food and Nutrition Security: to help break the cycle of food and nutrition insecurity by 2030; (v) Enhanced Health Emergency Prevention, Preparedness and Response: to enhance capacity to prevent and prepare for health emergencies by strengthening health systems at country, regional and global levels; (vi) Fast-track Water Security and Climate Adaptation: to strengthen water security through systems change and scaling-up more sustainable water management and disaster risk reduction solutions.

IDA21 Evolution-Related Institutional Policy Commitments

- 1. **Scaling-up Impact.** Implement six Global Challenges Programs²³ to respond to key global challenges through a focus on providing integrated public - private sector solutions that are replicable across countries and can be delivered at scale.*
 - 2. **Outcome Orientation.** Implement the new IDA21 Scorecard, with enhanced measurement standards and greater data disaggregation to report results at scale and provide data insights to inform strategic discussions.*
 - 3. **Crisis Preparedness.** Increased take up, including in FCS, of Crisis Preparedness and Response Toolkit in IDA countries including tools that provide (i) fast access to cash for emergency response; (ii) improved preparedness and scaled up access to pre-arranged financing for emergency response and (iii) expanded catastrophe insurance.*
 - 4. **One WBG.** Enable and mobilize private capital through One WBG, including the use of World Bank Group guarantees in IDA countries under the WBG Guarantee Platform scaling both volume and delivery efficiency.*
 - 5. **Strengthening Client Implementation Capacity.** Scale up IDA support to client implementation capacity, including in low-capacity environments, through strengthening of Environment and Social, financial management, and procurement systems as well as project implementation units and agencies, in line with client needs.*
 - 6. **Knowledge Compact.** Scale up implementation of revamped core diagnostics: Country Climate and Development Report (CCDR), Poverty and Equity Assessment (PEA), Country Growth and Jobs Report (CEM 3.0), Public Finance Review (PFR), Country Private Sector Diagnostic (CPSD 2.0). Roll out WBG Academies for IDA clients.*
 - 7. **Cross-Border Externalities.** Scale-up IDA support for addressing cross-border externalities through Global & Regional Opportunities Window (GROW).*
-

26. **IDA21 will have robust mechanisms for reporting progress on implementation of the policy package.** First, IDA21 will continue the practice of reporting on implementation progress at the MTR and Retrospective stages. These reports will be more comprehensive and will cover progress on all institutional and country-level PCs, the Scorecard and OEE Dashboard, and other elements of the Policy Bento Boxes. Second, the Scorecard will report progress toward development outcomes through quantitative results indicators with unprecedented data disaggregation and results narratives. This will provide more granularity and transparency, allowing a clearer picture on where IDA is delivering outcomes and for whom. The Scorecard and the accompanying OEE dashboard will be updated each year at the Annual Meetings. Third, an updated, user-friendly IDA results website will serve as a one-stop-shop for holistic reporting on all the complementary elements of the IDA21 policy architecture and for communicating IDA's results.

27. **The IDA21 policy package has been informed by a series of consultations with stakeholders.**²⁶ This section presents a shortened version of the thematic discussions that have already taken place and should be read together with accompanying policy papers on Focus Areas and Lenses,²⁷ discussed at the Third Replenishment Meeting at Kathmandu.

A. IDA21 OVERARCHING THEME

28. **Under the Overarching Theme “Ending Poverty on A Livable Planet: Delivering Impact with Urgency and Ambition”, IDA21 will support clients in rapidly scaling impact in addressing poverty and inequality with an enhanced focus on climate adaptation.** The challenging context in IDA countries demands a decisive and ambitious response in IDA21 to achieve development outcomes and the SDGs. To boost growth and reduce the number of people living in extreme poverty, IDA21 will invest in strengthening human capital and institutions, improving infrastructure and services, removing barriers to private sector development, and creating more and better jobs, while enhancing protection for the poorest and building peaceful and inclusive societies. Concurrently, IDA21 will work towards a livable planet by helping IDA countries invest in climate adaptation and mitigation, biodiversity and nature, crisis preparedness and access to life essentials, such as food security and water. It will prioritize strengthening resilience among the poorest and most vulnerable, enabling them to prepare for, adapt to, and respond to shocks. IDA21 will also emphasize effective macroeconomic and fiscal management, underpinned by fiscal and debt policy reforms aimed at expanding the fiscal space for development spending.

²⁶ IDA20 Mid-Term Review (Dec 6-8, 2023, Zanzibar); IDA21 First Replenishment Meeting (March 18-19, 2024, virtual); IDA21 Second Replenishment Meeting (April 21, 2024, Washington DC); IDA21 Third Replenishment Meeting (June 18-21, 2024, Kathmandu); IDA for Africa Heads of State Summit (April 29, 2024, Nairobi); global and regional IDA Forums with CSO stakeholders; bilateral meetings; technical briefings, and non-papers received during the IDA21 Replenishment.

²⁷ World Bank, *IDA21 Policy Package: An Overview*, May 31, 2024, Washington D.C. Available at: <https://documents.worldbank.org/pt/publication/documents-reports/documentdetail/099060424184037529/bosib16f4d92880cc1a2721833516d412ea#:~:text=The%2021st%20replenishment%20of%20the,of%20the%20COVID%2D19%20pandemic>; World Bank, *IDA21 Policy Package: The ‘Focus Areas’ Paper*, May 31, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099060424223583110/bosib108d2e9ef0e61b6761912fc83146ac>. World Bank, *IDA21 Policy Package: The ‘Lenses’ Paper*, May 31, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099060424184018852/bosib1d8371c0a04c18e9013472f5fb9032>.

Figure 4. 2. IDA21 Overarching Theme, Focus Areas, and Lenses



29. Under the overarching theme, the IDA21 Policy Package defines engagement priorities around five Focus Areas and four Lenses (figure 4.2). The Focus Areas center around sectors where IDA has a comparative advantage, leveraging its financing and knowledge to drive progress. Lenses are key priorities that also have cross-cutting relevance to, and the potential to enhance outcomes in, these five Focus Areas. The Focus Areas (*People, Prosperity, Planet, Infrastructure, and Digital Transformation*) are closely linked with the four Lenses (*Gender, Jobs, Private Investments, and FCV*). Both Focus Areas and Lenses are equally important to drive impact. The policy architecture aligns IDA with the WBG organizational structure, institutional strategies, and the new outcome-oriented Scorecard, improving operational effectiveness, strengthening WBG synergies, and helping keep a clear line of sight to development impact.

30. The Focus Areas and Lenses are very much interlinked, and IDA21 will exploit these synergies to maximize development outcomes. For instance, under the *People* Focus Area, attention to maternal and child health- and adolescents – including sexual and reproductive health - and ensuring access for women to labor markets, support application of the *Jobs* and *Gender* Lenses. The *Planet* Focus Area supports resilient and sustainable *infrastructure* such as hydropower and road networks through nature-based solutions to support resilience and sustainability, along with climate smart agriculture and sustainable forest management. *Prosperity* is a key enabler of progress under the *Digital Transformation* Focus Area by promoting investment in digitalization of tax and customs administrations and enabling taxpayers to use digital services. FCV-sensitivity in the '*Planet*' focus area as well as the corresponding GCPs will be key to achieving results in FCV-affected situations, many of which are the most vulnerable to food insecurity and face big financing gaps for climate adaptation. Similarly, in *FCV* countries, *Infrastructure* investments are crucial for security, the functioning of the state, and adequate provision of state services including for health facilities and roads.

31. **The following section provides an overview of the Focus Areas and Lenses.** Further details on each are covered under the policy papers presented in Kathmandu in June 2024.

B. IDA21 FOCUS AREAS

32. **The priorities in the Focus Areas of *People, Prosperity, Planet, Infrastructure, and Digital Transformation* will help IDA countries deliver on their most pressing challenges.**²⁸

These five Focus Areas that build on priorities of previous IDA cycles, have been identified in consultation with IDA Deputies and Borrower representatives (collectively, “Participants”) and are informed by feedback from civil society stakeholders. Both institutional and country-level efforts (including through strategic planning, policy dialogue, and operations) will contribute to progress in each of these Focus Areas. *‘People’* will support countries to build and better deploy human capital for productivity and growth, build resilience to shocks (including pandemics) by preventing disruption in basic services and ensure equitable access for all. *‘Planet’* will support countries to pursue transformative policy reforms and scalable operations for a green and blue planet, inclusive water and sanitation services and sustainable food systems. *‘Prosperity’* will support critical economic policies, including in support of debt sustainability and enhanced domestic resource mobilization, finance, and private sector development, as well as strengthening institutions and enhancing availability of foundational poverty data. *‘Infrastructure’* will support countries in scaling-up energy access and transport, including urban and municipal services to address the burgeoning urban populations. *‘Digital Transformation’* will prioritize improved broadband connectivity and creation of digital platforms to enable IDA countries to leapfrog on economic transformation. An overview of each Focus Area, including proposed policy commitments, follows. Additional background on each topic is provided in the ‘Focus Areas’ paper discussed at the third replenishment meeting.²⁹

i. PEOPLE

33. **IDA21 priorities under the *‘People’* Focus Area will help build equity, resilience, and opportunity towards a “people-centered” approach in IDA countries.** Investments in human development are intrinsically important for individual wellbeing, and instrumental to productivity and social and economic development. The ‘People’ focus area targets three important elements: *first*, a focus on equity, supporting quality, affordable health (including universal health coverage, nutrition, and pandemic preparedness), education, and social protection services for all, with particular attention to equitable access for the most vulnerable. This includes the poorest in society, persons with disabilities, refugees, ethnic, sexual and gender minorities, the elderly, and other marginalized groups; *second*, a focus on resilience ensuring that people and social service systems can withstand shocks, including climate, conflict, food insecurity, and other service disruptions; and *third*, a focus on opportunity, ensuring people have the human capital needed to find jobs or start enterprises and to build a brighter future. Private investment remains a key enabler with an important role of private providers of health, education, private sector in social insurance, and the production of medical goods.

²⁸ IDA21 Policy Package: An Overview - End Poverty on a Livable Planet - Delivering Impact with Urgency and Ambition.

²⁹ IDA21 Policy Package: The Focus Areas Paper.

34. **Two ‘People’ PCs focus on the importance of building and retaining human capital. One focuses on key stages of the lifecycle where human capital development is most critical, namely early childhood and adolescence, the other focuses on continuity of services in times of crisis. While the Scorecard measures all people receiving health, education, and social protection services, IDA21 targets early years and adolescence as critical points in the lifecycle.** Adding to IDA20’s focus on early childhood and maternal and child health, which is targeted to reach 30 countries by the end of IDA20 (end FY25), the IDA21 PC will also cover services for adolescents, including sexual and reproductive health, out-of-school children, and youth at risk. A country-level action commits to *support 40 countries to provide services to young people with a focus on early childhood and adolescent services*. Consistent with the lessons learned during COVID-19 and other recent disasters, IDA21 will focus on ensuring that essential social services can continue even during crises. Crisis-ready social service delivery systems are designed to be flexible and robust, ensuring continuity of service provision even in the face of challenges, thereby protecting the well-being of the population, especially the most vulnerable groups. This can include work on health emergency prevention, preparedness and response to help break the cycle of “panic and neglect” that has repeatedly harmed countries and their populations, learning continuity so children can learn even when schools are closed, adaptive social protection to scale up (and down again) when needs are greatest, or actions to ensure that services remain open and accessible during natural disasters. This work builds on progress under an IDA20 PC on pandemic prevention, preparedness and response which supported 23 countries as of end FY24 (surpassing the IDA20 target of 20 countries) and adaptive social protection in 27 countries as of end FY24 (surpassing the IDA20 target of 20 countries), while the focus on learning continuity is new. An institutional action on continuity of services commits that *IDA21 operations will strengthen crisis-readiness in health / education / social protection systems to limit disruptions in service delivery during pandemics, climate, food and nutrition insecurity, and other shocks*.

35. **These policy commitments support the Bank’s corporate targets.** IDA21 will expand health-care coverage to provide more services and reach more people by targeting under-served communities. This will contribute to the WBG-wide goal of reaching 1.5 billion people with quality affordable health services by 2030.³⁰ This is inclusive of sexual and reproductive health services for those who need them. IDA21 will also support higher coverage of social protection contributing to the goal of reaching 500 million people by 2030 together with partners³¹ IDA20 achieved PCs across several sectors that will remain crucial through IDA21. This includes making core services more accessible to people with disabilities, in line with commitments made at the Global Disability Summit in 2018.

³⁰ World Bank Group, *Press Release: World Bank Group Aims to Expand Health Services to 1.5 Billion People*, April 24, 2024, Washington, D.C. Available at: <https://www.worldbank.org/en/news/press-release/2024/04/18/expanding-health-services-to-1-5-billion-people>.

³¹ World Bank Group, *Press Release: World Bank Ramps up Fight against Global Hunger*, July 24, 2024, Washington, D.C. Available at: <https://www.worldbank.org/en/news/press-release/2024/07/24/world-bank-group-ramps-up-fight-against-global-hunger>.

ii. PLANET

36. **IDA21 will scale up efforts to address climate change, strengthen resilience, increase support to adaptation and disaster risk reduction and protect biodiversity and ecosystem services.**³² For the 'Planet' Focus Area, IDA21 will support countries to pursue transformative policy reforms and operations in: (i) green and blue planet including on nature finance; (ii) inclusive and equitable water and sanitation services (includes cross-border aspects of water programs); and (iii) sustainable food systems, to address poverty-nutrition-food security nexus while building climate resilience and mitigating GHG emissions from the agrifood sector.

37. **Four Planet policy commitments will support countries to prepare for and deal with recurring shocks.** Three Planet PCs are envisioned as country-level actions. They will *(i) Support 45 countries to design and implement agriculture sector reforms including agriculture production and technology transfer, and investment programs aimed at increasing food and nutrition security and sustainability of food systems; (ii) Support at least 50 countries on adaptation and resilience policies and/or climate preparedness interventions. This support will be reflected in relevant new Country Partnership Frameworks and informed by Country Climate and Development Reports (CCDRs) in alignment with adaptation components of Nationally Determined Contributions (NDCs); (iii) Support 30 countries to improve their capacity to design and implement, equitable inclusive, financially sustainable, and resilient water sector reforms and investment program;* One Planet PC is envisioned as an Institutional Action: *(iv) [IDA's Climate-Co Benefits share of total commitments and proportion for adaptation will evolve in line with the MDB estimates of climate finance for 2030 that will be disclosed at COP29].* Evolution-related institutional PCs will reinforce these efforts by supporting key GCPs on climate, biodiversity, forests, water, and food security, among others.

38. **IDA21 will mark an important shift to mainstreaming climate and nature action and contributing to living in harmony between humans and nature.** Building on progress made in IDA20, IDA21 will further 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 (LTS). IDA countries will continue receiving support to implement NDCs and update commitments with increased climate ambition reflecting common but differentiated responsibilities and respective capabilities in light of their different national circumstances. This will be delivered through the One WBG approach and deepened collaboration with other international finance institutions (IFI), Civil Society Organizations (CSO), United Nations (UN) agencies, the private sector, and development partners. In IDA21, the WBG will advance the WBG Nature Finance Tracking Methodology³³ to count WBG investments in nature in support of the Kunming-Montreal Global Biodiversity Framework (KMBGF). The WBG will also continue to share lessons from its piloting of the methodology.

³² 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.

³³ World Bank, *International Development Association's Twentieth Replenishment Mid-Term Review: Note on Nature Finance Tracking Methodology*, February 8, 2024, Washington, D.C. Available at: <http://documents.worldbank.org/curated/en/099020524182036310/BOSIB1722f330c0fd18f8818b41d9bbe465>

The WBG will continue to collaborate with other Multilateral Development Banks (MDBs) to complete development of the taxonomy of qualifying activities and to exchange lessons learnt from piloting nature finance tracking and will update on the progress of this work at the IDA21 MTR. The methodology is expected to capture the broad range of transformative actions currently financed by the WBG, including efforts to mainstream nature across multiple sectors. IDA21 will therefore support mainstreaming nature across the WBG to accelerate implementation of the KMGBF and to address related global challenges such as food and nutrition security, water security, and climate adaptation and mitigation.

iii. PROSPERITY

39. **The Prosperity Focus Area supports the WBG mission and vision by enhancing the performance of IDA countries across the key dimensions of economic policies, finance and private sector development, institutions, and poverty.** Working closely with global partners, such as the IMF, the Organisation for Economic Co-operation and Development (OECD), the World Trade Organization (WTO) and global and local think tanks, IDA under Prosperity will support (i) efficient, effective and equitable domestic resource mobilization through improvements in tax policy, tax administration and prudent fiscal management, (ii) public debt sustainability, including through improved debt restructuring processes for countries with unsustainable debt burden, and sound debt management; and (iii) evidence-based policy making and (iv) institutional strengthening. It also supports the jobs agenda as well as private investment by addressing illicit financial flows, promoting financial inclusion, supporting financial market high-quality development and fostering inclusive trade. Prosperity prioritizes results-oriented support for the most vulnerable countries with a strong commitment to economic, financial, social and environmental resilience and sustainability. It will seek to ensure a tighter link between analytics and financing through the use of enhanced core diagnostics like the Growth and Jobs Report, Public Finance Reviews, Poverty Assessments, and Country Private Sector Diagnostic to inform public policies, technical assistance and operations.

40. **Four Prosperity policy commitments focus on domestic resource mobilization (DRM), evidence-based policy making, debt sustainability, and institutional strengthening.** The country-level action on DRM will *support effective, efficient, equitable domestic resource mobilization (improving fairness and progressivity, and utilizing the additional fiscal space for pro-poor spending) and prudent fiscal management in countries with tax-to-GDP ratio below 15 percent (41 countries as of June 2024) through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.*³⁴ DRM activities can also benefit the development of small and medium-sized enterprises by simplifying tax compliance for micro and small firms, equalizing tax burden thanks to the implementation of the Global Minimum Tax and supporting reform of tax incentives (which tend to disproportionately benefit large corporations). The second country-level action will *assist 30 countries with foundational poverty data older than five years by financing the collection and dissemination of household surveys.* This will help deepen efforts to close foundational data gaps in IDA countries and will strengthen government capacity to track the distributional impact of social spending and growth. The third country-level action will *support debt sustainability and debt transparency in all IDA countries*

³⁴ Support provided to DRM would also leverage enhanced partnerships, including with the IMF, the OECD, and others.

at moderate or higher risk of debt distress (59 countries as of August 2024) through technical assistance, knowledge, and/or financing engagements. As an institutional action, IDA will support the strengthening of governments' institutional capacities and anti-corruption efforts in core government functions, including public financial management, public procurement, public administration, and/or institutional dimensions of social and environmental aspects, among others, through technical assistance, knowledge, and/or financing engagements. This will help contribute to a conducive enabling environment for downstream service delivery and support value for money in public expenditures.

41. **IDA21 will significantly increase the number of countries that have recent and reliable data on the Scorecard vision and country context indicators.** 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 collecting and disseminating household surveys in particular, efforts will focus on continued support to regional and country statistical operations and investments in data collection in FCS contexts where data gaps are significant and statistical capacity projects have a low likelihood of success.

iv. INFRASTRUCTURE

42. **IDA21 brings a strong focus on enhancing the scale and impact of inclusive, quality, and resilient infrastructure, particularly on energy access in Sub-Saharan Africa.** The Infrastructure Focus Area scales up access to affordable, reliable, and sustainable electricity, supports the energy transition, provides improved urban and transport infrastructure and services, increases private participation in infrastructure, and strengthens capacity for disaster risk management. Regional integration and cross-border infrastructure connectivity will continue to be important priorities, in line with global and regional initiatives such as the G20 Global Infrastructure Connectivity Alliance. There will be emphasis on quality infrastructure in line with the G20 Quality Infrastructure Investments principles, the relationship between infrastructure and the Just Economic Transition, the link between regional integration and jobs, resilient and inclusive supply chain enhancement, and the need for disaster risk reduction to apply to both natural disasters and climate-induced disasters. IDA21 will work in partnership with key donors and stakeholders to further this agenda. IDA21 will step up efforts for achieving universal energy access, including the clean cooking agenda, while accelerating the energy transition. It will also deepen support for renewable energy integration with a focus on transmission and distribution network infrastructure, battery storage development, and creating enabling policy, regulatory, and institutional conditions for facilitating private investments in renewable energy. Programmatic approaches will support IDA countries to overcome barriers to scale, and systematically and increasingly attract private capital. IDA20 policy commitments that enabled 15GW of renewable energy and expanded energy access will continue during IDA21 and will be monitored via the Scorecard. IDA21 will be central in delivering on the recently announced WBG commitment to connect 300 million people in SSA to affordable energy by 2030, jointly with the AfDB.³⁵

³⁵ World Bank Group, *Press Release: New Partnership Aims to Connect 300 Million to Electricity by 2030*, April 17, 2024, Washington, D.C. Available at: <https://www.worldbank.org/en/news/press-release/2024/04/17/new-partnership-aims-to-connect-300-million-to-electricity-by-2030>

43. **IDA21 will scale up urban mobility and urban infrastructure services to help make cities livable and more resilient to shocks.** IDA will support improvements in urban mobility and sustainable urban transport by expanding investments in mass transit systems, non-motorized transport, improved streets to 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. IDA will also support improvements in: (i) solid waste management; (ii) flood risk reduction; (iii) affordable, green, and resilient public buildings; and (iv) green infrastructure. This will be complemented by strengthening institutions and regulatory systems that provide for sustainable service delivery. In collaboration with IFC and MIGA, public-private partnerships (PPP) will be tapped to expand urban services and affordable housing supply. Enhancing urban mobility and infrastructure can benefit the rural poor by improving their access to urban job markets, healthcare, and education, as well as facilitating the efficient transport of goods and resources between urban and rural areas, which can lead to better economic opportunities and services in rural communities.

44. **Two Infrastructure policy commitments will help reinforce efforts on electricity utilities reforms and municipal engagements.** The country-level action on electricity access will *support 30 countries to improve the financial and operational performance of electricity utilities*. Supporting utilities is important for them to undertake essential functions – off-takers for renewable energy, expanding networks, raising capital for investments, and keeping power affordable and reliable. The second country-level action on urban services will *support 18 countries with municipal engagements – through financing, knowledge, and technical assistance – for sustainable and resilient urban and transport infrastructure and services*. Building the capacity of subnational governments in urban planning, municipal finance, service delivery, and disaster and emergency responses will remain an important part of IDA’s infrastructure engagement. This PC would benefit both rural and urban constituents in terms of access to jobs and markets.

v. DIGITAL TRANSFORMATION

45. **IDA21 will address both the supply and demand-side barriers to achieving universal internet access, especially in rural areas, among women, and for disadvantaged communities and populations, including those affected by FCV.** The effort includes transparent and predictable policy and regulatory reforms to (i) to promote competition, interconnection and open access; (ii) support catalytic public and private investments; and (iii) increase access and affordability focusing on safe and productive use of Internet by women and disadvantaged communities. In addition to policy and regulatory reforms, IDA21 will also support 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. 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.

46. **IDA21 will also support the development of interoperable and safe data platforms in IDA countries while enhancing cybersecurity and data protection.** Key horizontal layers,

including digital public infrastructure (DPI), open data platforms, and robust laws and regulations that both enable and safeguard digitalization, are essential for digitalization of services across the public and private sectors. DPI, for example, provides shared and re-usable building blocks, such as verifiable digital ID, payment, and data sharing systems, to achieve economies of scale. Similarly, investments in capabilities for data protection and cybersecurity are essential to build trust, transparency and accountability 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 a whole-of-government 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.

47. **One policy commitment for Digital Transformation reflects the urgency of the global challenge and seeks to respond with scale and impact.** The country-level action will *support 50 countries to increase access to inclusive, affordable, safe, and sustainable broadband connectivity and/or digital platforms to enable digital services at scale, including through approaches leveraging private sector investment.* This policy commitment has a sharp focus on building critical foundations and enablers for digital transformation, as a pathway to digital adoption through digital services in IDA countries. They also build on approaches that have proven effective, scalable and sustainable in previous IDA cycles. They will cover topics such as mitigating digital risks, establishing local digital ecosystems (including digital entrepreneurship, locally led innovation and skills development) and building external partnerships for knowledge sharing and co-investment. They will also consider channels for technology transfer and adoption.

C. LENSES

48. **The five Focus Areas will be reinforced by support under four Lenses: Gender Equality, Jobs, Private Investment, and FCV.**³⁶ These Lenses are also identified as Cross-cutting Themes in the Scorecard and comprise six outcome indicators for the WBG, where progress will be reported regularly. IDA21 delivery will be strengthened by the Lenses in three ways: (i) by shaping operations in the Focus Areas; (ii) through the outcomes of investments and operations within each Lens area; and (iii) through synergies with other Lenses. IDA21 will scale-up support for removing *gender* barriers and fighting gender-based violence to unlock economic productivity, reduce poverty, deepen social cohesion, and enhance well-being for current and future generations. With the rapidly increasing working age population, IDA21 will further reinforce the centrality of the *jobs* agenda by expanding private investments, stimulating growth of sectors with greater potential for jobs and value addition, and increasing labor force participation, especially for women. The *private investment* lens will leverage the WBG's collective strengths, knowledge, and resources to mobilize private sector investments, support local market creation, and improve business environments to drive investments and job-rich economic growth in IDA countries. The *FCV* lens will address drivers of fragility, conflict and violence and strengthen resilience amidst escalating challenges and crises by deepening IDA's considerable support to FCS. An overview

³⁶ *IDA21 Policy Package: An Overview - End Poverty on a Livable Planet - Delivering Impact with Urgency and Ambition.*

of each Lens, including proposed policy commitments, follows. The IDA21 Lenses paper discussed at the third replenishment meeting offers additional background.³⁷

Box 4. 1 IDA’s Approach to Crisis Preparedness and Response

IDA21 builds on IDA20’s cross-cutting commitment to crisis preparedness by (i) addressing a key gap in IDA countries’ readiness to face crises, (ii) helping to scale investments in preparedness and (iii) building preparedness across all Focus Areas. An institutional **Crisis Preparedness PC** will require Management to support uptake of the recently approved Crisis Preparedness and Response Toolkit, including the Rapid Response Option which allows countries to quickly repurpose a portion of their unused Bank financing to address emergency needs during a crisis; easier access to new budget financing in the aftermath of a natural catastrophe; Climate Resilient Debt clauses allowing countries to defer payment of principal and interest owed to IDA; and an expanded catastrophe insurance which offers countries the option of embedding catastrophe bonds, insurance, and other risk management products into their Bank financing operations. . The Organizational Efficiency and Effectiveness (OEE) Dashboard will track progress of these efforts, as well as the inclusion of crisis preparedness in Country Partnership Frameworks where relevant. Crisis Preparedness Gap Analyses (CPGA) supported in IDA20 have consistently identified financial preparedness as a gap in national preparedness capacities. The Toolkit addresses this gap by helping IDA countries incorporate a range of options for crisis response into their fiscal planning, reducing the trade-offs between setting aside contingent financing for crisis response and addressing immediate development needs. Alongside this PC, the institutional **Scaling Up Impact PC** will implement GCPs that will support preparedness and resilience-building investments at scale.

Finally, country-level and institutional PCs will contribute to a multidimensional approach to crisis preparedness in all five Focus Areas: **People** (Continuity of Services PC), **Planet** (Food Security, Climate Adaptation and Water Security PCs), **Prosperity** (Institutional Strengthening PC with additional critical support offered through the Domestic Revenue Mobilization PC), **Infrastructure** (Urban Services that are sustainable and resilient PC) and Digital **Transformation** (Digital Access PC). IDA21 will systematically track and report progress on the preparedness-related PCs, including at the IDA21 MTR. Additionally, the Scorecard will track *outcomes* across different dimensions of crisis preparedness, from food security and social safety nets to resilience against climate risks. Together, these elements comprise a holistic IDA21 policy approach that extends the work supported by IDA20’s cross-cutting theme. The approach is illustrated in Annex 3.

i. GENDER

49. **IDA21 will scale up support to advance gender equality, prioritizing foundational well-being, economic participation, and women’s leadership to unlock economic productivity, reduce poverty, deepen social cohesion, and enhance well-being for current and future generations.** IDA and the WBG are committed to helping all clients advance towards the full range of gender equality outcomes in the WBG Gender Strategy (2024-2030):³⁸ (i) Progress in ending all forms of gender-based violence; (ii) Stronger and more resilient human capital, including through sexual and reproductive health, social safety nets, education, and skills; (iii)

³⁷ IDA21 Policy Package: The Lenses Paper.

³⁸ World Bank Group, *WBG Gender Strategy 2024-2030: Accelerate Gender Equality to End Poverty on a Livable Planet*, June 13, 2024, Washington, D.C. Available at: <https://www.worldbank.org/en/topic/gender/brief/gender-strategy-update-2024-30-accelerating-equality-and-empowerment-for-all>.

More and better jobs, including jobs of the future in the formal and informal sector; (iv) Greater ownership and use of economic assets, including land, finance, housing, and digital; (v) Wider access to and use of enabling services, including childcare and other care services, broadband internet, judicial, and transport; and (vi) Advances in women's participation in decision-making. Progress on these outcomes depends on public and private sector financing informed by analysis and supported by partnerships. Three corporate targets support this strategy: (i) women receiving access to social protection programs to alleviate hunger; (ii) women enabled to use broadband; and (iii) women and women-led businesses provided with capital (see Annex 1 for further detail).

Box 4. 2. Advancing Gender Equality through IDA21

IDA21 stands as the most ambitious IDA cycle to date in advancing gender equality. Applying the IDA21 Gender Lens involves embedding gender considerations across all facets of IDA's policy package in alignment with the WBG Gender Strategy. This strategy outlines three key objectives: ending gender-based violence (GBV) and elevating human capital with an emphasis on sexual and reproductive health, expanding and enabling economic opportunities with an emphasis on childcare, and fostering women's leadership.

Gender equality is embedded in the IDA21 package through an Institutional Policy Commitment to implement the WBG Gender Strategy in all IDA countries in a customized way, which underscores the country-led engagement model. IDA will support countries to prioritize specific gender equality outcomes and address the most binding gender constraints. To do this in a rigorous evidence-based manner, IDA will integrate gender analysis in core country diagnostics, which in turn will bring country gender equality priorities at the core of strategic country engagement and country development agendas in IDA countries. This strategic country engagement approach to advancing gender equality is spelled out in the [Gender Strategy Implementation Plan](#).

Implementing the Strategy will involve employing the full range of WBG products and services, in a way which was never systematically done before. In practice, IDA will consider the Strategy implemented in an active IDA country if the country program includes gender equality outcomes in a new Country Partnership Framework, supports specific institutional and policy reforms toward gender equality, or finances at least one operation that primarily focuses on gender equality, aims to reach gender equality outcomes at scale, or includes a gender transformative intervention including for example tackling harmful norms, engaging men and boys, or promoting women's and girls' collective agency. This commitment demands ambition, while allowing countries to select specific gender equality outcomes and prioritize their most pressing constraints. The policy commitment also puts a spotlight on support for sexual and reproductive health by adding a country target on this dimension.

IDA's commitment to accountability and transparency includes a focused approach to tracking gender equality outcomes, supported by the IDA21 Scorecard and the WBG Gender Strategy results framework. The WBG Gender Strategy results framework will capture the *scale* of IDA's results through the new WBG Scorecard indicator tracking the number of people benefiting from actions to advance gender equality, disaggregated for beneficiaries of GBV and SRH services among other sub-topics. The results framework will report sex-disaggregated data for all WBG Scorecard beneficiary indicators, illustrating the *inclusiveness* of IDA's results across diverse outcome areas, from health to climate resilience. And it will track IDA's *ambition* by reporting on the share of CPFs that include specific gender equality objectives, the share of projects that focus on gender equality outcomes, and the share of operations that advance institutional and policy reforms to advance gender equality, among other metrics. It will also be possible to report on the number of countries supported on SRH, GBV, and childcare through regular updates to Deputies on IDA21 PCs, as well as number of beneficiaries in IDA countries of actions to advance gender equality, including for GBV, SRH, expanding and enabling economic opportunities, and women's leadership through the WBG Gender Strategy results framework.

50. **One institutional policy commitment to implement the WBG Gender Strategy drives IDA21's ambition and will support country-driven solutions to address binding constraints to gender equality.** IDA21 will *implement the WBG Gender Strategy in all IDA countries with an emphasis on Gender-Based Violence (GBV), Economic Participation, and Sexual and Reproductive Health (SRH). SRH will be addressed through WBG interventions in 35 countries.* This policy commitment will allow for the application of the Gender Strategy across IDA countries, tailored to country needs. Support will continue to follow the WBG's country-led engagement model, which recognizes that countries face heterogeneous challenges and have differences in policies, legal frameworks, and public and private sector engagement.

51. **High rates of gender-based violence, limited access to sexual and reproductive health services and constraints to women's full economic participation call for particular attention in IDA21.** The special focus on SRH will build on strong support under IDA20, and the recent Bank commitment to reach 1.5 billion people with basic health care that includes SRH services. Under IDA21, the WBG will work to expand access to childcare, an important element in enabling full economic participation of women. Institutional and policy reforms through DPF, fiscal and sector policy reforms, and strengthening national systems can address structural constraints to gender equality, supported by integrating gender analysis in diagnostic work (including CEM 3.0, PFR, Human Capital Reviews). Additionally, replicating and implementing evidence-based programs at scale including those aligned with GCP areas such as digitalization and food security would contribute to gender outcomes. Besides reporting on the policy commitment under IDA21, the WBG Gender Strategy results framework will disaggregate for IDA a wide range of gender equality results indicators, including the number of beneficiaries of actions to improve sexual and reproductive health. On Sexual Orientation and Gender Identity (SOGI), using IDA's country-led engagement model, IDA 21 will continue to offer support, including ongoing institutional work on knowledge, data and tools, for countries that request such support.³⁹

ii. JOBS

52. **IDA21 will place strong emphasis on jobs and will support reforms and investments that boost IDA countries' prospects for creating more and better jobs.** The approach includes policy and institutional reforms and investments across three pillars: *People, Production, and Places*, supported by sound economic fundamentals. The *People pillar* aims at empowering workers with relevant skills, including vocational skills and connecting them to well-suited jobs, including green jobs; the *Production pillar* focuses on sector-specific investments and interventions in infrastructure facilitating entry, investment, and growth of productive firms, including MSMEs; and the *Places pillar* targets building local employment ecosystems through urban and connectivity infrastructure. It promotes job creation in IDA countries by integrating a jobs lens into WBG's core analysis and revamped diagnostics. Leveraging the newly established Knowledge Compact, IDA21 is improving the integration of analysis and financing operations to deliver a cohesive and strategic portfolio of operations focusing on jobs at the country-level.

³⁹ World Bank, *Mid-Term Review of the International Development Association's Twentieth Replenishment: Note on IDA's Contribution to Sexual Orientation and Gender Identity Inclusion*, November 15, 2023, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099020524182037162/bosib1f030ae6e0181902313223e355d243>.

53. **First, policies for *People* address labor supply-side constraints arising from insufficient investments in relevant skills, including vocational skills, and human capital accumulation and utilization in the economy.** The accumulation of human capital allows economies to draw on an increasingly more skillful and healthier workforce. Activities that are more skills-intensive and require a steady supply of healthy labor (as opposed to seasonal activities such as agriculture) become more feasible, opening new paths of transformation in work. Similarly, human capital investment boost occupational choices, the employment opportunities that workers face in the labor market, and their earnings. Education policies that ensure strong foundational skills in childhood; facilitate access to quality secondary, technical, and tertiary education; and address barriers to lifelong on-the-job learning within firms will be a key element in IDA21. In addition to long-term investments in human capital, policies for *People* also need to address failures in the labor market through active labor market programs in the form of employment services (counseling, intermediation, and job-search assistance), training, and general support to the self-employed. Ensuring access to good jobs for women and youth is particularly pressing in IDA countries given demographics and restrictive gender norms. There will be a renewed effort to support and evaluate best practice programs and integrate them into government systems so that they can be brought to scale.

54. **Second, policies for *Production* address labor demand-side constraints stemming from a lack of dynamism and productivity growth in the private sector.** The demand for labor depends on the demand for goods and services within an economy and internationally. Policies that alleviate barriers to expanded local production by firms and farms and foster rapid productivity growth, including for MSMEs, are vital for boosting labor demand and will be a key priority in IDA21. This includes improving access to markets (both domestic and global), including value chains and manufacturing, removing inefficient regulatory barriers for domestic and foreign players, promoting competition in an open market environment, ensuring property rights and the rule of law, and enhancing access to debt and equity financing. Investments in energy and infrastructure and removing regulatory barriers can enable further expansion of industries and create jobs. Furthermore, there should be a concerted effort to enhance agricultural incomes and productivity of microenterprises through productive inclusion policies to ensure inclusivity of poorer households and address gender disparities. This should be combined with support initiatives addressing occupational segregation, which often restrict women and women-owned small and medium Enterprises (WSME) from entering fast-growing and highly productive sectors.

55. **Third, policies for *Places* address the challenge of building local employment ecosystems.** IDA21 will focus on complementary efforts that reduce frictions and distortions in the labor market to maximize investments and reform efforts on both the labor demand and labor supply sides. On the one hand this includes appropriately flexible employment regulations that allow workers both to transition to work in firms and to move between firms. On the other hand, it involves ensuring that people and firms have the infrastructure (for example, urban, transport, and digital), security, and resources to allow them to move to places where they are most productive. For example, reducing the costs of rural-urban migration can boost rural incomes, a channel important for reducing poverty.

56. **One policy commitment sets out the institutional action that will establish IDA21's comprehensive Jobs framework.** Namely, IDA will *support the creation of more and better jobs, particularly for youth and women, through WBG financing engagements, knowledge, and/or technical assistance.*

iii. PRIVATE INVESTMENT

57. **IDA21 will address multidimensional constraints to private investment in IDA countries with a comprehensive approach that includes leveraging IDA's PSW.** Strengthened analytics, notably CPSDs will identify policy constraints to private sector-led growth at the sector level, and Country Growth and Jobs Report (CGJR), Investment Climate Assessments (ICA) and Financial Sector Assessment Programs (FSAPS) at the economy-wide level. Policy based financing and technical assistance will support regulatory reforms to lift those policy constraints. IDA21 will support efforts to develop bankable projects and deploy the full suite of WBG instruments, including the WBG Guarantee Platform and the PSW, to enable and mobilize private capital, build domestic private sector capacity, and deploy financial de-risking instruments appropriate for market conditions and market demand. The approach will leverage the WBG Country Managers and/or Resident Representatives where they are in place to support a better coordinated policy reform agenda.

58. **An augmented and streamlined PSW is key to accelerating private investment in the most challenging IDA markets.** The private sector accounts for nearly 90 percent of value-added as a share of GDP in low-income countries and up to 96 percent of employment. Yet insufficient foreign direct investment (FDI) flows to support real sector investments, stagnating productivity, and increased risk perception across intermediaries inhibit growth of domestic and foreign firms in IDA countries. The PSW's de-risking capabilities are therefore essential to the Private Investment Lens. Its efforts will be augmented by a harmonized approach to measuring private capital mobilization and private capital enabling among WBG institutions. This harmonization will introduce greater transparency and help to align products, interventions, and investments, for example, through incorporating and tracking the specific contributions of IFC and the Private Sector Window to real sector development and the integration of local companies into regional and international value chains. Joint Scorecard reporting offers a mechanism to reinforce the commitment to, and prioritization of, Private Investment across all WBG institutions.

59. **Two Private Investment PCs target impactful actions on market development and institutional reforms.** A country level action focuses on financial sector deepening and will *support 20 countries in the development of domestic capital markets by addressing critical impediments identified in WBG diagnostics.* An institutional action on business environment will *support the implementation of regulatory and institutional reforms addressing critical impediments to private investment as identified by WBG diagnostics, and/or provide direct support through WBG engagements.* The private investment agenda will catalyze IDA21 priorities by magnifying the effects on the provision of infrastructure, enabling a clean energy transition, supporting digitalization, strengthening the domestic private sector, expanding local value chains, and ultimately creating more and better jobs, including green jobs. Specific institution-wide actions which will benefit IDA clients include revamped core analytics and the

newly established WBG Guarantee Platform, which will offer risk mitigation options and mechanisms to support investment.

i. FRAGILITY, CONFLICT, AND VIOLENCE

60. **IDA21 recognizes that as extreme poverty is increasingly concentrated in fragile and conflict-affected settings, IDA must make substantial progress in these environments to achieve its ambitions.** IDA21 will build on the considerable progress made in earlier cycles. Since IDA15, IDA has steadily increased its ambition in FCS. Under FCV Special Themes of earlier cycles, IDA has introduced and refined approaches to the differentiated needs among FCS, producing analytics, designing operations and delivering results in a manner that is adapted to, and relevant for, each FCV-affected context. The Mid-Term Review of the WBG FCV Strategy (FCV MTR) documented that these efforts have delivered results; country engagement has become more FCV-sensitive.⁴⁰

Box 4.3. Strengthening Engagement in Fragile and Conflict-Affected Settings through IDA21

Building on the experience of the current strategy for Fragility, Conflict and Violence (FCV), a new FCV strategy is expected to be delivered during IDA21. The IDA21 Mid-Term Review will offer an opportunity to confirm that IDA21 aligns with the strategic priorities and needs of FCS countries. Even before the new strategy is in place, IDA21 sharpens IDA's commitment to addressing challenges in FCS. IDA21 enhances its focus and deepens the level of ambition by:

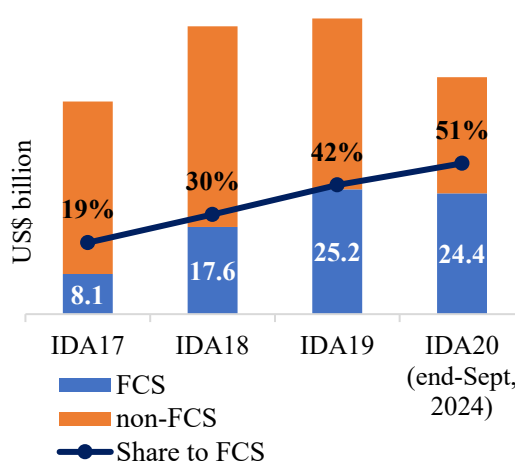
- (1) Placing FCV considerations squarely at the center of the WBG's strategic approach in all FCS. IDA20 ensured country strategies reflected how they would approach findings of Risk and Resilience Assessments (addressing drivers and sources of resilience). IDA21 goes further by: committing to focus strategic objectives of Country Partnership Frameworks on FCV drivers thereby requiring country strategies to deliver outcomes for these priority areas.
- (2) Including a dedicated indicator in the IDA21 Scorecard measuring displaced people and people in host communities provided with services and livelihoods.
- (3) Disaggregating results in FCS for all IDA21 Scorecard indicators, providing visibility on how IDA supports populations living in FCS contexts across sectors.
- (4) Reporting on the Facetime Index, which measures the annual staff presence on the ground in FCS countries, in the Organizational Efficiency and Effectiveness (OEE) Dashboard. By tracking staff deployment in these contexts, the dashboard aims to ensure that resources are effectively utilized to address the unique challenges faced by FCS, ultimately supporting more targeted and responsive development interventions.
- (5) Leveraging a blend of resources, including IDA's Performance-Based Allocation, an enhanced and well-resourced FCV Envelope, and IDA windows including the newly introduced GROW to support needs in FCS. This approach aims to target assistance more effectively where it is needed most, especially in regions facing severe instability and fragility.

⁴⁰ *Mid-Term Review of the World Bank Group Strategy for Fragility, Conflict and Violence (2020-2025).*

61. **The FCV Lens will advance a focus on prevention, resilience, and adaptiveness across IDA21, as a key element of *ending poverty on a livable planet*.** IDA20 required WBG country engagement products to demonstrate how country programs would contribute to addressing FCV drivers. IDA21 goes further, requiring country engagement planning in FCS to incorporate, and report on, *strategic objectives* to address FCV drivers and sources of resilience at the level of country programs. The PC provides that *Country Partnership Frameworks (CPF)/Country Engagement Notes (CEN) for IDA FCS and FCV Envelope countries will have strategic objectives that reflect how the WBG program, in collaboration with relevant partners, will help address FCV drivers and sources of resilience based on Risk and Resilience Assessments (RRAs) or other FCV diagnostics*. By elevating this approach to the level of *strategic objectives*, the PC deepens IDA’s commitment and places FCV considerations squarely at the center of the WBG’s strategic approach in all FCS. Complementing the PC’s focus on country approaches, the Scorecard will drive accountability with comprehensive disaggregation that reports outcomes for people in FCS across all IDA21 Focus Areas and Lenses, improving IDA’s ability to monitor outcomes in FCS and course-correct when needed.

62. **As it continues evolving to address needs in FCS, IDA has also delivered increased resources through Performance Based Allocation (PBA), IDA windows, and the FCV Envelope.** IDA’s financial support is substantial and highly concessional. IDA financing to FCS tripled between IDA16 and IDA19, as part of a wider WBG response. During IDA19, a record 42 percent of all IDA went to FCS countries, and IDA20 is on track to exceed this level of financing (Figure 4.3). Disbursements and project performance in many FCS have kept pace with, and in some cases exceeded, performance in non-FCS countries, even as conflict and political instability have disrupted progress in some FCS contexts. PBA remains IDA’s primary source of support in FCS. IDA windows complement these resources with dedicated support to enable private sector investment, address global and regional challenges, including forced displacement, and respond to crises where FCS countries are particularly vulnerable. Alongside these resources, the FCV Envelope, introduced in IDA19 and drawing on lessons learned from special allocations introduced in earlier cycles, provides additional resources ⁴¹ tailored to support, incentivize and enable governments to act on the fundamental drivers and risks of FCV, and to build resilience in their countries. The FCV Envelope also powerfully reinforces IDA’s ambition to ensure that WBG engagements are FCV-centered in such contexts, as countries must recalibrate their IDA programs, (including policy dialogue, portfolios and analytical work) to establish eligibility for the Envelope’s allocations. IDA21 will

Figure 4. 3. Total Country Allocations commitments in FCS, IDA16-IDA20



Note: IDA19, IDA20 FCS volume includes Country Allocations commitments of non-FCS countries with access to FCVE (FY22 & FY23 Gambia; FY24 & FY25 Togo Benin Gambia)

⁴¹ See Section 5: *Resourcing IDA21 and Financing Architecture* in this paper for discussion of FCV financing tools, including the FCV Envelope, Refugee and Host Community Support under GROW, and PSW.

enhance the transparency of this tool, with annual reporting on the FCV Envelope. Recognizing the critical importance of staff presence in FCS, the OEE Dashboard will include the Facetime Index (as shown in Annex 1, OEE Dashboard Template), measuring the annual staff presence on the ground in FCS countries. By tracking staff deployment, the dashboard aims to enhance accountability and ensure that resources are effectively utilized to address the unique challenges faced by FCS, ultimately supporting more targeted and responsive development interventions.

63. **The IDA21 approach supports the FCV MTR recommendation to *ADAPT* its approach and financing tools.** *Anticipating* earlier and better requires informing country and sub-regional engagement through FCV assessments and identifying prevention opportunities. The RRAs and other diagnostics are key to supporting these efforts. They provide a strong evidentiary base for informing country engagement products with increased ambition, as required in the IDA21 policy commitment. Adjustments to the FCV Envelope will support earlier engagements in prevention and along with enhanced FCV risk monitoring will enable *Dynamic responses* in FCS that ensure resources are both well-targeted and well-utilized. IDA21 will continue to *Advance engagement with the private sector* in FCS, including with support from the Private Sector Window, will focus on critical *Partnerships* through consultation, analytical work, convening and coordination and will continue working to *build strong Teams* by systematically addressing issues related to staff incentives, FCV roles, and business needs. Moving forward, IDA21's approach will also incorporate findings of the planned IEG assessment of the WBG's operational framework to address challenges in FCS countries and will be informed by WBG analyses developed to shape the successor FCV Strategy. These will include further analyses on topics including assessing the approach to partnership in FCS, principles of third-party implementation, and options for increasing FCV sensitivity at the project level (i.e., a fragility exit rating) and are expected to be delivered by the IDA21 MTR, at which time Participants will also have the option to consider modifying or adding Policy Commitments to support implementation of the successor FCV Strategy.

SECTION 5: RESOURCING IDA21 – VOLUME, USE OF FUNDS, OPERATIONAL AND FINANCING FRAMEWORK

64. **IDA21's consolidated operational and financial framework offers powerful support for the policy package and will help IDA countries get back on track to deliver their development goals.** The historic financing package is the product of extraordinary effort, in challenging circumstances, of donors, IDA countries, and WBG management, and it offers significant scale to achieve shared priorities. IDA21 sustains IDA's high levels of concessionality, increases total resources for country-led development, allocates resources based on performance while taking account of vulnerabilities, and incentivizes investments in addressing global challenges. IDA's PBA remains at the heart of its country-led development model, complemented by both performance- and crisis-oriented envelopes and windows that scale resources for global challenges, crowd-in private investment, support transformational investments, and help IDA countries tackle challenges and respond to crises while addressing debt vulnerabilities.

65. **Participants agreed to an IDA21 replenishment of [\$X billion], which represents [number] increase in IDA resources available to IDA clients.** This is summarized in Table 5.1.

Table 5. 1. IDA21 Use of IDA Resources

In US\$/ SDR ^a billion	IDA20 in nominal terms ^b		IDA21	
	US\$	SDR	US\$	SDR
Total Replenishment (incl. arrangement with IFC)	93.0	65.1		
<i>of which, concessional resources</i>	84.3	58.9		
Allocations/Commitment Authorities				
Country Allocations	62.8	44.0		
- PBA	54.0	37.8		
- of which, SDFP Incentive				
- FCV Envelope	8.8	6.2		
- GFPP Envelope	-	-		
GROW	10.3	7.3		
- Regular GROW	7.9	5.6		
- WHR	2.4	1.7		
SUW	14.1	9.9		
- Regular SUW (non-concessional)	6.3	4.4		
- SUW SMLs (concessional)	7.8	5.5		
CRW	3.3	2.3		
PSW	2.5	1.7		
<i>of which, funded by IFC</i>	-	-		
Grant Element				
<i>in \$ billions</i>	48.1	33.7		
<i>as % of Total Replenishment (excl PSW)</i>		52%		
<i>as % of Concessional Financing</i>		57.1%		

Note: Figures in billions. Regional Window in IDA20 with an allocated amount of \$7.9 billion is presented as Regular GROW in the table.

^a Based on the agreed IDA20 SDR/US\$ exchange rate of 1.42934, and IDA21 SDR/US\$ exchange rate of xx.

^b Original IDA20 as presented in the IDA20 Deputies Report.

A. COUNTRY ALLOCATIONS

66. **The vast majority of IDA21 financing will be provided through IDA’s strong Country Allocation system.** Country Allocations comprise the PBA, the SDFP Incentive, the FCV Envelope, and the Grant Facility for Project Preparation Envelope (IDA-GFPP) in support of IDA’s country-based engagement model. This section provides an overview of IDA Country Allocations and is complemented by annexes outlining key aspects of IDA policy for administering them. Recognizing the considerable evolution of IDA Country Allocations in recent cycles, evolving needs of IDA countries, and responding to requests from Participants, an independent assessment of IDA’s country allocation system will be developed for the IDA21 Mid-Term Review.

i. PERFORMANCE-BASED ALLOCATION

67. **The PBA system strategically allocates resources based on countries’ performance and needs.** This includes review of countries’ efforts in implementing policies that promote economic growth and poverty reduction - assessed through the Country Performance Rating (CPR); and their financing needs - assessed by their population and Gross National Income (GNI)

per capita (see Annex 4 on PBA). The PBA system offers flexibility in managing resources in a replenishment cycle (i.e., frontloading, backloading, intra-regional and inter-regional reallocations) to ensure efficient and equitable deployment of resources. In IDA21, PBA contributions will not be required for window financing, which frees up at least \$4.2 billion in PBA resources for countries to use in unearmarked fashion. In IDA21, PBA will comprise [number] percent of overall concessional resources, compared to IDA20 when untied PBA comprised 59.1 percent of concessional resources. [Similarly,] PBA comprise [number] percent of total replenishment size in IDA21, compared to IDA20 when untied PBA comprised 53.5 percent of total size.

68. **IDA21 introduces simpler PBA terms that remain highly concessional.** PBA-Shorter Maturity Loans (SML) introduced in IDA20 will be reflected within a simpler composite term for each country group. The new composite terms equal the weighted average grant element of IDA20 regular PBA term and PBA-SMLs for each country group. As a result, unlike in IDA20, each country group will be offered just one PBA term, and that term will be at least as concessional as in IDA20. Small States will retain their existing Small Economy terms making their IDA21 financing even more concessional than in IDA20 in recognition of their special vulnerabilities. This reform responds directly to feedback from IDA countries that underscored the value offered by SMLs but highlighted the complexity of administering country allocations on split terms. It is expected to deliver significant simplification to IDA's architecture, while enabling higher PBA volumes than IDA20.

69. **IDA21 introduces a volume discount to PBA for grant recipients (i.e. a 'grant haircut').** The PBA of all grant recipients will be reduced by 10 percent, and the proceeds distributed among IDA countries in their PBA. Small States and countries eligible for FCV Envelope RECA allocations are exempted from the grant haircut due to their special vulnerabilities. In addition, countries that are subject to the annual grant cap are also exempt from the grant haircut. The grant haircut helps to address IDA's rising grant share, which has doubled from 13 percent in IDA17 to [26] percent in IDA20 (FY23-25Q1), and thereby promotes the long-term sustainability of grants in the IDA system. The grant haircut is also an equity measure that recognizes the scarcity of grants in the IDA system and addresses the moral hazard in IDA's Grant Allocation Framework (GAF) by offering a small reward for countries that are not eligible for grants because of their better debt situations. For maximum simplicity, this change will be integrated within the PBA system before countries receive their PBA each year. Communications that IDA countries receive regarding their available resources will already reflect the grant volume discount.

70. **The annual cap on grants for large grant recipients will be reduced from the current level of \$1 billion per year to \$650 million per year which will contain grant financing growth over time.** The grant cap would mean that any individual country cannot exceed that specific volume of grants as part of its country allocation (PBA and FCV Envelope) each year, with the remainder of its country allocation financing automatically shifted to IDA-only green-light credit terms. The Countries that are subject to the annual grant cap will not be subject to the grant haircut.

ii. SUSTAINABLE DEVELOPMENT FINANCE POLICY INCENTIVE

71. **In IDA21, the SDFP incentive mechanism will change from a punitive ‘set-aside’ to a more positive and simpler ‘incentive’ approach.** The SDFP will be implemented in IDA21 following a similar framework as in IDA20, with the required changes to give effect to the new incentive mechanism. Specifically, IDA21 will include an “SDFP Incentive” amounting to 10 percent of the PBA to allocate to countries that successfully implement their Performance and Policy Actions (PPA). For countries that are required to implement PPAs, the performance of their PPAs will determine whether they receive the incentive. Performance will be assessed before end-fiscal year for the following fiscal year, for example, in FY26, countries will receive their incentive based on PPA implementation in FY25. Through these changes, policy implementation will be simplified while retaining an adequate incentive mechanism for countries to implement PPAs, in the form of additional allocations to meet their financing and development needs.⁴²

iii. FRAGILITY, CONFLICT AND VIOLENCE ENVELOPE

72. **Already as of the first quarter of FY25 in IDA20, FCS receive more than half (51 percent) of all Country Allocations (i.e. PBA and FCV Envelope combined), demonstrating IDA’s strong commitment to support FCS.** In IDA21, PBA will continue to form the largest source of IDA financing to FCS, with its strong performance and poverty orientation, and the FCV Envelope (FCVE) offers a complement to these resources. The FCVE has demonstrated its capacity to boost resources to qualifying countries affected by FCV, help shape and adapt the WBG approach, and incentivize dialogue and engagement around deep governance concerns, state institutional weakness, marginalization, and high levels of violence that form the core of challenges in FCS. The FCVE is not a solution that can prevent conflict, violence or coups in isolation. It offers increased development finance resources as one part of a broader effort by national and international actors across diplomatic, security, development, humanitarian, and private sector realms.

73. **In IDA21, the FCV Envelope (FCVE) will retain its key features.** The FCVE offers resources through three allocations, each tailored to specific fragile contexts:

- a. the Prevention and Resilience Allocation (PRA) supplements PBA for countries at risk of onset of conflict or escalating into high-intensity conflict or large-scale violence;
- b. the Remaining Engaged in Conflict Allocation (RECA) maintains a base level of Country Allocation for countries that experience high-intensity conflict and have limited government capacity; and
- c. the Turn-Around Allocation (TAA) supplements PBA for countries emerging from conflict, social/political crisis, or disengagement, and where there is a window of opportunity to pursue major reforms, accelerate the transition out of fragility and build resilience

⁴² Implementation details for the new incentive process will be developed and approved prior to the effectiveness of the SDFP Incentive in FY26. The updated Board approved Policy and Management issued Directive, Procedure and Guidance will be added to the Policy and Procedure Framework Repository by FY26.

74. **Targeted adjustments to the administration of the FCVE will raise the cap on resources for countries facing high-intensity conflict, enhance upstream prevention, improve flexibility, and boost transparency.** With just four years of implementation experience, the FCVE is a relatively new tool. IEG is preparing an evaluation of the WBG's operational framework to address challenges in FCS countries. This, together with other analyses, will inform the successor to the WBG FCV Strategy 2020-2025. Anticipating the new WBG FCV Strategy, IDA21 proposes a set of targeted adjustments to ensure robust use and management of FCVE resources, and balance transparency, predictability, and flexibility in responding to FCS needs.

75. **IDA21 will raise the cap on resources under the RECA allocation.** In IDA19 and IDA20, RECA could not allocate more than \$300 million per IDA cycle to any single country. IDA20 will raise this top-up cap to \$400 million per cycle, ensuring that the lowest capacity countries facing high-intensity conflict will receive a robust baseline of support.

76. **IDA21 will adopt the FCV MTR recommendation to enhance upstream prevention.** Establishing eligibility for the Envelope's PRA allocations currently requires a country to demonstrate, *inter alia*, that it is experiencing conflict levels at established thresholds.⁴³ These thresholds were informed by analysis from the World Bank's Development Economics Vice Presidency showing that the only strong predictor of large-scale conflict was the prevalence of small-scale conflict, reflecting the notion that violence breeds violence. Implementation experience has demonstrated, however, that when fatalities in a given country reach the current PRA threshold, prevention efforts may be too late. Given the complex risk trajectories of pre-conflict situations, the FCV MTR recommended further upstream engagement to facilitate targeted and timely support for prevention. IDA21 will act on this recommendation. IDA21 will broaden the range of data that can be used to establish qualifying levels of conflict or risk thereof, while retaining a focus on rigor in assessing the viability of proposed prevention plans and milestones.

77. **IDA21 introduces limited flexibilities to permit Management to offer grants instead of credits in very low-capacity situations.** Implementation experience has demonstrated that in FCS, limited flexibility to use an equivalent or lesser volume of grant financing in lieu of credits for Country Allocations (including PBA and FCV Envelope) can bolster IDA's commitment to upstream prevention, remaining engaged in cases of conflict, and supporting transitions out of FCV. IDA21 will afford Management discretion to provide grants in limited circumstances where FCV Envelope recipients with very low capacity (measured as countries with CPIA at or below 2.5) would otherwise receive credits under IDA's grant allocation framework.

78. In some circumstances of very low capacity, providing direct grant financing to United Nations agencies or international NGOs to support third-party implementation can support IDA's commitment to remaining engaged.⁴⁴ In IDA20, direct financing for third-party implementation is available in countries that receive their country allocation on grant terms. In IDA21, Management will also have discretion to provide grants where, for policy reasons, the World Bank cannot

⁴³ The three thresholds for PRA are: 1) between 2 and 10 conflict-related deaths per 100,000 people and an absolute measure of conflict related deaths above 250; or 2) conflicted-related deaths between 1 and 2 per 100,000 people, an absolute measure of conflict related deaths above 250 and an increase in conflict related deaths that is at least double the previous year; or 3) at least 50 intentional homicide-related deaths per 100,000 people.

⁴⁴ While observing the overall IDA policies, related to, among other things, arrears.

engage with the government and circumstances necessitate third-party implementation; and the country qualifies for the FCV Envelope RECA allocation, has a CPIA score of 2.5 or below, and should receive country allocations on credit terms as per the grant allocation framework. The grant allocation in these circumstances would be calculated at a level that ensures IDA remains income neutral and its DSC is not negatively impacted.

- a. IDA21 will also afford Management the discretion to extract grant terms from credit terms to protect fragile fiscal space for very low capacity countries (defined as CPIA at or below 2.5) in two other select circumstances, namely: (a) once the country has reached its Heavily Indebted Poor Countries (HIPC) completion point, it may receive grants for up to three years, after which it returns to its regular lending group; (b) where high debt risks preclude the possibility of the country taking credits and necessitate grants. The grant allocation in these circumstances would be calculated on a 1:1 basis or lower.
- b. Extraction of grants from credit terms in line with either of the above would apply to the full country allocation (including PBA and FCVE allocation) and would also enable access to IDA windows on grant terms, subject to applicable window policies and eligibility criteria, maximizing flexibility for these vulnerable countries.

79. **To accompany this increased flexibility, IDA21 will enhance transparency.** Under IDA20, the Board of Executive Directors receives FCV Envelope Eligibility Notes (whether submitted as a standalone document or integrated into a country engagement product) but does not receive the annual reporting each recipient is required to submit to maintain eligibility. In IDA21, in addition to sharing eligibility notes with the Board, Management will report annually on implementation of the FCV Envelope, including summaries of annual reviews and instances where Management has exercised discretion to convert credits to grants.

80. **IDA21 will allocate \$[amount] billion to the FCV Envelope.** Based on Management's estimate of eligible countries and possible new entrants, the FCV Envelope is sized at \$[amount] billion for the IDA21 cycle. See an overview of FCV envelope allocation eligibility in Annex 6.

iv. GRANT FACILITY FOR PROJECT PREPARATION ENVELOPE

81. **In IDA21, a new Grant Facility for Project Preparation Envelope (IDA-GFPP) will help IDA countries address critical development challenges with greater scale, speed, and impact to support IDA's strategic direction.** Early support to client countries is critical to ensure well-designed projects. The Independent Expert Group on strengthening MDBs, in a report submitted to the G20,⁴⁵ emphasized the need for significant increase in investments for project preparation facilities. IDA borrowers face significant hurdles in carrying out preparatory activities before loan effectiveness due to capacity and financing constraints, and have consistently demanded early support in project preparation and readiness activities. The IDA21 policy package includes a commitment to strengthen client implementation capacity, but IDA has had limited

⁴⁵ G20 Independent Experts' Group, *Strengthening Multilateral Development Banks, the Triple Agenda: Report of the Independent Experts' Group*, June 30, 2023, New Delhi, India. Available at: <https://www.cgdev.org/publication/strengthening-multilateral-development-banks-triple-agenda> .

options for supporting client countries in executing essential project preparation tasks. The IDA-GFPP envelope aims to address this need.

82. **The objective of the IDA-GFPP is to provide timely project preparation financing to enable client countries improve project quality and readiness.** The IDA-GFPP envelope will help client countries address critical development challenges with greater scale, speed, and impact, aligned with the IDA21 Strategic Directions Framework. An existing Project Preparation Fund (PPF) is currently available to support some project preparation activities, though on financial terms that can be challenging for clients to process on a timely basis. Some trust funds offer grant resources, but these are often not tied to specific projects, not aligned with project timelines, or restricted to specific sectors. The IDA-GFPP aims to address this lack of adequate and timely project preparation financing available to IDA clients with complementary grant resources that support a wider range of preparatory activities across sectors.

83. **IDA-GFPP resources will be allocated to each Region informed by the shares of PBA of the countries in that Region.** Regions will allocate and approve individual grants at the project level, based on emerging portfolio needs and priorities, and in line with strategic guidance and streamlined implementation procedures provided by an internal Management Steering Committee that oversees both the IDA-GFPP and the parallel GFPP being developed to benefit IBRD countries. The common internal governance mechanism will ensure equitable resource allocation. All IDA countries will be eligible to access IDA-GFPP resources, on grant terms. IDA-GFPP support will be instrument neutral (i.e., it will be available for DPFs, IPFs and PforRs) and available for all sectors that meet the envelope objectives and eligibility criteria.

84. **The size of the IDA-GFPP will be set at [amount] (or [amount] per year) during IDA21.** Individual grants will not be expected to exceed the lesser of \$5 million or 5 percent of the project size.

B. IDA WINDOWS

85. **IDA21 offers a simplified window architecture that continues to balance resources between performance-oriented issues and other select thematic priorities.** Window resources promote IDA's strategic objectives by supplementing country allocations to scale impactful investments and tackle collective challenges, to respond to crises that might otherwise divert resources away from longer-term development priorities, and to mobilize private sector investments in IDA's most vulnerable countries.

i. GLOBAL AND REGIONAL OPPORTUNITIES WINDOW

86. **IDA21 establishes a new Global and Regional Opportunities Window (GROW) to scale up action on priority global and regional challenges.** The WBG Evolution acted to significantly scale up country-level actions to address global and regional challenges - climate change, protecting nature and biodiversity, ensuring water security and access, ensuring food and nutrition security, pandemic preparedness and response, addressing the drivers of FCV, and increasing energy access, and digital transformation. On the IBRD side, the Framework for Financial Incentives (FFI) offers price and volume incentives to encourage IBRD countries to

invest in initiatives that support these global challenges. Within IDA, GROW similarly aims to incentivize IDA countries to invest in tackling global challenges by offering additional volume on already highly concessional terms. GROW aims to offer these supplemental concessional resources to help countries scale up their ambitions in pursuit of policy priorities with cross-border externalities, with particular emphasis on the Planet, Infrastructure, and Digital Focus Areas and the FCV Lens. GROW resources will complement Country Allocations, which will continue to finance investments in these priority areas.

87. **GROW replaces the former Regional Window (RW) and integrates a dedicated sub-window for the Window for Host Communities and Refugees (WHR) in a single, fully concessional window.** IDA's longstanding RW has offered significant support to address global public goods, and regional integration remains a key priority in IDA21. The new window will expand on this established track record and offer additional volumes and an expanded range of eligibility. Integrating WHR into GROW as a dedicated sub-window ensures that IDA places refugee and host community support on the same footing as other global and regional challenges, signaling the continuing priority IDA21 will place on refugee programming.

88. **GROW will support four types of interventions that are critical to IDA21's overarching theme.** The window will finance (i) regional integration operations involving two or more countries in operations with demonstrated cross-border externalities (Regional Window type interventions that continue to be a priority in IDA21); (ii) single-country operations that address global challenges with demonstrated cross-border externalities; (iii) single-country operations that focus on climate adaptation, with no requirement to demonstrate cross-border externalities, and (iv) operations that create economic opportunities for refugees and host communities (WHR type interventions that continue to be a priority for IDA21). This last category of operations will continue to be administered under the same implementation guidelines that have been applied in IDA20 for the WHR, which continue to function well.

89. **GROW is sized at \$[amount] billion in IDA21, including \$[amount] billion for the WHR sub-window.** GROW will offer two important simplifications for IDA countries. First, countries may access GROW and WHR financing without the requirement to contribute from their PBA. Second, IDA will offer favorable financing terms. For regular GROW operations, financing will be offered on the same highly concessional terms as PBA. For the WHR, financing will be offered half on grant terms and half on the host country's PBA terms. Together, these measures provide significant incentive for countries to invest in global and regional priorities at scale. Further details on GROW are outlined in Annex 8.

ii. SCALE-UP WINDOW

90. **The Scale Up Window (SUW) will continue to provide additional volume for eligible IDA countries to better achieve scale and deliver higher impact investments in line with WBG Evolution.** Demand for these resources has been high under IDA20, particularly in Africa. The SUW will continue to provide additional resources to eligible countries, and it is well positioned to scale up and accelerate economically viable transformational operations in line with the IDA21 overarching theme. This window could also be used for additional volume of financing for nationally-focused operations addressing global challenges under the currently six Global

Challenge Programs. SUW financing will be provided on non-concessional (IBRD Group A) terms and on SML terms similar to IDA20.

91. **IDA21 will include two minor adjustments to streamline the operations of the SUW.** First, the eligibility criteria will be simplified for countries not subject to the Low-Income Country Debt Sustainability Framework (LIC-DSF). Instead of the current case-by-case approach, eligibility will be based on the overall risk of sovereign stress rating per the MAC-SRDSF. Countries with low or moderate overall SRDSF ratings will be eligible for SUW, whereas eligibility of countries with a high overall SRDSF rating may be considered on a case-by-case basis subject to review by management. Similarly, eligibility of Blend Countries for Regular SUW financing will be revised to align with IBRD approach, so that countries with a high LIC-DSF rating or a high overall SRDSF rating may be considered on a case-by-case basis subject to review by management. Second, the scope of Regular SUW financing will be expanded to enable eligible creditworthy Regional Organizations to access non-concessional financing, up to a cap of 10 percent of the Regular SUW envelope allocated to that Region per cycle. Correspondingly, the provision of credits to Regional Organizations in the Regional Window / GROW will be discontinued. Doing so will rationalize and streamline the IDA architecture, while preventing creditworthy organizations from crowding out scarce concessionality that should otherwise go to countries. As in IDA20, all operations to be considered for Regular SUW financing will continue to be carefully screened to ensure that they would not exacerbate debt vulnerabilities in recipient countries (Annex 10). The SUW will be sized at \$[amount] billion of which \$[amount] billion on non-concessional terms and \$[amount] billion on SML terms.

iii. CRISIS RESPONSE WINDOW

92. **IDA21 increases IDA's Crisis Response Window (CRW) to \$[amount] billion, an [number] percent increase relative to IDA20.** IDA21 offers an enhanced Crisis Preparedness and Response Toolkit that will work across all Focus Areas to build resilience and preparedness and will aim to scale resilience building measures through the GCPs (Box 4.1). These investments are critical to protecting longer-term development as IDA countries face increasingly frequent and increasingly severe crises. When crises do hit, Country Allocations remain the primary source of financing, now with new flexibilities supported by the enhanced Crisis Toolkit. IDA's CRW can supplement Country Allocations to support early responses to certain slow-moving disasters or act in the aftermath of a severe natural disaster, health emergency, or economic shock. Even as they work to boost preparedness, IDA countries are grappling with increasingly frequent and increasingly severe crises,⁴⁶ warranting an increase in the window.

93. **IDA21 adjusts the terms for the CRW to better align with the crisis response and last resort nature of the window financing, while keeping terms concessional.** All CRW financing will continue to be offered on concessional terms. IDA-only red-light countries will receive grants, and Small Economies will receive credits on Small Economy terms.⁴⁷ All other countries will

⁴⁶ IDA20 has seen heightened demand for CRW resources, which have been depleted before the end of the cycle, even with the benefit of increased resources made available through the CRW+ supported by IDA's Crisis Facility.

⁴⁷ These products include a grant element of 61 percent.

receive concessional SMLs.⁴⁸ SMLs were originally designed as a crisis product that replicated the IBRD Crisis Buffer. They have proven to be well-suited to the faster-disbursing interventions typically required in crisis situations, such as operations to support liquidity and fund social protection measures and have seen strong demand in IDA20. The adjusted financing terms means that some countries will be required to access the CRW on slightly harder terms than their regular Country Allocations but enable a higher volume of resources that reduces the risk of CRW being depleted before the end of the cycle. For IDA21, management proposes a cap of \$1 billion for Early Response Financing (ERF) which is equivalent to the cap in IDA20.

iv. PRIVATE SECTOR WINDOW

94. **Participants agreed to [increase] PSW’s size to [\$amount] billion, to support IFC’s and MIGA’s strategic priorities in IDA countries, with a focus on IDA-only and IDA-FCS, and to streamline the PSW governance.** The increase reflects the challenging global economic landscape and its impact on IDA countries, and the increasing demand for private sector resources – including mobilization – as part of the One WBG Approach. PSW objectives will be supported by capital contributions both by IDA and IFC: IFC will establish the Concessional Capital Window (CCW), in which IFC will allocate \$500 million of capital during the IDA21 period. The CCW will operate alongside IDA to amplify impact, and it will be governed under the same harmonized governance for PSW.

95. **Other changes in the IDA21 PSW include an expansion of country eligibility to Gap and Blend countries and changes in governance.** The expansion of country eligibility will aim to scale up private investment in all IDA countries, with a cap and a selective focus on WBG Evolutions priorities such as GCPs for Gap and Blend countries, that will help ensure a continued focus on the most challenging IDA-only and IDA-FCS markets. The governance change will help enhance efficiency and accessibility while strengthening reporting, transparency, and accountability. Participants agreed that specific allocations of PSW funds will rely on IFC and MIGA and their respective Boards, with periodic reporting on utilization and impact to IDA. This will move PSW from the current “retail” approach – where both the IDA and IFC/MIGA Boards concurrently approve projects – to a “wholesale” approach, where IDA Board of Executive Directors will only approve an overall PSW allocation. Under the new approach, IDA Management will have a role of advisor to IFC and MIGA Management for project preparation, and the entirety of the projects, including the PSW use, will be approved by the IFC/MIGA Boards only, on the basis of the joint IDA-IFC-MIGA PSW Policy approved at the onset of the IDA Replenishment cycle by the three institutions’ Boards. The joint IDA-IFC-MIGA PSW Policy will be made consistent with the IDA21 PSW policy framework and investment guidelines presented in Annex 11.

96. **The scale-up of the IDA21 PSW accompanies other operational actions that IFC and MIGA have taken.** These include increased staff in IDA and FCS markets, a growing pipeline of IFC projects developed by Upstream and Advisory activities; enhanced technical assistance to improve management capacity of clients and their compliance with environmental, social and governance (ESG) standards; and the development of FCS-specific business models adapted to realities on the ground.

⁴⁸ These products include a grant element of 36 percent.

97. **To respond to calls for greater transparency in the use of PSW funds, IDA-IFC-MIGA are planning to unveil a new revamped online dashboard of PSW-supported projects at the start of IDA21, which will be disclosed publicly.** This dashboard will provide detailed project-level information on the project characteristics; project financing, including amounts of PSW, IFC/MIGA own-account commitments, and mobilization volumes disaggregated between DFIs and commercial third-party co-financing; and development impact, including the narrative, indicators, and ex post reporting on impact achieved. For more detail, see the PSW Annex 11.

C. ADJUSTMENTS IN GRANT ALLOCATION FRAMEWORK AND FINANCING TERMS

98. **Grant financing requires full coverage by donor contributions and, as such, affects the overall volume of financing that IDA can provide to clients.** Unlike concessional loans, grants are not expected to be repaid and therefore represent an expense on IDA's net income, with the corresponding reduction in IDA's equity unless fully compensated by donor contributions. Over time, given the deterioration in IDA countries' debt sustainability situation and the greater fragility focus of the overall IDA financing, grant financing as a share of donor contributions in each replenishment has been increasing. Since the grant haircut was discontinued in IDA17, grants have more than doubled from 13 percent of IDA to 26 percent of IDA (end-August 2024) compared with an ex-ante expected share of total financing of around 18 percent. This is despite the replacement of grants with 50-year credits for yellow-light IDA recipients (non-Small States) in IDA20—a measure taken to further target scarce grant resources to countries that need them most.⁴⁹

99. **Participants agreed to optimizing the provision of grants in IDA21 to maintain IDA's financial sustainability.** IDA21 will introduce several measures enhancing IDA's grant allocation framework. The existing cap on grants in Country Allocations will be reduced from \$1 billion per year to \$650 million per year. Allocations to grant eligible countries will be subject to 10 percent volume discount.⁵⁰ Furthermore, eligible red-light countries will be offered a choice to borrow on highly concessional long-tenor credits instead of receiving grants, to receive their full allocation without the grant volume discount. These credits will have 60-year maturity with a 20-year grace period and zero interest or service charges. Countries' debt sustainability and other vulnerabilities will be taken into account when offering the choice to borrow on 60-year credits instead of grants. IDA-only red-light countries that are in debt distress and some conflict-affected countries will not be offered a choice of highly concessional credits, given their challenging circumstances. In addition, given their particularly high vulnerabilities, Small States will continue to benefit from the Small States Exception and follow the IDA20 grant allocation framework. The optimized approach will incentivize sustainable borrower behavior and reward it with higher financing volumes.

100. **Participants agreed to introduce new financing terms in IDA21 to simplify the menu of terms of financing used by each country and to allow for additional financing for select group of eligible countries.** The following changes are introduced in IDA21: (i) new "composite" PBA terms for IDA-only yellow- and green-light countries and Gap and Blend countries replacing

⁴⁹ World Bank, *IDA21 Grant Allocation Framework (GAF)*, April 2024, Washington, D.C.

⁵⁰ Small States, countries eligible for FCV Envelope RECA allocations and countries subject to annual cap on grants will be exempt from grant allocation volume discount.

a combination of existing IDA20 PBA terms with SMLs, and (ii) floating rate credits for yellow and green light Gap and Blend countries, as well as countries with market access (subject to the MAC-SRDSF). These changes will not apply to IDA-eligible Small States. Figure 5.1 below provides details of the new terms being offered in IDA21.

Figure 5. 1. Overview of IDA21 Terms in Country Allocations

Lending Group		Financing Terms	
	Risk of External Debt Distress	Non-Small States	Small States
IDA-only Countries	High Risk or in Debt Distress	<ul style="list-style-type: none"> Grants (with discount) 	<ul style="list-style-type: none"> Grants
	Moderate Risk	<ul style="list-style-type: none"> 40-yr credits (11-yr grace, 0% interest) 	<ul style="list-style-type: none"> 50% grants 50% 40-yr credits (10-yr grace, 0.75% SDR service charge)
	Low Risk	<ul style="list-style-type: none"> 31-yr credits (6-yr grace, 0.75% SDR service charge) 	<ul style="list-style-type: none"> 40-yr credits (10-yr grace, 0.75% SDR service charge)
Gap and Blend Countries	High Risk or in Debt Distress	<ul style="list-style-type: none"> 25-yr credits (5-yr grace, Fixed interest rate of 1.5% SDR rate). 	<ul style="list-style-type: none"> 40-yr credits (10-yr grace, 0.75% SDR service charge)
	Moderate Risk	<ul style="list-style-type: none"> 25-yr credits (5-yr grace, Floating interest rate of IBRD Group A pricing – 2.5 %). 	
	Low Risk		

*The spread below applicable IBRD pricing will be subject to adjustments if IBRD maturity premium changes in order to maintain financial equivalency.

101. **Blend term credits on floating rates will have 25-year maturity, 5-year grace period and interest rate equivalent to IBRD group A interest rate minus 250 basis points.**⁵¹ Countries will be given a choice to continue borrowing on fixed-rate terms if they wish to do so. Such a choice, however, will involve volume tradeoffs, resulting in an allocation discount of 15 percent compared with the allocation on floating rates. To protect borrowers from scenarios of very high market interest rates, the lending rate will be capped at 5 percent. In addition to the cap, a floor of 0.75 percent is also proposed to ensure that IDA can cover the operational cost of its projects. In

⁵¹ The spread below applicable IBRD pricing will be subject to adjustments if IBRD maturity premium changes in order to maintain financial equivalency.

addition, countries will be offered hedging services to mitigate risks associated with fluctuation in market interest rates, red-light Gap and Blend countries will continue to borrow on fixed rate Blend terms.

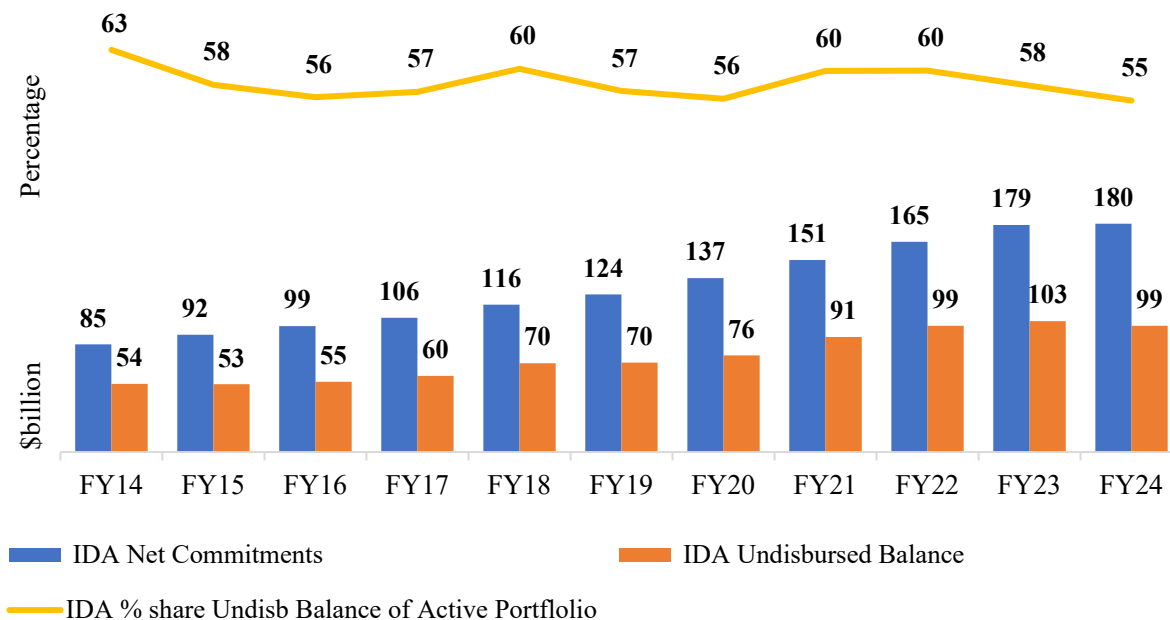
102. **The same PBA terms will be used under the new GROW window, except for the WHR which will offer half grants and half PBA terms.** SMLs will be offered under the CRW for all countries other than IDA-only red-light countries which will continue to receive grants and Small Economies which will receive resources on Small Economy terms. SUW will provide financing on non-concessional regular SUW terms equivalent to IBRD group A terms and SMLs. Financing under the new GFPP Envelope will be provided on grant terms.

SECTION 6: ENSURING EFFECTIVE IMPLEMENTATION

103. **IDA21 will build on robust performance, as IDA-supported operations have continued to disburse at a steady pace and deliver impressive outcomes towards a “people centered” approach.** IDA’s financing commitments increased by 69 percent during FY20-FY24 compared to FY15-19. Average annual commitments for IDA FCS countries have tripled. IDA disbursements kept pace, increasing by 72 percent in the same period. The share of IDA’s overall undisbursed balance is at a record low in over a decade (Figure 6.1). According to IEG ratings reported in FY24, the World Bank achieved satisfactory performance in 91 percent of IDA-financed operations, an increase from FY23 demonstrating that IDA operations have largely been successful in achieving their development objectives. Similarly, the latest reported data shows that the quality of IDA’s monitoring and evaluation (M&E) has continued to improve, with 71 percent of all IDA operations rated as substantial or high on M&E quality (69 percent in FCS countries). According to data reported in FY24, IEG rated 87 percent of all IDA operations and 84 percent of operations in FCS countries as having achieved satisfactory outcomes, surpassing the expected 80 percent threshold. For FCS, that represents an improvement compared with results reported in FY23. IEG ratings of satisfactory outcomes of IDA Country Partnership Frameworks continued the positive trend and increased by 9 percentage points, reaching 77 percent, well exceeding the expected value of 70 percent. In IDA21, Management will continue efforts to further strengthen these positive trends in implementation of our engagement.

104. **Management will continue to proactively monitor and flexibly deploy operational financing to support evolving priorities during IDA21 implementation.** Operations portfolio restructuring and cancellations allow countries to reprogram canceled funds via recommitment to new activities that better respond to needs. In FY15–20, cancellations averaged \$1.5 billion per FY (under 2 percent of the total active portfolio), but in FY20 \$3.3 billion (roughly 2.5 percent) was canceled for pandemic responses. And as of end August 2024, \$4.5 billion is eligible for recommitment in IDA20. In IDA21, Management will continue to proactively seek out such opportunities in alignment with country strategies and client needs, recognizing that these opportunities may be limited in countries with relatively young portfolios.

Figure 6. 1. Trends in IDA Undisbursed Balances (FY14-FY24)



105. **IDA’s ground presence, including in FCV contexts, and implementation support structures will remain a key strength in overcoming implementation challenges and providing just-in-time, as well as long-term, capacity support to clients.** With growing staff presence on the ground, IDA has been able to anticipate and monitor country developments more closely, maintaining more active and informed dialogue with government counterparts and development partners, and tailoring interventions to changing contexts and capacities. This provides a strong foundation for implementing IDA21, and the OEE dashboard will continue to report information on staff presence in FCV contexts. Management has introduced operational efficiencies. The approval process for IBRD/IDA projects has been cut by three months, and the aim is to shorten it by four more months. The goal is to reduce the overall IBRD/IDA project preparation time to under 12 months by FY25, which will be a cut by one-third and free up staff time for client support. Moreover, other ongoing efforts of the World Bank to become a “better Bank” – one that delivers with speed, scale, and quality for impact - will further improve IDA’s systems and strengthen client capacity to achieve national development goals.

106. **With adaptive technology and innovative approaches, IDA21 will continue supporting clients to operate effectively.** These include deployment of the new IDA-GFPP envelope, leveraging virtual platforms, flexible application of policies in crisis, hands-on expanded implementation support, negotiating emergency contracts through Bank facilitated procurement, and systematically addressing financial management risks. The Environmental and Social Framework (ESF) continues to be applied with its inherent flexibility, and collaboration with MDBs on implementation challenges has also been strengthened. As in IDA20, there will be flexibility in implementation arrangements as needed, for example in those conflict-affected contexts where IDA financing is implemented largely through UN agencies to support service delivery while building state capability and institutional resilience.

107. **Partnerships will remain a strong pillar for strengthening IDA21 implementation, aligning with the WBG Partnership Charter.** The urgency and complexity of global challenges require a high degree of coordination and progress needs to be supported through the collective action of countries, development partners, the private sector and the civil society. IDA has been a steadfast partner, a strong convener and contributor fostering alignment on policy, knowledge, financing, best practices among MDBs and DFIs across areas including debt sustainability, gender equality, and climate action. Joint actions by MDBs are expanding collective financing capacity through CAF measures and financial innovations, enhancing climate efforts, strengthening collaboration and co-financing at the country level, and mobilizing the private sector—all focused on improving outcomes for IDA countries. To strengthen partnerships, IDA is actively consulting civil society, faith-based groups, parliamentarians, philanthropies, and other key stakeholders. For example, a country-specific Civil Society Policy Forum was hosted in Mozambique, and engagement with parliamentarians through the Global Parliamentary Forum. IDA’s RW has supported partnering through a number of regional organizations especially in the Africa region, for example, the Horn of Africa Initiative which engages finance ministers of Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan and Sudan, supported by the WBG, AfDB, European Union (EU) and German Federal Ministry for Economic Cooperation and Development (BMZ). In IDA21, GROW will support initiatives addressing regional integration and global challenges, including cross-border externalities and climate adaptation activities. Also, GROW will continue support to host communities and refugees in close partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR), working together on eligibility determination and implementation. IDA21 will continue to strengthen partnerships and systematic cooperation with increasing emphasis on country level coordination on country strategies as well as operational engagements.

SECTION 7: MANAGING IDA FINANCIAL RESOURCES

108. **IDA21’s recommended commitment authority envelope of [SXX] billion will be financed by [SXX] billion of new contributions.**

A. COMMITMENT AUTHORITY

109. **IDA’ hybrid financial model will continue to offer sustainable leveraging in IDA21.** The three key principles will continue to guide this leveraging:

- a. preserving IDA’s ability to continue fulfilling its mission in the future, as well as *predictability and stability of financing for clients*;
- b. establishing IDA’s ability to service debt *without* restricting future lending capacity, or creating *unexpected future contribution requirements for donors*; and
- c. maintaining IDA’s ability to *adjust its policies at future replenishments*, ensuring that decision-making today does not pre-commit future funding levels, lending volumes or allocation principles.

B. DONOR CONTRIBUTIONS AND IBRD TRANSFERS

110. **IDA21 commitment authority will be supported by Donor grant contributions including the grant element [and interest rate risk reduction benefits] of the concessional loans, [hybrid capital, and portfolio guarantees] from Donors and transfers from IBRD net income.**⁵² These resources, as well as IDA's existing equity and loan reflows, enable leveraging through the capital markets to fund IDA21 commitments, the corner stone of IDA's unique hybrid model.

111. **Donor contributions supporting IDA21 commitment authority are provided as part of the IDA21 replenishment itself as well as under the Multilateral Debt Relief Initiative (MDRI) replenishment.** Management will review IDA's commitment authority and report to the IDA Board of Executive Directors on a regular basis. This review will take into account the status of Donor financing commitments to the IDA21 replenishment and the MDRI replenishment, as well as any significant changes in the financial variables impacting IDA's financial projections. In the event of a significant shortfall of Donor commitments or changes in financial variables, the level of IDA21 commitment authority could be adjusted over the course of the IDA21 period. Management will consult with the Board and, as necessary, make adjustments to the level of IDA21 commitment authority. Such adjustment will be guided by the financial and risk management framework and principles of IDA's long-term financial sustainability.

112. **Participants endorsed [\$amount] billion of total Donor contributions for the IDA21 Replenishment.** IDA21 Donor contributions comprise: (i) basic contributions of [\$amount] billion, which includes grant contributions of [\$amount] billion, the grant element of [\$amount] million from Concessional Partner Loans (CPL) contributions, [and the grant element of [\$amount] billion from Hybrid Capital contributions]; and (ii) contributions to cover IDA's debt relief costs under the HIPC Initiative in IDA21 amounting to [\$amount] billion. [Participants also provided [\$X billion] in Portfolio Guarantees through a new Portfolio Guarantee Platform.] In addition, Donor contributions are expected to generate investment income amounting to [\$amount] billion by using a regular encashment profile of nine years.⁵³ Donor contributions underpin IDA21's commitment authority.

113. **New and prospective Donors.** [number] pledged to become new IDA contributing Donors and [number] have returned as donors. Participants observed that there are still a number of countries that have the economic capability to contribute to IDA but have not yet done so. They welcomed Management's efforts to reach out to these countries and continue to encourage them to become IDA Donors.

114. **Donors may make additional grant contributions.** Donors may, at any time, make additional grant contributions to the amounts shown in Table 1 of Annex 20.

115. **IDA21 will continue the Dual Reporting Approach endorsed in IDA20 for reporting Participants' burden shares.** The Dual Reporting Approach reports both *gross* and *net* donor

⁵² The IBRD transfers are made out of its net income and are subject to annual approvals by the IBRD's Board of Governors after considering IBRD's reserve retention needs as required by IBRD's Articles.

⁵³ Amounts may not add up due to rounding.

burden shares. When endorsed in IDA20 it was seen as a pragmatic and balanced means of addressing Participants' concerns regarding the impact of the increasing structural gap. In IDA21 it continues to address these concerns adequately.

116. **Voting rights.** IDA21 will continue to apply the existing IDA voting rights framework.

117. **Impact of HIPC debt relief on IDA's finances.** Participants restated the basic HIPC principle that debt relief should not reduce IDA's capacity to support poverty reduction and development and should be additional to other IDA assistance. IDA will need additional financing of around [amount] (equivalent to SDR [amount]) in IDA21 to finance forgone credit reflows due to the HIPC Initiative. Annex 16: Financing Debt Relief and Arrears Clearance provides further information regarding Donor contributions to finance debt relief costs under the HIPC Initiative.

118. **Participants reaffirmed the need to provide additional unqualified Donor financing commitments for the MDRI replenishment of [amount (equivalent to SDR amount)], to cover IDA's debt relief costs due to the MDRI during IDA21.** Donor contributions to the MDRI replenishment are governed by the MDRI Resolution.⁵⁴ Under the terms of the MDRI Resolution, changes in actual and estimated costs of MDRI debt forgiveness are reflected in adjustments to Donor contributions to MDRI in conjunction with regular replenishments.⁵⁵ The additional unqualified financing of [amount] reflects a three-year additional costing period for IDA21. Adjustments to reflect these updated cost estimates for the MDRI as of June 30, 2024, are also required in the payment schedule attached to each IDA Donor's IoC for its MDRI subscription and contribution.⁵⁶ Annex 16: Financing Debt Relief and Arrears Clearance provides further information regarding Donor contributions to finance debt relief costs under MDRI.

119. **The IBRD income transfer formula agreed as part of the 2018 WBG Capital Package will continue to apply in IDA21.** The current estimate for IDA21 is approximately \$[amount] billion, which represents projected IBRD transfers in FY26 to FY28. These transfers will be subject to annual approvals by IBRD's Board of Governors based upon evaluations of IBRD's annual results and after considering IBRD reserve retention needs.

120. **Per the 2018 WBG Capital Package agreement, IFC transfers to IDA will remain suspended.**⁵⁷ Instead, IFC is expected to expand activities in IDA countries directly through its balance sheet, as such boosting IFC's direct engagement in IDA countries. IFC is expected to

⁵⁴ World Bank Group, *IDA Board of Governors Resolution No. 211 : Additions to Resources - Financing the Multilateral Debt Relief Initiative*, (the "MDRI Resolution"), April 21, 2006, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/768971470993173182/international-development-association-ida-board-of-governors-resolution-no-211-additions-to-resources-financing-the-multilateral-debt-relief-initiative>.

⁵⁵ *MDRI Resolution*, Paragraphs 1(f), 2(c) and 2(d).

⁵⁶ Donors will be notified of the necessary amendments to their MDRI IoC and the payment schedule following the adoption of the IDA21 Resolution by the Board of Governors.

⁵⁷ Development Committee of the World Bank Group, *Sustainable Financing for Sustainable Development*, April 17, 2018, Washington, D.C. Available at: https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/mgr/DC2018-0002_PSustainableFinancing421.pdf.

ringfence \$500 million of capital on its balance sheet for the period covered by IDA21, to establish the CCW, which will be used to support an increased PSW of [amount].

121. **CPLs offer an effective way to leverage IDA's balance sheet.** CPLs provide IDA interest-rate risk reduction benefits being low cost, fixed-rate, long-term funding to IDA, and provide Donors with increased flexibility to contribute to IDA. Concessional loan contributors will receive burden sharing recognition through voting rights based on the grant element of the loan. The voting rights will be allocated following loan drawdown by IDA. Loan funding will be used as part of IDA's overall pool of funding and will not be earmarked for any purpose. In line with IDA17, IDA18, IDA19, and IDA20 CPL Frameworks, the IDA21 CPL Framework aims to offer a fair and transparent balance of IDA's need for grant contributions and the need to provide recognition for the additional funding provided by concessional loans.

122. **Donors providing concessional loans to IDA21 should provide at least 80 percent of their benchmark Minimum Grant Equivalent Contribution in the form of a *basic grant contribution*,** and at least 100 percent of the benchmark Minimum Grant Equivalent Contribution in the form of a *basic grant equivalent contribution* (basic grant contribution plus the grant elements from the CPL, Hybrid Capital and Portfolio Guarantee Platform), where the benchmark Minimum Grant Equivalent Contribution is defined flexibly as follows:

- a. The Minimum Grant Contribution benchmark is defined as 100 percent of a Donor's previous basic grant equivalent contribution (which would include basic contributions from grants and grant element from a CPL) based on the lower of IDA19 or IDA20 as the Donor prefers.
- b. The Minimum Grant Contribution benchmark could be based on the Currency of Pledge, National Currency or US\$ amounts, as the Donor prefers.

123. Key IDA CPL financing terms and additional details of the IDA21 CPL Framework, including calculation of the grant element, are described in Annex 13.

124. **IDA21 introduces Hybrid Capital (HC) and Portfolio Guarantee Platform (PGP) as two new contribution modalities.** HC provides [100%] equity recognition for capital adequacy purposes. [HC Contributions from [number] donors contributed to [\$amount] billion of IDA21 financing capacity.] Similar to CPLs, HC providers will receive burden sharing recognition through voting rights based on the grant element of the loan, with such voting rights allocated following the purchase of the HC. HC funding will be used as part of IDA's overall pool of funding and will not be earmarked for any purpose. The minimum grant contribution requirement described in paragraph 121 above will also apply to HC providers. Key financing terms and additional details of IDA21 HC framework, including the grant element calculation, are described in Annex 14.

125. **The PGP contribution modality for highly rated donors will reduce credit risk on IDA's balance sheet and thus increase IDA's lending capacity.** By replacing IDA's credit exposure with that of highly rated donors, IDA is able to reduce the capital set aside needed for this risk. [Portfolio Guarantees from [number] donors contributed to [\$X billion] of IDA21 financing capacity.] PGP providers will receive burden sharing recognition through voting rights

based on the calculated grant element of the guarantee. Voting rights will be allocated when a guarantee is called and guarantee payments to IDA are made. If the guarantee payment exceeds the grant element of the guarantee, additional voting rights will be allocated at that time. Any recoveries will be relinquished to IDA by PGP providers and these amounts received from the borrowers will be considered to cover any future non-accruals prior to making a call on remaining IDA portfolio guarantees. The minimum grant contribution requirement described in paragraph 121 above will also apply to PGP. Key terms of the IDA21 PGP are described in Annex 15.

126. Similar to the IDA21 CPL Framework, Frameworks for HC and PGP aim to offer a fair and transparent balance of IDA's need for grant contributions and the need to provide recognition for the additional capacity provided by Hybrid Capital and Portfolio Guarantee Platform.

C. REPLENISHMENT EFFECTIVENESS

127. **IDA21 financing will be subject to an effectiveness condition.** The effectiveness condition ensures that most Donor financing, including contributions by major Donors, is in place on time and will be consistent with effectiveness conditions from previous IDA replenishments. IDA21 will become effective when Instruments of Commitment (IoC) including Qualified IoCs, concessional loan agreements, hybrid capital agreements and portfolio guarantee agreements accounting in the aggregate for 60 percent of the total of Donor grant, concessional loan contributions, [hybrid capital contributions and portfolio guarantees] as per Table 1a-[SDR] of Annex 20,⁵⁸ have been received by IDA.

128. **The target effectiveness date for IDA21 is December 15, 2025.** Early submission of IoCs and signing of agreements for concessional loan, [hybrid capital contributions and portfolio guarantees] is critical to reaching the threshold for replenishment effectiveness.⁵⁹

129. **IDA21 continues the advance contribution scheme agreed in past replenishments.** Under the Advance Contribution Scheme, one-third of the amount specified in a contributing Donor's IoC received before replenishment effectiveness would be used for commitment authority purposes, unless the Donor states otherwise. Upon reaching replenishment effectiveness condition, the remaining amount of the Donors' IoC amounts will be used for commitment authority purposes.

D. FINANCING OF ARREARS CLEARANCE OPERATIONS

130. Participants agreed that no set aside to support the possible reengagement of currently inactive IDA countries will be allocated, but that, should meaningful progress arise in any country

⁵⁸ Only the grant element of concessional loan contributions, [hybrid capital and portfolio guarantees are] used for the purposes of meeting effectiveness condition.

⁵⁹ Some Donors' budgetary and legislative timetables permit them to make their contributions at an early stage in the fiscal year.

in arrears⁶⁰ during the IDA21 period, Management would call for a reallocation discussion with Participants.

E. CONTRIBUTION PROCEDURES

131. **Donors will provide *regular grant contributions* in the form of cash or promissory notes in three equal annual installments.** The first installment will be due 31 days after the replenishment becomes effective, which is expected by December 15, 2025, except for advance contributions, which will be paid as specified by IDA. The second installment will be paid no later than January 15, 2027, and the third installment no later than January 15, 2028. IDA may agree to postpone any payment under the terms of the IDA21 Resolution.

132. **Donors will provide *CPLs* in the form of cash in up to three annual installments.** The installment due dates will be the same as the due dates for grant contributions. At its discretion and with the agreement of the loan provider, Management may draw down on different dates and over shorter periods. IDA may agree to adjust the concessional partner loan schedule under the terms of the Loan Agreement or as discussed with the Donors.

133. **Donors will purchase *HC* with cash in up to three annual installments.** The installment due dates will be the same as the due dates for grant contributions. Management and HC providers can agree on a shorter period.

134. **Donors joining the *PGP* will not make any cash payments upfront.**⁶¹ The PGP will become effective once the guarantee agreement is signed. Cash payments are required only if the guarantee is called. At such time, donors will be required to make cash payments for their pro-rata share of the guarantee as per the terms of the loan(s) in non-accrual.

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

136. **Donor grant contributions, if provided in the form of promissory notes, will be encashed on an approximately pro rata basis among Donors following the agreed (Attachment II of the IDA21 Resolution) or custom encashment schedule.** Donors may, with the agreement of IDA, adjust their grant encashments to reflect their legal and budgetary requirements. Special preferences in this regard will be indicated to Management before or when Donors deposit their IoC. The timing of encashments affects IDA's resource base. In exceptional

⁶⁰ Currently, three IDA countries are disengaged from IDA, namely Eritrea, Syria, and Zimbabwe. These countries may choose to re-engage during IDA21 after clearing arrears to IDA and/or IBRD. Commitment of IDA funds to said countries will require the following: (i) arrangements for the clearance of IDA arrears; and (ii) the ability of the World Bank to effectively appraise and supervise projects, and for projects and programs to be implemented in accordance with World Bank policies (including potentially through third party implementation), is assessed to be feasible. If Syria were eligible for the TAA, it could receive up to \$1 billion, subject to performance.

⁶¹ Cash funder guarantees are an alternative for donors seeking to join the PGP, but who do not meet the minimum credit ratings required for an unfunded guarantee.

cases of unavoidable delay, IDA's grant encashment requests to the relevant Donor may be adjusted to take into account any past payment delays by that Donor and any related lost income to IDA. IDA may also agree with any Donor on a revised grant encashment schedule that yields at least an equivalent value to IDA. A Donor's voting rights will be affected if the net present value is not maintained. The present value of Donors' grant encashment schedules will be based on a [number] percent per annum discount rate. Donors that accelerate grant encashments can use the additional resources as a credit item, either to increase their own regular burden share, to cover a share of their costs under the MDRI replenishment, or to cover a portion of payment arrears from previous replenishments. If a Donor uses their acceleration of the grant encashment to increase their regular burden share, that Donor will receive additional subscription votes on account of the additional resources provided to IDA from accelerated grant encashment. Donors that use accelerated grant encashment can alternatively benefit from a discount on the amounts encashed.

137. **Valuation of contributions.** Participants may denominate their grant contributions in their respective national currencies if the currency is freely convertible or with the approval of IDA, in any convertible currency of another member country. The currency of denomination for each Donor's grant contribution will be determined as of the date of conclusion of the IDA21 replenishment discussions. For the purpose of establishing equivalence of value among different currencies and the US\$ for grant contributions, the average daily exchange rate for the period between March 1, 2024, and August 31, 2024 will apply. To help maintain the value of contributions from Donors with high inflation rates, grant contributions from Donors with domestic annual inflation of 10 percent or higher in 2020-2022 will be denominated in SDR or any SDR component currency as agreed with IDA.⁶² CPLs may be denominated in US Dollar, Euro, Japanese Yen, British Pound, Chinese Renminbi and SDR. Donors can request to convert such loan to a non-SDR basket currency based on agreed criteria as specified in the IDA21 CPL Framework (see Annex13). They also agreed to determine the currency of denomination for each Donor's concessional loan, [hybrid capital contributions and portfolio guarantees] as of the date of conclusion of the IDA21 replenishment discussions. Original currencies of denomination of Donors' grant contribution or Donors' concessional loans shall not be changed after the approval of the Replenishment Report by IDA's Executive Directors.

138. **Unused IDA20 funds, if any, will be carried over into the IDA21 period and allocated using IDA21 terms, conditions, and procedures.** Donor contributions remaining outstanding at the end of IDA20 will be administered under the terms of the IDA21 replenishment subject, as appropriate, to the terms and conditions applicable to the IDA20 replenishment with respect to financial management matters such as payment, encashment and allocation of voting rights.

139. **Reporting of contributions.** Participants requested Management to report regularly to the IDA Board of Executive Directors on the status of Donors' commitment and actual contributions to IDA, including on the status of concessional loans, [hybrid capital, and PGP] contributions.

⁶² Inflation is measured by the rate of change of the national Consumer Price Index (CPI), or the GDP deflator in case of contributing donor countries for which the CPI is not available.

F. IDA CURRENCY

140. **Management will continue to explore the pros and cons of having SDR as IDA's planning currency.** IDA has employed Special Drawing Rights (SDR) as its planning currency since 1972. The financial environment, IDA's balance sheet management practices, and clients' currency preferences have changed considerably since that time. Management will also explore the possibility of providing loans denominated in RMB and other currencies to IDA countries in IDA21, in addition to the single currency options currently available.

SECTION VII: RECOMMENDATION

141. Participants propose that the Executive Directors recommend to the Board of Governors the adoption of the draft IDA21 Resolution attached in Annex 20.

DRAFT





DRAFT






ANNEXES






ANNEX 1. IDA21 POLICY PACKAGE






CORPORATE OUTCOME TARGETS	
Indicator	Commitment
Millions of people provided with access to electricity.	250 million by 2030 (Sub-Saharan Africa)
Millions of people receiving quality health, nutrition, and population services.	1.5 billion by 2030 (Global)
Millions of people with access to social protection programs to alleviate hunger.	500 million by 2030, of which 50% women (Global), together with development partners.
Millions of women enabled to use broadband, unlocking essential services, financial services, education, and job opportunities.	300 million by 2030 (Global)
Millions of women and women-led businesses provided with capital, addressing a critical constraint to entrepreneurship growth.	80 million by 2030 (Global)






IDA21 POLICY COMMITMENTS - INSTITUTIONAL ACTIONS

	Objective	Commitment
PC1: Scaling-Up Impact 		<p>Implement six Global Challenges Programs¹ to respond to key global challenges through a focus on providing integrated public - private sector solutions that are replicable across countries and can be delivered at scale.</p> <p><i>Baseline: Zero. GCPs were discussed with the Board in October 2024.</i></p> <p>¹ Six GCPs are: (i) <i>Forests for Development, Climate, and biodiversity: to build sustainable forest economy in critical forest biomes;</i> (ii) <i>Energy Access and Transition: to increase access to affordable, reliable, sustainable and modern energy, by scaling up clean-energy and phasing down fossil fuel use;</i> (iii) <i>Accelerating Digitalization: to accelerate digitalization at scale to enable innovation and adoption of technology;</i> (iv) <i>Food and Nutrition Security: to help break the cycle of food and nutrition insecurity by 2030;</i> (v) <i>Enhanced Health Emergency Prevention, Preparedness and Response: to enhance capacity to prevent and prepare for health emergencies by strengthening health systems at country, regional and global levels;</i> (vi) <i>Fast-track Water Security and Climate Adaptation: to strengthen water security through systems change and scaling-up more sustainable water management and disaster risk reduction solutions.</i></p>
PC2: Outcome Orientation 		<p>Implement the new IDA21 Scorecard, with enhanced measurement standards and greater data disaggregation to report results at scale and provide data insights to inform strategic discussions.</p> <p><i>Baseline: IDA20 Results Measurement System (RMS) being phased out with final year reporting in FY25.</i></p>
PC3: Crisis Preparedness 		<p>Increased take up, including in FCS, of Crisis Preparedness and Response Toolkit in IDA countries including tools that provide (i) fast access to cash for emergency response; (ii) improved preparedness and scaled up access to pre-arranged financing for emergency response and (iii) expanded catastrophe insurance.</p> <p><i>Baseline: 24 IDA countries have at least one Toolkit instrument in place, with \$1.5bn in pre-arranged contingent resources.</i></p>
PC4: One WBG 		<p>Enable and mobilize private capital through One WBG, including the use of World Bank Group guarantees in IDA countries under the WBG Guarantee Platform scaling both volume and delivery efficiency.</p> <p><i>Baseline: FY24 – WBG issued \$10.3bn in new guarantees using products that will be part of the WBG Guarantee Platform.</i></p>


IDA21 POLICY COMMITMENTS - INSTITUTIONAL ACTIONS		
	Objective	Commitment
PC5: Strengthening Client Implementation Capacity 		<p>Scale up IDA support to client implementation capacity, including in low-capacity environments, through strengthening of Environment and Social, financial management, and procurement systems as well as project implementation units and agencies, in line with client needs.</p> <p><i>Baseline: Zero. Proposed Client Capacity Academy is being set up.</i></p>
PC6: Knowledge Compact 		<p>Scale up implementation of revamped core diagnostics: Country Climate and Development Report (CCDR), Poverty and Equity Assessment (PEA), Country Growth and Jobs Report (CEM 3.0), Public Finance Review (PFR), Country Private Sector Diagnostic (CPSD 2.0). Roll out the WBG Academy for IDA clients.</p> <p><i>Baseline: CCDR (43 for FY22-24), PEA (X as of end FY24); CEM 3.0 (X as of FY24); PFR (X as of FY2024); CPSD 2.0 (X as of FY2024); Zero for WBG Academy, which is being set up.</i></p>
PC7: Cross-Border Externalities 		<p>Scale-up IDA support for addressing cross-border externalities through Global & Regional Opportunities Window (GROW).</p> <p><i>Baseline: During FY23-24, IDA regional window committed \$5.4bn for regional integration. GROW is expected to also cover global challenges like climate adaptation.</i></p>
PC8 People 	Continuity of Services	<p>IDA21 operations will strengthen crisis-readiness in health / education / social protection systems to limit disruptions in service delivery during pandemics, climate, food and nutrition insecurity, and other shocks.</p> <p><i>Baseline: PC goes beyond relevant IDA20 PCs, which cover pandemic prevention, preparedness and response reaching 23 countries (end-FY24) and adaptive social protection reaching 27 countries (end-FY24)</i></p>
PC9 Planet 	Climate Financing	<p>[IDA’s Climate-Co Benefits share of total commitments and proportion for adaptation will evolve in line with the MDB estimates of climate finance for 2030 that will be disclosed at COP29.]</p> <p><i>Baseline: IDA20 CCB share is [xx] with [yy] for adaptation.</i></p>

IDA21 POLICY COMMITMENTS - INSTITUTIONAL ACTIONS		
	Objective	Commitment
PC10 Prosperity 	Institutional Strengthening	<p>Support the strengthening of governments' institutional capacities and anti-corruption efforts in core government functions, including public financial management, public procurement, public administration, and/or institutional dimensions of social and environmental aspects, among others, through technical assistance, knowledge, and/or financing engagements.</p> <p><i>Baseline: Zero. No directly comparable PC in IDA20.</i></p>
PC11 Gender 	Gender Equality	<p>Implement the WBG Gender Strategy in all IDA countries with an emphasis on Gender-Based Violence, Economic Participation, and Sexual and Reproductive Health (SRH). SRH will be addressed through WBG interventions in 35 countries.</p> <p><i>Baseline: PC goes beyond relevant IDA20 PCs, which aim to support SRH, adolescent and maternal health in 30 countries; 35 countries with economic inclusion; 15 countries with childcare; 30 countries with digital inclusion; 10 countries with GBV.</i></p>
PC12 Jobs 	More and Better Jobs	<p>Support the creation of more and better jobs, particularly for youth and women, through WBG financing engagements, knowledge, and/or technical assistance.</p> <p><i>Baseline: Zero. No directly comparable PC in IDA20.</i></p>
PC13 Private Investment 	Business Environment	<p>Support the implementation of regulatory and institutional reforms addressing critical impediments to private investment as identified by WBG diagnostics, and/or provide direct support through WBG engagements.</p> <p><i>Baseline: Zero. No directly comparable PC in IDA20. However, IDA20 supported 20 countries to address growth in high potential sectors.</i></p>
PC14 FCV 	Addressing FCV Drivers and Sources of Resilience	<p>CPFs/CENs for IDA FCS and FCV Envelope countries will have strategic objectives that reflect how the WBG program, in collaboration with relevant partners, will help address FCV drivers and sources of resilience based on Risk and Resilience Assessments (RRAs) or other FCV diagnostics.</p> <p><i>Baseline: Zero. No directly comparable PC in IDA20. However, IDA20 required new country engagement products to show link to FCV drivers.</i></p>

IDA21 POLICY COMMITMENTS – COUNTRY-LEVEL ACTIONS		
	Objective	Commitment
PC15 People 	Focus on children and adolescents	<p>Support 40 countries to provide services to young people with a focus on early childhood and adolescent services.</p> <p><i>Baseline: PC goes beyond relevant IDA20 PC which aims to reach 30 countries with early childhood and maternal child health support.</i></p>
PC16 Planet 	Climate Adaptation	<p>Support at least 50 countries on adaptation and resilience policies and/or climate preparedness interventions. This support will be reflected in relevant new Country Partnership Frameworks and informed by Country Climate and Development Reports (CCDRs) in alignment with adaptation components of Nationally Determined Contributions (NDCs).</p> <p><i>Baseline: PC goes beyond relevant IDA20 PCs, which aim to support 50 countries with inclusive climate policies and 25 countries to improve crisis preparedness.</i></p>
PC17 Planet 	Water Security	<p>Support 30 countries to improve their capacity to design and implement equitable, inclusive, financially sustainable, and resilient water sector reforms and investment programs.</p> <p><i>Baseline: PC goes beyond relevant IDA20 PC, which have reached 21 countries with water sector operations.</i></p>
PC18 Planet 	Food Security	<p>Support 45 countries to design and implement agriculture sector reforms including agriculture production and technology transfer, and investment programs aimed at increasing food and nutrition security and sustainability of food systems.</p> <p><i>Baseline: Zero. No directly comparable PC in IDA20.</i></p>
PC19 Prosperity 	Domestic Resource Mobilization (DRM)	<p>Support effective, efficient, and equitable domestic resource mobilization (improving fairness and progressivity and utilizing the additional fiscal space for pro-poor spending) and prudent fiscal management in countries with tax-to-GDP ratio below 15 percent (41 countries as of June 2024) through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.¹</p> <p><i>Baseline: IDA20 aims to support 15 countries.</i></p> <p>¹Support provided to DRM would also leverage enhanced partnerships, including with the IMF, the OECD, and others.</p>

IDA21 POLICY COMMITMENTS – COUNTRY-LEVEL ACTIONS		
	Objective	Commitment
PC20 Prosperity 	Evidence-based Policy Making	Assist 30 countries with foundational poverty data older than five years by financing the collection and dissemination of household surveys. <i>Baseline: IDA20 has supported 41 countries.</i>
PC21 Prosperity 	Debt Sustainability	Support debt sustainability and debt transparency in all IDA countries at moderate or higher risk of debt distress (59 countries as of August 2024) through technical assistance, knowledge, and/or financing engagements. <i>Baseline: PC goes beyond relevant IDA20 PC, which aims to promote debt transparency in 50 countries.</i>
PC22 Infrastructure 	Electricity Access	Support 30 countries to improve the financial and operational performance of electricity utilities. <i>Baseline: Zero. IDA20 does not have a comparable PC.</i>
PC23 Infrastructure 	Urban Services	Support 18 countries with municipal engagements – through financing, knowledge, and technical assistance – for sustainable and resilient urban and transport infrastructure and services. <i>Baseline: Zero. IDA20 does not have a comparable PC.</i>
PC24 Digital Transformation 	Digital Transformation	Support 50 countries to increase access to inclusive, affordable, safe, and sustainable broadband connectivity and/or digital platforms to enable digital services at scale, including through approaches leveraging private sector investment. <i>Baseline: PC goes beyond relevant IDA20 PCs, which reached 15 countries with digital connectivity (end-FY24) and 10 countries with GovTech solutions</i>

IDA21 POLICY COMMITMENTS – COUNTRY-LEVEL ACTIONS

	Objective	Commitment
PC25 Private Investment 	Financial Sector Deepening	Support 20 countries in the development of domestic capital markets by addressing critical impediments identified in WBG diagnostics. <i>Baseline: Zero. No directly comparable PC in IDA20.</i>

DRAFT

IDA SCORECARD

VISION: Our vision is a world free from poverty on a livable planet



VISION INDICATORS

POVERTY

- Percentage of global population living in poverty (at \$2.15/day and \$6.85/day)

Latest value

PROSPERITY

- Global average income shortfall from a prosperity standard of \$25/day
- Number of countries/economies with high inequality

PLANET

- Global greenhouse gas emissions (Gigatons of CO₂ equivalent)
- Percentage of people at high risk from climate-related hazards globally
- Millions of hectares of key ecosystems globally
- Percentage of people facing food and nutrition insecurity globally
- Percentage of people with access to basic drinking water, sanitation services, or hygiene globally

CLIENT CONTEXT INDICATORS	IDA		IDA RESULTS INDICATORS	
	Latest data		Achieved	Expected
PEOPLE				
Protection for the poorest				
Percentage of people covered by social protection and labor programs in the total population and in the poorest quintile		>	Millions of beneficiaries of social safety net programs	
No learning poverty				
Percentage of children who cannot read by end-of-primary-school age		>	Millions of students supported with better education	
Healthier lives				
Percentage of children under five stunted		>	Millions of people receiving quality health, nutrition, and population services	
Universal health coverage service coverage index (0 – 100)		>	Countries benefitting from strengthened capacity to prevent, detect, and respond to health emergencies	
PROSPERITY				
Effective macroeconomic and fiscal management				
Countries/economies at high risk of or in debt distress		>	Countries in or at high risk of debt distress that implemented reforms towards debt sustainability (%)	
Countries/economies with tax revenue-to-GDP ratios (including social security contributions) below or equal to 15%		>	Countries with tax revenues-to-GDP ratio at or below 15% that have increased collections, considering equity	
PLANET				
Green and blue planet and resilient populations				
Percentage of people exposed to hazardous air quality		>	Net GHG Emissions (Millions tonnes of CO ₂ e/year)	
Countries/economies with increasing renewable natural capital per capita		>	Millions of beneficiaries with enhanced resilience to climate risks	
Percentage of terrestrial and aquatic areas that are protected		>	Millions of hectares of terrestrial and aquatic areas under enhanced conservation/management	
Proportion of fish stocks within biologically sustainable levels		>	Millions of hectares of terrestrial and aquatic areas under enhanced conservation/management	
Inclusive and equitable water and sanitation services				
Percentage of people with access to basic drinking water, sanitation services, or hygiene		>	Millions of people provided with water, sanitation, and/or hygiene, of which (%) is safely managed	
Sustainable food systems				
Percentage of people facing food and nutrition insecurity		>	Millions of people with strengthened food and nutrition security	
INFRASTRUCTURE				
Connected communities				
Percentage of people with access to reliable transport solutions all year-round		>	Millions of people that benefit from improved access to sustainable transport infrastructure and services	
Affordable, reliable and sustainable energy for all				
Percentage of population with access to electricity		>	Millions of people provided with access to electricity	
		>	GW of renewable energy capacity enabled	
DIGITAL				
Digital connectivity				
Percentage of population using the internet		>	Millions of people using broadband internet	
Digital services				
State of online e-government service provision		>	Millions of people using digitally enabled services	
CROSS-CUTTING THEMES				
Gender equality (measured through gender-disaggregated outcomes across themes)				
Population that own a financial account, total (% population ages 15+) and female (% female population ages 15+)		>	Millions of people benefitting from actions to advance gender equality, of which (%) from actions that expand and enable economic opportunities	
		>	Millions of people and businesses using financial services, of which (%) are women	
More and better jobs				
Wage and salaried workers, total (% total employment) and female (% female employment)		>	Millions of new or better jobs, - of which (%) for women	
Youth not in education, employment, or training, total (% youth population) and female (% female youth population)		>	- of which (%) for youth	
Better lives for people in fragility, conflict and violence (measured through FCS-disaggregated outcomes across themes)				
Percentage of population in FCS countries living in extreme poverty (at \$2.15/day)		>	Millions of displaced people and people in host communities provided with services and livelihoods	
Millions of displaced people in need of protection		>	Millions of displaced people and people in host communities provided with services and livelihoods	
More private investment				
Private investment as a percentage of GDP		>	\$ billions in total private capital enabled	
		>	\$ billions in total private capital mobilized	

Results achieved: the stock of results that have occurred. **Expected results:** the anticipated results over the projects' results horizon. **Stock of active operations:** IDA uses harmonized definitions of stock, anchored in the results architectures of the World Bank.

WORLD BANK GROUP ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY DASHBOARD



INDICATOR	COVERAGE (current)	TREND	
		LATEST	CHANGE ▲▼▶
FINANCING FOR OUTCOMES			
BIGGER WBG			
→ Total revenue (US\$ billions)	IBRD-IDA IFC MIGA		
→ Total commitments (US\$ billions)	IBRD-IDA IFC MIGA		
LEANER WBG			
→ Budget anchor (Percentage)	IBRD IDA		
GREENER WBG			
→ Share of climate-related financing in total commitments (Percentage)	IBRD-IDA IFC MIGA		
→ Adaptation share of climate financing (Percentage)	IBRD-IDA		
SCALEABLE SOLUTIONS			
→ Share of Additional Financing by number of operations (Percentage)	IBRD-IDA		
→ Create or leverage Bank-wide MPA operations, including GCPs (Number of operations)	IBRD-IDA		
→ Average financing commitment per operation (US\$ millions)	IBRD-IDA		
PURPOSEFUL PARTNERSHIPS			
→ \$ mobilized through co-financing (US\$ billions, 3-year rolling average)	IBRD-IDA IFC		
MONITORING FOR OUTCOMES			
BETTER OUTCOMES			
→ Satisfactory outcomes of World Bank operations (IEG Ratings as percentage of operations, 3-year rolling data)	IBRD-IDA		
→ Satisfactory development outcomes of IFC Investment operations (IEG Ratings as percentage of operations, 3-year rolling data)	IFC		
→ MIGA operations rating (IEG Ratings as percentage of operations, 6-year rolling data)	MIGA		
USEFUL KNOWLEDGE			
→ Advisory Services and Analytics (ASA) objectives accomplished (Percentage)	IBRD-IDA		
→ IFC advisory services effectiveness rating (IEG Ratings as percentage of operations 3-year rolling data)	IFC		
→ IFC overall client satisfaction with products and services (Percentage)	IFC		
→ Client feedback on World Bank tailored expertise (Percentage)	IBRD-IDA		
→ ASA portfolio health (Number of ASA active YTD / Number of ASA completed in previous FY)	IBRD-IDA		
→ ASA completion rate (vs goal for FY24) (Percentage)	IBRD-IDA		
→ CCDRs published (Number)	WBG		
→ Countries with current CPF (Percentage)	WBG		
ROBUST DATA			
→ Quality of M&E in operations (IEG Ratings as percentage of operations 3-year rolling data)	IBRD-IDA		
IMPLEMENTING FOR OUTCOMES			
FASTER OPERATIONS			
→ Preparation time from AIS to concept review (Months)	IBRD-IDA		
→ Preparation time from AIS to approval (Months)	IBRD-IDA		
→ Time from approval or mandate to first disbursement (Months)	IBRD-IDA IFC		
→ Disbursement ratio (Percentage change since previous FY)	IBRD-IDA		
SIMPLER OPERATIONS			
→ Share of operations processed on Track 1 (Percentage)	IBRD-IDA		
WORKING TOGETHER			
→ Number of joint WBG operations (Number of joint operations / total active portfolio)	IBRD-IDA IFC MIGA		
ACTIONABLE FEEDBACK			
→ Client feedback on World Bank responsiveness and staff accessibility (Scale 1-10)	WBG		
→ Client feedback on World Bank Group knowledge (Scale 1-10)	WBG		
→ Quality of citizen and civic engagement (Scale 0-3)	NEW		
→ Facetime Index in FCS (Index / Number of Days)	IBRD-IDA		
ADAPTIVE IMPLEMENTATION			
→ Problem projects (Percentage of operations)	IBRD-IDA		
→ Proactivity index (Percentage of operations)	IBRD-IDA		
→ Number of countries with crisis toolkit options in place (Number of countries)	IBRD-IDA		
→ Number of Country Partnership Frameworks that include an objective related to crisis preparedness (Number of countries)	IBRD-IDA		
→ Lending Program delivery as of end Q3 as a share of total delivery (Percentage)	IBRD-IDA IFC		
→ IBRD/IDA cancellations (US\$ millions)	IBRD-IDA		

Notes: Preliminary figures shown. Data on citizen engagement will be updated in the next cycle.

Trend arrows visualize increases/decreases relative to the previous reporting period and may not always correspond to positive/negative trends.

ANNEX 2. IDA21 POLICY PACKAGE VISUALIZATIONS

DRAFT

Introduction to the Policy Bento Boxes

IDA21 FOCUS AREAS

 People

 Planet

 Prosperity

 Infrastructure

 Digital Transformation

IDA21 LENSES

 Gender Equality

 FCV

 Jobs

 Private Investment

IDA21 Policy Bento Boxes Introduction

The IDA21 Policy Bento Boxes highlight what IDA21 aims to deliver and commits to reporting on. IDA works across multiple sectors and in 78 countries to end poverty on a livable planet. With this vast mandate, the 21st cycle, IDA21, organizes its policy package into five Focus Areas and four Lenses. The Policy Bento Boxes below are single-page overviews of what IDA21 aims to deliver in each of these nine policy areas during FY26-28. The Policy Bento Box brings into view three elements grouped as Planning, Implementing, and Achieving. IDA21 commits to reporting on all items under these elements at its Mid-Term Review (MTR) in December 2026, a Retrospective in December 2028, or more frequently as stated. The Bento Boxes also identify a policy area's link to specific Sustainable Development Goals (SDGs); however, IDA21 does not intend to assess its contributions to attainment of the SDGs.

PLANNING

Strategic Approach

The IDA21 Policy Bento Boxes bring into view **key priorities that guide IDA's and the World Bank Group's Strategic Approach** to respective Focus Area or Lens by, for example, describing relevant thematic strategies or key related actions, or laying out how IDA21 helps advance partnerships.

All items under the "Planning" compartments of the IDA21 Policy Bento Boxes will be reported on at the IDA21 MTR and Retrospective.

IMPLEMENTING

Policy Commitments

There are two types of Policy Commitments in IDA21—Country-Level Actions and Institutional Actions.

Policy Commitments that are unique to a Focus Area or Lens are marked with the respective policy area's icon, be it a Country-Level or Institutional Action:



Additionally, IDA21 commits to seven Policy Commitments that underpin and cut across the policy package. These are all Institutional Actions and hardwire the World Bank Group's Evolution reforms into IDA21. The Policy Bento Boxes have illustrative examples of the Evolution-related Institutional Actions. They appear in various Policy Bento Boxes by the respective icons:



All items under the "Implementing" compartments of the IDA21 Policy Bento Boxes will be reported on at the IDA21 MTR and Retrospective. The WBG Evolution-related commitments will be reported at an aggregate institutional level, drawing upon progress in respective actions in the policy areas.

ACHIEVING

Outcomes

IDA21 aims to deliver important development Outcomes consistent with the 22 results indicators in the World Bank Group's new **Scorecard**:

- IDA21 will measure Outcomes, rather than outputs, with a focus on results that improve people's well-being. Indicators will meet the highest standards of rigor and transparency, and their methodologies will be publicly available.
- As relevant, reporting will be disaggregated by demographic or client segments: by sex, youth, disability inclusion, country income groups, region, Fragile, Conflict-affected or Violent Situations (FCS), Small States/SIDs/LDCs, and joint programming.
- **Expected and actual results of IDA-financed operations will be reported annually** starting October 2026. These will also be included the MTR and in the Retrospective.
- Complementary Results Narratives will aim to assess those WBG contributions not captured by quantitative indicators alone—these will all include examples from IDA countries.
- An approach to adaptive management will inform IDA's client dialogue.

Corporate Outcome Targets

IDA21 helps achieve ambitious World Bank Group corporate targets through operations in IDA countries.

IDA21 supports global efforts to achieve the SDGs. This box shows which SDGs the policy area is linked to. Note that IDA21 does not report against the SDG indicators.



IDA invests in people—the world’s most precious resource: IDA is the largest financier of health, education, and social protection in low-income countries. IDA financial commitments for human capital doubled from \$10.9bn in IDA15 to \$21.7bn in IDA19. The COVID-19 crisis highlighted the fragility of human capital, with significant reversals e.g., it is estimated that learning poverty increased to 89% in IDA/Blend countries during the pandemic. IDA21 will support a rapid, robust, ambitious, and sustained effort to help IDA countries develop and protect their populations’ human capital. The selected results below focus on points in the lifecycle that shape a person’s future, within IDA’s much broader core work to provide affordable, quality services to people through strengthened service delivery systems in health, education, and social protection.

PLANNING

Strategic Approach

Investments in human development are intrinsically important for individual well-being, and instrumental to productivity and social and economic development. In IDA21, the People Focus Area targets Equity, Resilience, and Opportunity:

- Under **Equity** supporting universal quality, affordable healthcare (UHC), education, and social protection services, with particular attention to equitable access for the poorest, persons with disabilities, refugees, ethnic minorities, and marginalized groups.
- Under **Resilience** ensuring that people and social service systems can withstand shocks, including pandemics, climate, conflict and food insecurity, and service disruptions.
- Under **Opportunity** ensuring people have the human capital needed to find productive opportunities for a brighter future.

Adding to IDA20’s focus on **early childhood** and maternal child health, IDA21 targets **adolescence** as a critical point in the lifecycle, including sexual and reproductive health, out-of-school children, and youth at risk.


The People Focus Area is closely linked to *Gender, Digital Transformation, FCV, and Jobs*, and contributes to a range of Scorecard results in these and other areas. It will also build on the 10 **WBG Disability Commitments** for education and social protection to mainstream disability inclusion.

IMPLEMENTING


Policy Commitments


During the IDA21 cycle, special efforts will target key areas with impact on equity, opportunity, and resilience.

COUNTRY-LEVEL ACTION


-  **Focus on children and adolescents:** Support 40 countries to provide services to young people with a focus on early childhood and adolescent services.


INSTITUTIONAL ACTION

-  **Continuity of Services:** IDA21 operations will strengthen crisis-readiness in health / education / social protection systems to limit disruptions in service delivery during pandemics, climate, food and nutrition insecurity, and other shocks.

-  **Scaling-up Impact:** Implement Global Challenge Program (GCP) Health Emergency Prevention, Preparedness & Response (including Pandemic Preparedness Diagnostics and scalable solutions to build resilience) and GCP Food & Nutrition Security (including innovative nutrition solutions and social assistance to bolster resilience and respond to food insecurity crises).

-  Implement the **Knowledge Compact** with cutting-edge knowledge and scalable policy solutions, WBG Academy programs, and strong partnerships.

-  Support implementation of the **new WBG Gender Strategy** (2024-30) to end Gender-Based Violence, improve sexual and reproductive health, elevate human capital, expand and enable economic opportunities, and engage women as leaders.

-  **One WBG:** collaboration with IFC and MIGA including in health on de-risking investments, local manufacturing of medical counter-measures, or in gender on women’s leadership and economic empowerment, and reducing gender-based violence or harassment in companies.

ACHIEVING

Outcomes

IDA21 will report annually on the following achievements (*Scorecard* indicator):

- Millions of beneficiaries of social safety net programs (*1A*)
- Millions of students supported with better education (*2A*)
- Millions of people receiving quality health, nutrition, and population services (*3A*)
- Number of countries benefitting from strengthened capacity to prevent, detect, and respond to health emergencies (*3B*)
- Millions of people benefitting from actions to advance gender equality (*12A*)

These results will be reported as IDA-specific, disaggregated by sex, and by FCS/non-FCS.

Corporate Outcome Targets

IDA21 supports the achievement of existing, ambitious WBG commitments:

- The delivery of **quality, affordable health services to 1.5 billion people by 2030.**
- **Reaching 500 million people with social safety nets by 2030**, alongside other partners.

Linked to Sustainable Development Goals:



IDA21 Planet Focus Area comprises Agriculture and Food, Climate Change, Environment, Natural Resources and Blue Economy, Social Sustainability and Inclusion and Water Security. IDA's net commitments in these areas have increased by 80 percent in ten years—from \$22bn in FY14 to \$39bn in FY24. The proposed IDA21 package scales up and deepens progress achieved in these areas during IDA20 and helps build client capacity and positions the WBG to support countries to prepare and deal with recurring shocks.


PLANNING
Strategic Approach

- **Integrating climate and development:** align all new IDA operations with the goals of the Paris Agreement since July 2023.
- **Accelerate methane emission reduction** by providing access to knowledge, technologies, and finance to scale up country-led methane programs while delivering major social, environmental, and economic benefits.
- **Advance the sustainable management and conservation of forests landscapes for development, climate, and biodiversity** creating economic opportunities and jobs, promoting conservation and enhancement of carbon stocks, and enhancing the conservation of the flora and fauna in forest landscape ecosystems.
- Advance the **WBG Nature Finance Tracking Methodology** to support the Kunming-Montreal Global Biodiversity Framework.
- **Protect biodiversity and ecosystem services** through support for integrated landscape management programs tackling resource exploitation, rural poverty, community rights, and land management incl. through channeling finance to local communities.
- **Boost inclusive and equitable access to water, irrigation, and sanitation** by managing water resources sustainably, including better measurement, allocation, storage, use, and integration of nature-based solutions, along with stronger governance, especially for shared water resources.
- **Increase resilience in hunger hotspots** by (i) fast-tracking implementation of Preparedness Plans at national, regional, and global levels and enhancing measurement and data systems; (ii) expanding Adaptive Social Protection systems; and (iii) increasing infrastructure investments for transporting food, incl. in emergency settings.
- **Improve food nutrition security through food system transformation** in a climate smart way, increasing food production through irrigation and climate smart agriculture, strengthening resilience of food systems and supporting the repurposing of agricultural subsidies.
- **More systemic approach to citizen and civic engagement**, tracked through the Organizational Effectiveness and Efficiency Dashboard.
- The WBG will double its **Agri-Finance and Agribusiness Commitments** to \$9 billion annually by 2030.


IMPLEMENTING
Policy Commitments
COUNTRY-LEVEL ACTION

- **Climate Adaptation:** Support at least 50 countries on adaptation and resilience policies and/or climate preparedness interventions. This support will be reflected in relevant new Country Partnership Frameworks (CPFs) and informed by Country Climate and Development Reports (CCDRs) in alignment with adaptation components of Nationally Determined Contributions (NDCs).
- **Water Security:** Support 30 countries to improve their capacity to design and implement equitable, inclusive, financially sustainable, and resilient water sector reforms and investment programs.
- **Food Security:** Support 45 countries to design and implement agriculture sector reforms including agriculture production and technology transfer, and investment programs aimed at increasing food and nutrition security and sustainability of food systems.

INSTITUTIONAL ACTION

- **Climate Finance:** [IDA's Climate-Co Benefits share of total commitments and proportion for adaptation will evolve in line with the MDB estimates of climate finance for 2030 that will be disclosed at COP29]

Scaling-up impact: Implement the GCPs on Forests for Development, Climate, & Biodiversity; Food & Nutrition Security; Fast-Track Water Security & Climate Adaptation; and Enhanced Health Emergency Prevention, Preparedness and Response – *designed to tackle the nexus of climate adaptation, water, and food systems while championing biodiversity and nature.*

Knowledge Compact: Develop **CCDRs** (26 IDA countries as of Sept. 2024) with actions to operationalize recommendations through analytics, policy dialogue, financing, and TA, and support countries to develop and enhance ambitious and comprehensive national climate plans and strategies (NDCs and LTSs).

Strengthen client implementation capacity: Build capacity on environmental and social (E&S) risks, standards, and frameworks.

Crisis Preparedness: Expanded **Crisis Preparedness and Response Toolkit** including: (1) Climate Resilient Debt Clauses; (2) redirecting financing; (3) linking crisis preparedness and financing; (4) private sector support; and (5) building enhanced catastrophe insurance.

One WBG: Mobilize **private capital** through enabling reforms in the water and agriculture sectors as well as for climate action.

Cross-border externalities: Support transboundary water development and management.


ACHIEVING
Outcomes

- IDA21 will report annually on (*Scorecard* indicator):
- **Net GHG Emissions per year** (*5A*)
 - **Millions of beneficiaries with enhanced resilience to climate risks** (*5B*)
 - **Millions of hectares of terrestrial and aquatic areas under enhanced conservation/management** (*5C*)
 - **Millions of people provided with water, sanitation, and/or hygiene, of which (%) is safely managed** (*6A*)
 - **Millions of people with strengthened food and nutrition security** (*7A*)

Linked to Sustainable Development Goals:


The Prosperity Focus Area supports the performance of IDA countries across the key dimensions of **economic policies, finance and private sector development, institutions, and poverty**. It promotes the integration of analytics with financing through the use of enhanced core diagnostics produced by the WBG to inform public policies, technical assistance, and financing operations. Working closely with global partners, this Focus Area will support i) efficient and equitable domestic resource mobilization through improvements in tax policy and tax administration; ii) public debt sustainability and sound debt management; (iii) evidence-based policy making; and (iv) institutional strengthening. It also supports the jobs agenda as well as private investment by addressing illicit financial flows, promoting financial inclusion, supporting financial market development, and fostering inclusive trade.

PLANNING

Strategic Approach

- **Holistic, integrated approach** to tackling challenges across economic policies, finance, private sector development and trade facilitation, governance and institutional capacity, and poverty reduction, encompassing support for the creation of more and better jobs, particularly for youth and women, and scaling up private investment by combating illicit financial flows, deepening financial markets, fostering financial inclusion, and green, resilient and inclusive trade—while crowding in private capital by increasing IDA financing of risk capital (de-risking instruments and enabling policy work).
- **More impact through tighter integration of analytics and financing** focused on the revamped and upgraded core diagnostics including the Country Growth and Jobs Report, Public Finance Review, Poverty and Equity Assessment, Country Private Sector Diagnostic (CPSD 2.0), as well as the Financial Sector Assessment Program (FSAP).
- **Increased collaboration** in critical areas by working across the WBG and other IFIs (IMF, MDBs), WTO, OECD, bilaterals, global and local think tanks, and development partners.
- **Results orientation with stronger focus on the most vulnerable countries** for TA and analytical support, stressing sustainability and coordinated, programmatic engagements.
- **Strengthen client implementation capacity:** Support clients on climate finance, data for evidence-based policymaking, DRM, and debt management through the WBG Academy.
- Build capacity in debt management for debt sustainability and debt transparency, leveraging IDA's **Sustainable Development Financing Policy (SDFP)** and the application of the joint WB-IMF **Low-Income Countries Debt Sustainability Framework**.

IMPLEMENTING

Policy Commitments

COUNTRY-LEVEL ACTION

- **Domestic Resource Mobilization (DRM):** Support effective, efficient, and equitable domestic resource mobilization (improving fairness and progressivity, and utilizing the additional fiscal space for pro-poor spending) and prudent fiscal management in countries with tax-to-GDP ratio below 15% (41 countries as of June 2024) through comprehensive core diagnostics (PFR), technical assistance, and/or financing engagements.¹
- **Evidence-based Policy Making:** Assist 30 countries with foundational poverty data older than five years by financing the collection and dissemination of household surveys.
- **Debt Sustainability:** Support debt sustainability and debt transparency in all IDA countries at moderate or higher risk of debt distress (59 countries as of August 2024) through technical assistance, knowledge, and/or financing engagements.

INSTITUTIONAL ACTION

- **Institutional Strengthening:** Support the strengthening of governments' institutional capacities and anti-corruption efforts in core government functions, including public financial management, public procurement, public administration, and/or institutional dimensions of social and environmental aspects, among others, through technical assistance, knowledge, and/or financing engagements.
- **Knowledge Compact:** Implement upgraded core diagnostics to be more tightly integrated with Bank operations and support the roll out of the WBG Academy.
- **One WBG:** Enable and mobilize private capital through One WBG, with close collaboration between IDA, IFC, and MIGA, including through IDA guarantees under the WBG Guarantee Platform.
- **Cross-border externalities:** Facilitate regional approaches to common challenges (e.g., cross-border payments, trade facilitation, data systems); support regional capacity building.

1 Support provided to DRM would also leverage enhanced partnerships, including with the IMF, the OECD, and others.

ACHIEVING

Outcomes

IDA21 will report annually on the following headline achievements (*Scorecard* indicator):

- **Countries at high risk of, or in, debt distress implementing reforms toward debt sustainability (4A)**
- **Countries with tax revenues-to-GDP ratio at or below 15% (including social security contributions) increasing collections, considering equity (4B)**

Linked to Sustainable Development Goals:





IDA21 Infrastructure Focus Area comprises **Energy, Transport, and Urban & Disaster Risk Management**. IDA remains a critical partner in these areas with net financial commitments increasing by 69 percent in the last 10 years—from \$36bn in FY14 to \$62bn in FY24. The proposed IDA21 package scales up electricity access, energy transition, and provision of improved urban and transport infrastructure and services and strengthens capacity for disaster risk management.

PLANNING



Strategic Approach

- Achieving universal energy access, including clean cooking, while accelerating the **energy transition**.
- Deepening support for renewable **energy integration** with a focus on transmission and distribution network and battery storage development, and creating enabling policy, regulatory, and institutional conditions for facilitating private investments in renewable energy.
- Promote G20 Principles on **Quality Infrastructure Investments (QII)**.
- **Reform utilities** to undertake essential functions: off-takers for renewable energy, expanding networks, raising capital for investments, and keeping power affordable and reliable.
- Develop **regional and cross-border infrastructure** solutions in energy and transport.
- Provide essential services to urban populations and make **cities livable and more resilient**. Increase financing and technical support to expand critical urban infrastructure and services including solid waste management, housing, clean cooking, flood risk mitigation, disaster preparedness and response, urban renewal etc.
- Improve access to affordable infrastructure services between rural and urban settings to better **connect the rural poor** to jobs, education, and health services.
- Support strengthening **institutions and regulatory systems** that provide for sustainable urban planning, city management and service delivery.
- Provide access to **urban transport services** to address access to jobs and supply chains. Expand services to address gaps in missing transport infrastructure and systems. Support effective and dependable logistics services.

IMPLEMENTING

IDA Policy Commitments

COUNTRY-LEVEL ACTION

-  **Electricity Access:** Support 30 countries to improve the financial and operational performance of electricity utilities.
-  **Urban Services:** Support 18 countries with municipal engagements—through financing, knowledge, and technical assistance—for sustainable and resilient urban and transport infrastructure and services.

INSTITUTIONAL ACTION

-  **Scaling-up impact:** Implement **Global Challenge Program (GCP)** for Energy Transition, Efficiency & Access in IDA countries.
-  **Knowledge Compact:** WBG Academy Programs to **support capacity development of utilities and cities**, including *Galvanizing Energy Access & Transition* (covering energy access, energy efficiency, renewable energy and network integration, and utilities). *The Academy Program on Disaster Risk Management* will continue offering the Resilience & DRM Learning Lab. *The Livable Cities Academy* will provide technical trainings to support cities on city financing and sustainable urban service provision. *The Academy Program on Leaders in Urban Transport Planning* will continue to train transport professionals from our client countries in designing and implementing sound urban transport programs and policies.
-  **Cross-border externalities:** Scale-up IDA support through the **Global & Regional Opportunities Window (GROW)**, including regional power pools and transport infrastructure.
-  **One WBG:** Enable and mobilize **private capital**, including the use of IDA guarantees under the MIGA-housed WBG Guarantee Platform.

ACHIEVING

Outcomes

IDA21 will report annually on the following headline achievements (*Scorecard* indicator):

- **Millions of people that benefit from improved access to sustainable transport infrastructure and services (8)**
- **Millions of people provided with access to electricity (9A)**
- **GW of renewable energy capacity enabled (9B)**

Corporate Outcome Targets

IDA21 supports the achievement of existing WBG commitments:

- **Providing improved access to electricity to 250 million people in Sub-Saharan Africa by 2030, reaching 300 million people jointly with the AfDB.**

Linked to Sustainable Development Goals:




Nearly two-thirds of people in IDA countries still lack access to the internet, the essential gateway to participate in the digital society, economy, and government. IDA21 can play a significant role in putting in place the critical foundations and enablers for Digital Transformation, building on the proven, effective and sustainable strategies of previous IDA cycles. IDA has achieved significant impact, particularly in Sub-Saharan Africa, where 3G broadband penetration tripled from 12% in 2016 to 37% in 2023. Globally, through IDA19-20 commitments (FY21-25), over 40 IDA countries and 300 million people are expected to benefit from inclusive and affordable access to and usage of broadband connectivity. IDA21 will continue to build inclusive, affordable, safe and sustainable foundations and enablers for digital transformation, enabling other Focus Areas and Lenses and paving the way for widespread digital adoption and enhanced digital services across IDA countries.


PLANNING
Strategic Approach

- Enabling **policy and regulatory environment** and strengthening **regulatory capacity**.
- Developing the foundational **digital infrastructure**, including broadband and data centers.
- Increasing **access and affordability** of devices and data services.
- Promoting **interoperable DPI** and sectoral registries with verifiable IDs and enhancing **digital trust** to tackle cybersecurity, privacy, transparency and accountability.
- Strengthening **digital capabilities** and promoting **whole of government approaches** to scale the **adoption of digital services**.
- Increasing women's internet access and usage to contribute to the implementation of the WBG **Gender Strategy**.
- Expanding access to **digital connectivity and services** for people in **FCV contexts** to strengthen crisis resilience, foster trust, and unlock economic opportunities.
- Supporting **decarbonization** and **adaptation** through adoption of Digital tools across sectors, contributing to Climate Co-Benefits.
- Accelerating Digital Transformation by enhancing private sector engagement and investment through **partnerships** and **innovative financing mechanisms**.


IMPLEMENTING
Policy Commitments
COUNTRY-LEVEL ACTION

-  **Digital Transformation:** Support 50 countries to increase access to inclusive, affordable, safe and sustainable broadband connectivity and/or digital platforms to enable digital services at scale, including through approaches leveraging private sector investment.

INSTITUTIONAL ACTION

-  **Knowledge Compact:** a Digital Academy will boost IDA clients' capacity to adopt better policies, design of investments, and reform programs.
-  **Scaling-up impact:** The **Accelerating Digitalization** Global Challenge Program (**GCP**) will fast-track affordable broadband and data hosting capacity; scale up interoperable and safe data platforms; scale up high-impact digital services; and build digital skills for jobs.
-  **Cross-border externalities.** Support will be emphasized for cross-border digital infrastructure deployment, digital market integration and policy harmonization, and deployment of interoperable digital services at scale.
-  **One WBG:** mobilize and enable private capital and integrated public-private solutions.


ACHIEVING
Outcomes

IDA21 will report annually on the following headline achievements (*Scorecard* indicator):

- **Millions of people using broadband internet (10)**, including both new subscribers and existing subscribers experiencing enhanced broadband internet service (based on ITU standards).
- **Millions of people using digitally enabled services (11)**, including new digitally delivered services and enhancements to existing digitally delivered services (through the internet, digital platforms, cloud computing, AI, etc.), provided by the public or private sector.

These results will be reported as IDA-specific, disaggregated by sex, and by FCS/non-FCS.

Linked to Sustainable Development Goals:


Gender equality has been a priority for successive IDA replenishments. The WBG Gender Strategy 2024-2030 sets a new ambition to accelerate gender equality—its implementation in IDA countries requires a strong IDA21. The World Bank Group's ambition to accelerate gender equality is anchored in the WBG Scorecard and the IDA21 Policy Package. IDA21 commits to implement the WBG Gender Strategy in all countries in a customized manner to address binding constraints to gender equality.

PLANNING

Strategic Approach

IDA21 enables the implementation of the 2024-30 *WBG Gender Strategy*, which prioritizes 3 objectives measured by 6 outcomes. IDA21 will support deep engagement along at least one of the outcomes of the Gender Strategy in every active IDA country. The Strategy will be considered implemented if the country program includes gender equality outcomes in a new CPF, supports institutional and policy reforms toward gender equality, or finances at least one operation that primarily focuses on gender equality, aims to reach gender equality at scale, or includes a gender transformative intervention.

SCALE maximizing outcomes for people

People benefitting from greater gender equality, of which:

- from actions to make progress in ending all forms of GBV
- from actions to improve sexual and reproductive health
- from actions that expand and enable economic opportunities
- from actions to advance women's participation in decision making

AMBITION aiming for meaningful impact

- Share of CPFs that include a CPF objective that tracks gender equality results
- Share of World Bank operations that focus on gender equality
- Share of World Bank operations that support institutional and policy reforms to advance gender equality
- Share of WBG operations that demonstrate a results chain in results framework

INCLUSIVENESS ensuring all people benefit

Sex-disaggregated data for 15 WBG Scorecard results indicators across a wide range of outcomes

EFFECTIVENESS tracking project results

Share of World Bank gender-tagged operations that meet gender equality outcomes at project completion as documented in completion reports

Implementation will be monitored through the WBG Gender Strategy Results Framework, reported for IDA support, which will capture new indicators that collectively capture the scale, inclusiveness, ambition, and effectiveness of outcomes of WBG support.

ACHIEVING

Outcomes

IDA21 will report annually on the following (*Scorecard* indicator):

- Millions of people benefitting from actions to advance gender equality, of which (%) from actions that expand and enable economic opportunities (*12A*)
- Millions of people and businesses using financial services, of which (%) are women (*12B*)

In the WBG Scorecard, 15 indicators—all indicators that track beneficiaries—will report female beneficiaries, including on financial and digital services, education, safety nets, health, jobs, and water. The *WBG Gender Strategy Results Framework* will be reported annually to the Board, including beneficiaries of actions to address GBV and improve SRH. It will also be possible to report on the number of countries supported on GBV, SRH, and childcare through regular updates to IDA Participants on IDA21.

Corporate Outcome Targets

- Enable 300 million more women to use broadband, unlocking essential services, financial services, education, and job opportunities by 2030.
- Support 250 million women with social protection programs, focusing especially on the poorest and most vulnerable by 2030.
- Provide 80 million more women and women-led businesses with capital, addressing a critical constraint to entrepreneurship growth by 2030.

IMPLEMENTING

Policy Commitments

INSTITUTIONAL ACTION

- Gender Equality:** Implement the WBG Gender Strategy in all IDA countries with an emphasis on Gender-Based Violence (GBV), Economic Participation, and Sexual and Reproductive Health (SRH). SRH will be addressed through WBG interventions in 35 countries.

The 2024-30 WBG Gender Strategy aligns with the Evolution priorities by emphasizing:

- Knowledge Compact:** Integrate gender analysis into core analytics to influence policy dialogue, prioritizing specific gender equality outcomes, and advance these outcomes in a coherent manner.
- Scaling-up impact:** Advance gender solutions through Global Challenge Programs. Replicate and implement programs at scale, including through supporting institutional and policy reforms and mobilizing the private sector.
- One WBG:** Enable private capital investment including through analysis, policy, investment, and guarantee products.
- Outcome Orientation:** Introduce new indicators for the IDA21 Scorecard and WBG Gender Strategy results framework that collectively capture the scale, inclusiveness, ambition, and effectiveness of outcomes of WBG support to advance gender equality.

Linked to Sustainable Development Goals:



The World Bank Group's ambitious goal of ending poverty on a livable planet will not be achieved without substantial progress in fragility, conflict, and violence-affected (FCV) contexts. By 2030, 60% of the world's extreme poor are projected to live in areas on the WBG's List of Fragile and Conflict-affected Situations (FCS). Building on experience and guided by the *WBG's FCV Strategy*, in IDA20, roughly 51% of new IDA financing commitments are for FCS (including PBA and the IDA FCV Envelope allocations). The FCV Lens in IDA21 significantly deepens IDA's longstanding support with a focus on prevention, resilience, and adaptiveness, as well as a clear commitment to outcomes that help address FCV drivers and build resilience.

PLANNING

Strategic Approach

IDA21 will support and deepen implementation of the FCV Strategy and its MTR recommendations (summarized by the acronym "ADAPT") by:

- **ANTICIPATING** needs in FCS: continuing to **invest in FCV Diagnostics** (RRAs) that help leverage WBG country engagements to address and mitigate drivers of FCV and bolster sources of resilience.
- Responding **DYNAMICALLY**: supporting **adaptive management** in FCV for enhanced delivery (early risk monitoring, dynamic decision-making, focus on contributing to prevention).
- **Strengthening IDA's FCV Envelope**: improved targeting and investment in upstream prevention; focus on performance and commitment; increased flexibility: expanded data pathway and eligibility and financing options.
- Continuing emphasis on **forced displacement, including IDPs** through a focus on inclusive approaches (freedom of movement, self-reliance, inclusion in national systems) in operations and addressing IDP needs within broader context of conflict-affected populations.
- **ADVANCING engagement with the private sector** through de-risking and facilitating private sector development (e.g., IDA's PSW and IFC/MIGA investments).
- Focusing on critical **PARTNERSHIPS**, including judicious and flexible use of third-party implementation (TPI) to ensure service delivery in challenging contexts while building national capacity.
- Building strong WBG **TEAMS**, **improving support to WBG staff working on FCV** throughout the personnel life cycle including recruitment, building talent pipeline, supporting staff safety and health, incentives, clarifying career paths, and clear FCV roles and responsibilities. IDA21 will continue monitoring FCS Facetime Days & Index, reflecting staff presence on the ground in FCS.

A planned **independent evaluation of the FCV Strategy** by IEG will offer a key opportunity to assess progress and identify lessons to improve delivery and effectiveness.

IMPLEMENTING

Policy Commitments

INSTITUTIONAL ACTION

- **Addressing FCV Drivers and Sources of Resilience**: CPFs/CENs for IDA FCS and FCV Envelope countries will have strategic objectives that reflect how the WBG program, in collaboration with relevant partners, will help address FCV drivers and sources of resilience based on Risk and Resilience Assessments (RRAs) or other FCV diagnostics.
- Alongside the ambitious commitment above, IDA21 action on **Crisis Preparedness** and response supported by the Crisis Preparedness and Response Toolkit, the **One WBG** approach to mobilizing private capital and providing integrated public-private solutions, and a scaling up of IDA support to address **Cross-border Externalities** will have particular relevance for FCS countries that are highly vulnerable to crises, in urgent need of private investment, and often struggling with conflicts that cross national borders. Additionally, the GCPs place emphasis on solutions to challenges such as FCV and other WBG priority areas including Climate Mitigation & Adaptation, and Gender Equality & Inclusion. Efforts to address the drivers of fragility will be supported through the leveraging of knowledge, both internally, externally, and through partnerships.

IDA21 extends IDA's focus on improving country engagement in FCS with a deepened ambition. IDA20 focused on operationalizing the FCV Strategy by ensuring that Country Partnership Frameworks (CPF) or Engagement Notes (CEN) reflect how the WBG would help address drivers of FCV and build sources of resilience. IDA21 goes further by committing to focus CPF outcomes and objectives on these issues.

FCV is a **risk multiplier** to other development challenges. The policy commitment above complements IDA21 Focus Areas and Lenses by ensuring that country engagement strategies in FCS are adapted to **deliver development outcomes that also contribute to addressing the drivers of FCV**, improving the enabling context for future development in each area.

ACHIEVING

Outcomes

IDA21's FCV Lens offers insights across all indicators on the WBG *Scorecard*.

- **All outcome areas will report results** in FCS, providing visibility on how IDA supports populations living in fragile and conflict-affected situations. (22 indicators)
- The Scorecard includes an indicator on the **millions of displaced and host community people provided with services and livelihoods through WBG support**. (Indicator 13A)
- The Scorecard will also monitor the **overall number of extreme poor living in FCS** (context indicator).

Linked to Sustainable Development Goals:



IDA21 will emphasize the creation of more and better jobs as a key priority for poverty reduction and to create economic opportunities for youth and women. It will focus on upgrading analytical tools and strengthening the link between analytics and operations across the Bank Group's portfolio to promote policy reforms and investments with greater impact on job creation. The Jobs Lens ensures that interventions across the five IDA Focus Areas, as well as IFC and MIGA, contribute to this priority. It links closely to the Private Investment Lens, given the centrality of fast-growing firms in creating more and better jobs. The proposed IDA21 policy package applies a consistent jobs lens across the portfolio and steps up support to more IDA countries in implementing impactful policies and investments for creating more and better jobs through Bank Group engagements, including operations.

PLANNING






Strategic Approach

- Incorporate a **jobs lens** in WBG **core analytics** to improve the focus on the creation of productive employment opportunities in IDA countries, to enhance country-tailored diagnostics and strengthen the link between analytics and operations in support of policy reforms for more and better jobs. Revamped core analytics include: the Country Growth and Jobs Report (former CEM) and the Country Private Sector Diagnostic (CPSD 2.0).
- New policy framework to foster enhanced policy coherence and strategic coordination of interventions with a focus on three pillars:
 - **People:** empowering workers with relevant skills and connecting them to well-suited jobs.
 - **Production:** building the needed infrastructure and facilitating entry, access to finance, investment, and growth of productive firms, including MSMEs, in high-potential sectors.
 - **Places:** creating jobs ecosystems through better urban and connectivity infrastructure.
- Increased emphasis on the link with private sector development—including fostering MSMEs, **digitalization**, **gender** (boosting women's economic participation), and **climate change** (green jobs), as integral components of the jobs agenda.
- Emphasis on **more** and **better** jobs reflects importance of structural transformation and industrialization to raise productivity and incomes.
- Jobs-related interventions contribute to other WBG results captured by the Scorecard, including on private investment, better education and health outcomes, GHG emissions, private capital mobilization, and gender equality.

IMPLEMENTING

IDA Policy Commitments

INSTITUTIONAL ACTION

-  **More and Better Jobs:** Support the creation of more and better jobs, particularly for youth and women, through WBG financing engagements, knowledge, and/or technical assistance.
-  **Knowledge Compact:** Implement upgraded core diagnostics (Country Growth and Jobs Report) to be more tightly integrated with Bank Group operations. Support governments in formulating and analyzing policies for more and better jobs through the WBG Academy.
-  **Outcome Orientation:** Increased accountability and focus on results measurement of One WBG contributions to the creation of productive employment opportunities through a new Scorecard indicator on jobs.
-  **Cross-border externalities:** stronger job creation in IDA countries and more effective management of migration flows will benefit all countries.
-  **One WBG:** Deliver a more cohesive and strategic portfolio of interconnected and complementary projects at country level leveraging synergies across IDA, IFC, and MIGA.

ACHIEVING

Outcomes

- IDA21 will report annually on the following headline achievements (*Scorecard* indicator):
- **Millions of new or better jobs, of which (%) for women and (%) for youth (14)**

Linked to Sustainable Development Goals:



The IDA21 Private Investment Lens aims to scale up private investment through Private Capital Mobilization (PCM) and Private Capital Enabled (PCE). This approach leverages One WBG collaborative efforts such as IDA's Private Sector Window (PSW), WBG Guarantee platform, Global Challenge Programs (GCPs), and the WBG's role as a Knowledge Bank to build capacity in-country and develop replicable interventions at scale and delivery efficiency. IDA21 utilizes several diagnostic tools to stimulate investment reforms including the revamped Country Growth and Jobs Report, Country Private Sector Diagnostics 2.0, Investment Climate Assessments Toolkit, new B-READY Flagship Report, Trade Competitiveness Diagnostics, and Financial Sector Assessment Program. This is reinforced by two new Scorecard indicators on PCM and PCE to enhance reporting and measure outcomes.

PLANNING

Strategic Approach


Achieve PCM and PCE by leveraging diagnostics, technical assistance, and lending operations to:

- Improve regulatory/business environments by addressing impediments to business entry and operations, markets and competition, trade, and foreign investment.
- Enable mobilization by deepening financial markets, including domestic capital markets and facilitating local currency financing.
- Use our lending to support greater financing of risk capital to de-risk and thereby crowd-in private capital e.g., WBG Guarantee Platform, new de-risking instruments.
- Complement the IDA21 Jobs, FCV, and Gender Lenses as well as policy commitments in all five IDA21 Focus Areas to incentivize priority investments and more and better jobs.


IMPLEMENTING

IDA Policy Commitments


COUNTRY-LEVEL ACTION


 **Financial Sector Deepening:** Support 20 countries in the development of domestic capital markets by addressing critical impediments identified in WBG diagnostics.


INSTITUTIONAL ACTION

 **Business Environment:** Support the implementation of regulatory and institutional reforms addressing critical impediments to private investment as identified by WBG diagnostics, and/or provide direct support through WBG engagements.

 **Scaling-up impact:** Implement the Global Challenge Programs to respond to key global challenges and develop replicable interventions at scale and delivery efficiency. The six GCPs provide significant opportunities for using and attracting private investments owing to their integrated public-private sector solutions.

 **Knowledge Compact:** Use knowledge tools to stimulate investment reforms. Build client capacity on Climate Risk Finance, Creating Jobs, and Modernizing Capital Markets through the WBG Academy.

 **One WBG:** Enable and mobilize private capital through One WBG collaborative efforts e.g., PSW, WBG Guarantee Platform and JCAP, scaling both volume and delivery efficiency. Optimizing the WBG balance sheet through new credit enhancement tools.

 **Cross-Border Externalities:** Facilitate regional approaches to common challenges and scale-up support for regional trade and investment, cross-border payments, data systems, and support regional capacity building through the Global & Regional Opportunities Window (GROW).

ACHIEVING

Outcomes

IDA21 will report annually on the following headline achievements (*Scorecard* indicator):

- **Billions in total private capital enabled** (PCE, *15A*): Value of private investments resulting from WBG programs expected to materialize within three years of a project's closure.*
- **Billions in private capital mobilized** (PCM, *15B*): Financing contributed by private entities alongside a commitment, including financing or guarantees, or technical assistance delivery made by the World Bank, IFC, and MIGA.

*PCE indicator inclusion in Corporate Scorecard is pending review and approval.

Linked to Sustainable Development Goals:



ANNEX 3. CRISIS PREPAREDNESS IN FOCUS

DRAFT

CRISIS PREPAREDNESS In Focus



IDA21 builds on IDA20's cross-cutting commitment to crisis preparedness by addressing a gap in IDA countries' preparedness, supporting resilience, and scaling preparedness investments. IDA21 addresses crisis preparedness in [cross-cutting] institutional commitments, along with country and institutional commitments across all five Focus Areas. This holistic approach continues IDA's support for crisis preparedness efforts, which the IDA20 Mid-Term Review defined for operational purposes as shock-specific and cross-cutting ex-ante support to build capacity for governments, businesses, and communities to anticipate, respond to, and manage crises more effectively, ultimately mitigating socioeconomic impacts and strengthening resilience.

PLANNING

Strategic Approach

- Crisis Preparedness Gap Analyses (CPGAs) supported in IDA20 consistently identified financial preparedness as a gap in national preparedness capacities.
- In IDA21, the enhanced Crisis Preparedness and Response Toolkit offers innovative financing options like Climate-Resilient Debt Clauses (CRDCs), contingent financing options, catastrophe bonds and insurance, and the ability to channel a part of their undisbursed Bank balances through Rapid Response Options that complement financial incentives introduced in IDA20 or earlier cycles to help IDA countries address gaps in their financial preparedness for crises.
- The Organizational Efficiency and Effectiveness Dashboard will monitor uptake of the enhanced Crisis Preparedness and Response Toolkit.
- Continuing to play a key role in the expansion of preparedness efforts, the CPGA and other diagnostics will contribute to the roll-out of the Rapid Response Option.
- Global Challenge Programs will help to scale investments in preparedness and resilience.

IMPLEMENTING

IDA Policy Commitments

IDA21 commits to crisis preparedness in two cross-cutting institutional Policy Commitments and in commitments that are specific to each of the five Focus Areas:

CROSS-CUTTING INSTITUTIONAL COMMITMENTS

- **Crisis Preparedness:** Increase take up, including in FCS, of Crisis Preparedness and Response Toolkit in IDA countries including tools that provide (i) fast access to cash for emergency response, (ii) scaled-up access to pre-arranged financing for emergency response, and (iii) expanded catastrophe insurance
- **Scaling-up Impact:** Implement six Global Challenge Programs to respond to key global challenges through a focus on providing integrated public - private sector solutions that are replicable across countries and can be delivered at scale.

COMMITMENTS ACROSS ALL FIVE FOCUS AREAS

- **Climate Adaptation:** Support at least 50 countries on adaptation and resilience policies and/or climate preparedness interventions. This support will be reflected in relevant new Country Partnership Frameworks (CPFs) and informed by Country Climate Development Reports (CCDRs) in alignment with adaptation components of Nationally Determined Contributions (NDCs). (Country-Level Action)
- **Water Security:** Support 30 countries to improve their capacity to design and implement inclusive, financially sustainable, and resilient water sector reforms and investment programs. (Country-Level Action)
- **Food Security:** Support 45 countries to design and implement agriculture sector reforms including agriculture production and technology transfer, and investment programs aimed at increasing food and nutrition security and sustainability of food systems. (Institutional Action)
- **Continuity of Services:** IDA21 operations will strengthen crisis-readiness in health / education / social protection systems to limit disruptions in service delivery during pandemics, climate, food and nutrition insecurity, and other shocks. (Institutional Action)
- **Institutional Strengthening:** Support the strengthening of governments' institutional capacities and anti-corruption efforts in core government functions, including public financial management, public procurement, public administration, and/or institutional dimensions of social and environmental aspects, among others, through technical assistance, knowledge, and/or financing engagements. (Institutional Action)
- **Urban Services:** Support 18 countries with municipal engagements—through financing, knowledge, and technical assistance—for sustainable and resilient urban and transport infrastructure and services. (Country-Level Action)
- **Digital Transformation:** Support 50 countries to increase access to inclusive, affordable, safe and sustainable broadband connectivity and/or digital platforms to enable digital services at scale, including through approaches leveraging private sector investment. (Country-Level Action)

ACHIEVING

Scorecard

The IDA21 Scorecard will track the numbers of people benefitting from preparedness-related interventions by reporting annually on the following headline achievements (Scorecard indicator):

- Millions of people benefitting from **strengthened capacity to prevent, detect and respond to health emergencies** (3B)
- Millions of people with **enhanced resilience to climate risks** (5B)
- Millions of people with **strengthened food and nutrition security** (7A)
- Millions of people that benefit from **improved access to sustainable transport infrastructure and services** (8A)
- Millions of people using **digitally enabled services** (11)
- Millions of **people and businesses using financial services, of which (%) are women** (12B)

Linked to Sustainable Development Goals:

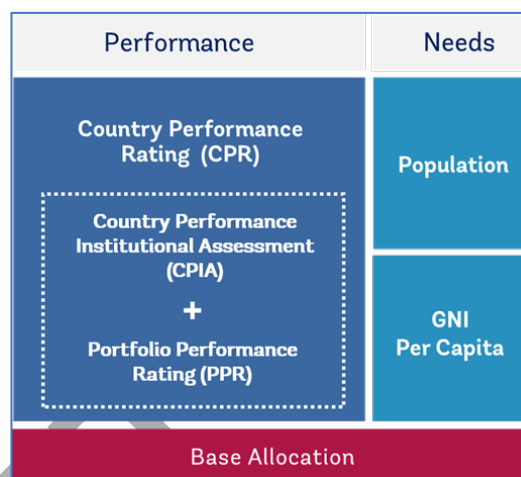


ANNEX 4. PERFORMANCE-BASED ALLOCATION SYSTEM

1. **The Performance Based Allocation (PBA) system strategically allocates resources based on countries' performance.** This includes review of countries' efforts in implementing policies that promote economic growth and poverty reduction - assessed through the Country Performance Rating (CPR); and their financing needs - assessed by their population and Gross National Income (GNI) per capita. The PBA system offers flexibility to managing resources in a replenishment cycle (i.e., frontloading, backloading, intra-regional and inter-regional reallocations) to ensure efficient and equitable distribution/deployment of resources. PBA is determined annually with changes reflecting, *inter alia*, the country's own performance/needs and its performance/needs relative to other countries, and availability of IDA resources.

2. **CPR of IDA countries are determined annually based on the Country Policy and Institutional Assessment (CPIA) and the Portfolio Performance Ratings (PPR).** The CPIA assesses each country's policy and institutional framework through 16 specific criteria grouped into four clusters: (a) economic management; (b) structural policies; c) policies for social inclusion and equity; and (d) public sector management and institutions. (see Box A3.1).¹ To ensure that ratings are consistent within and across regions, country teams are provided with the same questions, definitions, and clear guidance for each criterion. This is followed by a process of institutional review of all country ratings to ensure harmonization before finalization.

Figure A4.1. IDA21 Allocation Framework



Box A4.1. CPIA Criteria

A. Economic Management

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

B. Structural Policies

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

C. Policies for Social Inclusion

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

D. Public Sector Management and Institutions

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

¹ For details on the CPIA Questionnaire, see World Bank Group, *CPIA Criteria 2021*. June 30, 2022, Washington, D.C. Available at: <https://thedocs.worldbank.org/en/doc/69484a2e6ae5ecc94321f63179bfb837-0290032022/cpia-criteria-2021>.

3. **The CPIA underpins IDA’s CPR but is not its only determinant.** The IDA PPR,² which captures the quality of management of IDA’s projects and programs, also enters in the calculation of the CPR. As in IDA20, the following formula will be used to calculate the CPR in IDA21.³

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

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

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

$$\text{IDA Country Allocation} = f(\text{CPR}^3, \text{Population}, \text{GNI Per Capita}^{-0.125})$$

5. **In IDA21, the minimum IDA allocation, or base allocation, will remain at [SDR 15] million per fiscal year (equivalent to \$X million), i.e., [SDR 45] million per replenishment (equivalent to \$X million).** The base allocation was increased substantially in IDA18 to meet the fixed costs of country engagement and maintain an effective country program in Small States, several of which are also Fragile and Conflict-affected Situations (FCS).

6. **Adjustments to Country Allocations in IDA21:**

- a. A cap of \$650 million (PBA and FCV Envelope) per FY on grants is applied to grant recipients; volumes above the cap will be on IDA-only green light credit terms.
- b. A 7 percent cap on the total country-allocable envelope will be applied to countries with significant access to International Bank for Reconstruction and Development (IBRD) and IDA in cumulative terms.

² The PPR reflects the health of the IDA portfolio, as measured by the percentage of problem projects in each country.

³ When a country’s PPR is not available (due to absence of active projects) or cannot be used (due to other reasons such as where a country’s programming has been halted), the CPR formula is adjusted by increasing the weight of CPIA_{A-C} from 24% to 32%.

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

- c. Volume reduction for grant recipients is applied as follows: the PBA of all grant recipients will be reduced by 10 percent. Small States, RECA countries and are exempted due to their special vulnerabilities. Countries that are subject to the annual grant cap are also exempted. The proceeds will be distributed among all IDA countries in their PBA, except for capped countries to seven percent of total country-allocable envelope.

7. **Disclosure.** Consistent with longstanding policy, (a) the numerical ratings for each of the CPIA and CPR criteria will be fully disclosed on IDA's external website; (b) the Country Allocations will be disclosed annually to the Executive Directors of IDA on an ex-post basis (i.e., at the end of each fiscal year); (c) the Country Allocations and commitments will disclosed on IDA's external website as well.

DRAFT

ANNEX 5. SUSTAINABLE DEVELOPMENT FINANCE POLICY INCENTIVE

A. IMPLEMENTATION IN IDA20

1. **The Sustainable Development Finance Policy (SDFP), launched in July 2020, aims to incentivize IDA countries to move toward transparent and sustainable financing and to enhance coordination between IDA and other creditors in support of the countries' reform efforts.** The Policy aims to enhance coordination between IDA and other creditors in support of country efforts to address debt transparency, fiscal sustainability, and debt management challenges systematically and proactively over a medium- to long-term horizon. The SDFP continues to be relevant given the critical importance of addressing debt vulnerabilities in IDA countries that continue to face heightened debt risks and increased demand for development financing yet in a transparent and sustainable manner.

2. **The SDFP applies to all countries eligible for IDA resources, including Gap and Blend countries.** The Policy has two pillars: the Debt Sustainability Enhancement Program (DSEP); and the Program of Creditor Outreach (PCO). The objective of the DSEP is to identify and support reforms, in the form of Performance and Policy Actions (PPAs), to mitigate countries' vulnerabilities by improving debt transparency, debt management, and fiscal sustainability.¹ All PPAs are designed through intensive dialogue with IDA countries with attention to their implementation capacity. The PCO aims to leverage IDA's role as a convener complementing existing mechanisms for creditor coordination to support IDA countries to mitigate debt-related risks.

3. **As part of the *SimplifIDA*, Management implemented measures to increase efficiency and effectiveness of the SDFP, while maintaining robustness, quality, and contestability of SDFP processes.** The four-year SDFP implementation experience suggested critical areas of improvements for enhanced impact and results.² The process enhancements have strengthened accountability delegating decisions to the Regions for select eligible IDA countries. Moreover, the Policy now allows for mid-year adjustments to the PPAs to better account for changing country circumstances and implementation challenges.

¹ Three categories of countries are excluded from submitting PPAs: (a) those subject to the joint World Bank–IMF LIC-DSF with low risk of external debt distress and countries under the Debt Sustainability Analysis for Market Access Countries (MAC-DSA) for which debt vulnerabilities are assessed as limited by Management; (b) those in non-accrual status; and (c) those eligible for IDA's Remaining Engaged in Conflict Allocation (RECA).

² World Bank, *Sustainable Development Finance Policy of the International Development Association: FY24 Implementation Update and Proposal for Policy Enhancement*, April 3, 2024, Washington, D.C. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099041724185014481/bosib1fced3e8a0091895b189038bbef4de/>

B. IDA21: PROPOSED POLICY CHANGE – SDFP INCENTIVE

Box A5. 1. SDFP Incentive: Key Points

Implementation details for the new incentive process will build on these key points, and will be developed and approved prior to the effectiveness of the SDFP Incentive in FY26, including consultation through the FY25 SDFP Board Update

- The financing of the SDFP Incentive will be part of the Country Allocation, equivalent to 10 percent of the IDA Performance-Based Allocations (PBA).
- The following countries will be eligible for the incentive:
 - Green-light countries or MAC-DSF countries with low overall risk of sovereign stress will automatically receive the incentive at the beginning of the FY.
 - All other countries (including RECA countries and those under OP7.30) that successfully implement PPAs before end-FY will receive the incentive at the beginning of the next FY. For e.g., countries that satisfactorily implement their FY25 PPAs by end-June, will receive the incentive at the beginning of FY26.^a
 - Countries that seek exemption from PPA preparation and those under protracted non-accrual status will not be eligible for the incentive.
- Consequences of non-satisfactory implementation of PPAs:
 - Countries that do not satisfactorily implement PPAs will not receive the incentive at the beginning of the next FY.
 - **Non-NCB Ceiling PPAs:** If countries implement the carry-over PPA(s) during the next FY, they will be able to receive the incentive upon completion. If PPAs are assessed as ‘Not Satisfactory’ for two consecutive years, the country will not receive the incentive for the given FY.
 - **NCB Ceiling PPAs:** Countries that do not comply with the NCB ceiling will not receive the incentive for the given FY.
 - Repeated breaches of the NCB ceiling may lead to a hardening of financing terms.
- Frontloading, backloading, and eligibility to receive SUW-SMLs and reallocations will be de-linked from PPA implementation.

(a) Countries exempt from PPA preparation in FY25 (under existing rules) will receive the incentive in FY26. In subsequent years, the incentive will be subject to successful PPA implementation.

3. **The SDFP incentive mechanism for IDA21 will be adjusted to support more constructive dialogue and IDA countries’ efforts for implementing critical reforms.** The SDFP will be implemented in IDA21 following a similar framework as in IDA20, with the required changes to give effect to the new incentive mechanism. Starting in IDA21 (FY26), the SDFP incentive mechanism will be adjusted to provide additional PBA resources for eligible countries upon satisfactory implementation of PPAs. Instead of a set-aside for unsatisfactory implementation of PPAs as in previous IDA cycles, the new approach will incentivize borrowers’ behavior by rewarding them with additional financing volumes as part of Country Allocations.³⁴ Through these

³ This proposal was first discussed in April 2024. For further details, refer to: World Bank, *Sustainable Development Finance Policy of the International Development Association: FY24 Implementation Update and Proposal for Policy Enhancement*, April 3, 2024, Washington, D.C.

⁴ To facilitate a smooth transition, transitional rules will apply during the shift from the set-aside mechanism (FY25-IDA20) to the new incentive mechanism (FY26-IDA21).

changes, IDA seeks to simplify Policy implementation while retaining an adequate incentive mechanism for countries to implement PPAs – specifically, countries will have up to two years to implement reforms and receive an additional 10 percent of PBA resources to meet their financing and development needs.⁵ While approval for the implementation arrangements of the new incentive approach will be sought through the FY25 SDFP Board update, some of the key proposals under consideration are summarized in Box A5.1.

DRAFT

⁵ This is analogous to the current approach, whereby countries have up to 2 years to satisfactorily implement PPAs to avoid permanently losing the set-aside.

ANNEX 6. FRAGILITY, CONFLICT AND VIOLENCE ENVELOPE

1. **The Fragility, Conflict and Violence (FCV) Envelope provides resources to IDA countries facing different kinds of FCV risks.** These are supplemental resources that are provided in addition to a country's performance-based allocation (PBA). To receive the allocations, countries demonstrate that their existing portfolio is recalibrated to focus directly on FCV challenges. These "top-up" resources enable IDA to further target and tailor its support to the prevailing conflict and fragility dynamics specific to each eligible country.

2. **The objective of the FCV Envelope is to incentivize policy dialogue on the critical – but often sensitive – issues required to address drivers and support positive resilience to FCV or provide additional resources in instances where weak capacity leads to minimal PBA and hence limited ability for the Bank to engage.** Access to the Envelope is exceptional and limited to contexts with clear conflict prevention, remaining engaged, or turnaround opportunities, and where regular PBA has been leveraged to its fullest already

A. FCV ENVELOPE SUPPORT FOR PREVENTION, REMAINING ENGAGED AND TURN-AROUND SITUATIONS.

3. **FCV Envelope resources are provided under three separate allocations.** These allocations are:

- a. **The Prevention and Resilience Allocation (PRA)** provides enhanced support for countries at risk of onset of conflict or escalating into high-intensity conflict or large-scale violence. It provides up to an additional 75 percent of PBA, subject to an upper PRA limit of \$700 million per country per cycle and in line with criteria set out in implementation guidelines.
- b. **The Remaining Engaged during Conflict Allocation (RECA)** enables IDA to maintain a base level of engagement in countries that experience high-intensity conflict and have limited government capacity. It ensures that qualifying countries receive a minimum base allocation up to the equivalent of the volume of PBA that would be provided for a Country Performance Rating of 2.5, subject to an upper RECA limit of \$400 million per country per cycle and in line with criteria set out in implementation guidelines.
- c. **The Turn Around Allocation (TAA)** supports countries emerging from conflict, social/political crisis, or disengagement, and where there is a window of opportunity for IDA to either re-engage or intensify engagement to support these countries to pursue major reforms to accelerate the transition out of fragility and build resilience. TAA provides up to 100 percent of PBA, subject to an upper TAA limit of \$1.25 billion per country per cycle and in line with criteria set out in implementation guidelines.

B. ELIGIBILITY, ALLOCATIONS, AND UTILIZATION OF FCV ENVELOPE RESOURCES

4. **Eligibility for an allocation can be assessed at any time during the IDA cycle.** A country may move between different types of allocations within the Envelope throughout the IDA

cycle but may receive only one allocation at any given time. To the extent possible, eligibility submissions will be integrated with the country's country strategy document, but in exceptional circumstances may also be established by a separate Eligibility Note. All Eligibility Notes, whether submitted as part of the CEN/CPF/PLR or as a standalone document, are submitted to the Board of Executive Directors for discussion.

5. Countries seeking eligibility must provide evidence that the additional resources can be effectively used for prevention, remaining engaged, and/or turnaround in accordance with the objective of the Envelope. This evidence focuses on relevant data/evidence on country context, government program and its implementation, and World Bank program and its implementation. Detailed eligibility criteria for the three allocations will be regulated in Management-issued directives. The criteria may include, but are not limited to:

- a. To assess PRA eligibility, quantitative thresholds for conflict-related fatalities (between 2 and 10 conflict related deaths per 100,000 population) or inter-personal violence (at least 50 intentional homicides per 100,000 population). In cases of higher intensity conflict, countries have to demonstrate that prevention is still feasible to qualify for PRA. In addition, in line with recommendations of the Mid-Term Review of the FCV Strategy, the World Bank may consider regional, national, or local-level indicators that draw on reputable data sources and demonstrate clear risk of conflict or onset of conflict and/or violence, along with evidence of the Government's public commitment to, and actions in support of, prevention, coordination with internal and external partners, and an IDA portfolio that is targeted to address FCV drivers.
- b. To assess RECA eligibility, quantitative thresholds for conflict-related fatalities (10 or more conflict related deaths per 100,000 population). In addition, in line with recommendations of the Mid-Term Review of the FCV Strategy, the WB may consider RECA eligibility where national circumstances do not allow for access to PRA or TAA allocations and a case can be made to justify a baseline allocation of resources.

6. Allocations are provided on the same financing terms as the country's PBA, provided that the recipient does not become eligible for grants under Paragraphs 7 or 8 (below). The resources serve to boost volume and are integrated into country allocations. Countries receiving an FCV Envelope allocation may also continue to access IDA21 windows on country terms.

7. In limited cases, Management may exercise discretion to provide country allocations (PBA and FCV Envelope allocation) on grant terms in lieu of credits to countries that qualify for an FCV Envelope allocation. These exceptions to IDA's grant allocation framework may be considered:

- a. When required to enable direct grant financing to third party implementers in RECA-eligible countries where the WBG is unable to engage directly through the government and the Country Allocation would otherwise be offered on credit terms. In these circumstances, the conversion will be based on a calculation that assures a neutral impact of the conversion on IDA's deployable strategic capital; or

- b. When required for a low-capacity country (measured as a country with a CPIA score of 2.5 or lower) that has established eligibility for the FCVE and (i) faces a high risk of debt distress or (ii) has passed the Heavily Indebted Poor Countries (HIPC) completion point no more than 24 months prior to the start of the IDA cycle and would otherwise receive credits under IDA's grant allocation framework. In these circumstances, grants will be extracted on 1:1 basis or lower. In the case of a country having passed the HIPC completion point, grants would be available for up to three years, after which the country would return to its regular lending group.
8. Countries receiving the country allocation with a conversion of credit to grant terms may also access IDA windows on grant terms, subject to applicable window policies and eligibility criteria.
9. **Calibration of allocation.** Management may decide to calibrate the annual allocation given to an FCV Envelope recipient. Such calibrations may be the result of changes to the country context, lack of progress on government program, or implementation challenges in the implementation of the World Bank program. Detailed criteria are included in the implementation guidelines.
10. **Cap on Country Allocation.** For a country that is eligible for the FCV Envelope, the total IDA Concessional Country Allocation ("Country Allocation") is its PBA portion plus the supplemental (top-up) portion from the PRA, RECA, or TAA. The total Country Allocation to any one country is capped at seven percent of the aggregate Country Allocations to all IDA-eligible countries during a replenishment.
11. **Once eligibility is established during the IDA cycle, continued eligibility in subsequent years is subject to annual reviews.** Annual reviews consider country context, progress on government program, as well as portfolio performance, including commitments and disbursements of previous allocations. Detailed instructions on what the annual reviews cover are provided in the implementation guidelines. Management will provide an annual overview of the results of these reviews to the Board.

ANNEX 7. IDA GRANT FACILITY FOR PROJECT PREPARATION

1. **The IDA Grant Facility for Project Preparation Envelope (IDA-GFPP) helps client countries address critical development challenges with greater scale, speed, and impact, aligned with the IDA21 Strategic Directions Framework.** It complements other existing resources with grant resources to finance project preparation activities across sectors, addressing a lack of adequate and timely project preparation financing available to IDA clients.

2. **The objective of the IDA-GFPP is to support IDA countries to strengthen institutional capacity, thereby improving the quality of project preparation at entry.**

A. IDA GFPP SUPPORT FOR PROJECT PREPARATION

3. **IDA-GFPP provides recipient-executed grants to IDA-eligible countries for preparation of projects in the pipeline, including Additional Financing.** In line with the existing policy framework, grants from the IDA-GFPP envelope may also utilize additional flexibilities embedded in the Investment Project Financing (IPF) Policy for projects in situations of urgent need of assistance or capacity constraints. Specifically, under appropriate circumstances, Environment and Social (ES) and Procurement Hands-On Expanded Implementation Support (HEIS) may be utilized to ensure close engagement with recipients in complex preparation tasks.

B. ELIGIBILITY, ALLOCATIONS, AND UTILIZATION OF FCV ENVELOPE RESOURCES

4. **Eligibility: All IDA countries are eligible to receive support from the IDA-GFPP envelope.**¹ IDA-GFPP envelope support is instrument neutral (i.e., it is available for DPFs, IPFs and PforRs) and it is available for all sectors that meet the IDA-GFPP envelope objectives and detailed eligibility criteria as set out in implementation guidelines. Programmatic approaches may also be supported, particularly for Multiphase Programmatic Approach (MPA) and regional operations.

5. **Allocation: Resources from the IDA-GFPP envelope are allocated on an annual basis using a two-stage process.** In the first stage, block allocations of IDA funds are made to Regions, informed *inter alia* by the regional shares of PBA allocations. In the second stage, Regions allocate and approve individual grants at the project level, based on emerging portfolio needs and priorities.

6. **Governance and Supervision: An internal Management Steering Committee provides strategic guidance on grant allocation criteria and review implementation progress.** The composition of the Management Steering Committee will be regulated in Management-issued directives.

7. **Utilization: Specific activities proposed to be covered through the IDA-GFPP envelope will be regulated by Management-issued directives.** The activities may include, but are not limited to, the following:

¹ Access and the volume of support for Blend countries will be informed by the access these countries may have from alternative sources (e.g., the IBRD-GFPP).

- a. Fieldwork, research and/or pilot activities to define end-users and design appropriate policies, systems, and implementation structures.
 - b. Demonstrations of pilots and technologies (including detailed engineering designs) for large operations across sectors, with special focus on infrastructure, urban and energy sector operations and MPAs.
 - c. Upstream preparatory work, including climate risk assessment and modeling, cost benefit analysis, institutional and just transition analysis for effective and bankable climate adaptation and resilience projects.
 - d. Preparation of subproject proposals, administrative management (e.g. setting up of Project Management Unit/Project Implementing Unit), and financial management (FM), procurement and E&S assessments, and setting up/revamp and utilization of monitoring and evaluation (M&E) systems.
 - e. Pre-investment studies, workshops and learning exchanges to confirm the feasibility of the proposed operation.
 - f. Technical analysis and preparatory work to design and implement institutional and policy reforms, including, for instance, new laws and regulation following international good practices.
8. Regular World Bank Budget resources finance activities that are part of regular Bank responsibilities at project preparation, including Bank's staff time, travel, and consultants. These activities will not be covered by the IDA-GFPP envelope.

ANNEX 8. GLOBAL AND REGIONAL OPPORTUNITIES WINDOW

1. **IDA21 expands the Regional Window (RW) and renames it the Global and Regional Opportunities Window (GROW) to scale up action on priority regional and global challenges agreed during the WBG Evolution.** Much like the RW, GROW offers countries additional resources on concessional terms to scale up their ambitions in addressing policy priorities with cross-border externalities. To fold IDA's support for addressing transboundary issues into one dedicated window, GROW replaces the RW and integrates the Window for Host Communities and Refugees (WHR) as a dedicated sub-window:
2. GROW may finance the following eligible activities:
 - a. Regional integration activities, involving two or more countries with demonstrated cross-border externality (RW-type operations, retained as a priority in IDA21).
 - b. Activities that address the global challenges agreed during WBG Evolution (climate change, ensuring FNS, addressing drivers of FCV, increasing energy access, ensuring water security and access, scaling up digitalization, pandemic preparedness and response, and protecting nature and biodiversity) with demonstrated cross-border externality.
 - c. Climate adaptation activities (operations with at least 50% adaptation climate co-benefits (CCB) using the existing corporate methodology). Adaptation operations can be within a single country without requirement to demonstrate cross-border externality.
 - d. Activities that create medium to longer term socio-economic opportunities for refugees and their host communities in IDA countries (original WHR-type activities which, like regional integration, will be retained as a priority in IDA21).
3. **The WHR portion (paragraph 2d) will continue to be governed as a dedicated sub-window in GROW, using the established eligibility criteria used in IDA20.** Resources are allocated based on the share of refugees in eligible countries. Host countries may access WHR financing without the requirement to contribute from their PBA. The WHR provides half of its financing to eligible host countries on grant terms and the other half on the host country's PBA terms. WHR operations are vetted as part of existing Bank review procedures to ensure that the operation meets the eligibility criteria.
4. **The remaining regional and global parts of GROW (paragraphs 2a-c) build on the successful experience of implementation under IDA's RW, introduced in IDA13, with adjustments to reflect the WBG Evolution as outlined below.** GROW offers a volume incentive to IDA countries, along with IDA's already highly concessional PBA terms, to help countries to scale up their ambitions in pursuit of policy priorities with regional and global externalities.
5. **All IDA countries are eligible for GROW resources.** GROW resources are allocated to Regions in proportion to each Region's share of the PBA Recognizing that IDA countries face numerous global and regional challenges, Regions are expected to prioritize operations to ensure

the most judicious use of scarce GROW resources by focusing on those operations that yield the greatest impact in addressing the most pressing challenges facing their region.

6. **GROW financing is provided on the same terms as the country's PBA**, as was the case for the RW. Countries may access GROW financing without the requirement to contribute from their PBA envelope.

7. **Each operation seeking to access GROW resources is vetted as part of existing Bank review procedures to ensure that the operation meets the eligibility criteria.** GROW will be administered using the existing RW model, with a focus on the activities' expected impact in addressing regional and global challenges.

8. **Due to GROW's founding rationale, a key focus of eligibility and vetting will be the measurement of the cross-border externality that the GROW operation seeks to achieve.** The RW requires a PDO-level indicator that measures the cross-border externality of the regional operation. Similarly, each GROW operation requires an ambitious PDO-level indicator that measures the cross-border externality, except for climate adaptation activities. GROW draws on the work of the Framework for Financial Incentives (FFI) Implementation Taskforce to ensure alignment across WBG.

9. **In limited circumstances, GROW may provide grants to eligible Regional Organizations (ROs).** Recognizing that many organizations address global and regional challenges in IDA countries, GROW grant financing is available for ROs whose support is crucial to the implementation of a GROW-financed operation, including in acting as a platform for policy harmonization and dialogue. To access grant support from GROW, a regional entity needs to be a bona fide RO with the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed. A regional entity is eligible to receive an IDA Grant only if it lacks the legal capacity or authority to borrow or repay a loan and is therefore ineligible to receive an IDA Credit. In IDA21, GROW may provide grant support to eligible ROs up to a total of \$500 million, with this cap also distributed among regions in proportion to their share of the PBA. RO grants are drawn from within each Region's GROW allocation, not in addition to it. Regions will prioritize RO grant financing according to regional needs and in complementarity to the strategic priorities addressed through GROW-financed operations.

ANNEX 9. CRISIS RESPONSE WINDOW

1. **The Crisis Response Window (CRW) provides IDA countries with a dedicated source of additional resources to** (a) respond, as last resort, to the impact of natural disasters, public health emergencies and economic crises; and (b) respond at an earlier juncture to slower-onset crises, namely, disease outbreaks and food insecurity (Early Response Financing - ERF).

A. CRW SUPPORT FOR SEVERE CRISES

2. **CRW resources are intended as a last resort to assist IDA-eligible countries in coping with severe crises.** Access is granted where alternative sources of funding are insufficient and where IDA participates in a concerted international response to a broadly recognized crisis.

- a. **Natural Disasters:** CRW resources may be used to support IDA-eligible countries in the aftermath of an exceptionally severe natural disaster (e.g., earthquake, flood, drought, and tsunami). Parametric data on disaster frequency and impact will be an important, but not the only, eligibility criterion to determine whether a country affected by a particular event qualifies to receive CRW resources.
- b. **Public Health Emergencies:** CRW may be used to address public health emergencies that are of potential international importance. CRW can be used only when: (a) the affected country has declared a national public health emergency; and (b) the World Health Organization (WHO) has declared that the outbreak is a public health emergency of international concern (PHEIC), under WHO's Global Alert and Response System, in accordance with the 2005 International Health Regulations.
- c. **Economic Crises:** CRW support to address severe economic crises that are caused by exogenous shocks and that affect multiple IDA countries (e.g., global food, fuel or financial crises). In providing CRW assistance, IDA seeks to mitigate the impact on vulnerable groups and protect core development spending at risk, for instance, in health, education, social safety nets, infrastructure and agriculture.

B. CRW EARLY RESPONSE FINANCING TO SLOWER-ONSET EVENTS

3. **CRW Early Response Financing (ERF) is intended for slower-onset events which are identified as having the potential to escalate into major crises but are still in the early stages of progression.** All IDA-eligible countries are eligible for CRW ERF, provided that they: (a) have in place a credible *preparedness plan* for disease outbreaks and/or food insecurity prior to the crisis or develop such a plan subsequently; and (b) upon the disease outbreak or food insecurity event materializing, develop a *costed response plan*.

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

disease outbreak is due to viral pathogens with a primary zoonotic reservoir¹ or due to deliberate or accidental release of pathogens previously eliminated from the human population. Outbreaks of non-viral pathogens and pathogens currently endemic in human populations² are excluded.

- b. **Food Insecurity.** CRW ERF resources may be used to support interventions that help mitigate worsening food insecurity conditions which pose a significant threat of becoming a large- scale food insecurity crisis within a country or across countries. CRW ERF can be accessed only if the food insecurity event in an eligible country reaches a minimum level of severity, determined by either: (a) food insecurity thresholds; or (b) country-specific analyses of risks.

4. **Aggregate ERF Limit.** CRW ERF for both disease outbreaks and food insecurity is subject to an aggregate cap of \$1 billion.

5. **Size of Allocation.** CRW ERF allocations for disease outbreaks will be capped (on a per country per event³ basis) at the lower of \$25 million or the cost of the country's outbreak response plan. CRW ERF allocations for food insecurity shall be capped at the lower of \$50 million per IDA cycle or the cost of the country's response plan.

C. FINANCING TERMS

6. **Financing terms under CRW will have some adjustments.** Countries which receive grants will continue to do so, Small States will continue to receive small economy terms and other IDA countries will receive concessional SML terms.

7. **Development Policy Financing with Catastrophe Deferred Drawdown Option (DPF Cat DDO).** The CRW will allocate resources for 25 percent of DPF Cat DDOs, supplementing IDA country allocation resources. CRW financing of Cat DDOs will be provided per the terms in paragraph 6 above.⁴

¹ These include novel influenza subtypes being transmitted within the human population, coronaviruses and filoviruses.

² Endemicity is defined here as continuous sustained human-to-human transmission of a pathogen in the global human population.

³ "Per event" is defined as an outbreak that is different and unrelated to a past or ongoing outbreak, as determined by the WHO.

⁴ For details, see IDA Cat DDO Guidelines.

ANNEX 10. SCALE-UP WINDOW

1. **The Scale-Up Window (SUW) provides additional volume to eligible IDA countries to augment their Country Allocations.** The IDA21 SUW is designed to scale up IDA financing for transformational, country-specific and/or regional operations with a strong development impact and high economic returns. SUW resources are provided in addition to Country Allocations that countries receive, making them useful where Country Allocations are insufficient to support transformational initiatives. In addition to Regular SUW resources on non-concessional terms, IDA21 will continue to offer concessional SUW-SMLs to eligible countries.
2. **In IDA21, the eligibility criteria for accessing the SUW will be simplified.** Access by Blend Countries to Regular SUW financing will be expanded, as specified below. In addition, scope for Regular SUW financing will be expanded to enable eligible, creditworthy Regional Organizations¹ to borrow on non-concessional terms. Total financing from a Region to Regional Organizations will be subject to a cap of 10 percent of the Regular SUW envelope allocated to that Region, per cycle.
3. **The SUW provides indicative allocations to each region in proportion to the share of country allocations.** Country eligibility is determined as follows:
 - a. Countries subject to the Low-Income Country Debt Sustainability Framework (LIC-DSF) at low or moderate risk of debt distress are eligible;
 - b. For countries not subject to the LIC-DSF, eligibility will be based on the overall risk of sovereign stress rating per the IMF's Market Access Country Sovereign Risk and Debt Sustainability Framework (MAC-SRDSF). Countries with low or moderate overall SRDSF ratings will be eligible whereas eligibility of countries with a high overall SRDSF rating may be considered on a case-by-case basis, subject to: (i) confirmation of alignment with the IMF's Debt Limit Policy; and (ii) consultation across the Chief Risk Officer (CRO), Macroeconomics, Trade and Investment Global Practice (MTI-GP), Operations Policy and Country Services (OPCS), and Development Finance (DFi).]
 - c. Blend Countries at high risk of debt distress (or in debt distress) per the LIC-DSF or Blend Countries with a high overall SRDSF rating may be considered on a case-by-case basis;
4. **IDA21 SUW financing is offered in two buckets similar to IDA20 – Regular SUW on non-concessional (IBRD) terms and a portion as SUW-Shorter Maturity Loans (SML) on concessional terms.** Pricing for non-concessional is the same as for current IBRD Flexible Loans (based on Group A pricing) as set out in Section III.1.a. and the International Bank for Reconstruction and Development (IBRD) special terms as set out under Section III.1.b. of the World Bank's Policy 'Financial Terms and Conditions of Bank Financing'. Pricing of concessional SMLs portion will be same as in IDA20 with 12-yr maturity, 6-yr grace, 0% interest rate.

¹ "Regional Organizations" as referenced in this Annex refers to public regional organizations with the legal status of regional entity, with the ability to repay credits, taking into account its rating (if any) with rating agencies and/or assessments based on its revenue streams and cashflows.

ANNEX 11. PRIVATE SECTOR WINDOW

1. **The IDA Private Sector Window (PSW) enables the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to support private sector development and scale-up investments in all IDA Countries,¹ with a focus on the most challenging IDA markets and IDA-eligible Fragile and Conflict-affected Situations (FCS).** In IDA 21, the PSW will support mainly long-term finance investments across sectors with high development impact, including access to finance, energy access and climate, food security, digitalization and local/regional value chains. It will continue to have four facilities: (i) the Blended Finance Facility (BFF) to blend PSW support with IFC investments across sectors; ii) the Risk Mitigation Facility (RMF) to provide guarantees without sovereign indemnity to crowd-in private investment in infrastructure projects and public-private partnerships; (iii) the MIGA Guarantee Facility (MGF) to expand guarantee coverage through shared first-loss and risk participation akin to reinsurance; and (iv) the Local Currency Facility (LCF) to facilitate local currency IFC investments where capital markets are not developed and/or market solutions are not sufficiently available.

2. **Financing terms will be determined in line with the Development Finance Institutions' (DFI) Enhanced Blended Concessional Finance Principles for Private Sector Projects.²** Recognizing the high risk carried by PSW-enabled transactions, appropriate approaches jointly established and assessed by Management of the respective institutions will help manage and share risks in order to enable high impact projects in IDA countries and to maintain the focus on the most difficult markets.

3. **IFC and MIGA will continue to be responsible for all aspects of their respective transactions to be supported by the PSW, and in IDA21 PSW governance will be streamlined.** IDA Executive Directors will no longer approve individual PSW allocations to transactions, but rather the overall envelope for PSW allocations at the onset of each IDA cycle. IDA Executive Directors, and IFC and MIGA respective Boards of Directors, will approve the applicable PSW policy framework and investment guidelines for IDA21. IFC and MIGA Boards will approve each transaction presented by IFC and MIGA, including the use of PSW resources. All applicable IFC and/or MIGA policies and procedures (as the case may be) will continue to apply with respect to the use of PSW resources in support of the relevant IFC and/or MIGA transactions. An IDA Memorandum of the President (IDA MOP) will no longer be prepared and submitted to the IDA Board of Executive Directors alongside the related IFC/MIGA Board approval processes, but all essential information will be included in IFC's and MIGA's respective Board papers (including the adherence to the minimum concessionality principle).

¹ The list of PSW-eligible countries is confirmed at the beginning of IDA21 for the duration of the three-year period and adjusted if needed for countries that fall back to IDA status. For IDA21, Management proposes selective access to PSW for non-FCS IDA Gap and Blend countries to support the WBG Global Challenge Programs. To ensure that PSW maintains its strong focus on low-income and fragile IDA countries, management proposes to cap the amount available to non-FCS IDA Gap and Blend countries as follows: (i) aggregate exposure capped at 10% of the total IDA21 PSW allocation; and (ii) individual country exposure for non-FCS IDA Gap and Blend countries at 3% per country of the total IDA21 PSW allocation for IFC and 7.5% for MIGA.

² Annual Reports: DFI Working Group on Blended Concessional Finance for Private Sector Projects, <https://www.ifc.org/en/insights-reports/2020/bf-dfi-ifc-annual-reports>

4. **The following outlines the key elements of the new PSW policy framework and investment guidelines that IDA-IFC-MIGA will jointly develop to guide deployment of the [Samount] PSW resources in IDA21.** They will be presented for consideration and approval to the Boards of the three WBG institutions before the IDA21 cycle begins.

a. Financial Framework:

- i. Distribution across PSW facilities: \$[amount] for IFC-implemented facilities (Blended Finance Facility, Local Currency Facility, Risk Mitigation Facility) and \$[amount] for the MIGA Guarantee Facility. Indicative allocations by facility and intra-window reallocations will be decided jointly by IDA, IFC, and MIGA Management.
- ii. Equitable distribution of risks between IFC CCW and IDA PSW resources. The IFC and IDA contributions to PSW will form a single window and will follow the same governance and project selection criteria. The CCW will be used for IFC-implemented facilities. Decisions on the allocation of IDA PSW and/or CCW funds to specific projects will follow the same criteria and processes, regardless of whether the PSW resources come from IFC or IDA.
- iii. Country caps to mitigate concentration risks for IDA, to be decided jointly by IDA, IFC and MIGA Management.

b. Impact:

- i. Investment and/or guarantee decisions will prioritize high-impact projects and will reflect the following preferencing: (i) Priority Areas: Access to Finance and Capital Market Development; Energy Access, Decarbonization, and Climate Adaptation; Food Security and Resilience; Accelerating Digitalization; Strengthening local and regional value chains; (ii) Cross-cutting areas: Jobs; Gender; Fragility, Conflict and Violence. Further, IFC and MIGA will implement IDA21 PSW with emphasis on: long-term financing and/or guarantees to infrastructure, agriculture, manufacturing and services; private equity, including through venture capital funds; broadened reach to new clients, new countries (including small states) and local firms; local capital market development, including through the use of the Local Currency Facility.
- ii. Project selection will prioritize, among other things: (i) high AIMM/IMPACT ratings (minimum score will be decided to show strong development impact, with required rationale in the case of exemptions); and (ii) expected range of subsidies based on historical averages per facility, ensuring a minimum subsidy level that avoids market distortions.

c. Access to Non-FCS Gap and Blend Countries:

- i. Proposed aggregate cap of 10% of total IDA21 PSW and individual country exposure limits of 3% of PSW allocation to IFC and 7.5% of PSW allocation to MIGA.³
- ii. Access limited to projects that contribute to the Global Challenge Programs: (i) Energy Transition and Access; (ii) Accelerating Digitalization; (iii) Food and Nutrition Security; (iv) Health; (v) Water Security and Climate Adaptation; and (vi) Forests and Biodiversity.

d. Governance

- i. Streamlined governance will optimize efficiency in achieving PSW impact, moving from a “retail” to a “wholesale” approach.
- ii. IDA will maintain an advisory role in the project preparation lifecycle through its representation on IFC/MIGA’s PSW management decision committees as non-voting member. CMUs will be consulted upstream by IFC and MIGA regional teams in line with the One WBG approach.
- iii. The PSW Oversight Committee (PSW OC), co-chaired by Vice-Presidents from each institution, will be maintained to review progress in light of the revised policy framework and to discuss and resolve risks and implementation issues. The PSW Secretariat will continue to provide support to the PSW OC’s functions.

e. Reporting:

- i. IFC and MIGA will report to IDA on PSW financials and risk management.
- ii. The PSW Secretariat will coordinate with IFC and MIGA on reporting, monitoring and deriving lessons learned from the portfolio.
- iii. IFC and MIGA will report on utilization, impact and alignment with the PSW investment guidelines to IDA Management and to the IDA Board of Executive Directors annually, and to IDA Participants through the Retrospective and at MTR when adjustments can be proposed.
- iv. IFC and MIGA will develop a new public dashboard with project-level data on PSW-supported projects to bring improved visibility on project characteristics, financing (including IFC/MIGA own-account commitment amounts, co-financing data), and development impact narratives, indicators, and ex post achieved outcomes. See the example in Table 1. This increased transparency will be implemented for PSW-

³ These caps will only apply to new projects endorsed during the IDA21 cycle, and therefore exclude all projects that were endorsed by the IFC or MIGA’s respective PSW project approval committees under IDA20-PSW. These caps also exclude countries that would have access to IDA PSW in IDA21 even without the proposed expansion, including transition countries. Projects approved that utilize PSW from platforms prior to the IDA21 cycle are also excluded from this cap, as they are utilizing resources from earlier IDA cycles.

supported projects of the IDA21 cycle, as it will require changes in the client legal documents. Past PSW projects will be listed without the new disclosure information

DRAFT

Table A11. 1. Indicators and Disclosures for the new PSW Public Dashboard (Hypothetical Example)

Project Name	Project Description	Country	Region	Sector	PSW Facility	Project Financing			Mobilization		AIMM		
						Total Project Cost <i>(Already disclosed)</i>	PSW Board Approval Amount <i>(Already disclosed)</i> ¹	IFC O/A Commitment / MIGA gross issuance <u>(New disclosure)</u>	Commercial co-financing at commitment <u>(New disclosure)</u>	DFI co-financing at commitment <u>(New disclosure)</u>	AIMM ex-ante Narrative Assessment <i>(Already disclosed)</i>	AIMM Project Outcome indicator name <i>(Already disclosed)</i>	AIMM Narrative on Achieved Outcome at Project closure <u>(New disclosure)</u>
TelCo, Country X	The project will expand access to financing for smartphones and enable access for lower-income households.	Country X	Africa Region	Telecom	Blended Finance Facility (BFF)	\$180 M	\$15 M of PSW subordinated loan	\$50 M	\$105 M	\$10 M	Expected project-level outcome is increased access to finance and improved affordability of smartphones including for underserved segments in Country X.	Annual sales (#)	The Project achieved its intended Outcome.

¹ IDA website sources its data from the IDA Memorandum of the President (MOP) documents at Board Approval.

ANNEX 12. CONSULTATION WITH CIVIL SOCIETY

1. **Management stepped-up engagement with Civil Society Organizations (CSOs) during IDA21 Replenishment discussions, holding seven regional IDA forums in the seven regions of the WBG in addition to the two regular global IDA Forums held in Washington DC to gather views from a broader base of CSO members.** IDA Forums were held between April and October 2024 with a double focus; to brief and solicit feedback from CSOs on the proposed IDA21 strategic directions and on implementation of the Better Bank reforms. Members of CSOs turned up in numbers and shared their views; over 800 organizations representing academia, think tanks, foundations, and CSOs attended the forums. The forums elicited broad support for the strategic priorities of IDA21, including the cross-cutting imperatives of job creation and gender equality. Informed by realities on the ground at country and regional levels, participating CSOs raised a wide range of important issues.¹ IDA appreciates this level of engagement and the support of CSOs to ensure the policy content addresses the most pertinent development challenges as well as their efforts on advocacy for donor support for a robust IDA replenishment.

2. **Overall, views of CSOs highlighted the broad alignment between the IDA21 strategic directions and policy framework – the Focus Areas and Lenses, and proposed measures to strengthen the policy package to effectively address the current key development challenges.** There was a large degree of overlap between development priorities and concerns expressed in the context of country or regional situations. IDA shares many of the key issues CSOs raised such as the rising global debt crisis which is hindering governments in many low-income countries from providing essential services, more systematic use of civic and citizen engagement, need to enhance transparency and accountability in monitoring and reporting of results, investing in strengthening the implementation capacity of clients, and simplifying the Bank’s systems and processes. CSO members supported a robust IDA21 replenishment as key to delivering on development at this time of exceptional need in the face of regional and other global challenges and investing for a better future.

3. **The issue of debt and the need to find effective solutions to address the debt problem was often discussed in these forums. IDA financing is structured in a way to help clients with sustainable debt management by providing a high volume of grants and highly concessional credits, to highly indebted low-income countries.** IDA helps borrower countries achieve and maintain sustainable debt through incentives and knowledge, and continues to provide net positive flows, exceeding \$17 billion for borrower countries in fiscal year 2023. IDA also determines its financing terms taking into account countries’ income and debt vulnerabilities, in this way helping countries address their debt vulnerabilities.

4. **Some CSOs spoke of shrinking space and funding for civil society and urged the Bank to rethink direct financing and operational collaboration with civil society.** WBG shares the value and importance of working in partnership. As a complement to indirect funding through Bank projects of more than \$800 million over a 5-year period (FY19-23), and direct funding in particular country situations, the Bank plans to launch **CIVIC: The Civil Society and Social Innovation Alliance** in the near future. This will be a global program linked to a multi-donor trust

¹ Readouts of forums are available publicly online. <https://www.worldbank.org/en/events/2024/03/07/ida21-replenishment-global-and-regional-ida-forums>.

fund (MDTF) that will build on lessons from the Global Partnership on Social Accountability (GPSA) and prior WBG civil society financing and partnership programs. As a dedicated finance and support facility for CSOs and other social economy actors, CIVIC will seek to bridge civil society, social innovators, WBG, and governments to identify and support scalable, people-driven solutions for a livable planet. Building on a current GPSA pilot focused on climate, CIVIC plans to establish thematic knowledge, convening and funding platforms to reach a broader and more diverse network of CSOs, including smaller grassroots organizations. **CIVIC funded activities will help institutionalize participatory approaches and better integrate social-sector innovations and approaches into the Bank's support and lending to governments in key areas such climate, gender and youth.**

5. **Some participants highlighted the need to renew the Bank's approach to civic and citizen engagement and sought more information on the inclusion of a citizen engagement indicator in the WBG's Scorecard (Scorecard).** These asks are well aligned with the Bank's recent strategic review of the Bank's (2014) corporate commitment on citizen engagement drawing on extensive consultations with CSOs, which found the *quality* of citizen engagement during implementation to be highly variable. This reinforced the value of a Scorecard Indicator for "quality of civic and citizen engagement" (CCE) which has since been added to the new Organizational Effectiveness and Efficiency Dashboard. Unlike the previous CE indicator that operated only at the project level, the new composite indicator will bridge the project and country levels, help spot good practices and highlight where more attention may be needed.

6. Following the recommendations of the review, the Bank will draft a successor of the 2014 Citizen Engagement (CE) Strategic Framework and an operational plan to support regions in strengthening the implementation of portfolio-level approaches to strengthening country systems for civic and citizen engagement. **An increased emphasis on stakeholder engagement is among the 10 actions of the Streamlining and Strengthening Environmental and Social Framework (ESF) Implementation initiative.** The systematic strengthening in the quality of stakeholder engagement plans and actions throughout the project cycle presents an opportunity for CSOs to play a more active role in supporting governments in assuring that stakeholder engagement takes place in a meaningful manner. CSOs could also play a role in monitoring implementation of these plans as well as the ESF commitments laid out in Environmental and Social Commitment Plans, both of which are publicly disclosed documents.

7. **The importance of strengthening client implementation capacity was well noted in these consultations, a point shared also by clients, and other partners.** IDA21 will scale up support to client implementation capacity, including in low-capacity environments, through strengthening of Environment and Social, financial management, and procurement systems as well as project implementation units and agencies, in line with client needs.

8. **As highlighted elsewhere in this report, to enhance transparency and accountability in monitoring and reporting of results, the new Scorecard introduced as part of the WBG's evolution will be used in IDA21.** It will track progress against 22 indicators designed to measure meaningful progress on outcomes affecting the well-being of people in client countries.

ANNEX 13. CONCESSIONAL PARTNER LOANS

1. **This Annex summarizes the final IDA21 Concessional Partner Loans (CPL) framework.**
2. Key IDA21 CPL financing terms, as listed below:
 - a. **Maturity:** 25, 40 or 50 years.
 - b. **Grace period:** The grace period will be 5 years for a 25-year loan or 10 years for a 40-year loan and a 50-year loan.
 - c. **Principal repayment:** Principal repayments of concessional partner loans will begin after the grace period. At that point, a straight-line amortizing repayment schedule will be applied. For 25-year credits, principal will amortize at a rate of 5 percent per annum; for 40-year credits, principal will amortize at a rate of 3.3 percent per annum; for 50-yr loans, principal will be amortized at a rate of 2.5 percent per annum.
 - d. **Coupon/Interest:** IDA concessional partner loans will have an all-in coupon rate up to, a “maximum coupon rate”.¹ Donors have the option to provide additional grant resources to buy down the difference between the maximum coupon rate and the CPL coupon rate if higher. For CPLs where the maximum coupon rate is negative, Donors have the additional option to provide a CPL with a coupon rate of 0 percent in the CPL currency and meet the remaining grant element requirement of the framework by providing a larger volume of CPL.²
 - e. **Prepayment:** To ensure IDA’s financial sustainability, IDA may prepay the outstanding balance of the CPL, in whole or in part, without penalty after giving no less than 12 months’ prior notice.
 - f. **Effectiveness:** Based on the date on which the loan agreement is signed by both parties and upon the provision of the full unqualified amount of a coupon equalization grant, as applicable.
 - g. **Currencies:** For pledging purposes, IDA will accept concessional loans in SDR, or any single currency of the SDR basket, namely the US Dollar, Euro, Japanese Yen, British Pound and Chinese Renminbi. Subsequent to pledging, Donor may also request a conversion to eligible non-SDR currencies based on criteria agreed.

¹ The all-in cost may also be achieved by providing additional grants to buy-down the loan coupon rate.

² This implies a higher coupon rate than the maximum coupon rate in the CPL currency. Fair treatment across Partners will be ensured by using the actual coupon rate of the CPL to calculate the loan’s grant element to determine voting rights and compliance with the minimum grant equivalent contribution benchmark.

- h. **Drawdown:** The concessional loans will be drawn-down in three equal annual installments over the IDA21 3-year period. Management may agree on a different drawdown schedule with the loan providers as it deems necessary.

3. **Grant Contribution:** Donors providing concessional partner loans in IDA21 are expected to provide basic grant contributions equal to at least 80 percent of the Minimum Grant Contribution Benchmark and target the total Grant Equivalent Contribution (which include basic contribution from grant and grant element of CPLs, Hybrid Capital and Portfolio Guarantee) to at least their Minimum Grant Contribution Benchmark. Donor could select their preferred Minimum Grant Contribution Benchmark as 100 percent of their total Grant Equivalent Contribution based on IDA19 or IDA20, as the Donor prefers. The Minimum Grant Contribution Benchmark could also be based on the Currency of Pledge, National Currency or SDR amounts, as the Donor prefers.

4. **Grant Element:** As in IDA20, upon receipt of the concessional funding from IDA Donors, the grant element of the CPLs (which reflect the concessional nature of the CPL coupon relative to the discount rate) will be recognized for voting rights and burden share purposes. The grant element is a function of the terms of the loan. The terms of the loan determine the cash inflows and outflows related to the loan and the grant element is effectively the ratio of the present value of the debt service to the present value of the loan disbursements, which can be expressed with the formula below:

$$1 - \frac{\sum_{i=1}^m (DF_i \times CFS_i)}{\sum_{j=1}^n (DF_j \times CFD_j)}$$

Where:

DF_i = Discount factor at period i , calculated using the discount rate of CPL framework

CFS_i = Cash flow from debt service at period i

DF_j = Discount factor at period j , calculated using the discount rate of CPL framework

CFD_j = Cash flow from loan disbursement at period j

m = the maturity of the CPL

n = the drawdown period of the CPL

5. **Discount rate:** Following the IDA20 Framework, the discount rate used to calculate the grant element is based on IDA's projected funding cost in the market and translated into the currencies of the SDR basket. As proposed, the discount rates are estimated using the average monthly interest rates from the period of March to August 2024.³

³ Coupon rates cannot exceed the discount rate in a given currency otherwise the CPL doesn't generate a grant element.

Table A13. 1. IDA21 Discount Rates

	IDA21 Discount Rates (%)		
	25-year CPL	40-year CPL	50-year CPL
USD	4.71	4.89	4.91
EUR	3.21	3.32	3.31
JPY	1.26	1.73	1.84
GBP	4.52	4.67	4.67
CNY	3.14	3.31	3.35
SDR	3.83	4.01	4.02

6. **Maximum coupon rates:** The IDA21 CPLs will be subject to a maximum coupon rate of 1.59 percent in USD, as the level of average coupon rate of IDA’s concessional loans. The equivalent maximum coupon rates for other currencies are based on the principle that the grant element generated on CPLs in different currencies will be equivalent.

Table A13. 2. IDA21 Maximum Coupon Rates and Corresponding Grant Element

	IDA21 Maximum Coupon Rates (%)		
	25-year CPL	40-year CPL	50-year CPL
USD	1.59	1.59	1.59
EUR	0.43	0.54	0.59
JPY	-1.12	-0.56	-0.37
GBP	1.44	1.45	1.44
CNY	0.37	0.54	0.62
SDR	0.91	1.01	1.04
Grant Element	30.48	44.18	48.04

7. **Implications of coupon rate lower or higher than maximum coupon rate:**
- a. As in IDA20, if a Donor provides a CPL with a coupon lower than the maximum coupon rate in a given currency, it will benefit from a larger grant element compared to providing a loan at the maximum coupon.
 - b. As in IDA20, if a Donor would like to provide a CPL with a coupon rate higher than the Maximum Coupon Rate but lower than the Discount Rate in a given currency, the Donor will be required to compensate for the difference through additional grants to “buydown” the terms of the CPL to the level of the maximum coupon rate.
 - c. The required additional grant payment amount will be calculated based on the grant element difference between the CPL with maximum coupon rate and the CPL with the original coupon rate. The Donor can make the additional grant payment over several installments only if the CPL has the same disbursement schedule (which has a maximum period of 3-year).

Table A13. 3. Additional Grant Payments Required for a Buydown of 100bps to Meet the Maximum Coupon Rate

Additional grant required upfront in the loan currency for every 1,000 million CPL

Currency	25-year CPL	40-year CPL	50-year CPL
USD	99	136	147
EUR	111	160	178
JPY	128	194	218
GBP	100	140	151
CNY	111	162	178
SDR	106	149	163

d. If the Maximum Coupon Rate for a particular currency is negative, the Donor is allowed to provide a loan to IDA with a coupon rate of zero. In case the CPL provider still has to set the original coupon rate above zero, an additional grant payment would be required to buy-down the coupon rate to zero, with the buy-down amount to be calculated following the methodology described above. After the buy-down payment, the CPL with zero coupon rate would still generate a smaller grant element than CPLs with maximum coupon rate in other currencies.

8. **Consistent with previous replenishments, IDA requires that Donors provide their Instruments of Commitment before IDA can sign a CPL agreement with the Donor country.** This requirement is to enhance the fairness between CPL providers and grant providers, where Instruments of Commitment are required before the grant payment can be received. In addition, in case a Donor plans to provide additional grant resources to lower the coupon rate on the CPL, IDA would require the payment of the additional grant by the Donor as a prerequisite for IDA to accept the disbursement from the CPL. This is to protect IDA from paying a high borrowing cost on CPL without receiving the related grant payment that ensures the required concessionality.

9. **Flexibility to provide CPLs in non-SDR basket currencies:** Donors will have some flexibility to provide CPLs in non-SDR basket currencies while ensuring financial and risk neutrality to IDA by using market instruments and ensuring fair and equal treatment among Donors.

10. **To ensure financial and risk neutrality to IDA, Donors who would like to include a CPL in pledge will continue to be required to pledge the CPL in SDR or one of the currencies of the SDR basket,** with the grant element calculated based on the published discount rates for the specific SDR currency, as per the current process. Donors have the option to convert the loan⁴ into an eligible currency upon signature of the loan agreement.

11. **The conversion option will be allowed only for currencies that the World Bank Treasury is able to hedge through the market for the full maturity of the loan (25 or 40 or 50**

⁴ Or a portion of the loan

years). Based on this criterion and IDA's market capacity, the eligible currencies^{5,6} for IDA21 are Australia Dollars (AUD), Swiss Franc (CHF), Danish Krone (DKK), South Korean Won (KRW), Mexican Peso (MXN), Norwegian Krone (NOK), New Zealand Dollar (NZD), Swedish krona (SEK) and South African Rands (ZAR) for 25-year CPL and Canadian Dollars (CAD) for all CPL maturities. CPL agreements for the eligible currencies will include additional legal provisions to enable market-based conversions, applicable market clause and flexibility offered in terms of size and timing in effecting conversion.

12. **The terms of such conversions (amount and coupon rate in the selected currency) will be based on the hedge IDA can execute at prevailing market rates at the time of conversion with the applicable transaction fees.**⁷ The market conversions will be offered in a manner that ensures they do not entail additional financial risks to IDA, including excessive income volatility risk and market counterparty risk.

DRAFT

⁵ The final eligibility of CPL in non-SDR currencies would be subject to the market availability when the conversion is to be requested.

⁶ Given the limited liquidity of the CNY market in long tenors, any conversion from a CPL in CNY into another currency would be subject to the market availability.

⁷ Transaction fees will be aligned with the World Bank's methodology for calculating transaction fees to cover for overhead.

ANNEX 14. HYBRID CAPITAL INSTRUMENT FRAMEWORK

1. This Annex summarizes the final IDA21 Hybrid Capital (HC) framework. This would cover the inaugural issuance of this Member Purchased Hybrid Capital Instrument (MPHC) instrument which supplements other contribution.
2. Key IDA21 HC financing terms,¹ as listed below, are proposed:
 - a. **Currency:** US\$, EUR, and SDR
 - b. **Maturity:** Perpetual
 - c. **Seniority:** Junior (subordinated) to IDA's senior bonds and CPLs. Pari passu (equal in ranking) to all other outstanding IDA HC instruments.
 - d. **Voting Rights:** Votes awarded based on Net Present Value (NPV) of theoretical grant component using a 50-year maturity and same discount rates as used for 50-year CPL. (See Annex 3 on Concessional Partner Loans for details)
 - e. **Early Redemption Provisions:** IDA has the option to redeem at par ("call option") at its discretion after an initial, predetermined non-call period of 5–10 years. After the initial non-call period, IDA will have further options to redeem at par on subsequent interest payment dates or longer. IDA has the option to redeem at par if post-issuance changes to the credit rating agency rules make the hybrid capital instrument less effective or inappropriate to provide IDA additional leverageable capital ("rating agency call option"). At this time the instrument could be replaced with an equivalent hybrid capital instrument meeting the new CRA requirements for treatment as leverageable capital at IDA's sole discretion.
 - f. **MPHC Instrument:** Before or at the same time that IDA redeems as MPHC instrument, the equity contents represented by this original instrument must be replaced. This can be done by either issuing one or more new MPHC instruments or by making new subscriptions, totaling the same equity contents of the redeemed or called MPHC instrument. At the time of redemption of the original MPHC instrument, the votes allocated under the original MPHC loan will also be cancelled.
 - g. **Write-Down Provisions:** The instrument will be permanently written down (i.e., all amounts owed by IDA under the instrument will be irrevocably cancelled) if [IDA's GAAP Equity to GAAP Assets falls to or below [25%] at any reported financial statement date. The Loan Agreement will include a clause to allow for modification of the trigger due to IDA's evolving hybrid financial model and periodic replenishment cycles that may affect its lending operations and model.
 - The MPHC instrument will be automatically and permanently converted to a member subscription in the event of a Write-Down trigger event occurring. At such time, the

¹ Items in brackets throughout the Annex are still under review by the credit rating agencies.

member would receive additional voting rights for the balance of the total amount of the MPHC instrument and the grant element recognized in IDA21.

- h. **Transfer of Instrument:** The hybrid capital instrument will be non-transferable. Transfer between Shareholder and/or Development Partners would not be available in the MPHC version of hybrid capital due to the allocation of voting rights at inception and after any potential Write Down Trigger Event.
 - i. **Interest:** Interest determined through negotiation with member with same maximum coupon as permitted under the CPL program. (See Annex 3)
So long as the IDA HC instruments are outstanding, all IDA Hybrid Capital instruments will have the same interest payment dates (see below “Consequence of Coupon Cancellation”)
 - j. **Mandatory Coupon Cancellation:** For each coupon payment, the obligation to pay the coupon will be automatically cancelled if the following trigger occurs: [Equity to Assets ratio equals to or falls below [40%] on two consecutive 6-month financial reporting periods. The Generally Accepted Accounting Principles (GAAP) assets and GAAP equity would come directly from the quarterly financial statements and not be adjusted. The Loan Agreement will include a clause to allow for modification of the trigger due to IDA's evolving hybrid financial model and periodic replenishment cycles that may affect its lending operations and model.]
 - k. **Discretionary Coupon Cancellation:** Coupon on the hybrid capital instruments will be due and payable at the sole discretion of the IDA Board of Executive Directors and can thus be cancelled at any time (with or without prior notice).
 - l. **Consequences of Coupon Cancellation:** Coupon cancellation is “Non-cumulative”. The resumed payment of future coupons will occur if the conditions triggering such coupon cancellation (either mandatory or discretionary) cease to exist when the next coupon payment is due. A nonpayment of a cancelled coupon payment would not be considered a default under the hybrid capital instrument.
 - m. **Resumption of Coupons after Mandatory Cancellation:** Coupon payment would resume once the trigger conditions cease to exist based on the same financial reporting requirements that triggered such Mandatory Cancellation.
3. **Grant Contribution:** Donors providing hybrid capital in IDA21 are expected to provide basic grant contributions equal to at least 80 percent of the Minimum Grant Contribution Benchmark and target the total Grant Equivalent Contribution (which include basic contribution from grant and grant element of CPLs, HC, and PGP) to at least their Minimum Grant Contribution Benchmark. Donors could select their preferred Minimum Grant Contribution Benchmark as 100 percent of their total Grant Equivalent Contribution based on, as the Donor prefers. The Minimum Grant Contribution Benchmark could also be based on the Currency of Pledge, National Currency or SDR amounts, as the Donor prefers.

ANNEX 15. PORTFOLIO GUARANTEE PLATFORM FRAMEWORK

1. This Annex summarizes the final IDA21 Portfolio Guarantee Platform (PGP). The Platform helps IDA reduce its credit risk and thus allows it to increase its financing capacity.
2. Key IDA21 Portfolio Guarantee Platform terms, as listed below, are proposed:
 - a. **Currency:** US\$, EUR, and SDR
 - b. **Maturity of the Portfolio Guarantee:** Minimum of 50 years for each guarantor, ideally longer, such as 60 years, which represents IDA's proposed maximum final maturity for its loans. The maturity will be from the time the specific guarantee becomes effective. As a result, guarantees under the platform may contain guarantees with different maturities depending on the time when different guarantors join the platform.
 - c. **Guarantee Fee:** The portfolio guarantee will have no guarantee fee.
 - d. **DSC impact:** Portfolio guarantees will be used as part of the Total Resources Required (TRR) calculation of credit risk reducing the amount of resources required. TRR would be reduced by the Portfolio Guarantee Platform amount after a 25 percent haircut applied for credit risk of contingent commitment.
 - f. **Voting Rights:** Votes will be recognized based on an adjusted 50 percent grant element of a 50-year CPL. Pro-rata votes will be allocated when guarantee is called, and payments are made by the guarantor and received by IDA. IDA will retain potential recoveries on any non-accrual loan. Payments under the portfolio guarantee agreement and exceeding the originally recognized votes will be recognized as a donor contribution and voting rights will be allocated in the next IDA replenishment according to the terms reflected in the following replenishment approved by the Board of Governors.
 - g. **Grant Contribution:** Donors providing portfolio guarantees in IDA21 are expected to provide basic grant contributions equal to at least 80 percent of the Minimum Grant Contribution Benchmark and target the total Grant Equivalent Contribution (which include basic contribution from grant and grant elements of CPLS, Hybrid Capital, and Portfolio Guarantee) to at least their Minimum Grant Contribution Benchmark. Donor could select their preferred Minimum Grant Contribution Benchmark as 100 percent of their total Grant Equivalent Contribution based on IDA19 or IDA20, as the Donor prefers. The Minimum Grant Contribution Benchmark could also be based on the Currency of Pledge, National Currency, or SDR amounts, as the Donor prefers.
 - h. **IDA Counterpart(s):** Individual member countries have to meet minimum counterparty credit risk requirements. Each donor provides an individual bilateral guarantee to IDA that covers IDA's whole portfolio. The guarantors are not joint and liable, i.e., each guarantor is liable only for its pro rata share and will not bear the risk of non-payment of other guarantors.

- i. **Minimum Counterparty Credit Risk:** A credit rating of triple-A and double-A (i.e., from AA- to AAA) from the guarantor will be preferred. Single-A rated guarantors may be considered if there are additional mechanisms to provide credit enhancement for the guaranteed payment when it is called. Lower-rated guarantors will be considered if there is upfront cash payment to back the guarantee. Guarantor selection criteria may be reviewed by IDA in the future.
- j. **Coverage:** The coverage of the portfolio guarantee will be for the whole lending book of IDA, including loans and guarantees (its development portfolio) except for the exclusions below. This definition includes future loans committed after the execution of the portfolio guarantee contract and prior to its expiration. Loans already in non-accrual status at the effectiveness of the portfolio guarantee contract will be excluded from the coverage. PSW exposures would be explicitly excluded from the portfolio guarantee coverage. Exposures covered by future bilateral member or MDB guarantees will also be excluded from the portfolio guarantee coverage. Coverage includes principal, interest or other charges (including default interest for late payments) up to the maximum aggregate liability.
- k. **Payment Obligation of the Guarantor:** The portfolio guarantee will provide coverage when there is a loan reaching non-accrual status (payment overdue by more than six months) and then for subsequent payments that are 30 days late once the borrower has been placed in non-accrual status, up to a maximum aggregate liability. In the event of a call on the portfolio guarantee where there are multiple guarantors, each guarantor shall be liable to pay a *pro rata* portion of the defaulted loan. If new guarantors provide coverage after the effectiveness of the original portfolio guarantee, then the *pro rata* share of all guarantors will be adjusted accordingly.
- l. **Payment Modality of the Guarantor:** The portfolio guarantee will not be accelerated, even if the underlying loans were to be accelerated under the loan provisions allowing IDA to declare the withdrawn credit balance as immediately payable under section 8.06² of the applicable General Conditions for IDA Financing. However, in case the loan repayment terms are modified under section 3.05(b)³ of the applicable General Conditions for IDA Financing, the portfolio guarantee will cover the payments due according to the modified repayment of installments in effect at such time as the non-accrual event occurs. The guarantor will be liable to pay its pro rata share of the contractual debt service (principal plus interest) up to the moment when the contractual debt service payments in aggregate reach the maximum aggregate liability for each guarantor of the first loan(s) in non-accrual status in IDA's portfolio after the PGP is established.
- m. **Recoveries:** In the event of a non-payment by a borrower that is covered by a payment by guarantors participating in the portfolio guarantee platform, IDA will act to recover such non-paid amounts. IDA will do so in accordance with the IDA's policies and procedures. At the time of arrears clearance, payment by the borrower on the guaranteed loans will reduce the loan balance. Furthermore, these amounts received from the borrowers will be

² General Conditions of IDA Financing Section 8.06 Events of Acceleration.

³ General Conditions of IDA Financing of IDA Financing Section 3.05 Repayment of Credit, (b) Accelerated Repayment

considered to cover any future non-accruals prior to making a call on remaining IDA portfolio guarantees.

- n. **Governing Law:** All the guarantee agreements will be legal, valid, binding and enforceable against each guarantor. Each agreement will be subject to English law governing law provisions with accompanying enforceability opinions.

DRAFT

ANNEX 16. FINANCING HIPC, MDRI AND ARREARS CLEARANCE

1. **Participants reiterated strong support for the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI), which provide debt relief to the world's poorest and most indebted countries.** Updated cost estimates for IDA's lost credit reflows and the status of Donor financing for the MDRI were reviewed during the Replenishment process.

A. THE HEAVILY INDEBTED POOR COUNTRIES INITIATIVE

2. **In IDA21 Donors' HIPC-related contributions may use either of the two mechanisms agreed in IDA18:** These include (a) contributing to IDA directly; or (b) channeling contributions through the Debt Relief Trust Fund.¹ The HIPC-related contributions will be recorded separately from regular IDA contributions in order to ensure that HIPC debt relief is additional to other IDA assistance and shown as a separate column in Table [1a] of the IDA21 Resolution (See Annex 19).

3. **Donor funds provided directly to IDA will be treated in the same manner as regular contributions, becoming part of IDA's general resources.** Donors can choose to submit one Instrument of Commitment (IoC) that combines regular IDA contributions and HIPC-related contributions, or separate IoCs for regular IDA contributions and HIPC-related contributions. Donors can pay their HIPC contributions in cash or promissory notes. Since these additional contributions will reimburse IDA for its forgone reflows during FY26-28, they will be drawn down over the IDA21 period. Donors will receive voting rights for contributions upon payment to IDA21.²

B. THE MULTILATERAL DEBT RELIEF INITIATIVE

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

¹ As amended by Donors and the IDA Board of Executive Directors.

² Donors can also make HIPC contributions directly to the Debt Relief Trust Fund. In such case, Donors would sign contribution agreements with IDA, as administrator of the Debt Relief Trust Fund, specifying the contribution amount and payment modalities – in cash or in notes to be drawn down over a three-year period. Donors will deposit their contributions in the WB component of the Debt Relief Trust Fund, and contributions will be transferred to IDA to reimburse IDA for its forgone credit reflows. Since these funds become part of IDA's general resources at the time of transfer from the Debt Relief Trust Fund to IDA's cash account, Donors will receive additional voting rights in IDA following such transfers. Management will report periodically to Donors on the status of their contributions to the Debt Relief Trust Fund.

5. **Donor contributions for IDA’s MDRI costs are recorded under a separate replenishment and added to IDA’s general resources following established IDA procedures.** Participants reaffirmed the need for full replacement of lost credit reflows due to debt relief and their commitment “*to fully finance the costs to IDA of providing MDRI debt relief over the 40-year time span of the MDRP*”.³ Participants acknowledged the need to provide unqualified and firm MDRI financing commitments over the disbursement period of each future IDA replenishment. Participants meanwhile also recognized that the ability to provide binding financial commitments for the entire duration of MDRI varies from Donor to Donor and committed themselves to make every effort possible to translate their full political commitment into as firm and far-reaching financial pledges as allowed for by their legislative processes.

6. **Participants noted that the value of IDA’s lost credit reflows under the MDRI will continue to fluctuate over the 40-year period.** The MDRI financing arrangements include a mechanism to adjust the compensatory amounts payable by Donors in conjunction with every regular IDA replenishment. Updated cost estimates for the MDRI under the IDA21 replenishment provide a basis for updates to the MDRI cost tables and Donor payment schedules. Revised tables to the MDRI Resolution, reflecting the updated cost estimates, have been provided to IDA members. Corresponding adjustments to reflect these updated amounts are also required in the payment schedule attached to each Donor’s IoC for its MDRI subscription and contribution. Participants noted that each IDA Donor has agreed to amend its IoC to reflect any such adjustment.

7. **IDA21 will continue to monitor Donor contributions to the MDRI.** For transparency, Donor contributions to the MDRI will continue to be recorded separately from regular IDA replenishment contributions as additional to Donors’ regular financial support to IDA. IDA21 will continue to report Donor contributions to the MDRI to the IDA Board of Executive Directors. The reporting will contain information on the volume of debt relief delivered by IDA under the MDRI and the amount of compensatory Donor resources received.

D. FINANCING OF ARREARS CLEARANCE OPERATIONS

8. **Burden shares.** Since IDA15, there has been a systematic approach to arrears clearance.⁴ In general, Donors have also supported the use of their HIPC burden shares to finance arrears clearance operations in a given replenishment, and also agreed that if the resources requested for the present replenishment are insufficient to cover the full cost of the arrears clearance support, the shortfall would be made up in the succeeding replenishment in the same manner that HIPC costs are updated at each replenishment based on the use and availability of resources.

³ MDRI Resolution, Paragraph 5.

⁴ See section IV.C, page 31 in World Bank, *Additions to IDA Resources: Fifteenth Replenishment – IDA: The Platform for Achieving Results at the Country Level*, February 28, 2008, Washington, DC. Available at: <https://thedocs.worldbank.org/en/doc/415131d585283fb45eeb7348db847da0-0410012016/original/finalreportmarch2008.pdf>. For a full discussion of the arrear’s clearance needs of countries eligible for the exceptional arrear’s clearance approach, see World Bank, *The Demand for IDA19 Resources and the Strategy for their Effective Use*, May24, 2019, Washington, DC. Available at: <https://documents1.worldbank.org/curated/en/411191563779544636/pdf/IDA19-Second-Replenishment-Meeting-The-Demand-for-IDA19-Resources-and-the-Strategy-for-their-Effective-Use.pdf>.

9. **No set-aside for arrears clearance will be allocated at the start of IDA21.** Support for the reengagement of IDA countries that are currently inactive and in arrears will be subject to demonstration of meaningful progress. Management will continue to monitor the situation in relevant countries and will propose reallocations in consultation with Participants should the opportunity for reengagement emerge in IDA21. This approach means that with no IDA20 arrears clearance set-aside to carry over, and no allocation for arrears clearance in IDA21, should allocations for arrears clearance operations be made during IDA21, Donor contributions would need to replenish the arrears clearance set-aside for the full estimated amount.

10. **With respect to IDA countries with outstanding to the IBRD that is eligible for HIPC debt relief, IDA will provide debt relief grants or credits, where necessary, to deliver on World Bank's share of debt relief under the HIPC Initiative.** Debt relief grants from IDA (for interim HIPC relief on IBRD debt service payments) and prepayment by IDA of remaining IBRD claims at the HIPC completion point form part of the implementation modalities for IDA's delivery of debt relief under the HIPC process.⁵ These debt relief grants and prepayments are to be funded by resources other than IBRD's net income transfers to IDA.

DRAFT

⁵ World Bank, *Heavily Indebted Poor Countries (HIPC) Initiative: Note on Modalities for Implementing HIPC Debt Relief under the Enhanced Framework*. 2000, Washington, DC.

ANNEX 17. DOCUMENTS PROVIDED FOR THE IDA21 REPLENISHMENT

March 18 to 19, 2024 – IDA21 First Replenishment Meeting (Virtual)

1. Note on IDA21 Strategic Directions
2. Technical Discussion Note: IDA's Financial Outlook and Options to Strengthen IDA's Medium- to Long-Term Capacity*

April 21, 2024 – IDA21 Second Replenishment Meeting (Washington, DC)

1. SDFP FY24 Annual Update and Proposal for Enhancement
2. IDA21 Grant Allocation Framework*

June 18 to 21, 2024 – IDA21 Third Replenishment Meeting (Kathmandu, Nepal)

1. IDA21 Policy Package Overview
2. IDA21 Focus Areas
3. IDA21 Lenses
4. IDA21 Demand, Architecture and Scenarios
5. IDA21 Vulnerability Considerations in IDA Financing Framework*

October 28 to 29, 2024 – IDA21 Fourth Replenishment Meeting (Washington, DC)

1. Draft IDA21 Replenishment Report
2. IDA21 Operational and Financing Framework*
3. Supplemental Note on the Proposed Grant Facility for Project Preparation*
4. IDA21 PSW 2.0 Mainstreaming the IDA IFC-MIGA Private Sector Window*
5. Addendum to PSW Paper – Annotated Outline for IDA21 PSW Investment Guidelines*
6. IFC/MIGA Technical Notes on the IDA21 PSW*
7. Presentation on IDA20 Implementation Update*
8. IDA21 Policy Commitments Draft Methodology Notes*
9. Note on IDA21 New Financing Instruments*

- * These papers were not publicly disclosed as per the World Bank's Access to Information Policy which excludes disclosure of papers that contain confidential financial projections

ANNEX 18. IDA21 REPORTING MECHANISM

1. IDA21 will include comprehensive reporting to enable monitoring of strategic priorities, better track outcomes of IDA investments, and ensuring IDA both contributes to, and benefits from, the evolving WBG. All the elements of IDA21 reporting will come together on an updated, user-friendly website, which will serve as a one-stop-shop for IDA’s results. In addition to comprehensive coverage in reporting, IDA21 also offers enhanced transparency. For the first time, IDA21 has made methodology notes for results indicators available during replenishment discussions. IDA21 has also made methodology notes describing how will measure progress on PCs under each Focus Area and Lens available to IDA Borrower Representatives and IDA Deputies.

2. IDA reporting will take place at three intervals during the IDA21 cycle and will be made publicly available as and where permitted by the World Bank Group’s Access to Information policy. Much of the annual reporting will be made available on IDA’s website, or in some cases through materials distributed to IDA Deputies and Borrower Representatives. Timing will be keyed to Annual Meetings for the Scorecard and Organizational Efficiency and Effectiveness Dashboard; other annual reporting will be at intervals each year. The IDA21 Mid-Term review will generate a series of deliverables (see Annex 19), as well as the first updates on IDA21 Focus Areas and Lenses, Policy Commitments, and operational delivery. The latter will be reported again in the IDA21 Retrospective.

Table A18. 1. Details of IDA21 Reporting

Frequency	Reporting Area	Mechanism
Regular Reports – ANNUAL	Scorecard and Organizational Efficiency and Effectiveness (OEE) Dashboard	Scorecard reports progress toward development outcomes through quantitative results indicators with unprecedented data disaggregation and results narratives. <i>Published on IDA website by Annual Meetings.</i> OEE dashboard gives visibility on IDA operational performance by tracking how IDA finances, monitors, and implements with links to the Scorecard. <i>Published on IDA website by Annual Meetings.</i>
	Country, Window Allocations, GFPP	Annual ex-post basis disclosure of IDA country allocations, key input data on which country allocations were based, and updates of window allocations. <i>Published on IDA website, end of second quarter.</i> GFPP will provide regular reporting to IDA participants and the Board, including annual progress reports and at MTR.
	SDFP Envelope (SDFP)	Report on the SDFP’s annual implementation update in two pillars: Debt Sustainability Enhancement Program (DSEP); and Program of Creditor Outreach (PCO). <i>Annual paper.</i>

Frequency	Reporting Area	Mechanism
	FCV Envelope (FCVE)	In addition to sharing FCVE eligibility notes with the Board (an established practice since IDA19), beginning in IDA21, Management will report annually on implementation of the FCV Envelope, including summaries of annual reviews and instances where Management has exercised discretion to convert credits to grants. <i>Format and timing to be discussed.</i>
Deliverables – IDA21 MTR	Country Allocations	An independent assessment of IDA’s country allocation system, including its performance-based allocation system. <i>MTR deliverable, details to be further discussed.</i>
	Supporting analyses for FCV Strategy	Analyses to inform the planning and/or the implementation of the successor of the WBG Strategy on Fragility, Conflict and Violence (2020 to 2025). <i>MTR deliverables, details to be further discussed.</i>
	Nature finance	An update on coordination with other MDBs to refine and launch a nature finance tracking methodology as well as experience with the WBG pilot methodology. <i>MTR deliverable, details to be further discussed.</i>
	Quality of citizen engagement	Background paper reporting progress on the new ‘quality of citizen engagement’ indicator included in the OEE Dashboard. <i>MTR deliverable, details to be further discussed.</i>
	GCPs	Management will provide an update on progress of the GCPs in IDA countries during the IDA21 MTR. This update is expected to draw on annual delivery progress reporting to the WBG Board, which is expected to begin after the first year of implementation for each GCP.
Implementation Updates – IDA21 MTR & RETROSPECTIVE	Policy Commitments (PCs)	Implementation review of all IDA21 Focus Areas and Lenses, including progress reporting on implementation of Focus Area/Lens PCs policy commitments, and progress reporting on Evolution related PCs. <i>In MTR paper and in Retrospective</i>
	Delivery	Implementation review of IDA21 financial delivery, window performance, and related issues. <i>In MTR paper and in Retrospective.</i>

ANNEX 19. IDA21 MIDTERM REVIEW DELIVERABLES

Participants and Management agreed to develop the following deliverables for the mid-term review of IDA21:

1. An independent assessment of IDA's country allocation system, including its performance-based allocation system.
2. Analyses to inform the planning and/or the implementation of the successor of the WBG Strategy on Fragility, Conflict and Violence (2020 to 2025) will be developed by or before the IDA21 MTR. If IDA21's policy architecture on FCV requires amendment to align with the forthcoming strategy, amendments for consideration by IDA partners will be proposed. Analyses to inform the successor strategy will:
 - a. Consider approaches that could serve to enhance FCV-sensitivity of projects. It will review whether either an "FCV tag" assessing responsiveness of individual projects to FCV drivers, or alternatively an "FCV flag" identifying projects for which FCV drivers, sensitivities, and risks should be closely considered, could be feasible and helpful;
 - b. Map key strategic, operational and analytical partnerships in FCV contexts. The analysis will focus on partnerships related to key engagements, specifically: the FCV Envelope, third-party implementation, and development of analytical products (such as Recovery and Peacebuilding Assessments and similar products); and
 - c. Consider how IDA21 can adapt and integrate lessons outlined in a forthcoming report on third party financing with respect to third party implementation in FCS countries where IDA is not financing operations directly through IDA country governments, including conditions under which the WB can move in and out of third-party implementation.
3. An update on coordination with other MDBs to refine and launch a nature finance tracking methodology as well as experience with the WBG pilot methodology.
4. A background paper reporting progress on the new 'quality of citizen engagement' indicator included in the OEE Dashboard. MTR deliverable, details to be further discussed.

ANNEX 20. DRAFT IDA21 RESOLUTION

Board of Governors Additions to Resources: Twenty-First Replenishment

WHEREAS:

- (A) The Executive Directors of the International Development Association (the “Association”) have considered the prospective financial requirements of the Association and have concluded that it is desirable to Authorize a replenishment of resources for new financing commitments for the period from [July 1, 2025] to [June 30, 2028] (the “Twenty-First Replenishment”) in the amounts and on the basis set out in the report of the IDA Deputies, “Additions to Resources: Twenty-First Replenishment – Ending Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition,” (the “Report”), approved by the Executive Directors on [●], and submitted to the Board of Governors;
- (B) The members of the Association agree that an increase in the resources of the Association is required and intend to take all necessary governmental and legislative action to authorize and approve the allocation of additional resources to the Association in the amounts and on the conditions set out in this Resolution;
- (C) Additional subscriptions are to be authorized: for members of the Association that have expressed their intention, subject to any necessary legislative authorization, to make available additional resources to the Association, and for other members of the Association pursuant to the provisions of Article III, Section 1(c) of the Articles of Agreement of the Association (the “Articles”) to give each such member an opportunity to subscribe, under such conditions as shall be reasonably determined by the Association, an amount which will enable it to maintain its relative voting power;
- (D) Recipient Members (as defined in paragraph 12(a) below) are to receive additional votes to enhance Recipients’ voice, on the basis of the agreement of Non-Recipient Members (as defined in paragraph 12(b) below) and Interstitial Non-Recipient Members (as defined in paragraph 12(a) below) to waive their rights under Article III, Section 1(c) of the Articles;
- (E) It is desirable to provide for a portion of resources to be subscribed by members to be paid to the Association as advance subscriptions;
- (F) Additional subscriptions are to be authorized for members to provide compensation for the Association’s debt forgiveness commitments under the HIPC Debt Initiative; and to reflect the grant element of (i) concessional and subordinated loans made by members to the Association, and (ii) guarantees provided by members to the Association;
- (G) The Executive Directors of the Association have authorized the borrowing of concessional loans (each a “Concessional Partner Loan” or “CPL”) and of subordinated loans (each a “Member Purchased Hybrid Capital Instrument” or “MPHC”) from members in the currencies and on the terms and conditions as approved by the Executive Directors and it is intended that the grant element of the CPLs and MPHCs will form part of the member’s subscriptions hereunder;

(H) The Executive Directors of the Association have also authorized the acceptance of guarantees from members under a portfolio guarantee platform (each a “Portfolio Guarantee or PG) in the currencies and on the terms and conditions as approved by the Executive Directors, and it is intended that the grant element of the PG pledges will form part of the member’s subscriptions hereunder, on such terms as may be determined by the Association.

(I) It is desirable to authorize the Association to provide financing in the form of grants, guarantees, equity investments, and the intermediation of risk management products in addition to loans; and

(J) It is desirable to administer any remaining funds from the Twentieth Replenishment as part of the Twenty-First Replenishment.

NOW THEREFORE THE BOARD OF GOVERNORS HEREBY ACCEPTS the Report as approved by the Executive Directors, **NOTES** its conclusions and recommendations, **AND RESOLVES THAT** a general increase in subscriptions of the Association is authorized on the following terms and conditions:

1. **Authorization of Subscriptions under the Twenty-First Replenishment.**

- (a) The Association is authorized to accept additional resources from each member in the amounts and in the currencies specified for each such member in Columns [●], [●], [●], [●] and [●] of Table 1a-SDR attached to this Resolution.
 - (i) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions from members to compensate the Association for the Association’s debt forgiveness commitments under the HIPC Debt Initiative in the amounts and as specified in Column [●] of Table 1a-SDR attached to this Resolution.
 - (ii) As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions from members reflecting the grant element of a CPL, a MPHIC or a PG in the amounts specified in Columns [●], [●] and [●] respectively of Table 1a-SDR attached to this Resolution.
- (b) The Association is authorized to accept additional resources from any member for which no subscription is specified in Table 2 and additional subscriptions from members incremental to the amounts specified for each such member in Tables 1a and 1b.
- (c) The rights and obligations of the Association and the members that make available additional resources to the Association pursuant to paragraph 3(b) below in respect of the authorized subscriptions in paragraphs (a) and (b) above will be the same (except as otherwise provided in this Resolution) as those applicable to the ninety percent portion of the initial subscriptions of original members payable under Article II, Section 2(d) of the Articles by members listed in Part I of Schedule A of the Articles.

2. **Agreement to Pay.**

- (a) When a member agrees to pay its subscription, it will deposit with the Association an Instrument of Commitment substantially in the form set out in Attachment I to this Resolution (“Instrument of Commitment”) and with respect to:
 - (i) its subscription for debt forgiveness under the HIPC Debt Initiative, a member will either include such subscription in an Instrument of Commitment or make a Debt Relief Transfer Contribution, as defined and specified in paragraph 9(a) of this Resolution; and
 - (ii) a CPL, a MPHC or a PG, a member will enter into written agreement(s) in such form as may be acceptable to the Association.
- (b) When a member that is referred to in paragraph 3(b) below agrees to pay the first part of its subscription without qualification and the other part is subject to enactment by its legislature of the necessary appropriation legislation, it will deposit (other than in respect of the grant element of a CPL, a MPHC or a PG) a qualified Instrument of Commitment in a form acceptable to the Association (“Qualified Instrument of Commitment”) and such member:
 - (i) undertakes to exercise its best efforts to obtain legislative approval for the full amount of its subscription by the payment dates set out in paragraph 3(b) of this Resolution; and
 - (ii) agrees that, upon obtaining such approvals, it will notify the Association that any parts of its Qualified Instrument of Commitment have become unqualified.

3. **Payment Timeline.**

- (a) Each Recipient Member and Interstitial Non-Recipient Member that agrees to subscribe only up to an amount necessary to enable it to maintain its relative voting power, will pay such amount to the Association in full within 31 days after the date of deposit of its Instrument of Commitment; provided that if the Twenty-First Replenishment shall not have become effective by [[December 15], 202[5]], payment may be postponed by the member for not more than 31 days after the Effective Date as defined in paragraph 6(a) of this Resolution.
- (b) A member, other than such members referred to in paragraph 3(a) above, that agrees to subscribe to an amount and that deposits an Instrument of Commitment that is not a Qualified Instrument of Commitment, will pay to the Association the amount of its subscription in three equal annual installments no later than 31 days after the Effective Date or as agreed with the Association, [[January 15], 202[7]], and [[January 15], 202[8]]; provided that:
 - (i) the Association and each member may agree to earlier payment;

- (ii) if the Twenty-First Replenishment shall not have become effective by [[December 15], 202[5]], payment of the first such installment may be postponed by the member for not more than 31 days after the date on which the Twenty-First Replenishment becomes effective;
 - (iii) the Association may agree to the postponement of any installment, or part thereof, if the amount paid, together with any unused balance of previous payments by the member concerned, is at least equal to the amount estimated by the Association to be required from that member up to the due date of the next installment; and
 - (iv) if any member deposits an Instrument of Commitment with the Association after the date when the first installment of the subscription is due, payment of any installment, or part thereof, will be made to the Association within 31 days after the date of such deposit.
- (c) If a member has deposited a Qualified Instrument of Commitment and, upon enactment of appropriation legislation, notifies the Association that an installment, or part thereof, is unqualified after the date when it was due, then payment of such installment, or part thereof, will be made within 31 days after the date of such notification.
- (d) Each member that makes a subscription through the grant element of a CPL or a MPHC will pay to the Association the amount of the loan in three equal annual installments no later than 31 days after the Effective Date, [[January 15], 202[7]], and [[January 15], 202[8]], or as agreed with the Association.
- (d) Each member that makes a subscription through the grant element of a PG will pay to the Association the applicable guaranteed amount pursuant to the terms agreed under the PG.

4. **Mode of Payment.**

- (a) Payments pursuant to this Resolution will be made, at the option of the member:
 - (i) in cash, on terms agreed between the member and the Association; or
 - (ii) by the deposit of notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be nonnegotiable, non-interest bearing and payable at their par value on demand to the account of the Association.
- (b) The Association will encash notes or similar obligations of the members referred to in paragraph 3(b) above, on an approximately pro rata basis among such members, in accordance with the encashment schedule set out in Attachment II to this Resolution, or as agreed between a member and the Association. With respect to a member that is

unable to comply with one or more encashment requests, the Association may agree with the member on a revised encashment schedule that yields at least an equivalent value to the Association.

- (c) The provisions of Article IV, Section 1(a) of the Articles will apply to the use of a member's currency paid to the Association pursuant to this Resolution as may be applicable.

5. **Currency of Denomination of Payments.**

- (a) Members that provide the amount of their subscriptions pursuant to paragraph 3(a) above will denominate the resources to be made available pursuant to this Resolution in the currency of the member or in a freely convertible currency with the agreement of the Association. Payments will be made in the currency of the member or in a freely convertible currency with the agreement of the Association.
- (b) Members that provide the amount of their subscriptions pursuant to paragraph 3(b) above will denominate the resources to be made available pursuant to this Resolution in SDRs, the currency of the member if freely convertible, or, with the agreement of the Association, in a freely convertible currency of another member, except that if a member's economy experienced a rate of inflation in excess of ten percent per annum on average in the period 2020-2022, as determined by the Association, its subscription will be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the Association. Payments will be made in SDRs, a currency used for the valuation of the SDR, or, with the agreement of the Association, in another freely convertible currency, and the Association may freely exchange the amounts received as required for its operations.
- (c) Each member will maintain, in respect of its currency paid by it under this Resolution, and the currency of such member derived therefrom as principal, interest or other charges, the same convertibility as existed on the effective date of this Resolution.
- (d) The provisions of Article IV, Section 2 of the Articles with respect to maintenance of value will not be applicable.
- (e) Notwithstanding the foregoing provisions of this paragraph, a member that makes a subscription through the grant element of a CPL, a MPHC or a PG will denominate and make payment of such CPL, MPHC or PG in SDRs or any other currencies approved by the Executive Directors and as defined in their respective loan agreements or guarantee agreements.

6. **Effective Date.**

- (a) The Twenty-First Replenishment will become effective and the resources to be subscribed pursuant to this Resolution will become payable to the Association on the date (the "Effective Date") when the members referred to in paragraph 3(b) above,

whose subscriptions aggregate not less than SDR[●] million [*60 percent of the pledged amount*] shall have deposited with the Association Instruments of Commitment, Qualified Instruments of Commitment, Debt Relief Transfer Notifications (as defined in paragraph 9(b) of this Resolution) or duly executed agreements for CPLs, MPHCs or PGs, provided that this date shall be not later than [[December 15], 202[5]], or such later date as the Executive Directors of the Association may determine.

- (b) If the Association determines that the availability of additional resources pursuant to this Resolution is likely to be unduly delayed, it shall convene promptly a meeting of the members to review the situation and to consider the steps to be taken to prevent a suspension of financing to eligible recipients by the Association.
- (c) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Twenty-First Replenishment, the Association may deem, prior to the Effective Date, to use one third of the agreed Replenishment amount, for grants, loans, guarantees, equity investments and risk management products.

7. **Advance Subscriptions.**

- (a) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Twenty-First Replenishment, the Association may deem, prior to the Effective Date, one third of the total amount of each subscription for which
 - (i) an Instrument of Commitment has been deposited with the Association;
 - (ii) a Debt Relief Transfer Notification (as defined in paragraph 9(b) of this Resolution) has been received by the Association; or
 - (iii) a duly executed agreement for a CPL, MPHIC or PG has been received by the Association;

as an "Advance Subscription" to use for grants, loans, guarantees, equity investments and risk management products, unless the member referred to in paragraph 3(b) above specifies otherwise in its Instrument of Commitment, Debt Relief Transfer Notification, or agreements for CPL, MPHIC or PG.

- (b) The Association shall specify when Advance Subscriptions pursuant to paragraph 7(a) are to be paid to the Association.
- (c) The terms and conditions applicable to subscriptions to the Twenty-First Replenishment shall apply also to Advance Subscriptions until the Effective Date, when such subscriptions shall be deemed to constitute payment towards the amount due from each member referred to in paragraph 3(b) above, for its subscription.

- (d) In the event that the Twenty-First Replenishment shall not become effective pursuant to paragraph 6(a) of this Resolution, (i) voting rights will be allocated to each member for the Advance Subscription as if it had been made as a subscription under this Resolution, and (ii) each member not making an Advance Subscription will have the opportunity to exercise its preemptive rights under Article III, Section 1(c) of the Articles with respect to such subscription as the Association shall specify.

8. **Authority to Use Subscription.**

- (a) Subscriptions will become available for use by the Association for financing to eligible recipients upon receipt of the Instruments of Commitment and after the Effective Date, provided that Advance Subscriptions may become available earlier under paragraph 7(a) of this Resolution.
- (b) Any qualified part of a subscription notified under a Qualified Instrument of Commitment will become available for use by the Association for financing when the Association has been notified, pursuant to paragraph 2(b) (ii) of this Resolution, that such parts have become unqualified.
- (c) The Association may enter into financing commitments with eligible recipients conditional on such commitments becoming effective and binding on the Association when resources under the Twenty-First Replenishment become available for commitment by the Association.

9. **HIPC Subscriptions.**

- (a) Members making an additional subscription to compensate the Association for forgiveness of debt under the HIPC Debt Relief Initiative, will do so either: (i) through an additional subscription to the Association's regular resources (a "Debt Relief Additional Subscription") or (ii) through a creditor-specific contribution for the benefit of the Association to the HIPC window of the Debt Relief Trust Fund ("Debt Relief Transfer Contribution").
- (b) Members making a Debt Relief Transfer Contribution will either (i) enter into a Contribution Agreement with the Association as administrator of the Debt Relief Trust Fund; or (ii) for members that are already current contributors to the Debt Relief Trust Fund, send to the Association a notice of additional contribution or allocation to the appropriate window of the Debt Relief Trust Fund (each a "Debt Relief Transfer Notification"). Such Debt Relief Transfer Notification will provide for a contribution to be made to the appropriate window of the Debt Relief Trust Fund in the amount set forth in Column [●] of Table 1a-SDR to this Resolution, to be payable in three equal annual installments no later than 31 days after the Effective Date, [[January 15], 202[7]], and [[January 15], 202[8]]; provided that the Association and each member may agree to earlier payment.

- (c) When any amount of a Debt Relief Transfer Contribution is paid to compensate the Association for forgiveness of debt under the HIPC Debt Initiative, such amount of the Debt Relief Transfer Contribution will be treated as a subscription under the Twenty-First Replenishment.

10. **Authorization of Grants, Guarantees, Equity Investments and Risk Intermediation.** The Association is hereby authorized to provide financing under the Twenty-First Replenishment in the form of grants and guarantees, equity investments and through the intermediation of risk management products.

11. **Administration of IDA20 Funds under the Twenty-First Replenishment.**

- (a) On the Effective Date, any funds, receipts, assets and liabilities held by the Association under the Twentieth Replenishment will be administered under the Twenty-First Replenishment, subject, as appropriate, to the terms and conditions applicable to the Twentieth Replenishment.
- (b) Pursuant to Article V, Section 2(a) (i) of the Articles of Agreement of the Association, the Association is authorized to use the funds referred to in paragraph 11(a) above, and funds derived therefrom as principal, interest or other charges, to provide financing in the forms of grants, guarantees, equity investments and through the intermediation of risk management products under the terms, conditions and policies applicable under the Twenty-First Replenishment.

12. **Allocation of Voting Rights under the Twenty-First Replenishment.** On the basis of the IDA Voting Rights Framework approved on March 31, 2022, by Resolution No. 248, voting rights shall be allocated to members for subscriptions under the Twenty-First Replenishment, in addition to their current voting rights, as follows:

- (a) (i) (1) Each member that is determined to be eligible to receive financing from the Association on or about July 1 immediately preceding the date of submission of this Resolution to the Board of Governors but excluding members that are proposed to graduate from the Association during the Twenty-First Replenishment (“Recipient Member”) and (2) each member that is not a Recipient Member but was eligible to receive financing from the Association any time during the period covered by the [Sixteenth Replenishment through the Twentieth Replenishment] (“Interstitial Non-Recipient Member”) that agrees to subscribe only up to an amount necessary to enable it to maintain its relative voting power and has deposited with the Association an Instrument of Commitment (other than in respect of the grant element of a CPL, a MPHIC or a PG which are allocated as per subparagraph (d) and (e) below) shall be allocated the subscription votes specified for each such member in Table 2 on the effective payment date pursuant to paragraph 3(a) of this Resolution on the basis of one additional vote for each \$25 of its additional subscription authorized by the Association for such member to enable it to maintain its relative voting power.

- (ii) Each Recipient Member and each Interstitial Non-Recipient Member that agrees to subscribe to an amount exceeding such amount necessary to enable it to maintain its relative voting power and has deposited with the Association an Instrument of Commitment (other than in respect of the grant element of a CPL, a MPHC or a PG which are allocated as per subparagraph (d) and (e) below) shall be allocated one-third the subscription votes specified for each such member in Table 2 on each effective payment date pursuant to paragraph 3(b) of this Resolution on the basis of:
 - (A) one additional vote for each \$25 of its additional subscription authorized by the Association for such member to enable it to maintain its relative voting power; and
 - (B) one additional vote for each \$17,670 of its additional subscription authorized in excess of the amount in subparagraph (A) above.
 - (iii) Each Recipient Member and each Interstitial Non-Recipient Member referred to in subparagraph (i) above shall be allocated the additional membership votes specified in Column [●] of Table 2 on the date such member is allocated its subscription votes.
 - (iv) Each Recipient Member and each Interstitial Non-Recipient Member referred to in subparagraph (ii) above shall be allocated the additional membership votes specified in Column [●] of Table 2 for its subscription on the date such member is allocated the first one-third of its subscription votes.
 - (v) Each Recipient Member shall be allocated the additional votes (“Recipient Boost Votes”) specified in Column [●] of Table 2 on the date such member is allocated its subscription votes.
- (b) Each member that is not a Recipient Member or an Interstitial Non-Recipient Member (“Non-Recipient Member”) that has deposited with the Association an Instrument of Commitment (other than in respect of the grant element of a CPL, a MPHC or a PG) shall be allocated one-third of the subscription votes specified for each such member in Table 2 on each effective payment date pursuant to paragraph 3(b) of this Resolution on the basis of one additional vote for each \$17,670 of its additional subscription. Each such member shall be allocated the additional membership votes specified in Column [●] of Table 2 for its subscription on the date such member is allocated the first one-third of its subscription votes.
- (c) Each member that has made a Debt Relief Transfer Contribution will be allocated a proportionate share of the subscription votes specified for such member in Column [●] of Table 2 from time to time and at least semi-annually following payment of any amount of its Debt Relief Transfer Contribution to compensate the Association for forgiveness of debt under the HIPC Debt Initiative.

- (d) Each member that has provided a CPL in the amount provided in Table 1b will be notified by the Association of the grant element determined by the Association with respect to the CPL and will be allocated, in respect of the applicable grant element, a proportionate share of the subscription votes specified for such member in Column [●] of Table 2 from time to time following payment to the Association of the CPL.
- (e) Each member that has provided an MPHC in the amount provided in Table 1c will be notified by the Association of the grant element determined by the Association with respect to the MPHC and will be allocated, in respect of the applicable grant element, a proportionate share of the subscription votes specified for such member in Column [●] of Table 2 from time to time following payment to the Association of the MPHC. If the MPHC is converted into a member subscription, each participating member would receive additional subscription votes in accordance with the terms of the relevant agreement.
- (f) Each member that has provided a PG in the amount provided in Table 1d will be notified by the Association of the grant element determined by the Association with respect to the PG and will be allocated, in respect of the applicable grant element, a proportionate share of the subscription votes specified for such member in Column [●] of Table 2 from time to time following payment to the Association of the PG. If payments under the PG exceed the proportionate share of the subscription votes specified in Column [●] of Table 2, such member would receive additional subscription votes in accordance with the terms of the agreement.
- (g) Each member that has deposited with the Association a Qualified Instrument of Commitment will be allocated subscription votes at the time and to the extent of payments made in respect of its subscription.
- (h) Any member that deposits its Instrument of Commitment after any of these dates will be allocated, within 31 days of the date of such deposit, the subscription votes to which such member is entitled on account of such deposit.
- (i) If a member fails to pay any amount of its subscription when due, or fails to pay when due any amount of (or due in connection with) a CPL, a MPHC or a PG, the number of subscription votes allocated from time to time to such member under this Resolution in respect of the Twenty-First Replenishment will be reduced in proportion to the shortfall in the net present value of such payments, but any such votes will be reallocated when the shortfall in the net present value of such payments causing such adjustment is subsequently made up.
- (h) If a member makes available, on or after the date this Resolution is adopted by the Board of Governors, additional resources to the Association in the form of subscriptions, pursuant to the authorization to the Association under the respective resolutions for any replenishment from the Eleventh Replenishment through to the Twentieth Replenishment to accept additional resources from any member (i) for which no contribution is specified under such resolutions, or (ii) incremental to the amounts specified for such member in

such resolutions, such member shall be allocated voting rights, and other members shall have the opportunity to exercise their preemptive right, in respect of this additional subscription, in accordance with the IDA Voting Rights Framework and the provisions of this paragraph 12.

DRAFT

Table 1a-SDR. Donor Subscriptions to the Twenty-First Replenishment

(Amounts in SDR millions)

[to be added]

DRAFT

Table 1a-CoC. Donor Subscriptions to the Twenty-First Replenishment

(Amounts in Currency of Contribution (CoC), millions)

[to be added]

DRAFT

Table 1a-USD. Donor Subscriptions to the Twenty-First Replenishment

(Amounts in US\$ millions)

[to be added]

DRAFT

Table 1b. Concessional Partner Loan Contributions to the Twenty-First Replenishment

[to be added]

Table 1c. Member Purchased Hybrid Capital Instrument Contributions to the Twenty-First Replenishment

[to be added]

Table 1d. Portfolio Guarantee Contributions to the Twenty-First Replenishment

[to be added]

DRAFT

Table 2. Subscriptions, Contributions (carrying no votes) and Votes

(Amounts in US\$ Equivalents)

[to be added]

DRAFT

INTERNATIONAL DEVELOPMENT ASSOCIATION

Addition to Resources: Twenty-First Replenishment

Instrument of Commitment

Reference is made to Resolution No. [●] of the Board of Governors of the International Development Association entitled “Additions to Resources: Twenty-First Replenishment – [●]”, which was adopted on [●], 2025 (“the Resolution”).

The Government of [●] HEREBY NOTIFIES the Association pursuant to paragraph 2 of the Resolution that it will make the subscriptions¹ authorized for it in accordance with the terms of the Resolution in the amount of [●].^{2 [3][4][5]}

(Date)

(Name and Office)⁶

¹ This form of Instrument of Commitment may be used for a Member’s regular subscription and any Debt Relief Additional Contribution either under a separate instrument or combined.

² Pursuant to paragraph 5(b) of the Twenty-First Replenishment Resolution, members referred to in paragraph 3(b) of the Resolution are required to denominate their subscription, in SDRs, in the currency of the member if freely convertible, or with the agreement of the Association in a freely convertible currency of another member. Payment will be made as provided in paragraph 5(b) of the Resolution. For members referred to in paragraph 3(a) of the Resolution, payment will be made as provided in paragraph 5(a) of the Resolution.

³ [In addition to this amount, the member will contribute [●] which represents the grant element of the Concessional Partner Loan (only applicable for CPL subscriptions).]

⁴ [In addition to this amount, the member will contribute [●] which represents the grant element of the Member Purchased Hybrid Capital Instrument (only applicable for MPHC subscriptions).]

⁵ [In addition to this amount, the member will contribute [●] which represents the grant element of the Portfolio Guarantee Platform Instrument (only applicable for PGP subscriptions).]

⁶ The instrument is to be signed on behalf of the Government by a duly authorized representative.

Encashment Schedule for IDA21 Donor Subscriptions

<u>Fiscal Year</u>	<u>Standard Schedule (%)</u>
2026	4.3
2027	10.7
2028	16.1
2029	16.8
2030	15.1
2031	13.6
2032	10.8
2033	7.7
2034	4.9
	<hr/>
	100.0

DRAFT