

# **The UK's support to the World Bank's International Development Association**

A review

**May 2022**

**The Independent Commission for Aid Impact** works to improve the quality of UK development assistance through robust, independent scrutiny. We provide assurance to the UK taxpayer by conducting independent reviews of the effectiveness and value for money of UK aid.

We operate independently of government, reporting to Parliament, and our mandate covers all UK official development assistance.

### Overall review scores and what they mean

**GREEN**

Strong achievement across the board. Stands out as an area of good practice where UK aid is making a significant positive contribution.

**AMBER/  
RED**

Unsatisfactory achievement in most areas, with some positive elements. An area where improvements are required for UK aid to make a positive contribution.

**GREEN/  
AMBER**

Satisfactory achievement in most areas, but partial achievement in others. An area where UK aid is making a positive contribution, but could do more.

**RED**

Poor achievement across most areas, with urgent remedial action required in some. An area where UK aid is failing to make a positive contribution.

**OGL**

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**The International Development Association provides good value for money, as it aligns strongly with UK development priorities, leverages non-aid resources and influences development at scale across all low-income countries. However, it could do more to focus on climate change outcomes, to target the poorest, to engage citizens and to meet its own demanding social and environmental safeguard standards.**

The World Bank's International Development Association (IDA) is the world's largest source of grants and low-interest loans for low-income countries, with annual commitments currently exceeding \$30 billion. Two-thirds of IDA's commitments are in sub-Saharan Africa and nearly two-fifths assist fragile states.<sup>1</sup> Its operational scope stretches across a wide range of social and economic sectors, as well as addressing climate change and governance and providing macro-fiscal support. It likewise draws on a range and depth of specialised expertise, research and analysis capabilities beyond the reach of most bilateral donors acting alone.

IDA's funding ceiling is determined through triennial 'replenishment' processes, to which the UK and other donor governments are significant contributors. Roughly £1 in every £12 of UK aid was received by IDA over the past five years, and the UK has been IDA's largest donor for over a decade. IDA's funding model also enables it to mobilise a multiple – currently 3.5 times – of the sums contributed by its donors, by utilising internal World Bank Group (WBG) resources and (since 2018) borrowing from financial markets. As a result, IDA's replenishment totals have risen rapidly in recent years, from \$52 billion for 2014–17 to \$93 billion for 2022–25.

IDA's concentration on funding low-income countries, its increased funding for fragile states, its significant emphasis on promoting gender equality and its recent work on disability have all promoted its alignment with the strategic emphasis of UK aid. In recent years IDA has also increased its ambitions on supporting its clients to manage the effects of climate change and crises, emergent priorities for the UK's aid. IDA works mainly with, and through, national governments, which generally express satisfaction with IDA operations and practices. However, IDA also sets itself demanding rules for promoting civil society engagement and consulting citizens potentially affected by its interventions; these are still work in progress.

IDA's headline project effectiveness on its own measures, verified by its Independent Evaluation Group – which undertakes evaluations independent of Bank management, and reports to the Boards of the WBG – is strong and on an upward trend. IDA also has a comprehensive results management framework which, among other indicators, tracks a range of intermediate outcomes, such as the number of deliveries attended by skilled health personnel. Impact evaluations on IDA programmes reveal more about their broader development impact, but these are not feasible for all types of operations. It is easier to identify IDA's contributions to high-level development outcomes than to attribute them conclusively to its interventions.

<sup>1</sup> This is based on the World Bank's definition of 'fragile situations' – *FY22 list of fragile and conflict-affected situations*, World Bank, [link](#). This definition is operationally different to the UK's definition of fragile states, which is more wide-ranging and to which a larger share of IDA commitment is directed.

IDA's project performance seems to be improving in fragile states, and a new suite of strategy and diagnostic tools has recently been introduced to support these operations. IDA has effectively deepened its emphasis on promoting gender equality and has begun to design and deliver more disability-inclusive operations. However, a more comprehensive approach to inclusion and implementing the Bank's strategic goal of 'shared prosperity' is yet to develop. IDA responded to the COVID-19 pandemic rapidly, flexibly and at scale, confounding earlier perceptions that the World Bank was slow-moving and bureaucratic.

Over the last three decades increasingly demanding standards have been set for the Bank for protecting the environmental and social conditions of the communities it affects. We found significant room for improvement in implementing the latest version of these standards, with local implementation systems not yet working adequately and concerns about capacity problems in the Bank and local authorities responsible for oversight. COVID-19 has also posed challenges for monitoring these standards.

World Bank staff and other donors view the Foreign, Commonwealth and Development Office as systematic and successful in influencing IDA's strategic direction, assisted by agile and effective networking between London, Washington and country teams. The country teams work closely with their counterparts in IDA in areas where their programmes and the work of locally based staff overlap, but recent reductions in UK bilateral aid have narrowed this space and priorities for future co-financing may need to be looked at again.

The UK's influence on IDA has rested not only on its financial contribution, which was reduced significantly in IDA's latest replenishment, announced in December 2021. As long as the UK remains a major funder of IDA (it is about to become the third-largest) and keeps up the analytical and negotiating skills it deploys in engaging it, the UK will remain influential in determining IDA's strategic direction. The UK also benefits significantly from IDA's use of donor contributions to leverage additional resources.

## Individual question scores

### Question 1

**Relevance:** How well aligned is IDA with the UK's development priorities?

GREEN/  
AMBER

### Question 2

**Effectiveness:** How effective is IDA's support for partner countries?

GREEN/  
AMBER

### Question 3

**Efficiency:** To what extent does the UK obtain value for money from IDA?

GREEN

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# Acronyms and glossary

Acronym	Definition
<b>CPF</b>	Country Partnership Framework
<b>CSO</b>	Civil society organisation
<b>DFID</b>	Department for International Development (merged in September 2020 with the Foreign and Commonwealth Office to become the Foreign, Commonwealth and Development Office)
<b>DIME</b>	Development Impact Evaluation
<b>DRC</b>	Democratic Republic of Congo
<b>ESF</b>	Environmental and Social Framework
<b>FCDO</b>	Foreign, Commonwealth and Development Office
<b>GRM</b>	Grievance response mechanism
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICAI</b>	Independent Commission for Aid Impact
<b>IDA</b>	International Development Association
<b>IFC</b>	International Finance Corporation
<b>IEG</b>	Independent Evaluation Group
<b>IMF</b>	International Monetary Fund
<b>IRUMP</b>	Integrated and Resilient Urban Mobility Project (Sierra Leone)
<b>MDB</b>	Multilateral development bank
<b>ODA</b>	Official development assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PBA</b>	Performance-based allocation
<b>RMS</b>	Results measurement system
<b>SIEF</b>	Strategic Impact Evaluation Fund
<b>WBG</b>	World Bank Group
<b>WHO</b>	World Health Organisation

# Executive summary

This review assesses how the Foreign, Commonwealth and Development Office (FCDO) manages its contribution to the World Bank's International Development Association (IDA), the world's largest source of grants and low-interest loans for low-income countries, and the value for money this contribution provides for the UK taxpayer. We focus in particular on three 'priority themes': climate resilience, fragile states, and the COVID-19 response, as well as IDA's track record on environmental and social safeguards and social inclusion. This review mainly covers the period from 2015 to 2021 and the four multi-year IDA funding arrangements, called replenishments, falling within it. The last of these (announced in December 2021, and which we could not review in any depth due to timing) marks the end of a long period when the UK was IDA's largest contributor.

## Background

About a third of all development aid from industrialised countries is provided as institutional (or un-earmarked) funding to multilateral or inter-governmental organisations. These include multilateral development banks, of which the World Bank Group (WBG), with its annual commitments (including from non-aid sources) of over \$100 billion, is the largest. These banks can offer donors like the UK the benefit of their larger scale, depth and (often) breadth of operations and related technical expertise, including a presence on the ground where the donor has none itself. Increasingly they are also valued for the delivery of international public investments in global public goods, like climate change mitigation.

IDA, founded in 1960, is one of the major components of the WBG, and provides grants and long-term loans to 74 low-income countries for a wide range of social and economic development purposes. IDA's funding ceiling is agreed with its shareholders every three years, during lengthy 'replenishment' negotiations. Its funds come from four main sources, including donor contributions, reflows from loan repayments, internal World Bank resources, and, more recently, borrowing from financial markets. This third source has facilitated a continuous rise in IDA's three-year replenishment budget, from \$52 billion for 2014-17 to \$93 billion for 2022-25. IDA complements the operations of the WBG's other institutions, which include the International Bank for Reconstruction and Development's lending to middle-income countries on more market-related terms than IDA, and the International Finance Corporation's financing to the private sector.

The UK spends about 35% of all its aid through core multilateral contributions and about a quarter of that on IDA, meaning that roughly £1 of every £12 of UK aid was received by IDA during 2015-20. During our review period, the UK was also the largest single donor to IDA, contributing a steady 12-13% of all donor funds, until the decision to reduce this share to just over 8% announced in December 2021. IDA replenishment negotiations also set allocations across funding streams and countries, and sector priorities and policies to be applied to its operations. The UK, as we examine below, is particularly active in this process.

## Relevance: How well aligned is IDA with the UK's international development priorities?

IDA is relevant to, and strongly aligned with, the UK's development priorities during the review period. IDA's portfolio has a strong poverty focus. This alignment is partly by design: only low-income countries (currently below \$1,205 per capita income, with specific exceptions) can receive support from IDA, and within this eligible group, more funding and softer terms are available for lower-income countries. The UK has consistently advocated for this progressive income-based 'graduation' approach for countries within and ultimately out of the IDA pool altogether. However, the empirical link between countries with low per capita income and the concentration of global poverty and other major challenges has weakened over the past decade, as average incomes grew but underlying structural problems persisted in many large developing countries.

Thematically IDA is also well aligned to key UK priorities such as gender, disability, fragility, early crisis responses, human capital, and jobs and economic transformation. Indeed, the UK was a front-runner among IDA donors in advocating for all of these priorities, especially in the case of disability inclusion. Climate change, particularly resilience, has been a special theme since IDA16. IDA support for climate resilience developed

further during IDA18 and IDA19, although IDA19 climate-related commitments fell short of UK ambitions. World Bank priority for climate change more widely, especially support for mitigation, was less evident during the Trump US administration (2017-21), which opposed multilateral action in this area.

IDA works closely with partner country governments, which affirm their ownership of IDA programme choices and implementation and have an increasing, though largely informal, voice in replenishments. Long-standing debates about the excessive or unreasonable policy reform conditions of World Bank (and International Monetary Fund) programmes, especially before the release of budget support, have resurfaced recently under the Bank's current leadership. But such concerns were not echoed by any of our IDA borrower government interviewees.

The World Bank is becoming more open to direct citizen engagement, but this is still work in progress. It has mandated consultations ahead of approval of all new country strategies and individual operations. Internal reviews have found these engagements to occur far more often, but not yet to be as intense as intended.

## **Effectiveness: How effective is IDA's support for partner countries?**

IDA's operational performance is generally strong and on an upward trajectory, according to its internal results management system, which is subject to quality checks on all projects and substantial sampling of follow-up performance reviews by the World Bank's internationally respected Independent Evaluation Group. This broadly positive assessment applies both to overall project results and, to a lesser extent, to country portfolio quality. On completion, over four out of five IDA operations now pass its headline test of 'moderately satisfactory or better' outcome scores.

The focus of most IDA results targets is, however, on outputs and intermediate outcomes, not final development impacts, which are objectively harder to identify, manage and attribute. The way multiple results objectives on different levels are aggregated within individual operations also makes systematic scrutiny harder. However, steps are being taken to increase corporate outcome focus, including by greater integration of lessons from impact evaluations.

This mostly positive picture according to internal results also holds for three of this review's priority themes: climate resilience, fragile states, and the COVID-19 response. Climate change action is mainly rated by measuring the proportion of the portfolio with side benefits for the reduction of global emissions or their impact on developing countries. This 'co-benefit share' is a common multilateral development bank standard with some weaknesses, and targets which IDA is already largely meeting (overall) or exceeding (for climate resilience in particular). Higher co-benefit shares are not necessarily better than lower ones, as at some point an exclusive focus on climate benefits could crowd out important IDA non-climate outcomes and constrain efforts to address the needs of IDA borrowers.

IDA performance in fragile states, measured by the share of operations meeting their outcome objectives, has come close to that in non-fragile contexts, although underlying objectives may differ so much between the two sets of countries as to defy comparison. IDA's COVID-19 response broke records for speed and flexibility at scale, thanks to process innovation, technology and sheer hard work, but it is too soon to judge impact. IDA has quickly become an indispensable vaccine funder for low-income countries.

IDA has also made a visible effort to include specific groups which are at risk of discrimination on grounds of, for example, gender and disability. It could, however, do more for broader social inclusion, including implementing the Bank's strategic 'co-prosperity' goal, which targets faster-than-average growth for the lowest 40% of the population by income in all countries.

The World Bank's environmental and social safeguards have greatly expanded. Implementation is the responsibility of national agencies, which face increasing capacity challenges as a result. However, we also found weak monitoring capacity on the part of the Bank and problems with grievance redress systems on the ground. These could prove a serious obstacle if replicated across the wider IDA portfolio.

The Bank's fiduciary, anti-corruption and fraud controls have been well regarded and considered an institutional strength in earlier Independent Commission for Aid Impact and other reviews. Nevertheless, we remain concerned that persistent pressure to hit ever-higher IDA commitment levels in countries with weak national systems, under strict conditions and safeguards, may strain capacity for reducing fiduciary risk to the limit.

## Efficiency: To what extent does the UK obtain value for money from IDA?

UK taxpayers get good value for money from the UK's stake in IDA. This is partly because of IDA's close alignment to UK priorities and its effectiveness in delivering results, but also because of its ability to leverage other resources.

IDA is able to mobilise major contributions from non-aid sources, in addition to those contributed by donors like the UK, on a scale that no other multilateral development institution focused on low-income countries is able to achieve. It has always made long-term loans, whose future repayment streams get recycled into new operations. It has also, for many years, been the beneficiary of substantial net income transfers from other parts of the WBG operating in middle-income and emerging countries – indirectly a transfer from richer to poorer members. In addition, it incentivises private sector investment stakes in individual IDA projects, particularly in infrastructure and through its Private Sector Window.

For the last four years, IDA's growing financial market borrowings have been increasingly important in this context, underpinned by the huge asset base constituted by these outstanding loans and supported by IDA's excellent market credit ratings. The combined effect of this resource package is that every £1 of UK funding is now linked to £2.50 of additional non-donor resources mobilised. Donor contributions remain essential, however, both to reassure markets and to cross-subsidise softer terms and grants passed on to IDA's clients.

The World Bank and IDA also bring to the table other less tangible sources of value: notably world-class development advisory and research capabilities which support its financial operations. The integrity of the Bank's research effort has been challenged recently by allegations of top management pressure on research staff to manipulate findings in the Doing Business report for political ends. However, our review team heard opinions that the Bank's reputation for objectivity had not suffered any lasting damage. A more frequent criticism is that its vast range of research topics would benefit from greater prioritisation.

Finally, with its COVID-19 response, IDA has proven its value as a last-resort insurer or 'surge capacity' in the face of global crises, alongside other parts of the WBG and the International Monetary Fund.

The UK has a systematic and highly effective IDA influencing strategy, respected by management and partners. This rests not just on the UK's lead funder role but also on analytical contributions and agile networking with its country teams and with other donors.

Influencing by UK embassies and high commissions on IDA teams in-country was found to be more opportunistic and concentrated in areas where their programmes and the work of locally based staff overlap.

We asked IDA staff and other donors whether a large part of the UK's influence on IDA would be lost in the event of a drop in its funding from lead to third donor, as is now occurring. The consensus was that it would not, providing the UK's intellectual and political leadership skills were kept up, and its funding slide did not continue much further. If the UK manages to carry off the feat of contributing only about 2% of IDA's total resource package, yet retaining substantial influence on its direction, this represents very real leverage.

## Recommendations

We offer a number of recommendations to help FCDO increase the value of its contributions to IDA:

### Recommendation 1

**Climate targets:** FCDO should advocate for more action-focused targets for IDA climate change action, particularly on adaptation.

## Recommendation 2

**Country relationships with IDA:** FCDO should set more systematic objectives for engaging the World Bank at country level.

## Recommendation 3

**Leave no one behind:** FCDO should hold IDA accountable for meeting the 'leave no one behind' commitment, including by advocating for the operationalisation of its 'co-prosperity goal'.

## Recommendation 4

**Environmental and social safeguards:** FCDO should work constructively with World Bank management and other donors to improve the Bank's capacity to monitor and oversee implementation of environmental and social safeguards.

## Recommendation 5

**Pressure to lend and financial system strengthening:** The UK should strengthen key country partnerships with IDA to bolster public financial management and anti-corruption programmes.

# 1. Introduction

- 1.1 A third of global aid from Organisation for Economic Cooperation and Development donors goes towards core funding<sup>2</sup> to multilateral development organisations, such as the World Bank’s International Development Association (IDA). Multilateral organisations are diverse in their mandates, but collectively offer certain advantages as a channel for aid, including their ability to concentrate resources and expertise, promote global public goods, and address development challenges at a global scale.<sup>3</sup> It has also been suggested that they provide a greater degree of political neutrality and insulation from donor economic interests than bilateral development organisations do.<sup>4</sup>
- 1.2 Among multilateral organisations, the multilateral development banks (MDBs) play a unique role in utilising a variety of financing instruments – including grants, loans and guarantees – to support investments at scale across a wide range of countries and sectors. By far the largest MDB in terms of commitments to developing countries is the World Bank Group, which currently provides more than \$100 billion in finance annually to developing countries through its five institutions,<sup>5</sup> including IDA. IDA specialises in providing finance on grant terms and better loan terms than available from financial markets (collectively referred to as ‘concessional’ finance) to low-income countries. It will provide \$93 billion of finance in the three-year cycle beginning in July 2022, making it the single-largest source of international aid for the world’s poorest countries.<sup>6</sup> In addition to its funding impact, IDA offers platforms for policy dialogue at country and thematic levels, including through its specialised windows on regional public goods, refugees, private sector investment and other topics.
- 1.3 The UK government is a major supporter of multilateral development organisations, especially the World Bank. Between 2015 and 2020, the UK provided 35% of its mostly increasing aid budget – equivalent to an average of £4.9 billion annually – as core multilateral funding. Over this same period, a quarter of UK multilateral aid went to IDA which, as a result, received around £1 in every £12 of total UK aid. This level of support led to the UK becoming the largest donor to IDA over most of the past decade, a position it has decided to relinquish in the 20th round (IDA20, covering 2022-25). The quality of support provided through IDA is therefore central to the overall impact of UK aid.
- 1.4 While a number of Independent Commission for Aid Impact (ICAI) reviews have examined programmes financed by IDA, only a small number have examined IDA as a whole, most recently in 2015.<sup>7</sup> A review of UK support for IDA therefore provides an opportunity for a stand-alone assessment of this important element of UK multilateral aid. It also provides an opportunity to examine changes to IDA’s financing and investment model introduced since 2016.
- 1.5 The purpose of this review is to assess both the effectiveness of UK aid through IDA and how well the UK has used its position as IDA’s largest bilateral donor to shape its policies and operations.
- 1.6 The review is built around the evaluation criteria of relevance, effectiveness and efficiency. It will address the following questions and sub-questions about IDA’s impact and the UK’s efforts to influence its operations.

2 Core contributions are funds added to multilateral organisations’ general budgets, while earmarked contributions are tied to projects for specific regions, countries, themes or sectors. See *OECD multilateral development finance*, Organisation for Economic Cooperation and Development, October 2020, annex A: glossary, [link](#).

3 *Why do donors delegate to multilateral organisations? A synthesis of six country case studies*, R. Greenhill and G. Rabinowitz, Overseas Development Institute, November 2016, pp. 27-28, [link](#).

4 *Bilateral versus multilateral aid channels: strategic choices for donors*, N. Gulrajani, Overseas Development Institute, 2016, pp. 10-11, [link](#).

5 The other four institutions are the International Bank for Reconstruction and Development, International Finance Corporation, Multilateral Investment and Guarantee Agency and International Centre for Settlement of Investment Disputes.

6 *What is IDA?*, World Bank Group, accessed January 2022, [link](#).

7 *How DFID works with multilateral agencies to achieve impact*, Independent Commission for Aid Impact, June 2015, [link](#).

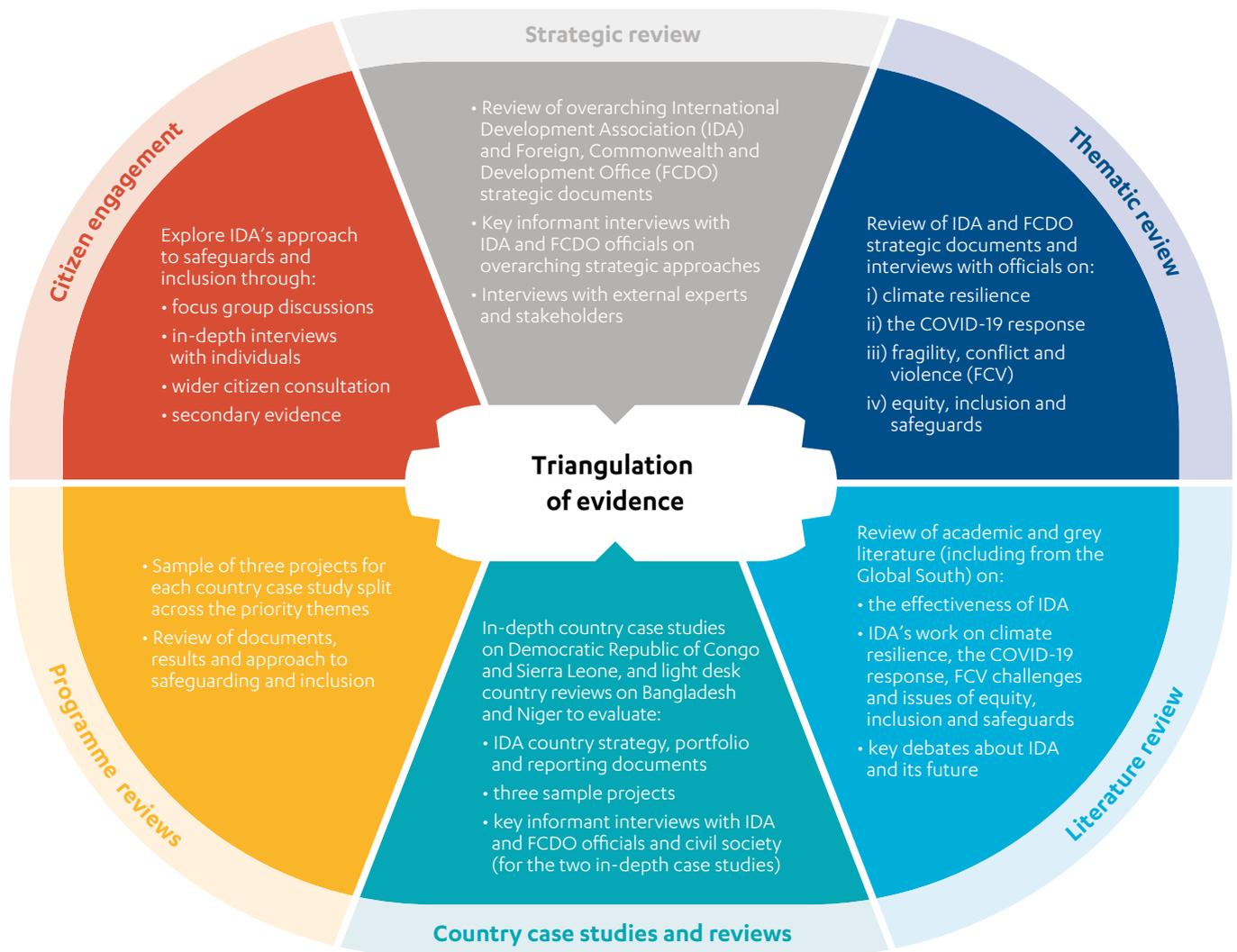
Table 1: Our review questions

Review criteria and questions	Sub-questions
<p><b>Relevance:</b> How well aligned is IDA with the UK’s international development priorities?</p>	<ul style="list-style-type: none"> <li>• How well does IDA’s portfolio support the UK’s development priorities and its cross-cutting themes?</li> <li>• How well are the needs and voices of governments and poor people in partner countries reflected in IDA programmes?</li> </ul>
<p><b>Effectiveness:</b> How effective is IDA’s support for partner countries?</p>	<ul style="list-style-type: none"> <li>• How well has IDA delivered its intended results (outputs and outcomes) through its operations?</li> <li>• How well are IDA objectives on equity, inclusion and safeguarding delivered in practice?</li> </ul>
<p><b>Efficiency:</b> To what extent does the UK obtain value for money from IDA?</p>	<ul style="list-style-type: none"> <li>• How well has IDA mobilised other sources of development finance, including from within the World Bank Group?</li> <li>• How robust is the evidence base on IDA’s performance and value for money used by the UK to justify the level of its IDA-related contributions and its share of overall IDA funding?</li> <li>• How well has the UK used its IDA contributions and relationship with the World Bank to shape IDA policy and to advocate for continuing improvement in the Bank’s organisational performance and portfolio?</li> </ul>

## 2. Methodology

2.1 The review methodology included six main components (see **Figure 1**) to allow for a good level of methodological and data triangulation for robust answers to the review questions.

Figure 1: Methodology wheel



- 2.2 **Component 1 – Strategic review:** We analysed the strategies and priorities both of the International Development Association (IDA) and of the UK for engaging IDA as these evolved across the period encompassing IDA18 (2017-20), IDA19 (2020-22) and the negotiation of IDA20. The analysis focused on issues such as IDA country allocations, thematic priorities, issue-specific funding windows and reform priorities. It involved reviewing relevant documentation and interviewing officials from both the World Bank (including through a visit to the Bank’s Washington headquarters) and the UK’s Foreign, Commonwealth and Development Office (FCDO), as well as a range of external experts and stakeholders.
- 2.3 **Component 2 – Thematic review:** We analysed IDA strategy, policy and performance and UK efforts to influence IDA in relation to each of the priority themes for this review: i) fragility, conflict and violence; ii) climate adaptation and resilience; iii) the COVID-19 response; and iv) equity, inclusion and safeguards. This analysis involved document reviews, interviews (with both officials and some key external actors) and the programme reviews (see **Component 4**).

- 2.4 **Component 3 – Literature review:** We produced a literature review, which is published alongside this report and explores the evolving policy, functioning and effectiveness of IDA and the key debates about its strategic focus and development role. It covers both World Bank publications and academic and grey literature published by a range of organisations. Key themes addressed through the literature review include: the effectiveness of IDA in delivering development impacts, including a benchmarking of performance against other multilaterals; the background, nature and impact of IDA's work in the focus thematic areas; and key debates about the World Bank, IDA and its future.
- 2.5 **Component 4 – Country case studies and reviews:** Our country-level analysis explored the effectiveness of IDA and the UK's engagement with World Bank-IDA policy and operations at the country level in four countries. There were two in-depth country case studies, one involving an in-person country visit (Sierra Leone) and the other involving a virtual visit (Democratic Republic of Congo, DRC) as COVID-19 restrictions limited travel opportunities. In addition, there were two country desk reviews – on Bangladesh and Niger. These case studies and desk reviews were informed by the programme reviews and reviews of country-level documentation, with the in-depth case studies involving extensive interviews with the World Bank, FCDO, partner country officials and other stakeholders, including civil society. The countries for these country case studies and reviews were selected using the sampling methodology presented in the approach paper.
- 2.6 **Component 5 – Programme reviews:** We reviewed individual IDA programmes, which provided granular insight and evidence to inform the country case studies and thematic reviews. In each of the four focus countries, three IDA programmes were selected for review (in other words, 12 in total). Each of these helped to examine the priority themes for the overall review, and involved analysis of programme documents, as well as a small number of interviews related to each programme (where relevant).
- 2.7 **Component 6 – Citizen engagement:** ICAI gives the highest priority to including the voices of those who are intended to benefit from or are affected by UK aid. Researchers in DRC and Sierra Leone interviewed citizens in relation to a major infrastructure project in each country. This research investigated whether relevant World Bank IDA policies and procedures related to social and environmental safeguards were applied, and whether these were adequate to ensure responsiveness to community needs.

## Limitations to the methodology

- 2.8 There are three main limitations to the methodology of this review:
- **Scale of the review relative to that of IDA:** The in-depth review of programmes analysed just 12 of the 1,628 IDA operations currently being implemented and focused on just four of IDA's current client base of 74 countries. Similarly, the direct citizen engagement work focused on a small group of people affected by two of the IDA projects reviewed. While both of these elements of the review were supplemented by other sources, it is important to acknowledge that the sample of IDA operations assessed and affected citizens engaged is unlikely to be representative.
  - **Constraints relating to stakeholder engagement due to COVID-19:** The main stakeholder interviews for the DRC case study were undertaken remotely due to restrictions resulting from the COVID-19 pandemic. As a result, there were constraints related to the number and quality of stakeholder contacts available for this case study, resulting in limitations to the evidence that emerged.
  - **Limited insight on the outcomes of the IDA20 replenishment process:** Although the IDA20 replenishment process was completed during the course of this review (in December 2021), the timing of the evidence gathering phase – from June to November 2021 – did not allow us to undertake a full assessment of the UK's role in shaping the outcome. Our insights on UK influence over IDA replenishments therefore focus largely on IDA18 and IDA19 and we make fewer references to the IDA20 settlement.

## 3. Background

### IDA's history and role in the World Bank

- 3.1 Building on its experience in supporting post-war reconstruction in Europe, in 1960 the World Bank formed a new financing arm to provide concessional finance to developing countries – the International Development Association (IDA). IDA's founding Articles of Agreement state that its purpose is to:

“ ...promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans...” ”

*International Development Association Articles of Agreement, Article I (Purposes), September 1960, [link](#).*

- 3.2 Beginning with an initial capitalisation of \$912 million and a founding membership of 15 countries, over the following decades IDA grew rapidly in size and attracted a wider range of member countries. IDA currently has 174 members and supports 74 developing countries,<sup>8</sup> committing \$36.7 billion in funding in financial year 2020-21.<sup>9</sup>
- 3.3 IDA is one of five development institutions which form the World Bank Group, and its focus is on providing highly concessional finance to governments in the poorest and most vulnerable countries. The other World Bank Group institutions are:
- the International Bank for Reconstruction and Development (IBRD), which provides less concessional financing to middle-income countries
  - the International Finance Corporation (IFC), which provides equity and more commercial loans to private companies and financial institutions across developing countries
  - the Multilateral Investment Guarantee Agency (MIGA), which provides political risk insurance (guarantees) to investors and lenders across developing countries
  - the International Centre for Settlement of Investment Disputes (ICSID), which supports the conciliation and arbitration of international investment disputes.

### How IDA functions

#### IDA replenishments

- 3.4 The funding available to countries from IDA is mobilised through a process of replenishing its funds, usually every three years (by custom, these replenishment periods are referred to sequentially by number; IDA20 is starting in 2022).<sup>10</sup> Traditionally, funds were pledged by its shareholders (mainly Organisation for Economic Cooperation and Development countries) and supplemented by reflows from loan repayments and other sources.<sup>11</sup> However, since IDA18 (2017-20), the World Bank has supplemented IDA's finances with borrowing from international bond markets (against the value of IDA's outstanding loans). This has allowed IDA to expand its resources, from \$52 billion for IDA17 to \$93 billion for IDA20. Not only did this expansion confirm its status as the world's largest source of concessional multilateral funding for developing countries, it also helped IDA to overtake its older and less concessional (or

<sup>8</sup> *World Bank-IDA: history, [link](#).*

<sup>9</sup> *IDA19: implementation status and proposed reallocations, World Bank, October 2021, p. 3, [link](#).*

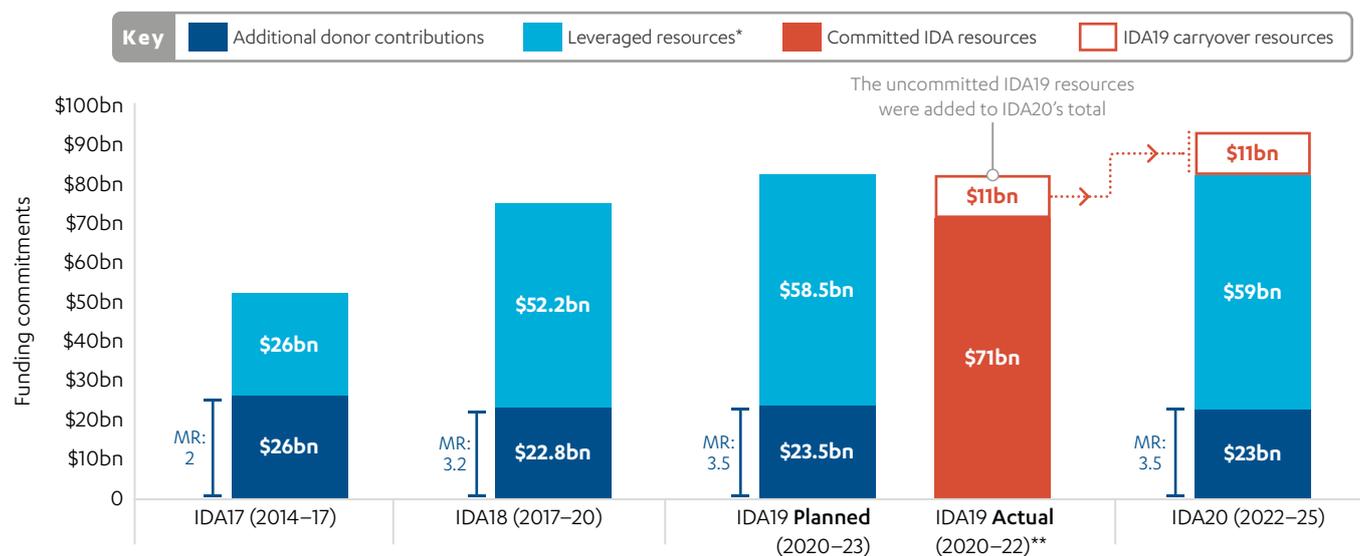
<sup>10</sup> Due to the emergency needs created by the COVID-19 response, the IDA20 replenishment was fast-tracked and took place two years after the IDA19 replenishment rather than three years after (as originally envisaged).

<sup>11</sup> This includes the use of reflows from loan repayments and income transfers from IBRD and IFC.

more market-related) sister, IBRD, in 2020, at least in terms of commitments.<sup>12</sup> As a consequence of this additional funding, the share of donor contributions – which had remained broadly constant until IDA17 – in IDA’s total resources has fallen considerably (see **Figure 2**).

3.5 In addition to discussing funding sources and uses, IDA replenishment processes involve World Bank management and shareholders agreeing allocations across funding streams and countries, as well as sector priorities and policies to be applied to programmes and general operations.

**Figure 2: Total IDA financing and funding mobilisation, IDA17 to IDA20**



**Mobilisation Ratio (MR):** The total resources divided by the amount of donor contributions.

IDA19’s ratio was intended to be 3.5, comparing donor contributions of \$23.5 billion with the total 3-year replenishment of \$82 billion. IDA20’s ratio is also 3.5, comparing the new three-year donor contribution of \$23 billion with the total funding of \$82 billion, excluding the \$11 billion transferred over from IDA19.

\* Leveraged resources refer to resources that stretch the reach of donor contributions, including reflows, World Bank Group transfers, and borrowings from partners (since IDA17) and from the market (since IDA18).

\*\* IDA19 was shortened from three to two years to account for the additional funding Covid-19 would require. The \$11 billion of the replenishment that was uncommitted was then carried over to increase the size of IDA20 to ensure the scope of funding required to tackle Covid-19 could be achieved. As per the funding mix of the original replenishment, roughly one third of the \$11 billion reallocated consisted of donor funding.

Sources: IDA18 retrospective: *Investing in growth, resilience and opportunity through innovation*, 2021, figure ES.1, p. x, [link](#); IDA19 implementation status and proposed reallocations, 2021, p. 26-28, [link](#); IDA20 report from the executive directors of the International Development Association to the Board of Governors, 2022, table 4.1, p. 73, [link](#).

## Governance

3.6 The World Bank’s Board of Governors oversees the Bank’s work and meets annually. The Board of Governors consists of one governor for each member country, who collectively make decisions about the Bank’s functioning. Decisions about IDA (including the terms of IDA replenishments or midterm adjustments) are made specifically by IDA deputies, who are senior official representatives of IDA member countries.<sup>13</sup> IDA member countries do not, however, have equal formal say over these decisions,<sup>14</sup> although in practice they are taken on a consensus basis. The World Bank president (by tradition an American, David Malpass since April 2019) chairs the Board and is also the organisation’s Chief Executive Officer.

<sup>12</sup> *MDB COVID-19 crisis response: where did the money go?*, N. Lee and R. Aboneaaj, Centre for Global Development, November 2021, figure 2, p. 3, [link](#).

<sup>13</sup> Likewise, decisions about IBRD are made specifically by the governors of IBRD member countries. The vast majority of countries globally are members of both IDA and IBRD, although IDA currently has 174 members and IBRD has 189 members.

<sup>14</sup> Each IDA member has a voting share linked to their votes allocated when IDA was established and subsequent capital contributions. As a result, developed countries currently hold the majority of votes for IDA, and the UK is its third-largest shareholder (with 6.84% of votes). Collectively sub-Saharan countries hold less than 10% of IDA’s votes – International Development Association: voting power of member countries, World Bank (as of 31 December 2021), [link](#).

- 3.7 The Board of Governors delegates day-to-day decision making – including for approving individual IDA programmes – to the World Bank and IDA Boards of Directors, which consist of 25 executive directors who collectively represent all members. Six countries (the UK, China, France, Germany, Japan and the US) currently appoint their own executive directors, with the other 19 executive directors representing other country constituencies.

## IDA funding eligibility and terms

- 3.8 To be eligible for IDA funding, countries need to meet one primary eligibility criterion: they must have an average income per person below the ‘operational cut-off’, which is revised annually and is currently \$1,205. Also under consideration are a country’s creditworthiness and risk of debt distress. In addition, formal assessments of debt sustainability help determine the share of grants in a country’s overall financing.
- 3.9 As a country’s income increases above the operational cut-off level, the country begins a multi-phased process of ‘graduation’ from IDA. This involves a move towards borrowing at a higher cost from IBRD, as the country’s creditworthiness improves. Over its history, 46 countries have graduated from IDA funding – including ten since 2010 and five since 2015<sup>15</sup> – although nine returned to eligibility due to economic or other shocks. There are currently 74 IDA-eligible countries, 15 of which receive a blend of funding from both IDA and IBRD.
- 3.10 One exception to this traditional system of countries graduating from IDA is the case of ‘small island economies’ which, in recognition of their vulnerability to shocks, have been able to access IDA funding despite their incomes often being well above the IDA operational cut-off.<sup>16</sup>

## IDA funding allocation

- 3.11 IDA mainly provides loans and grants to government entities by funding standard projects (known as Investment Project Financing), budget support (known as Development Policy Financing), and projects supported on a performance basis (known as Programme-for-Results).
- 3.12 The majority of IDA’s funding is allocated to countries on the basis of performance-based allocations (PBAs). PBAs are calculated according to the quality of countries’ policies and institutions – based on the results of the World Bank’s Country Policy and Institutional Assessments<sup>17</sup> – as well as their population and level of income.<sup>18</sup>
- 3.13 In addition to PBAs, an increasing volume of IDA resources – around 27% at the end of IDA18<sup>19</sup> – is allocated to countries through special funding windows, envelopes or set-asides, which each have their own allocation rules. These include the Regional Window, the Crisis Response Window and the Arrears Clearance Set-aside. More recently, IDA has introduced the Window for Host Communities and Refugees, the Scale-Up Window,<sup>20</sup> the Private Sector Window and the Fragility, Conflict and Violence Envelope (see **Figure 3** and **Annex 1** for more detail).

15 Recent graduates have included China (1999), Indonesia (2008), India (2014), Bolivia, Sri Lanka and Vietnam (all 2017), and Moldova and Mongolia (2019).

16 This exception has been in place since 1985, and 17 small island economies currently benefit from it.

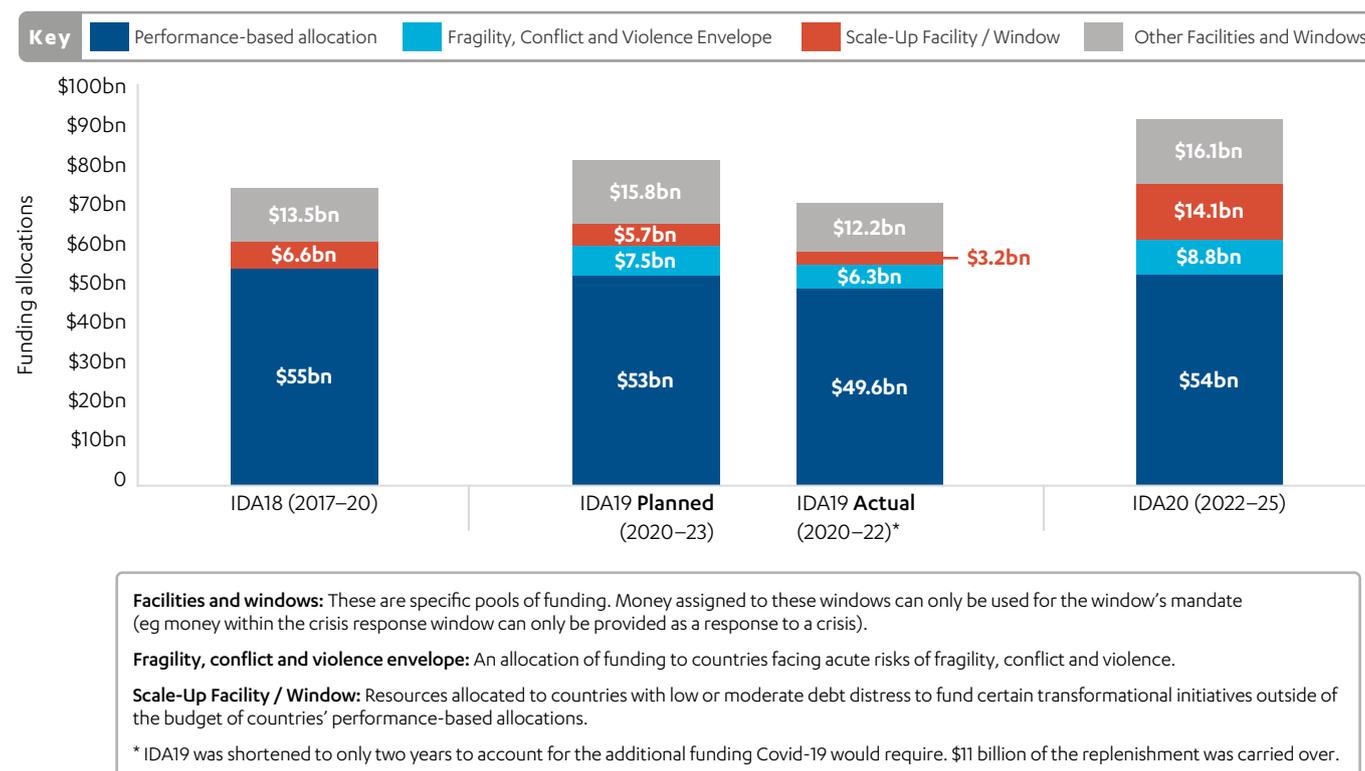
17 The Country Policy and Institutional Assessment scores countries against 16 criteria, split across four main areas: i) economic management, ii) structural policies, iii) policies for social inclusion and equity, and iv) public sector management and institutions, [link](#).

18 Country performance (with an exponent of 3 in the allocation formula) is the main determinant of IDA country allocations. Country needs are also taken into account through 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).

19 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, table 2.1, p. 7, [link](#).

20 The Scale-Up Window is the successor of the Scale-Up Facility, which was introduced after the IDA17 mid-term review as a non-concessional facility for the remainder of IDA17.

Figure 3: IDA allocations across funding disbursement channels



**Sources:** IDA18 retrospective: *Investing in growth, resilience and opportunity through innovation*, 2021, table 2.1, p. 7, [link](#); IDA19 implementation status and proposed reallocations, 2021, p. 26-28, [link](#); IDA20 report from the executive directors of the International Development Association to the Board of Governors, 2022, table 4.1, p. 73, [link](#).

- 3.14 Sub-Saharan Africa is IDA's largest region of operation, receiving 64% of commitments during IDA18, followed by South Asia (22%). Fragile and conflict-affected situations have also seen their funding levels increase rapidly, from \$10.1 billion (19% of total) in IDA17 to \$23.0 billion (30% of total) in IDA18.<sup>21</sup>
- 3.15 During IDA18, public administration and energy were the largest sectors for IDA operations (16% and 14% of commitments respectively), with other major sectors including education, social protection and health (11% of commitments each).<sup>22</sup> During the first year of IDA19, commitments to social sectors almost doubled, compared to the first year of IDA18, stimulated by the COVID-19 response.<sup>23</sup>
- 3.16 IDA's strategic and sector focus in each country is guided by overall World Bank country plans – called Country Partnership Frameworks – which are supposed to be produced in partnership with local stakeholders and are usually revised every three years.
- 3.17 Although IDA funding is mostly allocated by country, the introduction/expansion of thematic funding windows and changes to IDA's strategic emphasis have led to a growing focus on global public goods, such as addressing climate change, developing regional infrastructure and responding to global crises.

## IDA conditionality

- 3.18 Policy reform conditions, which are negotiated and agreed with borrowing governments, are applied to development policy financing and act as a trigger for access to funding. These conditions have been a controversial element of World Bank policy, especially during the 1980s, when they were used to promote economic reforms that many believe to have been harmful.<sup>24</sup> Critics of the World Bank's present

21 IDA18 retrospective: *investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, figure ES.1, p. xi, [link](#).

22 IDA18 retrospective: *investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, figure A.5., p. 44, [link](#).

23 IDA19: *implementation status and proposed reallocations*, World Bank, October 2021, paragraph 55, p. 20, [link](#).

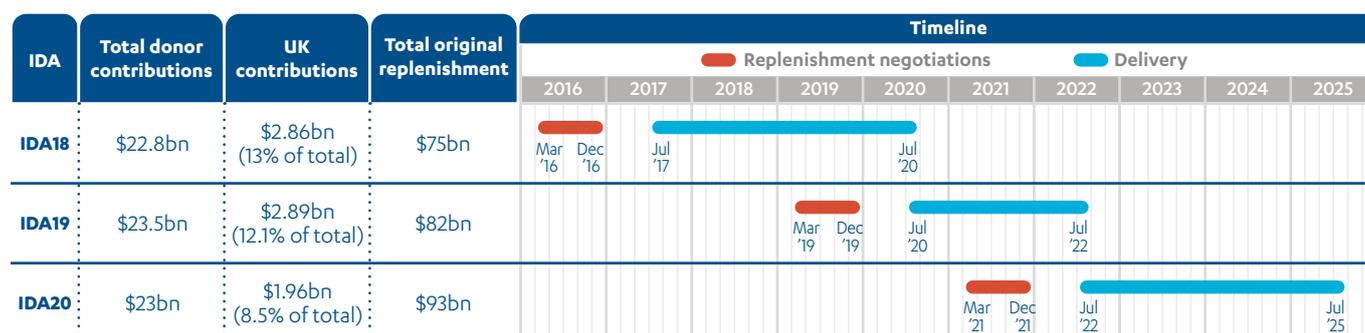
24 *The effect of IMF and World Bank programs on poverty*, W. Easterly, World Bank, 2000, [link](#).

approach to the scope of policy conditions (also known as ‘conditionality’) argue that this practice constrains national sovereignty and that the Bank continues to push controversial reforms.<sup>25</sup> However, others argue that the World Bank has since adopted a more consensual approach, and that its policy conditions are supportive of reformers in developing countries.<sup>26</sup>

## UK funding and priorities for IDA

- 3.19 The UK has been one of the largest contributors to IDA throughout its history and has considerably increased its contributions over the last two decades. The UK became the largest IDA donor during IDA15 (2008-11), a position it also held during IDA17 (2014-17), IDA18 (2017-20) and IDA19 (2020-22). However, the UK’s significantly reduced pledge for IDA20 has resulted in it falling behind the USA and Japan.
- 3.20 Between IDA17 and IDA19, the UK’s share of donor contributions to IDA stayed relatively stable, at 12%-13% of the total. However, its share of total IDA resources has fallen since the World Bank began supplementing replenishments with external borrowing.
- 3.21 Between 2015 and 2020, on average, £1 in every £12 of UK official development assistance, and £1 in every £4 of UK core multilateral contributions, went to IDA – around £1 billion a year. Across this period, annual UK contributions to IDA stayed relatively stable in cash terms but fell as a share of total UK aid spending.
- 3.22 As is the case with all IDA shareholders, the UK government identifies themes – particular development challenges or reform issues facing the Bank – to prioritise for each replenishment, and on which it aims to secure additional IDA commitment and action. The UK’s priorities for IDA18, IDA19 and IDA20 are presented in **Table 2**.

Figure 4: IDA replenishment timeline



25 *Whither the post-Washington Consensus? International financial institutions and development policy before and after the crisis*, A. Guven, *Review of International Political Economy*, 25(3), 2018, [link](#).

26 *The evolution of World Bank conditionality: a quantitative text analysis*, B. Cormier and M. Manger, 2020, presented at the 13th annual conference on the political economy of international organisation, [link](#).

Table 2: UK priorities for IDA18, IDA19 and IDA20

	Priorities
<b>IDA18 priorities</b>	<ul style="list-style-type: none"> <li>• <b>Fragility and crises</b> – more resources for fragile states, increased flexibility and staffing in fragile states, and strengthened crisis response</li> <li>• <b>Jobs and leveraging the private sector</b> – a core theme for IDA18, closer collaboration of IDA with IFC and MIGA</li> <li>• <b>Leave no one behind and women and girls</b> – strong emphasis on women’s economic empowerment</li> <li>• <b>Climate change</b> – increased support for climate resilience</li> <li>• <b>Results</b> – to scale up support for country statistical capacity</li> <li>• <b>Resourcing, graduation and pricing</b> – better managed graduation from IDA, ambitious IDA leveraging, and using additional IDA funds to support the poorest and most fragile countries</li> </ul>
<b>IDA19 priorities</b>	<ul style="list-style-type: none"> <li>• <b>Fragility, conflict and violence</b> – tackling the drivers of fragility and conflict, mitigating risks, tackling corruption and illicit financial flows</li> <li>• <b>Crises</b> – improving analysis, mitigation and prevention of crisis risks in client countries</li> <li>• <b>Leave no one behind</b> – more ambitious or new commitments on gender equality, disability and tackling sexual exploitation, abuse and harassment</li> <li>• <b>Human capital</b> – supporting the Bank’s emphasis on developing human capital</li> <li>• <b>Jobs and economic transformation</b> – support for productive sectors, open trade and investment and creating jobs; an emphasis on migration, labour, skills and youth</li> <li>• <b>Climate change</b> – tackling climate change and promoting resilience, through investments, analytics and dialogue with governments</li> <li>• <b>IDA operational and financial framework</b> – improving the focus on results, value for money, transparency, agility, collaboration and effective staffing</li> </ul>
<b>IDA20 priorities</b>	<ul style="list-style-type: none"> <li>• <b>COVID-19</b> – resources at scale to address economic impacts, fund vaccines and respond to health needs; including further use of balance sheet to raise finance</li> <li>• <b>Promoting a green, inclusive and resilient recovery</b> – supporting countries to plan for a sustainable recovery, and to monitor and plan for future crises</li> <li>• <b>Girls’ education</b> – improving learning and getting 40 million additional children into school by 2025</li> <li>• <b>Climate change</b> – helping countries plan for and manage the impacts of climate change and increase the amount of finance mobilised for adaptation and resilience</li> <li>• <b>Crisis preparedness</b> – addressing the increasing risks around the challenges of food security and climate change through better use of pre-arranged financing and faster use of IDA’s resources in a crisis</li> </ul>

Sources: Various Department for International Development submissions to ministers (unpublished).

## IDA and the focus themes for this review

- 3.23 This review has selected a number of key themes and cross-cutting issues for in-depth analysis. These themes and issues have been selected because they reflect issues prioritised by both IDA and the UK government across the review period (in the case of climate resilience and fragility, conflict and violence (FCV) issues) or more recently (in the case of COVID-19), or they reflect important contemporary development challenges that the Bank has been working with shareholders to address (in the case of inclusion, equity and safeguards).
- 3.24 Presented below is a brief background on each theme, including an overview of how they link to UK priorities.
- **Fragility, conflict and violence:** The World Bank has been working to address the challenges of fragile, conflict- and violence-affected situations (hereafter referred to as fragile states) for the last two decades. In recent years, the Bank has developed its work to focus on FCV, recognising the impact of violence and criminality on development. Increasing IDA's operations and capacity in fragile states was a priority theme for the UK government during IDA18 and IDA19 and was also an IDA special theme supported by special financing allocations in IDA18, IDA19 and IDA20.
  - **Climate change adaptation/resilience:** For most IDA recipients, adapting and building their resilience to the effects of climate change is highly relevant to their development prospects, as these countries face disproportionate risks from climate change impacts and have the least adaptive capacity to respond to them. Climate change was a priority theme for the UK government and a 'special theme' for the IDA replenishment during IDA18, IDA19 and IDA20.
  - **Response to the COVID-19 pandemic:** The COVID-19 pandemic has pushed an estimated 100 million more people into extreme poverty, had major impacts on health and education systems and led to a spike in debt as countries borrow to finance their response.<sup>27</sup> IDA mobilised an ambitious response to this crisis, supported by a front-loading of IDA19 funds and bringing forward the IDA20 replenishment by a year. It rapidly approved financing for COVID-19 support across IDA countries in April 2020 and subsequently extended these programmes to support vaccine access. More broadly, crisis response has been a priority for the UK government and has been prominent in IDA replenishment discussions during each of IDA18, IDA19 and IDA20.
  - **Inclusion and equity:** In 2015, the World Bank Group (WBG) joined the rest of the international community in committing to the Sustainable Development Goals, which included a commitment to the 'leave no one behind' principle of focusing development assistance first and foremost on those left behind by recent development progress.<sup>28</sup> Reflecting the World Bank's existing twin goals to eliminate extreme poverty and increase the incomes of the poorest 40% of people (introduced in 2013) the subsequent period has seen a number of related themes prioritised by the UK and IDA. These include gender equality, which was a special theme during IDA18, IDA19 and IDA20, as well as disability, which was a special theme during IDA19.
  - **Environmental and social safeguards:** Over the last two decades the World Bank's approach to applying environmental and social safeguards – policies and procedures for ensuring that aid programmes do no harm to and benefit communities and the environment – has been the focus of significant debate, both inside and outside the Bank. Following a major evaluation in 2010<sup>29</sup> and an intensive review process during 2012-16<sup>30</sup> (in which the UK was an active player) the WBG launched its new Environmental and Social Framework in 2016,<sup>31</sup> which became operational in October 2018.

27 2021 year in review in 11 charts: the inequality pandemic, World Bank, December 2021, [link](#).

28 2030 Agenda for Sustainable Development, clause 4 (introduction), UN General Assembly, 2015, [link](#).

29 Safeguards and sustainability policies in a changing world: an independent evaluation of World Bank Group experience, Independent Evaluation Group, World Bank, 2010, [link](#).

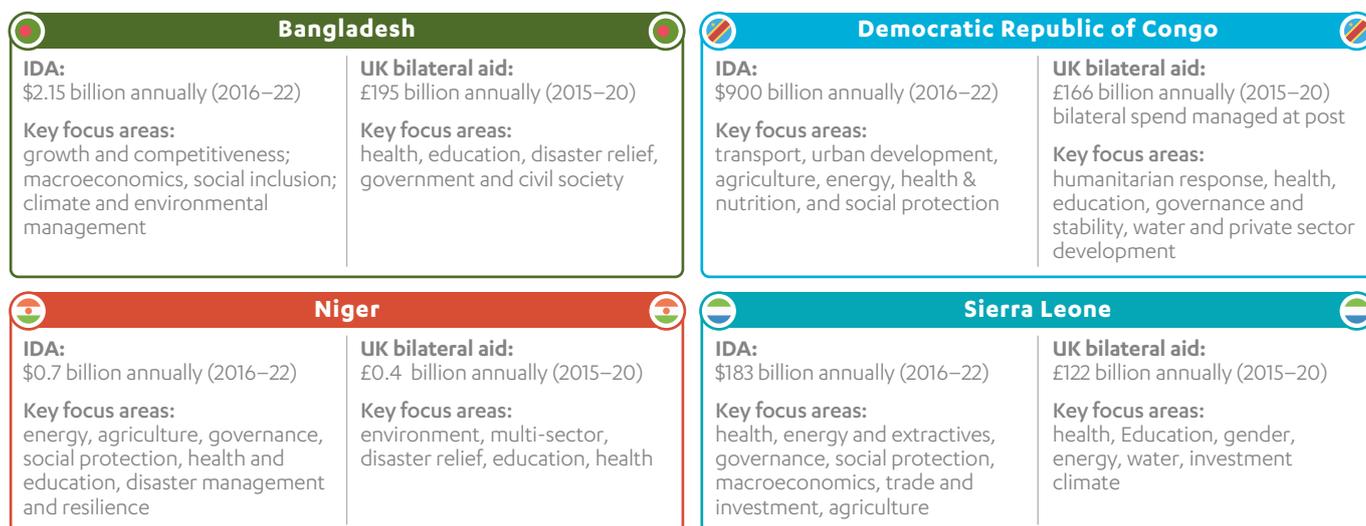
30 Review and update of the World Bank safeguards policies, World Bank Group, [link](#).

31 Environmental and Social Framework, World Bank Group, 2016, [link](#).

## IDA and the focus countries for this review

3.25 This review has included in-depth analysis on IDA programmes and UK engagement with IDA in four countries – the Democratic Republic of Congo and Sierra Leone (the subjects of country visits), as well as Bangladesh and Niger (the subjects of desk studies). **Figure 5** illustrates the context, scale and focus of IDA programmes in each country, as well as relevant information about the UK aid programme in these countries.

Figure 5: IDA and UK bilateral portfolio in case study countries



## 4. Findings

### Relevance: How well aligned is IDA with the UK's international development priorities?

4.1 This section first reviews the overall strategic alignment of IDA's portfolio with the UK's long-standing focus on poor countries, as well as fragile states, and other key UK thematic priorities such as gender, disability, crisis response and climate change. It then examines how well the voices of partner countries, in terms of both governments and citizens, are reflected in IDA policies and operations, which is also a major UK objective.

### IDA's strategy and portfolio are well aligned with the UK's international development priorities in the Association's emphasis on tackling poverty, fragility and crises, its country allocations and its focus on inclusion

4.2 Overall, and consistent with previous analysis,<sup>32</sup> we find IDA well aligned in strategy and portfolio terms with UK development priorities, especially regarding IDA's poverty focus, cross-country footprint, emphasis on fragile states, focus on gender and disability, and responses to the COVID-19 pandemic. As explained below, this alignment seems to have been driven in part by the UK government's significant influence over IDA in recent years.

4.3 IDA's legal remit (see **Section 3.1**) is to "promote economic development, increase productivity and thus raise standards of living" in its beneficiary countries, which is squarely in line with promoting global prosperity, another of the UK government objectives in its 2015 aid strategy. From a strategic perspective, both IDA and the UK also place a significant emphasis on addressing global poverty. The first of the World Bank Group's two overarching strategic goals is to support the eradication of extreme poverty.<sup>33</sup> This mirrors the statutory objective of UK aid, which must be provided in ways that are "likely to contribute to poverty reduction".<sup>34</sup> In addition, one of the four core strategic objectives for UK aid over the period of this review has been "tackling extreme poverty and helping the world's most vulnerable".<sup>35</sup>

4.4 UK development priorities continue to evolve, however, and with them the relative emphasis on poverty reduction. For example, following the merger of the Foreign and Commonwealth Office and the Department for International Development (DFID) into the Foreign, Commonwealth and Development Office (FCDO) on 2 September 2020, the then foreign secretary laid out a significant shift in priorities in a letter to the chair of the International Development Committee<sup>36</sup> linked to seven "global challenges":

- climate change and biodiversity
- COVID-19 and global health security
- girls' education
- science, research and technology
- open societies and conflict resolution
- humanitarian preparedness and response
- trade and economic development.

4.5 There may be questions about how the UK government sees the poverty reduction agenda reflected in the priorities of this letter and its new strategy for international development<sup>37</sup>, which was published just as this review was being finalised. Answers will only become apparent over time. The integrated review for security, defence, development and foreign policy, which sets out the UK's ambitions to tilt its global engagement towards the Indo-Pacific region,<sup>38</sup> could be seen as implying a priority for more aid to be spent in this region, which tends to be less poor in terms of gross national income per capita.

32 Most notably *The multilateral development review 2016: World Bank*, Department for International Development, December 2016, [link](#). This review scored the World Bank overall as having "strong" alignment with UK development priorities regarding its "critical role" and "comparative advantage". Also ICAI's 2015 review of multilateral engagement, [link](#).

33 *World Bank Group strategy*, World Bank Group, October 2013, p. 5, [link](#).

34 *International Development Act, 2002 (Part 1, Section 1)*, UK House of Commons, June 2002, [link](#).

35 *UK aid: tackling global challenges in the national interest*, HM Treasury and Department for International Development, November 2015, [link](#).

36 Letter from Foreign Secretary Dominic Raab to Sarah Champion (chair of the International Development Committee), 2 December 2020, [link](#).

37 *The UK government's strategy for international development*, FCDO, May 2022, [link](#).

38 *Global Britain in a competitive age: the integrated review of security, defence, development and foreign policy*, HM government, March 2021, pp. 66-68, [link](#).

- 4.6 IDA's emphasis on supporting the poorest countries is implemented by its main eligibility criterion for support: the \$1,205 per capita income cut-off. There are also special funding arrangements for countries which have limited or no access to the International Bank for Reconstruction and Development (IBRD) despite having passed this income level, and for small island economies. During recent IDA replenishments, the UK has been a prominent voice calling for limits to special allocations of funding for graduating countries, to avoid diluting IDA's poverty focus.<sup>39</sup>
- 4.7 The UK has repeatedly advocated for this kind of firm 'graduation' approach to IDA eligibility as country incomes grow. However, as India and Vietnam, and soon other large IDA countries like Nigeria and Pakistan, progressively reach middle-income status, then graduate out of IDA altogether, yet still carry with them a high poverty headcount, IDA will no longer map as closely to global poverty as it once did. Middle-income countries are also a key focus of international efforts to invest in global public goods like climate change mitigation.<sup>40</sup> Both factors argue for longer-term reconsideration of how scarce concessional resources are allocated globally, including within the World Bank Group (WBG). This longer-term question, important though it is, is beyond the remit of this review.
- 4.8 There are also similarities in allocations across regions and countries by IDA and the UK. Both concentrate support in sub-Saharan Africa, to which IDA directed 64% of its commitments during IDA18 (2017-20)<sup>41</sup> and the UK directed 51% of bilateral aid during 2017-20.<sup>42</sup> In addition, during IDA18 (financial years 2018-20), six of the ten largest IDA countries in terms of funding commitments<sup>43</sup> featured among the top ten recipients of UK bilateral aid.<sup>44</sup>
- 4.9 IDA and the UK have both placed strong emphasis on addressing the challenges faced by fragile, conflict- and violence-affected situations over the last decade. Building on a long-standing strategic focus on this group (going back to the early 2000s), and a more recent emphasis on how violence and criminality link to development, fragile states were priorities for IDA18, IDA19 and IDA20. The World Bank committed to increasing funding for these countries in its 2016 strategy document, *Forward look*,<sup>45</sup> and in 2020 it launched its *Strategy for fragility, conflict and violence 2020-25*,<sup>46</sup> which signalled a step change in the institution's response to these challenges. For the UK, responding to the challenge facing these countries has been a core priority of all aid and development strategies going back to at least 2009.
- 4.10 The growing strategic focus of IDA and the UK on fragile contexts has driven an increase in IDA support for these countries in recent years. IDA interviewees confirmed that this progress was directly influenced by UK positions. The proportion of IDA commitments to fragile and conflict-affected situations increased from 18.7% during IDA17 to 30.1% during IDA18,<sup>47</sup> and then 39% during the first year of IDA19.<sup>48</sup> Driven by spending commitments in the 2015 UK aid strategy,<sup>49</sup> over the period from 2015 to 2018 45% of UK bilateral aid was spent in fragile states, although this share fell back to 39% in 2018.<sup>50 51</sup>

39 In interviews with FCDO it was highlighted that the UK government had been a prominent voice during the IDA18 replenishment in ensuring there were limits to the level of transitional support provided to India as it graduated from IDA, and it opposed the use of IDA19 resources to support graduating countries. The UK has also been emphasising the importance of scaling up IBRD's support for recent IDA graduates.

40 See the literature review accompanying this publication, for example *Horizon 2025: End of the beginning*, H. Kharas et al., Centre for Global Development, 2020, [link](#).

41 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, figure ES.1, p. xi, [link](#).

42 *Statistics on international development: final UK spend 2020*, Foreign, Commonwealth and Development Office, September 2020, table A6, [link](#).

43 *IDA financing: IDA commitments by country and windows*, World Bank, [link](#).

44 *Statistics on international development: final UK spend 2020 (table 6a)*, Foreign, Commonwealth and Development Office, September 2021, [link](#); *Statistics on international development: final UK spend 2019 (table 6)*, Foreign, Commonwealth and Development Office, September 2020, [link](#).

45 *Forward look: a vision for the World Bank in 2030*, World Bank Group, paragraph 12, p. 3, [link](#).

46 *World Bank Group strategy for fragility, conflict and violence 2020-25*, World Bank Group, 2020, [link](#).

47 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, figure 3.1, p. 25, [link](#).

48 *IDA19: implementation status and proposed reallocations*, World Bank, October 2021, paragraph vi, p. ii, [link](#).

49 To allocate 50% of DFID's budget to fragile states and regions during the 2010-15 Parliament, [link](#).

50 *OECD development co-operation peer reviews: United Kingdom 2020*, Organisation for Economic Cooperation and Development, November 2020, figure 7.1, [link](#).

51 Figures for the World Bank refer to allocations to countries classified as "fragile and conflict-affected situations", [link](#), whereas figures for the UK are based on the OECD's list of fragile states, [link](#).

- 4.11 Another area of common strategic interest has been in addressing key issues related to inclusion, especially in responding to the development challenges facing women and girls, and people with disabilities. The World Bank introduced a new gender strategy in 2016. Gender and development was a ‘special theme’ for IDA18, IDA19 and IDA20, and we heard in interviews that the sustained emphasis on gender during these replenishments has led to “a sea change” in IDA’s focus on the issue. The UK government’s deepening emphasis on gender and development issues over the last decade is reflected in its global efforts to tackle violence against women, promote women’s rights and address sexual exploitation, abuse and harassment,<sup>52</sup> and its emphasis on scaling up programming on girls’ education and maternal and reproductive health.<sup>53</sup> (The UK’s strong stance on preventing violence against women and girls was documented in a previous ICAI review).<sup>54</sup>
- 4.12 Regarding disability, we heard repeatedly in interviews with World Bank staff that the UK – including through its hosting of the 2018 Global Disability Summit – has been the driving force in ensuring that the World Bank made global commitments on disability<sup>55</sup> and that IDA began addressing this agenda seriously during IDA19 (see **paragraph 4.78**).
- 4.13 Finally, there has been growing alignment between IDA and the UK in response to challenges posed by crisis risks faced by the poorest countries. Informed by experiences in responding to the Ebola outbreak in West Africa, the UK has increased its strategic emphasis on crisis preparedness and response,<sup>56</sup> which have also been priorities for its engagement with the IDA18, IDA19 and IDA20 replenishments. Encouraged by the UK and others, IDA has also been expanding its ambitions on emergency response, by increasing the budget of its Crisis Response Window (to \$2.5 billion during IDA19) and introducing new mechanisms for supporting early responses to food security crises and disease outbreaks. In IDA19 the Early Response Financing mechanism had an aggregate cap of \$500 million, which with strong UK support was later raised to \$1 billion, and retained in IDA20.

### There has been weaker alignment between IDA and the UK regarding climate change, although this has begun to change

- 4.14 The UK government hoped that IDA19 (finalised in December 2019) would signal IDA’s increased ambitions on climate change, with commitments to scale up investments, analytics and dialogue with governments on issues such as climate risk insurance and delivering national strategies for tackling climate change. However, the IDA19 replenishment agreement<sup>57</sup> fell short of most of these ambitions, and UK officials described the gains as marginal. Both UK government and World Bank officials noted that constraints on IDA’s ambitions on climate change were linked to resistance from the Trump administration in the US (2017-21) to multilateral support for robust climate change action (particularly in relation to mitigation).
- 4.15 Our country reviews likewise found relatively low visibility of climate change work in IDA country portfolios. In Bangladesh, although we identified two ongoing programmes dedicated to strengthening coastal resilience,<sup>58</sup> these were approved during 2013-14 and we found few stand-alone climate-related projects that had been initiated since. We did, however, hear that resilience or adaptation actions were integrated into a range of other operations (such as constructing roads that can also act as dykes or school buildings that serve as cyclone shelters). We also heard that the Bank had only recently posted

52 In 2014 the UK hosted the ‘End sexual violence in conflict’ global summit, and it then hosted the 2018 Safeguarding Summit. In addition, the 2015 UK aid strategy emphasised the government’s commitment to continue to lead efforts to tackle violence against women and girls, end female genital mutilation and combat early and forced marriage, both at home and abroad.

53 The 2015 UK aid strategy emphasised the government’s commitment to “promote girls’ education, encourage equal access to property rights and work to achieve access to family planning for everyone who wants it”. See *UK aid: tackling global challenges in the national interest*, HM Treasury and Department for International Development, November 2015, table 2.A, p. 12, [link](#).

54 DFID’s efforts to eliminate violence against women and girls, Independent Commission for Aid Impact, May 2016, [link](#).

55 World Bank Group commitments on disability-inclusive development, 24 July 2018, [link](#).

56 One of the strategic objectives of the 2015 UK aid strategy is to strengthen resilience and respond to crises – see *UK aid: tackling global challenges in the national interest*, HM Treasury and Department for International Development, November 2015, paragraph 2.3, p. 9, [link](#).

57 This agreement included commitments to expand support to countries in implementing national climate-related action plans, promote fiscal and sectoral policy reforms to address climate change, and reduce the risk of climate shocks on poverty and human capital outcomes. See *Additions to IDA resources: nineteenth replenishment*, IDA, 2020, paragraph 104, pp. 47-48, [link](#).

58 These programmes were the Coastal Embankment Improvement Project, Phase I (approved in 2013 and due to close in December 2023) and the Multi-Purpose Disaster Shelter Project (approved in 2014 and due to close in June 2023).

a climate and environment specialist to Bangladesh, although there was also a regional expertise hub for South Asia. In the Democratic Republic of Congo (DRC), home to the world's second-largest rainforest and regionally important hydroelectric power potential, we also found a relatively low profile of historical programming related to climate change, even though these issues are closely linked to poverty and conflict in the country. This included \$8.6 million disbursed to date<sup>59</sup> through the 26-country Readiness Fund of the Forest Carbon Partnership Facility, which is supported by IDA. In Sierra Leone, a modest IDA programme had helped respond to a climate-related disaster (the Freetown mudslides), including through intensive tree-planting, and IDA was clearly building resilience components into the Integrated and Resilient Urban Mobility Project (IRUMP), but did not appear yet to prioritise climate change more widely.

- 4.16 Over the last year, however, helped by political change and the high profile of the COP-26 climate summit (held in the UK in late 2021), the World Bank's ambitions on climate change have significantly increased. The Bank's new Climate Action Plan (2021-25) was launched ahead of COP-26 (as encouraged by the UK) and includes the rollout of a new integrated country diagnostic tool (Country Climate and Development Reports). These are expected to support the integration of climate priorities into IDA operations. We were told that a major new climate programme is being planned in Bangladesh, and that the recently approved DRC Country Partnership Framework for 2022-26 aims to tackle climate change head-on, as an integral element of breaking out of the country's long vicious cycle of poverty, violence and natural resource depletion.
- 4.17 Despite earlier constraints on IDA's ambitions on climate change, the World Bank reports that the proportion of its operations reporting climate adaptation 'co-benefits' – in other words, climate-beneficial outcomes from programmes not necessarily labelled as climate action – have increased significantly in recent years. This suggests that IDA's climate change adaptation efforts have been continuing, although we would question whether co-benefits should remain the main metric on which to make such judgments (see paragraphs 4.67 to 4.73).

#### **IDA also provides useful complementarity to UK bilateral aid**

- 4.18 As well as their strategic and thematic alignment across the spectrum of low-income countries and with UK priority development themes, IDA and UK bilateral aid also have different strengths and focus areas. In most cases, this makes IDA a valuable complement to UK aid.
- 4.19 IDA is active in 74 low-income countries, which is many more than the UK. In recent years the UK has focused on 25-30 priority countries with which it has closer historical relationships. This means that IDA helps to extend the influence of UK aid to a wider range of countries, including regions like the Sahel, which is a UK security priority<sup>60</sup> but receives only modest amounts of UK aid. Small island states are another example of countries of interest to the UK in which IDA is more active.
- 4.20 IDA also works in a wider range of sectors than UK aid, with large-scale investments in agriculture, energy, transport and other economic sectors, as well as its extensive knowledge and analytical work. These strengths are reflected in analysis on the Bank in the 2016 Multilateral Development Review, which states that "[T]he Bank is the most important partner in delivering the Global Prosperity objective of the UK's [official development assistance]...IDA alone accounts for over half DFID's core multilateral spend on wealth creation".<sup>61</sup>

#### **Partner governments have a strong voice in IDA country programmes and seem largely satisfied with IDA's responsiveness**

- 4.21 Most IDA resources are subject to recipient government choices and management. This is largely due to IDA's country-by-country 'performance-based allocation' (PBA) model, a multi-year entitlement within which governments can exercise choices for specific operations. Moreover, as most IDA funding is transferred on a loan basis, the responsibility for sovereign borrowing tends to increase national ownership and scrutiny.

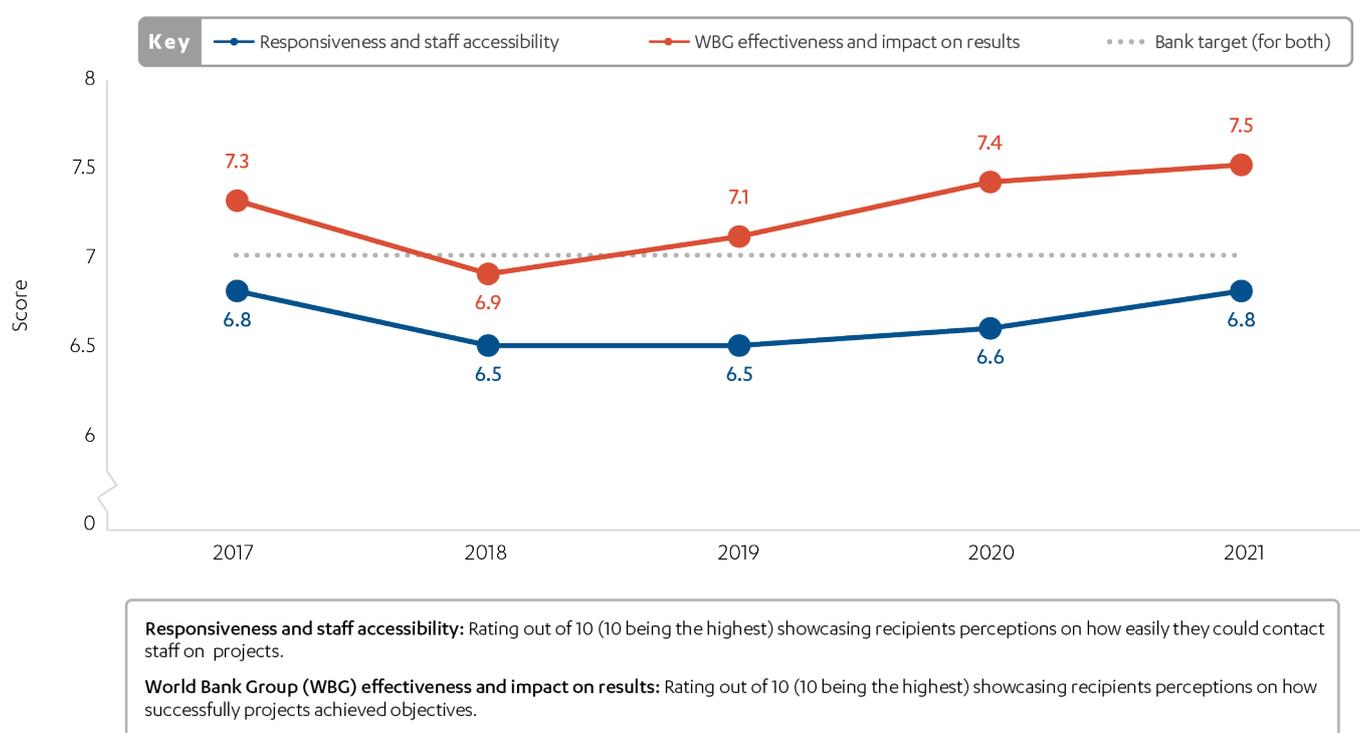
59 *Forest Carbon Partnership Facility: 2020 annual report*, Forest Carbon Partnership Facility, World Bank, 2020, table 5, p. 72, [link](#).

60 *The Integrated review of security, defence, development and foreign policy*, HM government, 2021, p. 81, [link](#), states that "our armed forces will continue to...support French operations in the Sahel".

61 *Multilateral development review 2016: agency assessment*, World Bank, Department for International Development, 2016 (unpublished).

- 4.22 Government ministries, often coordinated through a country’s Ministry of Finance or equivalent, also have the primary responsibility for project implementation, unlike in the case of many bilateral aid programmes. This includes a lead role in management of social and environmental safeguards and adequate citizen consultation through national systems. The ministries may choose to contract some of their responsibilities out to local authorities, communities, the private sector and non-governmental organisations, but they cannot be obliged to do so.
- 4.23 Government officials are regularly surveyed by the Bank about their views on the relationship. Partner governments are asked to score the Bank on a ten-point scale in relation to various criteria, including ‘responsiveness and staff accessibility’ and ‘effectiveness and impact on results’. In the year ending June 2021, the average score for the Bank on this measure was 6.8 for the former and 7.5 for the latter against a target of 7 (see **Figure 6**). This suggests that partner country governments are largely satisfied with the Bank’s responsiveness and impact.

**Figure 6: Average scores from World Bank country opinion surveys that track perceptions and views of clients, 2017-21**



Sources: IDA18 results measurement system, 2018, [link](#); IDA19 results measurement system, 2019, [link](#).

- 4.24 We found a similar picture of satisfaction with the role of IDA in our case study countries, with some nuances. In Sierra Leone, prompt IDA support in 2020 was directly credited with preventing a severe economic downturn under the impact of COVID-19, and government stakeholders reported that the Bank responded rapidly to the government’s request for support in response to the 2017 mudslides. In DRC, in the early stages of its support for vaccine rollout, IDA was responsive to the government’s changed preference for a vaccine given concerns with vaccine hesitancy. However, a 2019 perception survey found that the Bank’s effectiveness had declined since 2016 and it needed to improve collaboration with government and donor partners.
- 4.25 A common critique of the national ownership of World Bank operations relates to the conditions that are applied to these operations, which are sometimes said to constrain democratic decision making (see **Section 3**). A study of World Bank development policy operations, which provided budget support during the COVID-19 pandemic, found that recipient governments were required to enact, on average, eight policy reforms to secure funding, only a fraction of which were directly relevant to the COVID-19

crisis.<sup>62</sup> However, the Bank's primary response to COVID-19 used investment-type instruments which did not require prior policy actions. When interviewed, Washington civil society representatives stated that, under the current World Bank presidency (which began in April 2019), World Bank conditions have become more extensive. Indeed, in Sierra Leone, the series of three Productivity and Transparency Support programmes have pushed forward reform in a range of difficult areas, including fisheries and agriculture.

- 4.26 However, none of the borrower government representatives (including African IDA Board chairs and senior Sierra Leone government officials) or civil society representatives that we interviewed expressed such concerns. They did not believe that recent prior conditions, where applicable, were unreasonable or at odds with national priorities, and the health-related COVID-19 response in both cases was funded through unconditional emergency instruments anyway. 'Development policy financing', that is, broad-based budget support linked to policy reforms, has not yet been approved for DRC. However civil society consultations on the new Country Partnership Framework (CPF) for DRC, a statement of IDA programme priorities for 2022-26, have highlighted concerns over corruption and inadequate public funding for social services and advocated for targeted reforms to improve the situation. These reforms presumably imply a more, not less, conditional approach in the future.
- 4.27 At the central level, IDA's Boards of Governors and Directors are dominated by Organisation for Economic Cooperation and Development countries, which have the (theoretical) voting strength to block borrowing country agendas. However, in practice IDA Board decisions are taken on a consensus basis. Efforts have also been made to improve partner country voice in recent IDA replenishment processes by introducing borrower government representatives, which now number 14, compared to 25 Board seats and Governors. Those whom we interviewed welcomed these developments and identified a number of policy agendas that they had influenced in recent replenishments. These included the establishment and scaling-up of regional initiatives, the introduction of the Private Sector Window and the agreement to prioritise 'jobs and economic transformation' in IDA18 and IDA19.

### Despite recent attempts to strengthen citizen engagement and voice, practice still lags behind ambition

- 4.28 In 2013-14, the Bank introduced some demanding new standards and guidelines for citizen engagement in World Bank operations. These included a requirement for consultations ahead of country strategy processes and the approval of individual operations, as well as a commitment to integrating 'beneficiary' feedback (the World Bank's terminology) into all investment projects where 'beneficiaries' can be clearly identified, by fiscal year 2018.<sup>63</sup>
- 4.29 An Independent Evaluation Group (IEG) progress review in 2018 found considerable, but uneven and incomplete, achievement against this commitment. This mixed record was confirmed in our country case studies and project reviews. The number of these interactions is increasing, but they are, on average, shallower than originally intended. IEG's finding from 2018 appears still to hold: "Mechanisms implying a light degree of engagement ("informing and "consulting") are much more frequent than more intense forms of engagement ("collaborating" and "empowering")."<sup>64</sup>
- 4.30 IEG also found that only a small fraction of CPFs report on the feedback from citizens received during these consultations, and fewer still documented how that feedback was integrated into the final strategy,<sup>65</sup> meaning that the accountability loop was rarely closed.
- 4.31 Among our two main country case studies, the nature of consultation and indications of how views shared in these consultations had informed country priorities varied. In the case of Sierra Leone, its CPF indicates that a structured process of consultation took place over two rounds and it elaborates how stakeholder views shaped this framework. Our own discussions with civil society, however, raised questions about the depth of consultations. In the case of DRC, its CPF suggests that a more modest

62 *World Bank budget support in the time of COVID: crisis finance... with strings attached*, C. Landers and A. Aboneaj, Centre for Global Development, July 2021, [link](#).

63 *Strategic framework for mainstreaming citizen engagement in World Bank operations*, World Bank, 2014, p. 1, [link](#).

64 *Engaging citizens for better development results: an independent evaluation*, Independent Evaluation Group, October 2018, p. xi, [link](#).

65 *Engaging citizens for better development results: an independent evaluation*, Independent Evaluation Group, October 2018, p. 140, [link](#).

formal consultative process was undertaken,<sup>66</sup> and the document fails to clarify how the outcomes of these consultations shaped the CPF. In interviews, we were informed that formal consultations in DRC were constrained by the need to secure buy-in for a new strategic approach within the Bank before external discussions could begin, and that informal dialogue on the CPF was also important.

- 4.32 Our review of programmes in Niger identified some significant examples of engaging local communities in the design and delivery of programmes. The Climate Smart Agriculture Support Project supported communes in developing their own plans to invest in promoting climate resilience through a bottom-up participatory approach.<sup>67</sup> The Refugees and Host Communities Support Project used an independent feedback mechanism to collect information about progress on deliverables every six months directly from people expected to benefit, either face-to-face through interviews or by phone, which helped to direct ongoing delivery.<sup>68</sup>
- 4.33 We were informed in interviews that for fast-tracked COVID-19 response projects, consultation requirements were reduced. For example, in DRC, the stakeholder engagement plan (SEP) (typically a requirement for Board approval), for the COVID-19 IDA programme was explicitly set aside to speed up programming with a commitment to deliver the SEP in full within two months of Board approval. However, IDA staff acknowledged that the full SEP was never subsequently carried out for this programme. The additional financing to expand this programme's cover to vaccines in 2021 did benefit from fuller stakeholder engagement, however.
- 4.34 Several civil society organisations (CSOs) that we spoke to also found that their opportunities to engage with Bank staff were still limited, and that consultations with them were sometimes perceived as formalistic or one-directional. These constraints may, however, have been temporarily aggravated by COVID-19 travel restrictions.
- 4.35 For example, we were told by Washington-based CSO representatives that a full draft of the Bank's 2021 Climate Change Action Plan (CCAP)<sup>69</sup> was only shared with them at a very late stage, precluding meaningful input on their part. The Bank did, however, inform us that they held a four-month-long consultation process on the CCAP, which generated more than 500 comments that were subsequently shared with the authors of the draft action plan and with Bank management, thereby helping to shape the final plan.
- 4.36 Involvement of CSOs in the implementation or monitoring of IDA programmes is mostly on an ad hoc basis, outside the formal procurement process, which can be difficult for CSOs to navigate. CSO involvement is, in any case, not a substitute for broader citizen engagement, as we saw in country reviews. We return to citizen engagement in the context of environmental and social safeguards in paragraphs 4.85 to 4.94 below.

## Conclusions on relevance

- 4.37 Our country reviews, literature review and strategic and thematic assessments all confirm IDA's high relevance and alignment to UK development priorities. IDA shares the UK's strong poverty focus, while its broader geographic and thematic footprint provides complementarity.
- 4.38 IDA began its substantive climate change focus during IDA16. It has since developed this further, especially since IDA19 and particularly with regard to resilience and adaptation, but less so in terms of headline mitigation action, especially during the Trump administration in the US. It works closely with partner country governments, who affirm their ownership of IDA programme choices and implementation, and have a growing voice in replenishments. It is becoming more open to direct citizen engagement, but this remains a work in progress.
- 4.39 We therefore award a **green-amber** score for relevance.

66 The CPF states that consultations on preliminary CPF concept were held in three regions with local government and civil society in 2019, and that an already agreed outline of the CPF was discussed with development partners in October 2021 (ref TBC).

67 *Climate Smart Agriculture Support Project (project page)*, Project & Operations database, World Bank, [link](#).

68 *Refugees and Host Communities Support Project (project page)*, Project & Operations database, World Bank, [link](#).

69 *World Bank Group Climate Change Action Plan 2021–2025: supporting green, resilient, and inclusive development*, World Bank Group, June 2021, [link](#).

## Effectiveness: How effective is IDA's support for partner countries?

4.40 This section explores evidence on the effectiveness of IDA programmes in delivering development results at the corporate level and across the priority themes for this review. The World Bank is a highly scrutinised institution, with its own Independent Evaluation Group (IEG) delivering an extensive array of evaluations, and a range of external actors (including academics, think-tanks and CSOs) also carrying out independent analysis of the Bank's operations. As a result, this section draws on the large volume of available independent and semi-independent analysis of IDA's effectiveness. It is also informed by our country case studies (including evidence from programme reviews, citizen engagement and interviews) to provide triangulation and more detailed evidence of in-country effectiveness.

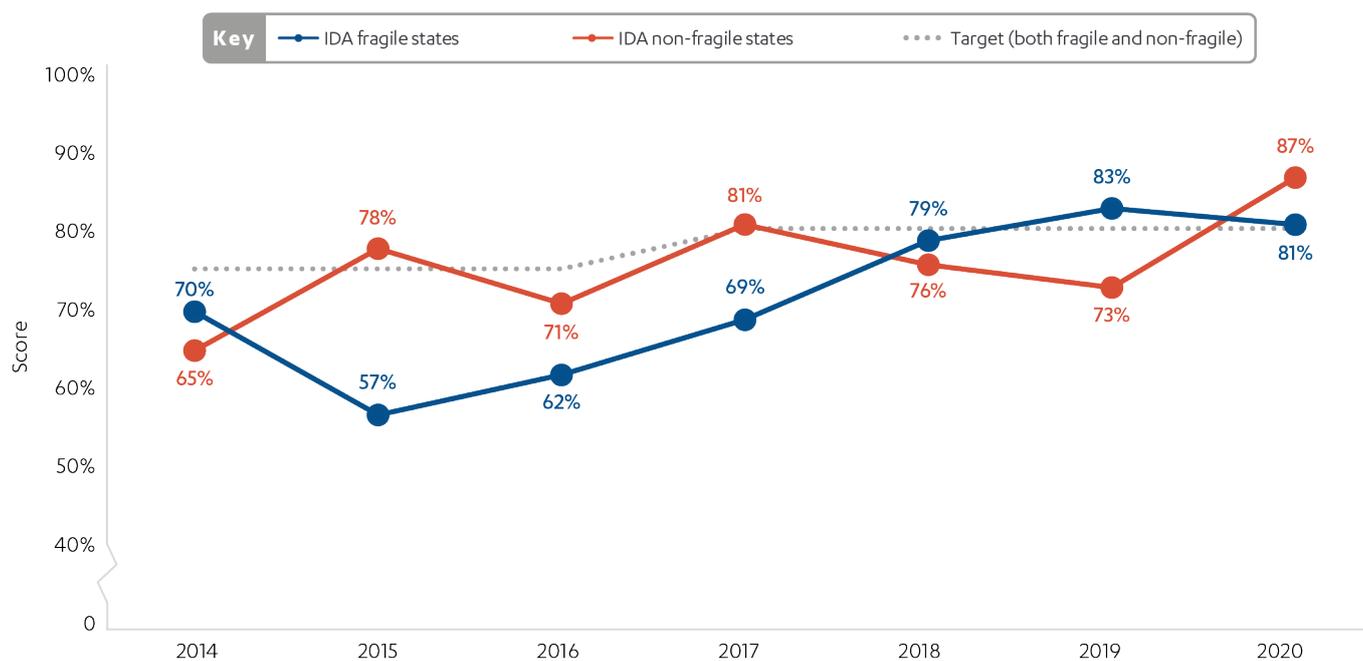
### IDA's internal results indicators are generally strong and improving, but refer to outputs and intermediate outcomes more than to longer-term impact, which is harder to track and attribute to aid interventions

- 4.41 We first review the overall IDA framework for reporting results, especially the extent to which IDA-supported projects meet their multiple development objectives, and how these are set. We then discuss how these objectives relate to intermediate and long-term (or final) outcomes, how the latter may also be informed by development impact evaluations, and the inherent tension between ensuring short-term management accountability and maintaining a longer-term outcome focus. Finally, we look at how agreed IDA policy reforms are tracked and reported. However, a cautionary note is needed at the outset: it is very difficult, if not impossible, to attribute rigorously any large body of high-level development outcomes, such as IDA's objectives, to arrays of individual interventions.
- 4.42 There are two monitoring processes that generate data on IDA's effectiveness. First, there are project and country portfolio assessment ratings that are produced for all World Bank projects and countries, and which score performance against a range of criteria. Second, the IDA results measurement system (RMS) reports against a wide range of indicators at three levels: i) country progress, ii) IDA-supported results (which also draws on project assessment scores), and iii) IDA's operational and organisational effectiveness (which includes progress on reforms and actions agreed with shareholders through the IDA replenishment process).
- 4.43 IDA projects report on whether they have achieved their planned outcomes on completion and are scored on a six-point scale.<sup>70</sup> These scores are checked by IEG, which reports directly to the Board. About a quarter of these operations are subject to an in-depth IEG review, usually involving additional information sources and country visits. Results are aggregated and reported by period, country, and theme or sector.
- 4.44 The proportion of IDA projects closing in financial year (FY) 2019-20, which were rated 'moderately satisfactory or better' (scoring 4/6 or above) was 86%. This was a historical high, up from 75% in FY2018-19, and an average of just 68% during 2011-16 (see **Figure 7**). IEG confirmed to us that underlying performance, scored like-for-like, improved across all sectors and regions, and that the improved ratings were not a by-product of disruption to project supervision during the pandemic.<sup>71</sup>

70 Projects can be assessed as: 1) Highly unsatisfactory, 2) Unsatisfactory, 3) Moderately unsatisfactory, 4) Moderately satisfactory, 5) Satisfactory, and 6) Highly satisfactory.

71 Scores accessed at IEG data: *World Bank project ratings portal*, [link](#).

Figure 7: IDA projects rated as ‘moderately successful’ or better, 2011-20



Sources: IDA17 results measurement system, 2017, [link](#); IDA18 results measurement system, 2018, [link](#); IDA19 results measurement system, 2019, [link](#); IEG project scores dashboard, undated, [link](#).

- 4.45 However, IEG’s *Results and Performance Report 2020* adds an important caveat, by noting that there is limited independent scrutiny of results indicators, and that not all project objectives are associated with results indicators (especially ‘institutional strengthening’ objectives). It also notes that “many projects rely on weak, indirect, or anecdotal evidence with an overreliance on measured outputs over outcomes”.<sup>72</sup>
- 4.46 The same report adds a useful reality check on the distribution of project objectives by level of outcome, on a four-point scale ranging from 1 (outputs) to 4 (near-final outcomes). This is illustrated in **Figure 8**, which lists typical objectives at each level for four thematic areas or sectors. Most Bank project objectives were found in this report to be clustered around level 2, and in some cases level 3, meaning intermediate outcomes, primarily involving improved access to public infrastructure and services. In the case of development policy operations, the level of ambition shifts to a much higher share of level 3 and even a substantial share of level 4, higher-level outcome objectives – for example, the improvement of the tax-to-national income ratio. Understandably, the average success rate in the case of policy reform operations was found to be lower than for investment projects.

72 *Results and performance of the World Bank Group 2020*, Independent Evaluation Group, November 2020, pp. 31-32, [link](#).

Figure 8: The World Bank’s four-level framework of outcome objectives

		1	2	3	4
<b>Transport</b>		Prepare a transport plan	Provide access to transport. Improve transport efficiency, reliability, and quality of services	Improve mobility, reduce travel time, and improve connectivity to economic activity	Improve household well-being
<b>Public finance</b>		Develop an operational tax management IT system	Develop capacities for better tax revenue administration management	Improve transparency and accountability of tax system. Improve tax compliance	Improve tax-to-national income ratio
<b>Agriculture</b>		Provide appropriate seeds and technology. Develop participatory plans	Develop farmers’ capacities. Implement improved extension outreach	Increase agricultural productivity and yields, farmers’ income, and profitability	Improve performance of irrigated agriculture
<b>Nutrition</b>		Develop training programmes and awareness-raising activities	Improve nutritional behavior. Increase use and quality of nutrition services	Change in weight and vitality	Reduce stunting among children under five

Source: *Results and performance of the World Bank Group 2020*, Independent Evaluation Group, World Bank, November 2020, p. 39, [link](#).

Note: This is an adaptation of an original work by the World Bank. Responsibility for the views and opinions expressed in adaptation rests solely with the author or authors of the adaptation. These views and opinions are not endorsed by any member institution of the World Bank Group

- 4.47 In addition to these corporate results measurement efforts, World Bank research teams conduct large numbers of impact evaluations, especially under multi-partner trust funds such as DIME (Development Impact Evaluation) and SIEF (Strategic Impact Evaluation Fund). These studies, sometimes considered the ‘gold standard’ of development evaluation, can offer platforms for learning important design lessons from rigorous sampling experiments, and can be highly cost-effective (as discussed in paragraph 4.111). However, they are resource-intensive, often only available after substantial time lags, and their conclusions are not necessarily replicable outside their specific contexts. More substantially, the nature of many development interventions implies that there is no valid ‘control group’ or counterfactual situation to compare specific interventions against. Nonetheless, greater use of insights from impact evaluations to enhance IDA results management has long been advocated. A 2012 IEG review recommended increasing the integration of insights from impact evaluations into the design of projects at the World Bank, and we heard from interviewees that efforts to do so have continued since then, although more can still be done.
- 4.48 For example, we reviewed the Eastern Recovery Project in DRC, a set of social safety-net operations part of which had recently undergone a rigorous impact evaluation financed by the Bank. The evaluation found that a labour-intensive works programme had indeed increased employment, but that this in turn had led to no improvement (indeed, a small net drop compared to a control group) in household incomes. While the paid employment of some household members went up, others could afford to stay at home longer or undertake unpaid activities. Community-driven development interventions had likewise not led to noticeable positive effects on either infrastructure use or community cohesion. The project was nonetheless rated ‘moderately satisfactory’ during the later phase of its implementation, based on more readily observed outputs or intermediate outcomes, such as income received by participating household members or social infrastructure completed.
- 4.49 In our in-depth reviews of sampled projects, we also attempted to match up available information on the ongoing delivery of projects and their supervision assessments. Of our sample of 12 programmes, nine were investment projects whose implementation was still ongoing and being assessed through twice-yearly reviews. Among these nine projects, two were scored as ‘moderately unsatisfactory’ or worse in their last available assessment, and another three had been judged as ‘moderately unsatisfactory’ over at least two consecutive assessments at some point in their implementation. The projects identified as ‘moderately unsatisfactory’ broadly match those that had been significantly delayed and/or restructured during their implementation. We found these ratings plausible, suggesting that staff were being reasonable and transparent about implementation difficulties.

- 4.50 Overall, the performance of IDA country portfolios has been more variable, with the proportion of country strategies reporting satisfactory outcomes falling from 57% for FY2014-17<sup>73</sup> to 46% for FY2018-20, before recovering to 52% for FY2019-21.<sup>74</sup> In interviews with Bank stakeholders it was noted that country portfolios score lower than individual projects because country-level objectives tend to be longer-term and more ambitious than those of individual projects. However, this level of performance is significantly below the Bank's 70% target.
- 4.51 With regard to the wider IDA RMS, this has been a key innovation for tracking IDA delivery at the corporate level. When it was introduced in 2002, the World Bank was the first multilateral development bank (MDB) to apply such a framework for monitoring quantitative results across its operations. It tracks a range of important results attributable to IDA operations (19 indicators for IDA19), largely at the level of 'reach' achievements, for example the number of people supported to use financial services or adopt improved agricultural technology, aligned with level 2 of the IEG 2020 model illustrated in **Figure 7**.
- 4.52 In common with other MDBs, the IDA RMS does not track directly attributable<sup>75</sup> higher-level outcomes or impacts at the corporate level, recognising the limits of attribution at these levels. IEG has raised related, but narrower, concerns regarding the Bank's general outcome orientation at the country level.<sup>76</sup> In response to this challenge, the Bank is currently introducing a new approach to plan for, articulate and monitor high-level outcome orientation throughout its country engagement cycle. When embedded across the IDA portfolio, this approach could strengthen the articulation of outcomes. The large body of evidence from Bank-supported impact evaluations, discussed above, could also usefully complement this approach. Realism is needed, however, in setting expectations – it is very difficult, if not impossible, to attribute rigorously any large body of high-level development outcomes to arrays of individual interventions. IDA is no exception in this respect.
- 4.53 Another key element of the IDA RMS is management's reporting on progress in implementing the large battery of reforms and actions it agrees with shareholders during each IDA cycle. These commitments and the indicators used to report on them largely focus on process changes or output-level indicators, such as the number of countries where agreed interventions have materialised. The Bank has historically implemented a high proportion of its IDA replenishment commitments, reporting that all of its IDA18 policy commitments on special themes were implemented<sup>77</sup> and that 38 of 44 IDA19 policy commitments<sup>78</sup> are currently on track for implementation.

### **Project performance has been improving in fragile states, where Bank capacity is being expanded and new diagnostic approaches are being implemented**

- 4.54 The proportion of IDA projects in fragile states assessed as 'moderately satisfactory or better' (scoring 4/6 or above) has improved in recent years, and is now close to the level reached in non-fragile states (in 2020 the respective shares were 82% and 88%).<sup>79</sup> We heard in interviews that IDA performance in active conflict situations largely accounts for the overall difference in average project ratings between fragile countries and the rest of IDA. This is because projects in conflict settings are more likely to experience setbacks beyond IDA's control, and because these contexts present even greater challenges for staff deployment and retention.
- 4.55 We were, however, cautioned by both IDA specialist staff and independent evaluators not to compare project performance directly across these two broad groups of countries. Projects in fragile states often have more modest objectives than those in non-fragile states, as they have to be realistic as to what can be achieved in their challenging contexts. Project ratings also usually tell us little about whether IDA projects contribute to reducing conflict and fragility.

73 *IDA results measurement system*, World Bank-IDA, October 2018, [link](#).

74 *IDA19 results measurement system*, World Bank-IDA, accessed February 2022, [link](#).

75 Although the IDA RMS also tracks indicators of overall country development progress, these are not directly attributable to IDA operations, as they are the sum of local and external development efforts.

76 *The World Bank Group Outcome orientation at the country level*, IEG, 2020, [link](#).

77 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, p. 8, [link](#).

78 Calculated by the review team based on analysis of IDA reporting on commitment implementation. See *IDA19: implementation status and proposed reallocations*, World Bank, October 2021, annex 1, pp. 40-46, [link](#).

79 Scores accessed at IEG data: *World Bank project ratings portal*, [link](#).

- 4.56 To support efforts to address the complex challenges faced by its programmes in fragile states, the World Bank introduced its Strategy for fragility, conflict and violence (2020-25)<sup>80</sup> and the specialist Fragility, Conflict and Violence Unit supports its implementation. The strategy committed to a more systematic use of and an updated methodology for Risk and Resilience Assessments (RRAs), which unpack the different dimensions of fragility and threats to stability. These assessments have now been rolled out across fragile states and are also used in other countries and contexts facing fragility, conflict and violence challenges. There is evidence that RRAs are contributing to IDA's efforts to understand and respond to conflict contexts. A recent IEG review stated that "[T]he existence of an RRA encourages leaning into conflict. RRAs, through formal identification and analysis of conflict drivers, make subsequent investment projects in a particular country more likely to integrate conflict sensitivity."<sup>81</sup> However, it is too soon to tell whether the new approaches to RRAs and other elements of the Strategy for fragility, conflict and violence are helping to promote more effective country strategies and programmes.
- 4.57 A key challenge for the World Bank to address in fragile contexts is ensuring that it has adequate country-based capacity to address the complex operational challenges that these contexts present. An IEG analysis of Bank client surveys between 2012 and 2019 found notably lower levels of client satisfaction against a range of indicators in fragile, as compared to non-fragile, states.<sup>82</sup>
- 4.58 In response to demands from its shareholders (including the UK) and commitments made through the IDA18 and IDA19 replenishments, the World Bank has increased the number of staff deployed in fragile states. During IDA18, Bank capacity in fragile states increased by 24%<sup>83</sup> and is increasing again during IDA19, although the rate of increase is well below the increasing scale of IDA investments in these countries. There is evidence from client surveys that the Bank's responsiveness in fragile states has been improving since 2019,<sup>84</sup> which may be linked to this increasing capacity.

#### **IDA's response to COVID-19 has been rapid, large-scale and responsive, demonstrating its unique global role**

- 4.59 The Bank initiated a large-scale response to COVID-19 within three weeks of the World Health Organisation's (WHO) pandemic declaration. By mid-March 2020, a review team from the WHO was working with the Bank in Washington, helping to validate disease prevention assumptions and shape programming. This was reported to be a vital step for ensuring that all potential elements of the health response were identified, so that comprehensive operations could be designed and approved.
- 4.60 The World Bank's COVID-19 response involved an initial allocation of \$6 billion for health interventions through the COVID Strategic Preparedness and Response Programme, which was later supplemented by an additional \$20 billion committed to vaccine support. To support the rapid deployment of this funding, the Bank relaxed its normal operational rules and delegated authority for approving projects to management (rather than the Board).
- 4.61 In addition, to help address the wider social and economic impacts of the pandemic, the Bank scaled up its financing for a range of interventions, to which IDA has made a very significant contribution. Between April 2020 and July 2021, the World Bank committed \$53.3 billion in IDA resources – a 60% increase in IDA approvals, compared to the previous 15-month period. It did so by using remaining IDA18 funds and front-loading half of IDA19 resources in the first year of the replenishment period, a strategy fully supported by the UK.<sup>85</sup>
- 4.62 As the pandemic was declared just over two years ago and is still ongoing, it is too soon to judge the full impact of IDA's COVID-19 response. However, independent monitoring commissioned by the Bank

80 World Bank Group strategy for fragility, conflict and violence (2020-25), World Bank Group, February 2020, [link](#).

81 World Bank engagement in situations of conflict: an evaluation of FY10-20, Independent Evaluation Group, November 2021, pp. 28-29, [link](#).

82 Results and performance of the World Bank Group 2020, Independent Evaluation Group, World Bank, November 2020, figure 2.7, p. 20, [link](#).

83 IDA18 retrospective: investing in growth, resilience, and opportunity through innovation, World Bank Group, 2021, figure ES.1, p. x, [link](#).

84 IDA results measurement system, World Bank-IDA, October 2018, tier 3, indicator 5, p. 16, [link](#); IDA19 results measurement system, World Bank-IDA, accessed February 2022, tier 3, indicator 14, [link](#).

85 World Bank Group's \$157 billion pandemic surge is largest crisis response in its history, Press Release, World Bank Group, July 2021, [link](#).

has reported that the inputs and initial outputs – related mainly to financing for health, social protection and macro-fiscal measures – are widely seen by country partners as useful and effective.<sup>86</sup> (As the above discussion on impact evaluation of social protection outcomes in DRC shows, final outcomes are harder to predict).

- 4.63 In our case study countries, stakeholders stressed the importance of the Bank’s support for the national COVID-19 response. In DRC, IDA and UNICEF collaborated to procure equipment and the IDA response project helped to provide oxygen to COVID-19 patients. In Sierra Leone, the rapid approval of a sizeable development policy operation was reported to have helped to limit a severe economic downturn following international and domestic lockdown measures. The Bank reports that as of December 2021, its financing for vaccine production and distribution (supported by IDA and other instruments) had delivered 100 million doses, three-quarters of which had already been administered in 38 countries.<sup>87</sup>
- 4.64 The speed and flexibility of IDA’s response is partly due to its expanded use of new aid instruments. The Bank used a multiphase programmatic approach covering 70 countries by June 2020, which enabled projects to move from approval to effectiveness in an average of just 13 days (a Bank record). In DRC, the Bank used and expanded its suite of large-scale social safety net programmes to support vulnerable households, including through secure electronic payments. Globally, in the first year of IDA19 alone, IDA assisted more than twice as many people (125 million) with social safety net support than it did for the whole of IDA18.<sup>88</sup> Bank-led bulk procurement of health equipment also enabled some IDA countries to sidestep supply chain difficulties.
- 4.65 The Bank’s expanded country presence, and the fact that most of its staff stayed in-country during the pandemic (in contrast to the UK and most other bilateral donors), probably made a positive contribution to the Bank’s response.
- 4.66 Overall, the Bank responded fast, at scale and flexibly to country needs resulting from the pandemic, confounding earlier views of the sluggishness of its operations.<sup>89</sup> Insights from Bank staff that we interviewed suggest that this could not have been achieved without, first, the significant expansion of IDA resources in recent replenishments and, second, an intensive organisation-wide effort, involving staff working overtime as the norm (the sustainability of this is considered below). This enabled the Bank to provide support at greater speed, scale and scope than most other financing institutions, complementing the crisis response role of the International Monetary Fund (IMF).

### **The Bank is scaling up its climate adaptation operations, although its main metric for tracking progress is less than ideal and more sophisticated metrics are being developed**

- 4.67 In 2016 the WBG introduced its first Climate Change Action Plan (CCAP), which, among other issues, aimed “to help client countries strengthen their resilience and adaptive capacity”.<sup>90</sup> We are not aware of any external evaluation that has been undertaken on the implementation of this strategy. A 2021 internal review of the World Bank Nationally Determined Contributions (NDC) Support Facility found that it had provided a range of analytics, advisory and training projects to help governments achieve NDCs, although the review did not assess its effectiveness.<sup>91</sup>
- 4.68 Successive IDA replenishments since IDA16 have also placed an emphasis on IDA’s response to climate change adaptation challenges. The IDA18 (2017-20) and IDA19 (2020-22) replenishment agreements included an expanding range of commitments on IDA promoting climate change resilience, including through expanding the proportion of projects addressing adaptation needs (see below on ‘co-benefits’), a strengthened focus on supporting climate and disaster risk management, supporting country responses to climate shocks, and expanding climate-smart agriculture and forestry projects. The Bank reported that it had fully met such commitments during IDA18<sup>92</sup> and is on track to meet them during IDA19.<sup>93</sup>

86 *Technical assessment of World Bank COVID-19 MPA projects*, Resolve to Save Lives and World Bank (unpublished).

87 *Remarks by World Bank Group President David Malpass at the USAID Development Ministerial on COVID-19*, 6 December 2021, [link](#).

88 *IDA19: implementation status and proposed reallocations*, World Bank, October 2021, paragraph 11.b, p. 4, [link](#).

89 *See MOPAN 2015-16 assessments: The World Bank*, MOPAN Institutional Assessment Report, 2016, p. 38, [link](#).

90 *World Bank Group Climate Change Action Plan, 2016-20*, World Bank Group, 2016, p. 2, [link](#).

91 *World Bank NDC support facility: impact and lessons learned supporting NDC implementation*, World Bank, 2021, p. 5, [link](#).

92 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, p. 11, [link](#).

93 *IDA19: implementation status and proposed reallocations*, World Bank, October 2021, annex 1, pp. 35-39, [link](#).

- 4.69 The main metric that the Bank uses to report on its efforts to address climate change is climate ‘co-benefits’, which measure the amount of financing (input) that can be counted as ‘climate finance’. Such co-benefits are also assessed for projects not primarily focused on climate change, but where reducing climate change impact (adaptation) or emissions (mitigation) is a significant by-product. For example, a road may also act as a dyke to hold back floodwaters. These co-benefits are calculated using a methodology applied by all MDBs for assessing the share of a project’s activities directly linked to tackling climate change (in other words, the additional construction costs required to ensure that a road can act as a dyke) and apportioned to either adaptation or mitigation. Assessments of the climate co-benefits of projects are carried out at approval by a dedicated unit in the Bank. Bank interviewees noted that this unit has a degree of independence and provides a strong challenge function to IDA operations.
- 4.70 The Bank has been reporting on climate co-benefits since IDA16, and the proportion of its finance that supports co-benefits is reported to have increased from an average of 18% during FY2015-17<sup>94</sup> to 30% in FY2021 (preliminary figure, as of June 2021).<sup>95</sup> The World Bank has also committed to increase its co-benefits to 35% during IDA20, with at least 50% of these co-benefits to be focused on adaptation (the preliminary figure for this share as of June 2021 was 64%).<sup>96</sup>
- 4.71 Although these data suggest that the Bank is scaling up its impact on climate change, it is fair to question whether the co-benefits system is an adequate measure for making such judgements. Evaluators and external stakeholders told us that the system faces a number of deficiencies, including ambiguities in its methodology and its built-in focus on financial inputs as opposed to outcomes. Bank staff also noted that the methodology may in fact also understate climate benefits, as the same project activity cannot claim both adaptation and mitigation co-benefits, and it does not take account of multiplier effects (such as if a policy loan supports a transformative reform with climate impacts far beyond the value of the operation). This system was never designed to account for the negative climate impacts of IDA operations.
- 4.72 Finally, senior Bank managers argued plausibly in interviews that IDA cannot continuously increase its headline co-benefit target because ever-higher climate shares must at some point begin to crowd out legitimate non-climate development priorities and would constrain responses to client priorities. This is another inherent limitation of the main climate-related metric used so far – more is not always better.
- 4.73 However, the Bank is developing a range of more sophisticated and deeper measures of its support for climate change adaptation and resilience. These include developing climate resilience ratings for projects (identifying the resilience of a project as well as resilience through it), which would shift more of the attention on tracking to resilience outcomes. Also, all IDA projects claiming 20% or higher climate co-benefits must include, since the 2021 CCAP, at least one climate-related results indicator to give confidence that the investments result in climate action on the ground.

### **IDA has a long record of emphasising gender and development issues, and it is working to embed an emphasis on women and girls across a range of sectors**

- 4.74 Helped by gender being a ‘special theme’ for all IDA replenishments since IDA16, there has been a sustained effort to address the development challenges facing women and girls. In an interview, specialist World Bank staff said that this sustained focus (by IDA as well as by consistent support from the UK) has facilitated “a sea change in how IDA addressed gender challenges”, as several IDA rounds are often required to embed strategic agendas into the institution’s work.
- 4.75 A wide range of commitments were made on gender through the IDA18 replenishment process, including support for increased access to quality reproductive health services, improved educational outcomes, addressing constraints to women’s employment, and emerging issues such as school-to-work transition and gender-based violence. The Bank reported that the related policy commitments were fully met during IDA18,<sup>97</sup> and a range of additional commitments on gender were made in IDA19 and IDA20.

94 *IDA19 special theme: climate change*, IDA19 Washington, DC, World Bank Group, May 2019, paragraph 12, p. 4, [link](#).

95 *IDA20 special theme: climate change*, IDA20 Washington, DC, World Bank Group, paragraph 15, p. 4, [link](#).

96 *IDA20 special theme: climate change*, IDA20 Washington, DC, World Bank Group, paragraph 15, p. 4, [link](#).

97 *IDA18 retrospective: investing in growth, resilience, and opportunity through innovation*, World Bank Group, 2021, p. 9, [link](#).

- 4.76 The mid-term review of the World Bank’s gender strategy 2016-23 notes that, during the period from 2017 to 2019, the proportion of Bank projects receiving the gender tag – which identifies operations that meaningfully narrow gaps between males and females – increased from 49% to 65%.<sup>98</sup> It also identified that commitment to the gender strategy across the WBG has translated into improvements in project designs.<sup>99</sup> However, it also noted that implementation actions do not consistently match this commitment and are not yet commensurate with the ambition in the strategy.<sup>100</sup>
- 4.77 The challenges facing the Bank in addressing gender issues in a culturally sensitive way were illustrated by our review of the Niger Refugees and Host Communities Support Project. This project originally had a goal of employing 11,500 women through labour-intensive work, but this had to be scaled back to 2,300 because it was judged impossible to achieve within the cultural context of Niger, where very few women are employed in labour-intensive work in the public arena.<sup>101</sup>

### Disability has emerged as a new priority for IDA, and securing substantive progress will require sustained attention on this agenda

- 4.78 IDA19 was the first replenishment to address disability-inclusive development in a substantive way,<sup>102</sup> with the UK playing a leading role in securing this outcome. The Bank agreed to address disability across six thematic areas<sup>103</sup> during the course of IDA19, with an overarching commitment to ensuring that “all investment operations will be screened for risks and opportunities for people with disabilities and will be in line with the WB’s ten commitments on disability inclusion”.<sup>104</sup> These commitments were introduced in response to the 2018 Global Disability Summit organised and hosted by the UK.
- 4.79 It is too early to know whether these commitments on disability are supporting IDA to respond more effectively to the development challenges facing people with disabilities. However, the IDA19 mid-term review reported that these commitments are on track,<sup>105</sup> and the Bank informed us in an interview that to date 55 projects launched through IDA19 have addressed the needs of people with disabilities.
- 4.80 In addition, the Environmental and Social Framework requires IDA clients to consider disability in their social impact assessments and outlines an objective of universal access to Bank-supported operations, along with a tracking indicator.<sup>106</sup> Reports show that a quarter of IDA investment projects now apply the concept of universal access at design.<sup>107</sup>

“ We the people with disabilities have made several complaints about the way they are treating us, but up until now those problems are still affecting us. ”

Remark made by a community member in reference to authorities implementing the IDA-funded IRUMP project, Lumley, Freetown, Sierra Leone

98 World Bank Group gender strategy: mid-term review, World Bank IEG, March 2021, p. xvi, [link](#).

99 World Bank Group gender strategy: mid-term review, World Bank IEG, March 2021, p. xiii, [link](#).

100 World Bank Group gender strategy: mid-term review, World Bank IEG, March 2021, p. ix, [link](#).

101 Disclosable restructuring paper - Niger Refugees and Host Communities Support Project (P164563), World Bank, September 2018, [link](#).

102 The word ‘disabled’ or ‘disability’ only appears once in the entirety of the IDA18 replenishment agreement.

103 These were in relation to digital services and entrepreneurship in enterprise projects, skills and employability, economic transformation and differential access to social service delivery. See *Additions to IDA resources: nineteenth replenishment - ten years to 2030: growth, people, resilience*, Report from the Executive Directors of the International Development Association to the Board of Governors, February 2020, pp. 25-26, [link](#).

104 *Additions to IDA resources: nineteenth replenishment - ten years to 2030: growth, people, resilience*, Report from the Executive Directors of the International Development Association to the Board of Governors, February 2020, [link](#).

105 IDA19: implementation status and proposed reallocations, World Bank, October 2021, [link](#).

106 IDA19: implementation status and proposed reallocations, World Bank, October 2021, annex 2, p. 55 (tier 3, indicator 26), [link](#).

107 IDA19: implementation status and proposed reallocations, World Bank, October 2021, annex 2, p. 55 (tier 3, indicator 26), [link](#).

“ Yes, we were involved in the design as they promised to build a special design for us the disabled, so we can find it easy to access transportation. ”

Remark made by a community representative in reference to authorities implementing the IDA-funded IRUMP project, Lumley, Freetown, Sierra Leone

4.81 The IDA20 replenishment agreement also addressed disability and introduced a new stand-alone policy commitment addressing the needs of people with disabilities by implementing the principles of universal access through a wider range of projects across sectors.<sup>108</sup> Such a commitment may allow for a more focused and intensive effort to support disability-inclusive operations, although this will require high-level and sustained commitment to delivery.

### However, a more systematic and cross-cutting emphasis on inclusion is yet to emerge, and the Bank's shared prosperity goal lacks traction

4.82 While IDA's growing emphasis on gender and disability represents important progress, developing a more comprehensive approach to inclusion across IDA operations remains a work in progress. Bank staff that we interviewed described their efforts to try and move this agenda forward by securing a commitment in the IDA20 replenishment agreement for projects to take a more systematic and cross-cutting approach to addressing exclusion.<sup>109</sup> However, the final agreement did not include an explicit commitment to this effect.

4.83 In 2013, the WBG as a whole introduced a strategic objective on 'co-prosperity', defined as raising the income growth of the bottom 40% of the population, ranked by income, faster than the national average in every country, to promote a more inclusive distribution of benefits. Although announced as a major breakthrough, this objective has not been well implemented. A 2017 IEG evaluation reported that the co-prosperity commitment was not yet integrated into country and project analyses. Only a small minority of country strategies and project designs contained a theory of change explaining how the bottom 40% were expected to benefit.<sup>110</sup> In our programme reviews, we found few examples of clear data on the bottom 40% (or indeed the poorest segments of society by any other measure) and how they would be targeted, with the exception of social protection programmes, which intrinsically require targeting of benefits.

4.84 This finding is a significant performance shortfall, and one which does not appear to have been revisited institutionally since 2018. FCDO offered the plausible explanation that the co-prosperity commitment is less relevant for IDA countries, which typically have a much higher absolute poverty share (sometimes well over 40%) than middle-income countries typically financed by IBRD. In such IDA contexts, having a clear poverty focus could therefore achieve roughly equivalent outcomes to explicitly targeting the lowest-income deciles, where that detailed information is even available. This argument would be more persuasive if IDA country strategies and operations were more systematic in explaining how their benefits are effectively targeted toward the poorest segments of society, by any measure.

### IDA has an ambitious framework for social and environmental safeguards but faces wide-ranging implementation challenges and we found examples of weak practice

4.85 In 2018, the Bank launched a new agenda on safeguards – the Environmental and Social Framework (ESF) – which the UK has played an active role in supporting.<sup>111</sup> Compared to its predecessors, the ESF offers broader commitments (adding new issues such as labour rights, disability, and health and safety) and

108 *Additions to IDA resources: twentieth replenishment - building back better from the crisis: toward a green, resilient and inclusive future*, Report from the Executive Directors of the International Development Association to the Board of Governors, March 2022, paragraph 12, p. 97, [link](#).

109 The proposal was to include a commitment to ensure that programmes: i) clearly identify groups at risk of exclusion, ii) identify specific activities to target those excluded, iii) consult with those who are excluded, iv) track efforts to impact those who are excluded.

110 *Growth for the bottom 40 percent: the World Bank Group's support for shared prosperity*, Independent Evaluation Group, November 2017, p. x, [link](#).

111 We heard this point in interviews, and it is also apparent from ICAI's performance review on DFID's transport and urban infrastructure investments, October 2018, [link](#).

a more sustainable approach, based on building national rules and systems rather than imposing parallel Bank requirements. The Bank has invested heavily in rolling out this framework, training over 5,000 staff and introducing a central tracking mechanism for 100 high-risk projects.

- 4.86 The ESF creates a cascade of review processes and responsibilities. Regional IDA staff, assisted by a central unit, must assess the standards adopted by client governments and monitor their implementation by project management units. They must also monitor the functioning of grievance response mechanisms (GRMs) and other accountability routes for affected citizens. We heard in interviews that IDA staff were still coming to grips with this new system when the pandemic struck two years later.

“ I thought that we, the affected people, and the project were partners. However, I am astonished to find out that the project thinks it is our boss, and as such can from now on communicate whatever it likes, whenever it likes, and any way it likes. ”

“ They hadn't involved us in the design, we had only seen them come to our house to identify us and do the evaluations. ”

Remarks made by project-affected people talking about the IDA-funded Great Lakes Trade Facilitation Project, Goma, DRC

- 4.87 The mainstreaming of ESF requirements through national systems is, in principle, good development practice. It suggests that any improvements will accrue not just to Bank-funded operations, but to all public investments. It also supports faster initial progress on project design and approval, as much of the staff monitoring burden is deferred until implementation is well under way.
- 4.88 However, from our interviews with independent experts on social and environmental safeguards, we heard that, in practice, ESF implementation leads Bank staff to focus more on reviewing national rules against relevant checklists and guidelines, and less on monitoring performance on the ground, which in any case has been made much harder by COVID-19 travel restrictions.
- 4.89 In our country reviews in Sierra Leone and DRC, we were assisted by local facilitators who canvassed communities and individuals affected by the projects we selected, not at random but for their potential risks, primarily linked to resettlement and compensation processes. These brought to light multiple potential failings of current efforts to implement the ESF (see **Box 1** for more detail).
- 4.90 The establishment and operation of GRMs is a key element of the safeguards system as these provide avenues for complaint and redress. The Integrated Resilient Urban Mobility Project (IRUMP) in Sierra Leone provided an illustration of a largely operational GRM: over 300 hundred complaints had been logged, and a process was in place for working through them.

“ [The social safeguarding lead] from the project implementation unit has been trying in terms of communication. The other day in a meeting she told us about the 9090 toll-free line and that we could call and raise any issue we have pertaining to the project. ”

Project-affected person, Lumley, Freetown, Sierra Leone

- 4.91 Unfortunately, we also found examples of poor GRM performance. Due to technical failings, a year into the Sierra Leone COVID-19 response project, complaints were not being monitored or followed up. In the DRC Great Lakes Trade Facilitation Project, only a small number of complaints had been registered. This did not seem consistent with a complex project that had been heavily delayed and restructured, and in relation to which our citizen engagement reported extensive challenges (see **Box 2**). These weaknesses with GRMs do not seem to be isolated cases, as we heard in an interview with senior Bank staff that GRMs were so far believed to be mostly not fit for purpose, across regions and sectors.
- 4.92 Both the Sierra Leone IRUMP project and the DRC Great Lakes Trade Facilitation Project experienced long delays in their compensation processes, aggravated by a legal dispute over land (IRUMP) and a long internal debate in the Bank on whether and how to use project funds to make up a chronic shortfall in national funding (Great Lakes Project). These delays created great uncertainty for communities (see **Box 1**).

“ Ever since these ideas of expropriation began, we have been suffering. We small traders, we are victims, we really don't have a good movement anymore. ”

Remark made by a project-affected person talking about the IDA-funded Great Lakes Trade Facilitation Project, Goma, DRC

“ The project is slow because they are still on the compensation stage. This has taken a very long time. ”

Remark made by a community representative in reference to the IDA-funded IRUMP project, Lumley, Freetown, Sierra Leone

### Box 1: Insights on the experiences of communities affected by IDA projects in DRC and Sierra Leone

- **Regional, Great Lakes Trade Facilitation Project (DRC component)** – This project aimed to support the construction of border and other trade infrastructure at a range of sites at the borders of DRC, Rwanda and Uganda. Supported by a local research organisation, direct citizen engagement was undertaken by ICAI to understand the experiences of communities in North Kivu Province at the Petite Barrière border post between DRC and Rwanda. The World Bank had surveyed the community to identify which households and businesses would be affected by this project and require compensation. The Bank also set up a range of local structures to manage community engagement, including a grievance response mechanism (GRM). ICAI's interviews with 81 people, including project-affected people (PAPs), local community leaders and project actors identified a range of challenges faced by PAPs:
  - **Limited awareness of the GRM and its processes** – Only around a third of PAPs were aware of the GRM process, its purpose and how to access it.
  - **Excessive charges for required documentation** – PAPs who needed documents to prove their ownership of land or for bank accounts often had to make excessive payments to receive these documents from local institutions. These problems were not reported through the GRM.
  - **Uncertainty created by delays to the compensation process** – As a result of the uncertainty caused by delays to the compensation process, which is yet to be completed after five years, it was reported that families had stopped investing in their homes, businesses were suffering, and people's mental health was affected.

“ We were born here, our parents bought the land and we brought along their title documents, which we knew that [the authorities] needed to check. But when we got there, we were told we could not get compensation based on these documents: we also needed a signature from the urban authority. They said they could help us get these signed land registry certificates. We moved mountains to try to get [them] at a cost of 140, 150, 200 dollars a piece: the price was not fixed because it was known we were in dire need and we simply had to get these papers, even if we had no chance of recouping the cost. ”

Project affected person, Goma, DRC

- **Sierra Leone, Integrated and Resilient Urban Mobility Project** – This project aims to support the improvement of urban infrastructure in Freetown, including construction of a market, improvements to road junctions and the development of a modern bus service. Supported by a local research organisation, direct citizen engagement was undertaken by ICAI to understand the experiences of businesses and households in three sites where land clearance and construction was planned, and where the World Bank had surveyed the community to identify those affected. ICAI’s interviews with 86 PAPs, community leaders and project actors identified a range of challenges faced by PAPs:
  - **Limited land compensation packages** – PAPs across all three sites complained that compensation rates offered for land did not take into account recent increases in land prices, leaving them with challenges in finding affordable locations in the same area.
  - **Limited project engagement in two sites** – In two of the three sites PAPs said there had been little communication on project progress and they had little knowledge of the GRM process.
  - **Suitability of relocation sites** – Traders moved from the market during improvement works alleged (unverified) they were being asked to relocate to a site that was prone to flooding.
  - **Relocation without compensation** – There was an allegation (unverified) of traders on two sites being relocated or having structures destroyed without being compensated first (as per required World Bank guidelines).

“ I was registered for compensation but they’ve broken my house to construct the road to the site but I have not been compensated. Instead, they said be patient and they will get back to us but up till now there has been nothing. ”

Project Affected Person, Lumley, Freetown, Sierra Leone

- 4.93 A range of other practical difficulties surfaced in our review, including challenges for households in evidencing land title and in setting up bank accounts (which are required to receive compensation for Bank projects). These issues posed obstacles for poor households in claiming and receiving compensation (see **Box 1**).
- 4.94 The ESF implementation is faced with client capacity challenges which will require stepped-up support efforts. It was widely acknowledged in interviews that the rollout of the ESF still has a long way to go, especially in terms of developing the capacity both of borrowers to lead country implementation, and of Bank staff and other relevant stakeholders to monitor compliance and respond to grievances. The pandemic provides mitigating circumstances, especially in terms of limiting training and face-to-face supervision activities. The Bank’s rapid and large-scale COVID-19 response has nonetheless placed increased pressure on a system already facing capacity constraints both on the side of the Bank and on the side of its country clients. This could prove a major obstacle to safe, high-quality implementation of the Bank’s portfolio as the pandemic recedes.

## The Bank's highly regarded fiduciary systems may be challenged by the pressures of delivering at scale

- 4.95 Our review did not include a fresh analysis of the Bank's fiduciary systems, internal audit mechanisms, anti-corruption, anti-fraud and related institutional integrity controls, which have been favourably rated in the past by the Multilateral Organisation Performance Assessment Network (MOPAN)<sup>112</sup> and the UK's Multilateral Development Review 2016.<sup>113</sup> They have also been the object of further capacity investments in the past few years. Indeed, FCDO and several other IDA donors that we interviewed were of the opinion that this was an area of relative strength for the Bank, compared to most other multilateral organisations and many bilaterals. ICAI's recent review on multilateral fraud, for which the Bank was one of six case study organisations, has not challenged this view.<sup>114</sup> An internal review by DFID in 2018 (Central Assurance Assessment) ranked the Bank's fiduciary risk in the lowest ("minor risk") of four possible risk categories.
- 4.96 Regardless of the technical merits of these systems and the commitment of Bank management to apply them, we are concerned that fiduciary risk systems may be placed under unprecedented strain by the constant pressure to commit ever-increasing volumes of financing through national public financial systems that are often weak. This is in parallel to the increasing demands placed on Bank staff by the ESF's new standards and processes. At the same time, Bank staff levels have remained largely fixed, despite the increased burdens.
- 4.97 This conclusion is necessarily speculative and largely based on first principles, though there is also some anecdotal evidence. Some of the tensions that IDA faces in sustaining a high volume of disbursements are illustrated by the case of the Sierra Leone – First Inclusive and Sustainable Growth Development Policy Operation (\$75 million commitment). This operation, which aims to provide vital budget support to help Sierra Leone's economy recover from the pandemic, was approved by the IDA Board in mid-December 2021, just a month after Sierra Leone's president had controversially suspended the auditor general,<sup>115</sup> raising concerns about a potentially worsening country governance context. We cannot judge what factors underpinned this high-level judgment call, which presumably also included the developmental damage any substantial funding delays could cause.

## Conclusions on effectiveness

- 4.98 IDA has a multi-layered system of results measurement, with robust elements of validation and scrutiny by a largely independent watchdog body overlaid on staff assessments of operations' achievement of stated objectives. IDA's operational performance on this basis is generally strong and on an upward trajectory, and progress on reforms agreed with shareholders is regularly monitored by the Board. However, the available data focus mainly on processes and outputs, some intermediate outcomes and IDA's plausible contributions to them. Higher-level and longer-range or final outcomes are intrinsically harder to track and attribute, although the Bank supports growing numbers of rigorous impact evaluations where these are feasible.
- 4.99 This broad pattern also largely holds for three of our special themes: climate, fragility, and the COVID-19 response. Climate change action, as rated through co-benefit shares of the portfolio, is increasing, although this measure has some shortcomings, mainly because it is input-based rather than designed to capture impact. Performance in fragile states, except active conflict ones, has improved to levels similar to those in non-fragile contexts. IDA's COVID-19 response was unprecedented in its speed and scale, thanks to innovations in processes and exceptional efforts by Bank staff, although its lasting impacts cannot yet be judged. In addition, IDA has quickly become an indispensable vaccine funder for low-income countries.
- 4.100 IDA has also improved its performance on the inclusion of vulnerable groups, especially in its sustained and deepening work on gender equity and emerging efforts on disability inclusion. However, it could do more on broader inclusion, including the Bank's own 'co-prosperity' goal.

112 MOPAN 2015-16 assessments: the World Bank, MOPAN Institutional Assessment Report, 2016, [link](#).

113 The multilateral development review 2016: World Bank, Department for International Development, December 2016, [link](#).

114 Tackling fraud in UK aid through multilateral organisations, Rapid Review, ICAI, March 2022, [link](#).

115 Sierra Leone president suspends state auditor pending probe, Reuters, 12 November 2021, [link](#).

- 4.101 Environmental and social safeguards have greatly expanded, with implementation now mainly outsourced to national bodies. However, we found weak monitoring capacity and non-functioning grievance redress systems on the ground which would prove a serious problem if replicated across the wider IDA portfolio.
- 4.102 The Bank's fiduciary, anti-corruption and fraud controls have been well regarded and considered an institutional strength. However, we remain concerned, more broadly, that persistent pressure to hit ever-higher IDA volume targets in countries with weak national systems, under strict conditions and safeguards, will strain capacity for tackling fraud to the limit.
- 4.103 We therefore award a **green-amber** score for effectiveness.

## Efficiency: to what extent does the UK obtain value for money from IDA?

4.104 This section examines the efficiency of UK aid spent through IDA. It does this by first exploring the value for money case for IDA and the degree to which the UK's decision to invest such a substantial share of its aid budget through this channel rests on a clear evidence base. It then goes on to examine how effectively the UK government uses its financial contributions to and governance role within IDA to influence the focus and quality of its operations, through interventions both centrally, in Washington, and at the country level.

### UK taxpayers get good value from the UK's engagement with IDA

- 4.105 IDA offers a strong value for money proposition for UK aid, for two main reasons. First, as discussed in the previous sections, it is well aligned to UK priorities and broadly effective at delivering them. Second, uniquely among the major broad-based spending channels for UK aid, IDA mobilises major non-donor resources, including from the financial markets, alongside grants from the UK and other donors. The World Bank also produces non-financial and knowledge products of global development significance and acts as an additional global insurer, in tandem with the IMF in particular, in times of crisis.
- 4.106 IDA's value proposition rests on its financial model, described above in the background section. This mobilises large amounts of external finance alongside donor contributions, at a ratio of an average additional net £2.5 for every £1 of donor grant or £3.5 in total including donor contributions.<sup>116</sup> These resources are mobilised from market borrowing (against loan equity), repayment of past loans and transfers from other parts of the WBG.
- 4.107 IDA also mobilises additional resources at the level of individual projects and programmes, including from private investors and lenders, albeit on a smaller scale than this overall funding leverage. This is particularly the case for infrastructure investments, where private stakes are often incentivised by a combination of public subsidies and guarantees as well as institutional reforms and contractual improvements.
- 4.108 IDA's Private Sector Window, which had committed \$658 million under IDA19 as of 31 August 2021,<sup>117</sup> is specifically designed to support the leveraging of private sector finance via the active engagement of the International Finance Corporation (IFC). The 'leverage' of this window, in terms of private funds mobilised per US dollar of IDA funds is reported as five to one.<sup>118</sup> More generally, the Bank's reported private sector mobilisation in 2019, based on methodology agreed across several MDBs, was \$443 million in low-income countries, compared to \$3 billion for IFC alone in the same country group, and \$6.7 billion for all reporting MDBs.<sup>119</sup> As the literature review<sup>120</sup> shows, however, it is hard to demonstrate 'additionality'. That is, whether such private investments might have occurred anyway in the absence of public support,

116 Net of carryovers from IDA19 (gross leverage is 3 to 1, comparing donor contributions with total resources ignoring carryovers). The ratio operates on average, not at the margin: if a donor withholds £1 of its contributions, the result would simply be £1 less IDA overall. If it withholds £1 billion, and other donors follow suit, then total grants would fall rapidly. That would erode IDA's capacity to sustain its market borrowings and/or its soft loan terms to its clients, further shrinking its overall resource platform.

117 *IDA19: Implementation status and proposed reallocations*, World Bank, October 2021, paragraph 11c, p. 4, [link](#).

118 *Small investments, big impact — 5 ways IDA is leveraging the private sector to deliver more for the poorest*, Fact Sheet, World Bank, November 2021, [link](#).

119 *2019 mobilization of private finance by multilateral banks*, table A.7, p. 44, [link](#).

120 ICAI IDA literature review, available on ICAI website.

or could have occurred independently, or whether both financial and development increments are fully attributable to official development assistance (ODA). This has also been a persistent criticism of the Private Sector Window.<sup>121</sup>

- 4.109 As discussed under the relevance section, IDA also offers the UK its global geographic and thematic scope, its considerable depth of expertise, and the typically larger scale of its operations in all countries. This enables it to provide financial and other support which could not be replicated by UK bilateral aid or through other multilateral institutions.
- 4.110 The Bank also acts as a centre of excellence for development research and analysis, cross-subsidised by its lending operations (and influencing them, in turn). This research is also used for IDA countries, and is a benefit to them, as well as a broader resource. Its knowledge products are freely available on open-source platforms as a public good for the whole development community. A prominent example is the flagship World Development Report series, published yearly. The titles of the most recent (February 2021) and upcoming (May 2022) publications – Data for better lives and Finance for an equitable recovery – illustrate their wide subject range.
- 4.111 There are hundreds of other current Bank research activities and datasets, mostly focused on specific country contexts, interventions or policy issues. A key part of this network is the World Bank’s Development Impact Evaluation (DIME) group. This develops customised evidence on effective development interventions. It aims to transfer know-how to partners to make mid-course corrections and scale up successful approaches. Such corrections can increase the rate of return of developing country investments by large margins, far exceeding the costs of the research. The group says it currently conducts collaborative research in 60 countries with 200 agencies, leveraging a \$180 million research budget against \$18 billion in development finance (1:100). It also provides advisory services to 30 multilateral and bilateral development agencies.<sup>122</sup>
- 4.112 Some Bank research work has recently been challenged, as part of a scandal which emerged in 2020 surrounding its high-profile Doing Business report, an annual set of country business climate ratings, since discontinued. ICAI has not independently investigated this incident. However, we asked several think-tanks and civil society observers whether they believed it had caused lasting damage to the Bank’s reputation for intellectual integrity, and hence the credibility of its research and policy recommendations. The consistent answer was that it had not, due to the long-standing reputation for integrity of the Bank’s analytical work and the specific nature of the scandal. A more frequently heard criticism is that the Bank’s research effort may be spread too thinly over multiple topics of varying relevance to its main target audiences, and therefore needs to be prioritised more.
- 4.113 As a development organisation, IDA is rated highly by market-leading independent indices, such as the Quality of Official Development Assistance ratings series published by the Centre for Global Development. The detailed scoring shows that IDA performs consistently above average across all performance measures. In the latest index, published in May 2021, IDA comes in third place, ahead of all bilateral agencies (including the UK, ranked eighth) and of most of the multilateral aid system, behind only the International Fund for Agricultural Development and the African Development Fund.<sup>123</sup> These two institutions are however much smaller and more specialised than IDA, and do not have the same capacity to leverage major funding from the financial markets.
- 4.114 COVID-19 offers a clear illustration of the value of the World Bank as a global insurer in times of crisis, complementing the greater overall firepower, but until now more limited remit, of the IMF. (The latter’s role is also changing, however, with a large new concessional facility aimed at resilience under advanced preparation.)<sup>124</sup> One donor interviewee cited IDA’s “unparalleled surge capacity”: it can draw on its huge balance sheet to boost its support levels rapidly, with only modest additional contributions from its shareholders (assuming it retains the necessary capital adequacy and market ratings to do so).

121 *Go big on IDA but leave out the Private Sector Window*, Charles Kenny, Centre for Global Development, April 2021, [link](#).

122 *DIME overview*, Development Impact Evaluation (DIME) group, World Bank, accessed February 2022, [link](#).

123 *Quality of official development assistance 2021*, Centre for Global Development, 2021, [link](#).

124 *A new trust to help countries build resilience and sustainability*, International Monetary Fund, 20 January 2022, [link](#).

Furthermore, its thematic windows, though complex, provide IDA with additional flexibility to support individual countries facing crises.

- 4.115 While the value for money case for the UK's contributions to IDA is strong, there is no objective way to determine the right level of UK support at any given time: this is necessarily a policy choice. A recent analysis by the Centre for Global Development shows that the UK's share of IDA contributions during 2017-19 was 25% above IDA's weight in the UK's core funding of all multilaterals over that period, indicating an active preference for spending through IDA.<sup>125</sup>
- 4.116 The UK has nonetheless recently announced that its contribution to IDA20, starting from July 2022, will be 54% lower than for IDA19<sup>126</sup>, while other major G7 donors have maintained or increased theirs. As a result, the UK will fall from lead donor to third place, behind Japan and the US and only marginally ahead of Germany.
- 4.117 This decision reverses the government's commitment from two-years earlier to remain IDA's largest donor,<sup>127</sup> as well as its revealed preference for IDA. In a February 2022 statement, Foreign Secretary Liz Truss correctly asserted that this reduction brings the UK's IDA contribution "more in line with its share of global ODA".<sup>128</sup> This reduction is also consistent with the commitment stated in the UK's newly published strategy for international development, to reduce the overall share of UK aid delivered through core support to multilateral organisations to 25% by 2025<sup>129</sup> (from around 38% in 2021<sup>130</sup>).

### The UK exercises effective influence on IDA, combining its financial contribution with quality analysis and agile networking

- 4.118 The UK has a systematic and rigorous approach to influencing IDA and has been largely successful in doing so. Its influence is enhanced by its financial contributions, strong technical inputs and skilled networking with management, other donors and borrowers.
- 4.119 We found substantial evidence from FCDO documents that the UK's desired influencing outcomes and associated strategies are worked out in detail ahead of key decision points in each IDA replenishment cycle, then systematically revisited and assessed, with lessons learned, at the end of each cycle (see **Box 2**).
- 4.120 Senior IDA officials interviewed for this review considered the UK to be more readily able to argue the technical merits of its proposals, and rebut those of others, than any other donor, and able to make relevant and timely contributions across a wider range of issues. They also told us that the UK's professional, analytical, evidence-based approach, which suits the Bank's institutional culture, was the most effective way of getting the attention and active buy-in of staff, as compared to simply "banging on the table".

#### Box 2: The process for developing and promoting UK positions for the IDA19 replenishment

The IDA19 replenishment process formally took place over the period from November 2018 to December 2019, with a final agreement made in Stockholm, Sweden on 12-13 December 2019.

The process for developing the UK's priorities for the IDA19 replenishment was led by the former Department for International Development (DFID). It was informed by a retrospective analysis of the UK's efforts to influence IDA18, which took place in early 2017, and identified a number of lessons for what worked and what did not in relation to securing agreement on UK priorities.

125 *Exploring the UK's preference for the World Bank's IDA fund*, S. Hughes and I. Mitchell, Centre for Global Development, November 2021, [link](#).

126 In practice, the multi-year cycle of IDA contributions and the way they score against UK budgets also means that reductions will impact more gradually than the headline figure of 54% suggests; *20th replenishment of International Development Association*, statement made by Lord Ahmad of Wimbledon, 22 February 2022, [link](#).

127 Letter from Rt Hon Dominic Raab MP – then secretary of state for foreign, commonwealth and development affairs – to Sarah Champion MP, chair, International Development Committee, 2 December 2020, [link](#).

128 *20th Replenishment of International Development Association*, UK government statement, 22 February 2022, [link](#). On a 'net' basis, taking into account carryovers from IDA19, the UK will contribute about 8.6% of the IDA20 donor pool. This closely matches its published share of Development Assistance Committee ODA in calendar year 2021 (8.9%).

129 *The UK government's strategy for international development*, Foreign, Commonwealth and Development Office, May 2022, paragraph 37, p. 22 [link](#).

130 *Statistics on international development: Provisional UK aid spend 2020*, FCDO, April 2022, p. 3, [link](#).

In summer 2018, work began to pull together inputs from across DFID and the government to explore and decide UK priorities for the IDA19 process. A key element of this involved undertaking consultations across DFID country offices to understand more about how IDA's operations were evolving at the country level and what issues could be addressed through reforms agreed with the Bank centrally.

This analysis and discussion led to the production of two early 'non-papers' or informal policy positions, setting out UK priorities on fragility, conflict and violence (October 2018) and disability inclusion, (November 2018, informed by the outcomes of the UK-hosted Global Disability Summit). These non-papers helped DFID to engage in focused and strategic influencing from the earliest phase of the replenishment process.

The UK then produced further non-papers with the other development partners on climate change, jobs and economic transformation (both in April 2019) and on a crisis toolkit (June 2019). These non-papers helped to mobilise a coalition of IDA shareholders to support reforms in these areas.

- 4.121 Other major donors interviewed concurred that the UK's influence was greatly enhanced by its analytical and policy contributions, not just its financial strength. They also noted its ability to network and coordinate information rapidly from, and to, its overseas network and other government departments.
- 4.122 We heard several examples of how such UK-IDA collaboration networks, spanning the in-country teams and headquarters, work closely together to monitor and ensure consistent messages, including on difficult topics benefiting from real-time local knowledge. In one country, FCDO country-based staff flagged unusually high risks in implementing a statistical support activity locally, which was subsequently postponed by IDA. IDA staff also told us that, alone among major donors, the UK delegation to the World Bank was regularly in touch with them to monitor progress on key cross-country topics – such as for preventing sexual abuse and exploitation – as part of the follow-up to the UK-hosted Global Safeguarding Summit in 2018. These exchanges were in addition to specific country issues requiring immediate attention.
- 4.123 We heard from multiple stakeholders that as the UK's influence on IDA does not rest exclusively on the size of its financial contribution, it may not be seriously affected by the loss of lead donor status, especially if that proves to be temporary or at least not to lead to a further slide in rankings. However, UK influence might be more seriously affected if there were also a reduction in the level of staffing and intellectual capacity that the UK invests in the relationship.

#### **Country-based engagement between FCDO and IDA is more variable and opportunistic, and dependent on local leadership**

- 4.124 In contrast to the UK's influencing of IDA centrally in Washington, the UK's relationship and level of influence with World Bank country offices is more variable. Efforts to influence the Bank's operations are opportunistic and mainly concentrated in sectors or areas where both have programmatic interests, particularly when the responsible staff on both sides are based in the same country, which is a logical enough way of prioritising collaboration. These areas of common interest have narrowed as a result of recent reductions to the UK bilateral aid budget, as well as the progressive withdrawal of the UK from budget support, which has the side-effect of cutting out many otherwise necessary interactions with local IDA staff on matters of general development policy. A recent ICAI review also found that in some instances, the nature of the decision-making processes meant that reductions in UK support had to be communicated at short notice to Bank staff, giving them little time to manage the implications for Bank's own operations.<sup>131</sup>This was confirmed by interviewees in Sierra Leone for this review of IDA.
- 4.125 We nonetheless saw some strong examples of collaboration in particular sectors. An example was education in Sierra Leone, where even a relatively modest UK financial stake was leveraged into a very

131 UK aid's approach to youth employment in the Middle East and North Africa, ICAI, July 2021, [link](#).

effective partnership with IDA, whose investment stake was far larger (see **Box 3**). In Bangladesh, we were also informed the UK's influence over the design and implementation of IDA programmes was greatest where the UK was also a financial contributor to the sector.

### Box 3: Illustration of UK-IDA collaboration: education in Sierra Leone

The UK has a successful ongoing collaboration with IDA on education in Sierra Leone, especially girls' secondary education, according to both sides of the partnership. The two teams jointly influenced government policy on retention of girls in school. This included arguing, alongside national reformers, for 'radical inclusion' and against a ten-year-old legal ban on school attendance by pregnant students, which was rescinded by the Sierra Leone government in March 2020. (Fewer than 2% of girls aged 15-19 in the country were both in school and married in 2017, while 28% were married and 29% had their first child before they were 18).

IDA's flagship Country Economic Update for Sierra Leone in the same year was titled "The Power of Investing in Girls". It highlights the large economic gains that could be achieved by ending child marriage and promoting girls' education, also building on analysis by the UK-based Children's Investment Fund Foundation. The report identifies a range of measures to support the decision to allow pregnant girls to stay in, or return to, school, covering transportation, sanitation, the affordability of education, the acquisition of marketable skills, reproductive health services, community-based interventions to address social norms that adversely affect girls, and more.

Some of this important agenda is now being taken up in IDA's (2019) Free Education Project (\$70 million IDA grant, plus \$16 million in multi-donor trust grants by the European Commission, Ireland and the UK). This operation, initially focused mainly on the primary and lower-secondary education cycles, is now expanded to cover secondary education more broadly. IDA and the UK have worked together to support school catchment area planning so as to fill gaps in geographical coverage and rationalise investments. UK experience in developing learning assessments under a previous bilateral project also underpins IDA support for a new National Learning Assessment system.

**Sources:** World Bank free education project identification document 2019, Country economic update 2020, Sierra Leone in-person and remote interviews with multiple stakeholders.

- 4.126 World Bank country directors and other colleagues in DRC and Sierra Leone told us that they consulted regularly with their UK peers (ambassadors or high commissioners and development directors), not just through formal donor coordination mechanisms but also via informal channels. We also heard of a country where an informal caucus of the UK and one other bilateral was recently used as sounding board by the IDA country director around the draft country strategy, ahead of wider consultations.
- 4.127 Interviews with the FCDO overseas network also highlighted a range of factors, other than financing, which helped promote, or conversely hindered, closer engagement with IDA. These included the need to receive better advance information on time-sensitive IDA processes and longer turnaround times for requests for related UK inputs. It was also found valuable to ensure continuity in critical professional skills in some cases. For example, the absence of a UK climate and environment adviser in DRC since April 2021, and the absence of any World Bank climate advisers over a substantial period, has constrained UK-World Bank engagement on this agenda.
- 4.128 The level of influence also inevitably turns on the time and energy that senior FCDO staff are able to put into the relationship. This necessarily varies across countries, according to their individual interests and the other demands on their time. Despite the substantial volume of UK aid spent through IDA, FCDO in-country staff are not necessarily either required or strongly incentivised to devote time to the relationship.

## Conclusions on efficiency

- 4.129 UK taxpayers obtain good value for money from the UK contribution to IDA, due to the scale and reach of its operations, its ability to mobilise other funds, its close alignment to UK development priorities, its strong advisory and research capabilities, and its global insurer role. A future UK financial contribution of the order of 2% to this huge development resource pool, if it can retain substantial influence on its direction, represents real leverage.
- 4.130 The UK has a systematic approach to influence IDA's policies and operational performance, and its effectiveness is acknowledged by IDA management and other donors. Importantly, this influence rests not just on the scale of UK funding, but on its intellectual contributions and agile networking. Much of its influence may well survive a temporary loss of lead donor status, provided there is no reduction in the effort that the UK invests in the relationship.
- 4.131 Influence on IDA at country level is necessarily more variable and opportunistic, and depends on a number of factors, notably the degree to which the UK bilateral programme overlaps with the World Bank's work, personal relationships between senior managers, and the time and effort devoted to the partnership.
- 4.132 We award a **green** score for efficiency.

## 5. Conclusions and recommendations

### Conclusions

- 5.1 Our review confirms IDA's high relevance to and strong alignment with the UK's development priorities through most of our review period. IDA's portfolio has a strong poverty focus, complementing the UK's up to now. IDA is also well aligned to key UK priorities such as gender, disability, fragility, early crisis responses, and education and health. IDA began to focus on climate change, particularly adaptation and resilience, in IDA16 and this focus has progressively expanded, though not as fast as the UK would have wished. IDA works closely with partner country governments, which affirm their ownership of programme choices and implementation and have an increasing, though largely informal, voice in replenishments. The World Bank is becoming more open to direct citizen engagement, but this is still work in progress.
- 5.2 IDA's operational performance is generally strong, at least according to the standards and objectives used for its internal results system and their subsequent validation and reviews by the World Bank's Independent Evaluation Group. The focus of most targets is still on processes and intermediate outcomes rather than final impacts, which are objectively harder to track and attribute. Climate change action is mainly rated through 'co-benefit' shares of the portfolio, a common standard among multilateral development banks with some weaknesses, notably its built-in focus on inputs rather than impact. IDA performance in fragile states has largely converged on that in non-fragile contexts, although underlying objectives differ. IDA's COVID-19 response broke records for speed and flexibility at scale, thanks to process innovation, technology and sheer hard work, but it is too soon to judge its full impact.
- 5.3 IDA has also improved in including specific groups which suffer discrimination. It could do more for broader social inclusion, including implementing the Bank's strategic 'co-prosperity' goal. The World Bank's environmental and social safeguards have greatly expanded, with implementation outsourced to national bodies, but we found instances of weak monitoring and grievance redress systems. The Bank's fiduciary and anti-corruption and fraud controls are considered an institutional strength. However, we remain concerned that pressure to hit ever-higher IDA volumes in countries with weak systems, under strict conditions and safeguards, may strain capacity to tackle fraud to the limit.
- 5.4 UK taxpayers obtain good value for money from the UK contribution to IDA, due to the scale and reach of its operations, its ability to mobilise other funds, its close alignment to UK development priorities, its strong advisory and research capabilities, and its global insurer role. The UK has a systematic approach to influence IDA's policies and operational performance, and its effectiveness is acknowledged by IDA management and other donors. Importantly, this influence rests not just on the scale of UK funding, but on its intellectual contributions and agile networking. We heard that a substantial part of its influence is likely to survive the loss of lead donor status, provided this does not presage a further retreat and there is no parallel reduction in the intellectual and political effort that the UK invests in the relationship. Influence on IDA at country level is necessarily more variable and opportunistic and depends notably on the degree to which the UK bilateral programme overlaps with the World Bank's work, personal relationships between senior managers, and the time and effort devoted to the partnership.

### Recommendations

We offer a number of recommendations to FCDO:

#### Recommendation 1:

FCDO should advocate for more action-focused targets for IDA climate change action, particularly on adaptation.

#### Problem statements:

- Simply increasing the headline co-benefit target (now 35%) must eventually crowd out other legitimate priorities as the threshold rises.

- This target, together with the share of co-benefits going to adaptation (50%), does not provide enough information on the changing climate impact of IDA and does not track negative climate impacts.
- There needs to be more of an action focus, as shown, for example, in the new rating system for resilience (distinguishing building wider resilience through project action from the resilience of the project itself).

### Recommendation 2:

FCDO should set more systematic objectives for engaging the World Bank at country level.

#### Problem statements:

- Country-based FCDO engagement with IDA tends to be more opportunistic than systematic, limited to areas of current programme overlap.
- Opportunities to leverage large IDA programmes are not systematically seized.
- Given their multiple other accountabilities, senior staff resources, up to and including ambassadors, are not systematically allocated for this purpose.

### Recommendation 3:

FCDO should hold IDA accountable for meeting the ‘leave no one behind’ commitment, including by advocating for the operationalisation of its ‘co-prosperity goal’.

#### Problem statements:

- IDA has not yet established and implemented broader social inclusion benchmarks.
- In 2013 the Bank set itself a strategic goal to raise the incomes of the bottom 40% of the population faster than the national average in every country, but a progress review found that few country strategies or projects showed how this should happen.
- Systematic attention still needs to be paid to distributional issues in country strategies and programmes.

### Recommendation 4:

FCDO should work constructively with World Bank management and other donors to improve the Bank’s capacity to monitor and oversee implementation of environmental and social safeguards.

#### Problem statements:

- The substantial overhaul of the Bank’s safeguards system after 2017-18 broadened their scope considerably but Bank staff and national capacity to monitor compliance is still patchy.
- Grievance response mechanisms have often been found not to make it easier for citizens to make complaints, and long delays affect resettlement compensation.
- On-the-ground staff environmental and social safeguard monitoring has been deferred, partly as a result of COVID-19, as staff have become more focused on remote check-listing of procedures.

### Recommendation 5:

The UK should strengthen key country partnerships with IDA to bolster public financial management and anti-corruption programmes.

#### Problem statements

- Despite its strong control systems and expertise in public financial management, IDA is thinly stretched by its commitment to work through and improve weak national systems, especially in fragile states.
- Incentives to increase volumes of financial resources are prevalent.
- IDA often takes on calculated fiduciary risk on behalf of the whole donor community, but sometimes lacks critical information to protect against systemic governance problems as they emerge.
- IDA faces particular pressure in crisis and crisis recovery contexts, when it has to act rapidly and counter-cyclically, as with COVID-19.
- IDA often lacks sophisticated political intelligence and flexible, risk-responsive technical assistance capabilities, which the UK could provide through a more systematic partnership in selected high-priority countries.

# Annex 1: Background on the IDA funding windows, envelopes and set-asides

IDA funding window / allocation / set aside	When launched?	Funding allocated / estimated in IDA19* + IDA20	Funding conditions and parameters for IDA20
<b>Regional Window</b> – to support regional responses to development challenges	IDA13: 2002-05	<ul style="list-style-type: none"> <li>• IDA19 – \$5.6bn (initially \$7.6bn)</li> <li>• IDA20 - \$7.9bn</li> </ul>	<ul style="list-style-type: none"> <li>• Lending to IDA countries provided on the same terms as PBA; lending to eligible regional organisations provided on IDA regular terms</li> <li>• Projects must cover two or more countries</li> <li>• Emphasis on critical infrastructure, addressing fragility in Africa and supporting regional public goods</li> <li>• 75% of funding to Africa</li> </ul>
<b>Crisis Response Window</b> – to help countries respond to severe natural disasters, economic shocks or public health emergencies	IDA15: 2008-11	<ul style="list-style-type: none"> <li>• IDA19 - \$2.5bn</li> <li>• IDA20 - \$3.3 bn</li> </ul>	<ul style="list-style-type: none"> <li>• Provided on the same terms as PBA</li> <li>• Allocated in response to natural disasters, economic shocks and public health emergencies</li> <li>• An allocation is also set aside for early response to slower-onset disease outbreaks and food insecurity</li> </ul>
<b>Arrears Clearance Set-Aside</b> – to support countries to clear arrears and re-engage fully with the Bank	IDA15: 2008-11	<ul style="list-style-type: none"> <li>• IDA19 - \$1bn</li> <li>• IDA20 – N/A</li> </ul>	<ul style="list-style-type: none"> <li>• For the three countries in arrears to the World Bank (Eritrea, Syria and Zimbabwe) when they become eligible for HIPC</li> </ul>
<b>Regional Sub-Window for Refugees and Host Communities for IDA18, Window for Host Communities and Refugees for IDA19</b> – to support the creation of development opportunities for both refugees and host communities	IDA18: 2017-20 IDA19: 2020-22	<ul style="list-style-type: none"> <li>• IDA19 - \$1.4bn (initially \$2.2bn)</li> <li>• IDA20 - \$2.4bn</li> </ul>	<ul style="list-style-type: none"> <li>• Funding in grants, or 50% grants and 50% loans (depending on country status)</li> <li>• Support to countries with significant refugee inflows, an adequate framework for protecting refugees and a plan for long-term responses</li> </ul>
<b>Private Sector Window</b> – to mobilise increased private sector investment in IDA countries, with a focus on fragile and conflict-affected states	IDA18: 2017-20	<ul style="list-style-type: none"> <li>• IDA19 - \$1.7bn (initially \$2.5bn)</li> <li>• IDA20 - \$2.5bn</li> </ul>	<ul style="list-style-type: none"> <li>• IDA-only and fragile or conflict-affected IDA gap and blend countries are eligible</li> <li>• Four facilities: i) Blended Finance Facility, ii) Risk Mitigation Facility, iii) MIGA Guarantee Facility, iv) Local Currency Facility</li> </ul>

IDA funding window / allocation / set aside	When launched?	Funding allocated / estimated in IDA19* + IDA20	Funding conditions and parameters for IDA20
<b>Scale-Up Facility / Window</b> – provides additional financing on non-concessional terms for transformational projects	IDA18: 2017-20 / IDA19: 2020-22	<ul style="list-style-type: none"> <li>• IDA19 - \$3.2bn (initially \$5.7bn)</li> <li>• IDA20 - \$14.1bn</li> </ul>	<ul style="list-style-type: none"> <li>• Provides concessional shorter-maturity loans or IBRD termed loans</li> <li>• Country eligibility linked to debt sustainability status</li> <li>• Alignment with the World Bank Group COVID response</li> </ul>
<b>Fragility, Conflict and Violence (FCV) Envelope</b> – provides supplemental resources in addition to performance-based allocation (PBA) for IDA countries facing different kinds of FCV risks (preceded by the Turnaround Regime and the Risk Mitigation Regime)	<p><b>FCV Envelope for IDA19:</b> 2020-22</p> <p><b>Risk Mitigation and Turnaround Regime for IDA18:</b> 2017-20</p> <p><b>Turnaround Regime for IDA17:</b> 2014-17</p>	<ul style="list-style-type: none"> <li>• IDA19 - \$6.3bn (initially \$7.5bn)</li> <li>• IDA20 - \$8.8bn</li> </ul>	<p>Three available allocations, provided on the same terms as the PBA:</p> <ol style="list-style-type: none"> <li>1) Prevention and Resilience Allocation – top-up equivalent to 75% of PBA, up to \$700 million cap (\$600 million for truncated IDA19) (succeeding the Risk Mitigation Regime)</li> <li>2) Remaining Engaged during Conflict Allocation – for countries facing high-intensity conflict, but with a CPIA score of 2.5 or below</li> <li>3) Turnaround Allocation – For countries emerging from conflict, with a CPIA score of 3 or below; top-up equivalent to 125% of PBA, up to \$1.25 billion cap (succeeding the Turnaround Regime)</li> </ol>

Figures for IDA19 are presented based on the adjusted allocations/estimates to be implemented over the scaled-back two-year period for IDA19 implementation, with the original allocation/estimate also indicated in brackets.



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