

IDA21: A Missed Opportunity for Transformative Development in the Global South

December 2nd, 2024



The International Development Association (IDA) is the concessional financing arm of the World Bank Group (WBG), established in 1960 to provide low-interest loans and grants to the world's poorest and most fragile countries and funded largely by donor countries' contributions. With a primary mission to reduce poverty and foster sustainable development, IDA focuses on funding basic social services, strengthening institutions, and improving living conditions. Unlike the International Bank for Reconstruction and Development (IBRD), which serves middle-income countries, IDA tailors its support to the unique needs of low-income nations with an aim of pushing economic growth and helping them graduate from low-income status. Over the years, it has evolved to address increasingly complex issues such as climate change, gender inequality, and fragility. However, its neoliberal approach, reliance on private sector engagement, and limited consideration of structural inequalities have been points of contention, especially in contexts shaped by systemic fragility and historical injustices.

The WBG produced an Evolution Roadmap³ in December 2022, which received updates in a September 2023 Development Committee paper.⁴ This roadmap came as a response to the request of the United States-the Bank's largest shareholder-for an evolution roadmap that paves the way for increased lending and a larger mobilization of private capital.⁵ The roadmap has been heavily criticized by civil society for its deficient analysis of the development crisis and its neglect of the role of global financial systems and the World Bank's own role in perpetuating structural inequalities.⁶ It also failed to respond to calls for governance and policy reform needed to create a better bank able to meet the needs of lowand middle-income countries (LMICs).⁷ The Bank's Cascade approach, aimed at mobilizing private finance, is seen as ineffective in addressing LMICs' most pressing needs, such as concessional financing, universal access to public services, and debt cancellations. Scivil society organizations have called for an end to the Bank's private sector bias and the privatization of public finance for public goods, especially in essential services.9

https://consultations.worldbank.org/content/dam/sites/consultations/doc/2023/WBG-Evolution-roadmap.pd

https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2023/Final%20Updated% 20Evolution%20Paper%20DC2023-0003.pdf

https://www.brettonwoodsproject.org/2023/07/civil-society-calls-for-rethink-of-world-banks-evolution-road map-as-part-of-wider-reforms-to-highly-unequal-global-financial-architecture/

https://www.brettonwoodsproject.org/2024/04/opportunity-lost-world-banks-roadmap-fails-to-chart-path-tobetter-development-outcomes/

https://www.brettonwoodsproiect.org/2023/07/civil-society-calls-for-rethink-of-world-banks-evolution-road map-as-part-of-wider-reforms-to-highly-unequal-global-financial-architecture/

https://www.brettonwoodsproject.org/2023/07/civil-society-calls-for-rethink-of-world-banks-evolution-road map-as-part-of-wider-reforms-to-highly-unequal-global-financial-architecture/

¹ https://ida.worldbank.org/en/about

² https://ida.worldbank.org/en/about/what-we-do

https://timeline.worldbank.org/en/timeline/eventdetail/4b19ca5c-a2e6-49c9-bd92-b3cdfd38ac86

Additionally, the Bank's revamp process led by the Evolution Roadmap ties IDA21 to a <u>Corporate</u> <u>Scorecard</u> focused heavily on private capital mobilization rather than socio-economic transformation. Although the introduction of a pilot metric for citizen engagement marks a step forward, the overall framework remains skewed toward financial outputs, neglecting broader development goals.

Against this backdrop and with a worsening global debt crisis, there was hope for IDA21 to address these concerns and provide better financing to the most vulnerable countries. This was instead met with the Bank's focus on achieving bigger financing—an effort to top IDA20's historic \$93-billion replenishment. ¹¹

The IDA21 replenishment process highlights critical inconsistencies in the World Bank's approach to development reform, revealing gaps between policy ambitions and practical commitments. While the Bank has introduced new frameworks, including a gender strategy ¹² and the aforementioned Evolution Roadmap, these initiatives fall short of addressing systemic issues in the Bank's operational approach. This paper critically assesses IDA21, highlighting the need for a shift toward equitable, inclusive policies that align with the realities of LMICs—namely Global South countries—and global crises.

1. Gender Policy: Rhetoric vs. Commitment

IDA21 demonstrates a troubling retreat in **country-specific gender policy commitments**, even as the World Bank launches a new gender strategy. This scaling back undermines efforts to integrate gender equality into development operations and sends conflicting signals about the Bank's priorities. Using a gender lens without concrete commitments—barring the Sexual and Reproductive Health (SRH) commitment—risks entrenching superficial measures, enabling both the Bank and recipient countries to avoid accountability in addressing gender inequality. Furthermore, the strategy continues to perpetuate binary understanding of gender, excluding **LGBTQ+ communities** from its purview and neglecting their unique needs.

IDA21 will act as a testing ground for the World Bank's Evolution Roadmap reforms, including the Bank's Corporate Scorecard, which will serve to track results and measure impacts of the Bank's operations across all its institutions—including IDA.¹³ The corporate scorecards' focus on outcomes rather than outputs, as well as increased data transparency, are welcome developments. However, the corporate scorecards lack a focus on economic transformation and its gender equality metrics¹⁴ have a narrow focus on **economic empowerment and financial inclusion**, despite the Bank's own Independent Evaluation Group having reported that financial inclusion has **unknown impacts** on women and

¹⁰ https://scorecard.worldbank.org/en/about

¹¹ https://www.cgdev.org/publication/can-ida-break-100-billion-dollar-mark-math-difficult-not-impossible

https://www.worldbank.org/en/topic/gender/brief/gender-strategy-update-2024-30-accelerating-equality-and-empowerment-for-all

¹³ https://scorecard.worldbank.org/en/about

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underserved and excluded groups.¹⁵ Economic empowerment is a big portion of the **only gender equality indicator apart from financial inclusion** which measures the number of "people benefiting from actions to advance gender equality, and the number benefitting from actions that expand and enable economic opportunities," with gender-based violence, asset ownership, and women's leadership as other subcategories of this indicator.¹⁶ These metrics fail to address systemic gender inequalities in a comprehensive manner and are further weakened by the lack of transparency in the rationale for replacing a broader collection of 150 indicators with only 22,¹⁷ most of which inadequately capture the complexities of the World Bank's impact on people in the Global South.

2. Private Sector-Driven Development: Ineffective and Misaligned

A major feature of IDA21 is the continued emphasis on the **Private Sector Window (PSW)**, a financing mechanism designed to attract private investment in low-income countries. The PSW focuses on unlocking capital flow through addressing policy constraints, using de-risking instruments, and supporting bankable projects to attract private investment and foster economic growth. Despite significant evidence that private-sector-driven models have failed to deliver substantial and transformative private investment in low-income countries, the Bank persists with this approach of **"crowding in" private investment across key sectors like energy, water, and agriculture**. This strategy not only misaligns with the development needs of IDA countries but also **diverts resources away from more impactful public investment pathways**.

Moreover, there are significant concerns regarding the potential for neoliberal overemphasis, which could favor multinational corporations over local businesses and exacerbate inequalities. There is also a risk of overreliance on foreign investment, which may undermine domestic sovereignty and development priorities, while the focus on economic returns might neglect social impacts and environmental sustainability.

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https://www.worldbank.org/en/news/podcast/2024/09/27/keeping-score-measuring-impact-development-podcast#:~:text=The%20new%20scorecard%20streamlined%20the,World%20Bank%20Group's%20report%20card.

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¹⁵ https://ieg.worldbankgroup.org/evaluations/financial-inclusion

IDA financing underpins the PSW by allocating funds to the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA),²¹ signaling a **reliance on financialization and liberalization rather than fostering systemic socio-economic transformation.** This approach perpetuates inequalities and hampers progress toward sustainable development goals.

3. Social Protection: A Welcome Shift, but Room for Improvement

The inclusion of "social protection services for all" and universal quality accessible healthcare²² in IDA21 represents a positive departure from the Bank's traditional reliance on narrow, poverty-targeted social safety nets. This shift signals a broader recognition of systemic vulnerabilities that require comprehensive support mechanisms. The focus on addressing lifecycle vulnerabilities, particularly during childhood and adolescence, is a welcome development.²³ However, this must translate into tangible commitments such as the introduction of universal child benefits. Evidence from UNICEF²⁴ and Save the Children²⁵ underscores the potential of such programs to reduce inequality and promote long-term wellbeing.

Social protection initiatives must adopt clear, transparent criteria for identifying target groups. Directly measurable characteristics such as **age and disability** should replace reliance on proxy means testing, which is often opaque and exclusionary. **IDA21's inclusion of systemically vulnerable categories** such as ethnic, sexual, and gender minorities, refugees, and the elderly mark a step in the right direction;²⁶ however this **needs to be coupled with a move away from poverty-targeting**—still present in the replenishment report—which has been proven to be ineffective in reaching the most vulnerable.²⁷

For social protection systems to be genuinely adaptive and resilient to crises, they must adopt **universal coverage**. The focus on crisis-readiness is an important development; however "adaptive"/poverty-targeted/means-tested social protection programs are ineffective in crisis

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²⁴ https://www.unicef.org/social-policy/universal-child-benefits

https://resourcecentre.savethechildren.net/document/universal-child-benefits-ucbs-foundation-end-child-poverty/

https://thedocs.worldbank.org/en/doc/11c71e495b590f17c365c7b69398162c-0410012024/original/IDA21-Policy-Package-for-Discussion-10-15-2024.pdf

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²⁷ https://webapps.ilo.org/public/english/protection/ses/download/docs/sheet_no3.pdf

response. ²⁸ Universality reduces administrative complexity, ²⁹ ensures broader inclusivity, and enhances the ability to respond swiftly during emergencies. ³⁰ By moving beyond poverty-targeted safety nets to embrace universal social protection mechanisms, the World Bank can better align its social policies with principles of equity and sustainability.

It is also worth noting that **private investment** is once again touted as a key player in providing social protection, specifically in providing health, education, social insurance, and medical goods. The private sector cannot be the primary provider of social protection; it is a feat that is impossible to achieve. **Universal social protection can only be achieved through large-scale public investments** and it is important to reaffirm states' responsibility to provide their citizens with social protection as part of the social contract. Apart from private employers' obligations to pay their social insurance contributions, **privatization of social** protection provision and public-private partnerships (PPPs) in **social sectors raise** the prices of essential public services, divert public funds, damage public services, and leave people more vulnerable, ³¹ as has been witnessed in many countries where the World Bank operates and advocates for PPPs³²—not to mention much more severe human rights abuses seen in the case of the IFC-funded Bridge International Academies. ³³

4. Aligning IDA21's 'Planet' Focus Area with Feminist and Wellbeing Economic Principles for Equitable Climate Action

The "Planet" focus area in IDA21 aims to address climate action, biodiversity conservation, sustainable food systems, and equitable water access³⁴ but could better align with feminist and sufficiency-based wellbeing economic principles. While the focus on **country-led approaches** is valuable, greater **integration of local and traditional knowledge,** particularly from marginalized and Indigenous communities, is needed to enhance climate resilience. The **emphasis on financial sustainability** in water

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https://www.developmentpathways.co.uk/blog/turning-the-key-to-universal-social-security-affordability-unlocked/#:~:text=Universal%20social%20security%20can%20help,during%20the%20COVID%2D19%20pandemic.

https://assets.nationbuilder.com/eurodad/pages/3071/attachments/original/1671445992/01_history-rePPP eated-2022-EN_19dec.pdf?1671445992

https://www.ei-ie.org/en/item/28698:education-international-calls-on-the-world-bank-board-to-provide-remedy-and-compensation-for-harm-done-to-students-and-teachers-at-bridge-international-academies

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https://www.ilo.org/media/413276/download

³¹ https://www.world-psi.org/sites/default/files/documents/research/rapport_eng_56pages_a4_lr_0.pdf; https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620720/bp-world-bank-education-ppps-0_90419-summ-en.pdf;

reforms³⁵ risks promoting privatization, which could deepen inequities; **public and community-based management** should be prioritized. Additionally, IDA21 fails to address power **imbalances in global food systems** or ensure the support of small-scale, particularly women farmers, through investments in agroecology and equitable land access. Moreover, IDA21 needs to guarantee that **climate financing should avoid commodifying nature and perpetuating extractivist dynamics** and instead focus on community-led conservation. Operationalizing the principle of Common but Differentiated Responsibilities (CBDR) requires mechanisms like **grants and debt relief** to ensure equity. IDA21 should also mainstream biodiversity and climate action through intersectional approaches that consider the varying impacts on different marginalized groups.

5. Building Inclusive and Resilient Economies: Addressing Systemic Inequalities in IDA21

IDA21's framework addresses critical areas of economic development but fails to tackle systemic inequalities—a motif seen in both its lenses and focus areas. The "Prosperity" focus area aims to bolster economic resilience through tax reforms, debt sustainability, and tackling illicit financial flows, yet risks deepening inequality without addressing regressive fiscal systems, debt cancellation, systemic inequities in the global financial architecture, and corporate accountability.³⁶ Efforts should address systemic inequities in global finance while ensuring trade policies protect small-scale producers, particularly women. The "Infrastructure" area emphasizes renewable energy, urban mobility, and disaster resilience but raises concerns about over-reliance on private investment, neglect of rural needs, and social and environmental risks tied to mega-projects.³⁷ Facilitating private investments in renewable energy without conditions that ensure the benefits are reaped by local communities rather than investors risks perpetuating extractivist dynamics where renewable energy and its transformational effects seep from the Global South to the Global North. A shift toward localized, community-driven initiatives could better address these challenges. The "Crisis Preparedness" commitment builds on existing tools for resilience, such as catastrophe insurance and climate-resilient debt clauses, but its reliance on private investments and financial instruments over community-based approaches, exclusion of local knowledge in crisis planning, and lack of a gender-inclusive framework limit its effectiveness and inclusivity³⁸. Incorporating local knowledge and gender inclusivity is crucial for equitable recovery. Furthermore, the "Jobs" lens emphasizes sustainable employment for youth and women through skills development and support for MSMEs but lacks stronger strategies for integrating green jobs, addressing

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informal labor, and ensuring fair labor market governance to benefit marginalized groups.³⁹ Together, these focus areas and lenses represent a step forward but demand a more intersectional and community-oriented approach to economic justice.

6. Fragility, Conflict, and Violence: IDA21's Failure to Address Systemic Oppression and Colonial Legacies

The **IDA21** Fragility, Conflict, and Violence (FCV) strategy underscores the World Bank Group's commitment to addressing extreme poverty in fragile and conflict-affected settings (FCS). While its approach includes tailored interventions, enhanced financing tools, and a focus on resilience, ⁴⁰ its limitations are evident when applied to the realities of regions like Palestine, Lebanon, and Sudan—contexts marked by chronic fragility, systemic injustice, and, in the case of Gaza, genocidal violence.

The strategy's failure to address systemic oppression and violence is particularly glaring when applied to Gaza, where ongoing genocide under Israeli occupation highlights the inadequacy of technocratic approaches like Risk and Resilience Assessments (RRAs). Metrics such as the "Facetime Index" or disaggregated Scorecard indicators cannot capture the structural realities of apartheid, siege, and forced displacement. Effective engagement in Gaza requires acknowledging and addressing the roots of fragility: military occupation, settler-colonialism, and international complicity. Without explicitly tackling these drivers, interventions risk perpetuating cycles of violence under the guise of resilience-building.

In Lebanon, where political paralysis and economic collapse exacerbate widespread social unrest, IDA21's reliance on private sector engagement and resource disbursement mechanisms⁴² risks exacerbating inequities. Lebanon's fragile context demands community-centered strategies that prioritize equitable service delivery and anti-corruption measures. Moreover, the focus on partnerships must shift toward empowering grassroots organizations rather than reinforcing elite-driven development models.

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The escalating violence in Sudan, with ethnic cleansing and genocidal violence in Darfur, underscores the urgent need for a prevention-first approach in FCV contexts. The outlined crisis response tools such as enhanced FCV risk monitoring and the FCV Envelope⁴³ are often deployed after violence has already erupted. While IDA21 emphasizes prevention,44 it is unclear how this will be implemented in practice—there is a delicate balance to strike between addressing systemic drivers of conflict and violence and respecting national sovereignty of Global South countries. In Sudan, decades of marginalization and systemic inequalities require interventions that prioritize justice, reconciliation, and equitable resource distribution. IDA's focus on resilience must include transformative change to address the systemic drivers of conflict and genocide.

The strategy's neoliberal underpinnings, failure to address colonial and imperial drivers of conflict, insufficient accountability in resource distribution, and potential for exacerbating power imbalances through private sector collaboration are significant drawbacks. Additionally, the approach overlooks the political economy of conflict and lacks a comprehensive anti-colonial framework, failing to confront the colonial legacies that shape these crises.

7. Funding Challenges and the Evolution Roadmap

The financial constraints facing IDA21 exacerbate these policy shortcomings. World Bank President Ajay Banga's call for the largest-ever IDA replenishment—backed by African leaders' demand for a \$120 billion replenishment—faces an uphill battle amid shrinking aid budgets in donor countries. 45 Similarly, prospects for increasing capital for the International Bank for Reconstruction and Development (IBRD)—which could boost lending to middle-income countries—remain dim. These funding constraints may drive the Bank to prioritize aggressive lending rates over grants, which would exacerbate debt burdens despite growing global calls for **debt cancellation** in LMICs.⁴⁶

These calls are anticipated to intensify during the Catholic Church's Jubilee Year in 2025, emphasizing the urgency of addressing the debt burdens on developing nations. 47 This need for additional funding should not obscure the need for better funding as well. Only 17 out of 88 countries that were part of IDA in 1996 have graduated out of IDA eligibility.⁴⁸ This can be linked in part to IDA's focus on financialization, liberalization, and prioritizing the private sector over supporting real socioeconomic transformation in

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https://www.vaticannews.va/en/pope/news/2024-06/pope-global-south-debt-crisis-forgiveness-cancel-forei gn.html

⁴⁵ https://www.cgdev.org/publication/can-ida-break-100-billion-dollar-mark-math-difficult-not-impossible

⁴⁶ https://debtgwa.net/

⁴⁸ https://www.cgdev.org/publication/ambitious-ida-decade-crisis

low-income countries. In sum, IDA21 exemplifies the Bank's struggles to balance its reform agenda with tangible commitments to sustainable, equitable development—a challenge that risks leaving low-income countries underserved amid increasing global crises.

8. Recommendations

To ensure IDA21 delivers equitable and sustainable development, we propose the following recommendations:

1. Increase Grant-Based Resources

Wealthy countries must commit to raising adequate grant-based funding to reduce the debt burden on low-income countries.

2. Eliminate the Private Sector Window (PSW)

Redirect resources to public investment pathways and reinstate the IFC subsidy to IDA.

3. Adopt Universal Social Protection Systems

Support the introduction of **universal social protection systems, starting with child benefits** and lifecycle-focused programs. Adopt clear criteria for targeting systemically vulnerable groups based on age, disability, and minority status, and prioritize **universality** as a cornerstone of adaptive, inclusive social protection systems. There needs to be a clear move away from poverty-targeted/means-tested social protection.

4. Promote Public Pathways for Energy Transition

Avoid replicating green structural adjustment policies by focusing on community-driven approaches.

5. Set Comprehensive Gender and Human Rights Policy and Country Commitments

Guarantee rights for women, LGBTQ+ communities, and disabled people, with investment in the care economy, universal public services, and social protection.

6. Reform Policy Conditionality

Move away from private-finance-first conditions and focus on structural socio-economic transformation.

7. Ensure Transparency and Accountability in Climate Commitments

Establish mechanisms for robust community engagement in climate-related financing.

8. Decouple Gender Strategy and IDA metrics from the Corporate Scorecard

Create an independent framework for measuring gender equality and IDA impacts, emphasizing transformative indicators over reductive metrics.

9. Prioritize Public Services and Public Investment

To provide transformative social services and accessible healthcare, education, and social protection, IDA needs to center public services provision and large-scale public investment and dispose of its overreliance on private investment and PPPs that has proven ineffective—and in many cases harmful—in the Global South.

10. Address Debt Justice and Global Financial Architectural Reform

IDA21's focus on debt sustainability is timely, but to provide transformative effects for indebted countries, IDA21 needs to take action towards debt justice and debt cancellations, as well as tackle inequalities in global finance and work towards global financial architectural reform.

11. Incorporate an Anti-Colonial Framework for FCV

IDA21's FCV lens needs to incorporate a robust anti-colonial framework that prioritizes local agency, addresses structural inequalities, and dismantles colonial legacies, especially in contexts like Palestine and Sudan.

Conclusion

IDA21 represents an opportunity for the World Bank to realign its priorities toward inclusive, sustainable development. However, its reliance on market-driven strategies and insufficient commitments to social protection and gender equality threaten to undermine these objectives. By adopting the proposed recommendations, IDA21 can evolve into a framework that empowers low-income countries to achieve genuine socio-economic transformation.