

The UK's support to the World Bank's International Development Association (IDA)

Approach paper

August 2021

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.



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1. Purpose, scope and rationale

While a number of Independent Commission for Aid Impact (ICAI) reviews have included projects and programmes financed by the World Bank's International Development Association (IDA) within their scope, only a small number have explored IDA as a whole (most recently in 2015).¹ A review of the UK's relationship with IDA therefore provides an opportunity for ICAI to provide a stand-alone assessment of this large and important element of UK multilateral aid.

The purpose of this review is to assess both the value for money of the UK's substantial financial contribution to IDA (in other words, IDA's effectiveness) and how well the UK uses its position as the largest bilateral donor to shape its policies and operations (in other words, the effectiveness of the UK's efforts to influence IDA).

The review will focus predominantly on the period since 2015, covering the following elements:

- The World Bank's 'Forward look' process (2015-16) – which set a vision for the Bank in 2030 – and the UK's efforts to influence it.
- The negotiation of the last two IDA replenishments (IDA-18 and IDA-19) and the UK's efforts to influence their outcomes.
- The policies and reforms implemented by IDA to deliver IDA-18 and IDA-19, and the UK's efforts to use its role within the Bank's governance processes to shape these implementation efforts.
- The implementation of IDA's operations over the period since 2016, including its response to the COVID-19 pandemic.

To provide a focus for more in-depth analysis and to identify clear illustrations of IDA's work and the UK's efforts to influence it, the review will focus on a number of thematic areas. These include: i) climate resilience, ii) the COVID-19 response, iii) fragility, conflict and violence (FCV), and iv) equity, inclusion and safeguards. These themes 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 FCV issues) or more recently (in the case of COVID-19), or they reflect key contemporary development challenges that the Bank has been working with shareholders to address (in the case of equity, inclusion and safeguards).

Given the accelerated timetable for the IDA-20 replenishment, our review will be carried out in parallel with the UK's engagement in the negotiations on IDA-20, and we therefore hope that it will encourage the Foreign, Commonwealth and Development Office (FCDO) to articulate its objectives, strategies and approach relating to this process. The review will enable us to assess how well the UK pursued its aims to shape the evolution of a key instrument for multilateral aid and to ensure delivery of its intended development outcomes.

¹ *How DFID works with multilateral agencies to achieve impact*, ICAI, Report 44, June 2015, [link](#).

2. Background

IDA is part of the World Bank Group. It provides grants and zero- or low-interest loans to countries that have per capita income levels below an eligibility threshold level² and/or are judged not be creditworthy to receive funding from the World Bank's International Bank for Reconstruction and Development (IBRD),³ which provides less concessional financing than IDA.⁴ IDA is one of the most important multilateral channels of development assistance for the world's poorest countries, and it is the single largest source of official development assistance (ODA) overall to Africa, to which its net disbursements were \$10.6 billion in 2019 (higher than US bilateral aid to the continent and roughly equal to the amount of aid from France, Germany and the UK combined). IDA provides support in a wide range of sectors,⁵ and is the single largest source of donor funds for social services in eligible countries.

IDA's funds are replenished every three years from various sources, including bilateral donors, internal reflows from loan repayments, and funds raised on capital markets. The level of funding is agreed following high-level negotiations among IDA's shareholders, which also agree priority themes for IDA operations, delivery channels and reforms to strengthen IDA's organisational capacity.

The two most recent IDA replenishments were IDA-18 and IDA-19. The IDA-18 replenishment was negotiated in 2016 and raised \$75 billion for IDA's operations, including \$27 billion from donor governments, for the period from July 2017 to June 2020. IDA-19 was negotiated in 2019 and mobilised \$82 billion for IDA's operations, with \$23.5 billion from donors, and was scheduled to run until June 2023. However, commitments against the IDA-19 financial framework have been brought forward in response to the COVID-19 pandemic, potentially resulting in a shortfall of funding in the latter end of the cycle. It has therefore been decided to bring forward the IDA-20 replenishment by a year, so that it overlaps with IDA-19. Negotiations on IDA-20's funding, priorities and policies began in April 2021 and will conclude in December 2021.

IDA-18 saw the start of a completely new approach to IDA funding through adding a programme of borrowing against the expected financial inflows from loan repayments. As donors largely maintained their contributions and reflows continued to be strong, this enabled IDA to double commitments to its fragile and conflict-affected recipients and increase commitments to its other recipients by an average of 40%. The review therefore covers a period where IDA was managing one of the largest increases in commitments in its 60-year history.

The UK has been the largest bilateral donor to the last two IDA replenishments: for IDA-18, it committed £2.52 billion, or 13% of total donor contributions, while for IDA-19 it has committed £3.06 billion, or 12.1% of total donor contributions. In a letter to the International Development Committee on 2 December 2020, the foreign secretary confirmed that the UK would remain the largest donor to the World Bank, notwithstanding planned cuts to UK aid for 2021.⁶ As a major donor, the UK has an important voice in setting the priorities for each replenishment round.

IDA has accounted for around 7% of the UK's entire ODA in recent years. With the UK's departure from the European development institutions, it is now the country's largest single multilateral development commitment (roughly double its next largest commitment, to the Global Fund to Fight AIDS, Tuberculosis and Malaria). The UK's willingness to contribute far above its share of national income to IDA, to the point of surpassing the US, is a striking fact in itself. The effectiveness of IDA, and its alignment with UK interests, are therefore highly informative about the effectiveness and overall coherence of UK ODA.

² For fiscal year 2021 this per capita annual income threshold is \$1,185 (\$3.25 per day).

³ IBRD provides loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries.

⁴ Some countries are eligible to receive IDA funding as a result of their low per capita income levels, but are also judged to be able to borrow from the World Bank at higher interest rates (through IBRD). These countries receive finance through both IDA and IBRD, and are referred to by the World Bank as 'blend' countries.

⁵ These sectors include: primary education, basic health services, clean water and sanitation, agriculture, business climate improvements, infrastructure, and institutional reforms.

⁶ Letter from the foreign secretary relating to a change to the ODA budget, revised version, 2 December 2020, [link](#).

3. Review questions

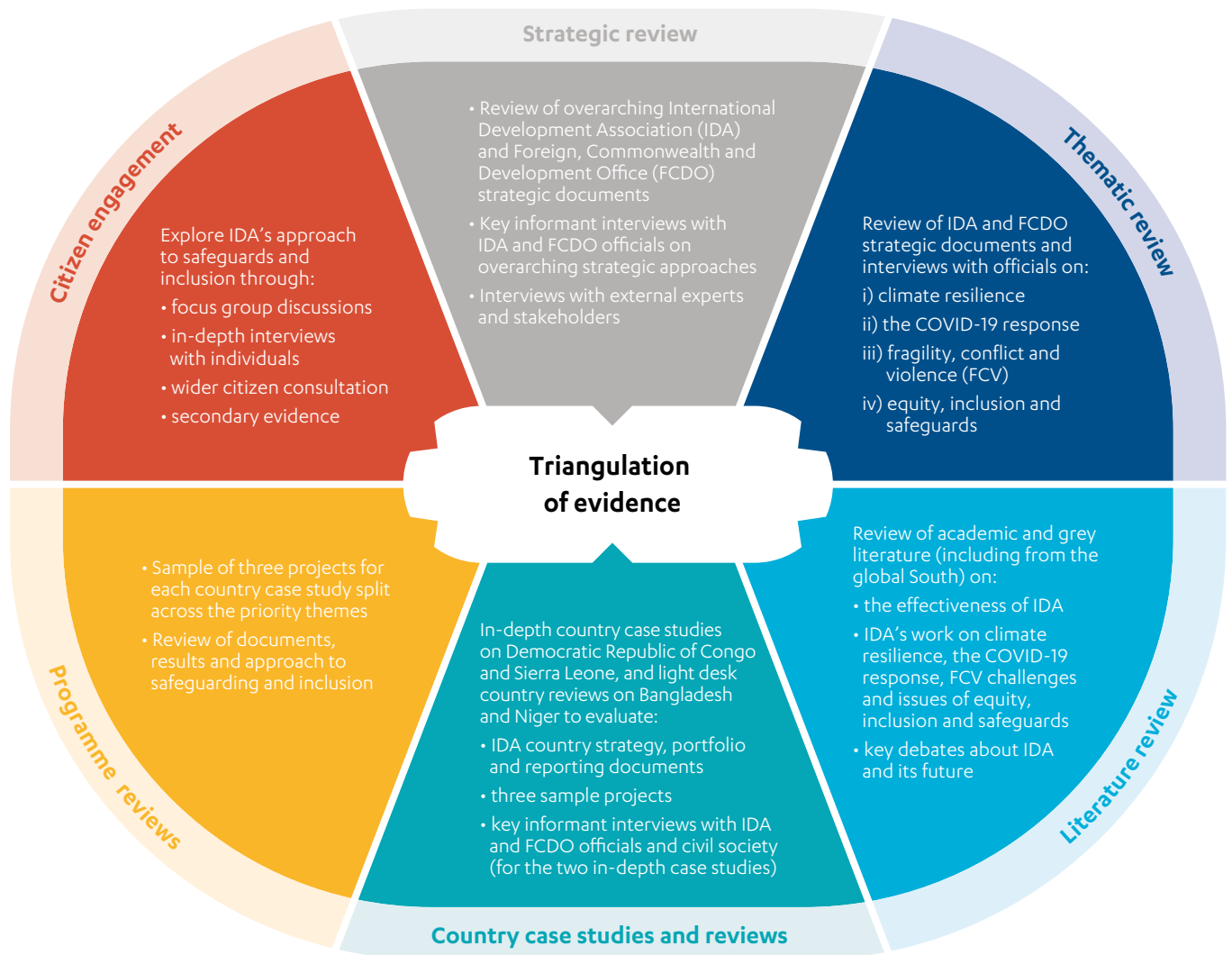
The review is built around the evaluation criteria of relevance, effectiveness and efficiency. It will address the following questions and sub-questions about International Development Association's (IDA) impact and the UK's efforts to influence the operations of this institution.

Table 1: Our review questions

Review criteria and questions	Sub-questions
1. Relevance: How well aligned is IDA with the UK's development priorities?	<ul style="list-style-type: none">• How well does IDA's portfolio support the UK's development priorities and its cross-cutting themes?• How well are the needs and voices of governments and poor people in partner countries reflected in IDA programmes?
2. Effectiveness: How effective is IDA's support for partner countries?	<ul style="list-style-type: none">• How well has IDA delivered its intended results (outputs and outcomes) through its operations?• How well has IDA mobilised other sources of development finance, including from within the World Bank Group?• How well are IDA objectives on equity, inclusion and safeguarding delivered in practice?
3. Efficiency: To what extent does the UK obtain value for money from IDA?	<ul style="list-style-type: none">• 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?• 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?

4. Methodology

The review methodology includes six main components, to allow for a good level of methodological and data triangulation for robust answers to the review questions.



Component 1 – Strategic review: This component will involve an analysis of IDA’s strategy and priorities, as well as of the UK’s strategy and priorities for engaging with IDA as they have evolved across the period encompassing IDA-18, IDA-19 and the negotiation of IDA-20. The analysis will focus on issues such as IDA country allocations, thematic priorities, programmatic windows and reform priorities. It will involve reviewing relevant documentation and undertaking interviews with officials from both the World Bank (including through a visit to the Bank’s Washington DC headquarters) and the UK government (especially FCDO). It will also include interviews with a range of external experts with knowledge of IDA and relevant UK government strategies and priorities. The strategic review will provide the main evidence for exploring the review questions related to the strategic alignment of IDA and UK development priorities, and to how effectively the UK has influenced IDA. It will also help to provide the context for our analysis of the effectiveness of IDA.

Component 2 – Thematic review: This component will involve deep dive analysis of IDA strategy, policy and performance and UK efforts to influence IDA in relation to each of the priority themes for this review: i) climate resilience, ii) the COVID-19 response, iii) fragility, conflict and violence (FCV), and iv) equity, inclusion and safeguards. As with the strategic review, this analysis will be undertaken through document reviews (including of relevant thematic evaluations carried out by the World Bank’s Independent Evaluation Group), interviews (with both officials and some key external actors), and the programme reviews undertaken in the case study countries (which will focus on programmes related to these priority themes – see Component 4). These thematic reviews will provide evidence to explore review questions related to the strategic alignment of World Bank IDA and UK government priorities, how effectively IDA reflects the needs and voices of governments and poor people, IDA’s effectiveness and approach to equity, inclusion and safeguards, and how effectively the UK has influenced IDA.

Component 3 – Literature review: The literature review, which will be published alongside the report, will explore the evolving policy, functioning and effectiveness of IDA and the key debates about its strategic focus and development role. It will cover both World Bank publications and academic and grey literature published by a range of organisations, including those from the global South. Key themes to be addressed through the literature review include: the effectiveness of IDA in delivering development impacts, including a benchmarking of performance to other multilaterals (through, for example, existing comparative analyses by the Quality of Official Development Assistance Index and the Multilateral Organisation Performance Assessment Network); the background, nature and impact of IDA’s work in relation to climate resilience, the COVID-19 response, FCV challenges and issues of equity, inclusion and safeguards; and key debates about World Bank IDA and its future. The literature review will provide evidence to explore the effectiveness of World Bank IDA, as well as about how well World Bank IDA reflects the needs and voices of governments and poor people in partner countries.

Component 4 – Country case studies and reviews: These will involve country-level analysis exploring the effectiveness of World Bank IDA and the UK’s engagement with World Bank IDA operations at the country level, with a significant emphasis on priority thematic issues. There will be two in-depth country case studies, which will be informed by the programme reviews (see Component 5), reviews of country-level documentation and interviews at the country level with the World Bank, FCDO, partner country officials and other stakeholders (including direct citizen engagement – see Component 6). Due to travel restrictions and complications caused by the COVID-19 pandemic, at least one of the in-depth country case studies will be carried out remotely. We propose to carry out a country visit in early Autumn 2021, but if that proves impossible, then this case study will also be carried out remotely. In addition, there will be two country desk reviews, which will mainly be informed by the programme reviews and a review of other relevant country-level documents, but may also include a small number of remote interviews. The countries for case studies and reviews have been selected on the basis of a sampling methodology, presented in Section 5. In-depth country case studies will be carried out on Democratic Republic of Congo and Sierra Leone, and more limited desk country reviews will be carried out on Bangladesh and Niger.

Component 5 – Programme reviews: Reviews of individual IDA programmes will provide granular insight and evidence to inform the country and thematic case studies. In each of the four countries on which case studies will be produced, three IDA programmes will be selected for review (in other words, 12 in total). Each of these will focus on or help to explore the priority themes for the overall review (that is, climate resilience, the COVID-19 response, the approach to FCV issues and work on equity, inclusion and safeguards). These programme reviews will involve analysis of programme documents, as well as a small number of interviews related to each programme (where relevant). The programme reviews will mainly provide evidence to explore review questions related to how effectively IDA reflects the needs and voices of governments and poor people, IDA’s effectiveness and IDA’s approach to equity, inclusion and safeguards.

Component 6 – Citizen engagement: ICAI gives the highest priority to including the voices of those who are intended to benefit from and/or are otherwise affected by UK aid. The citizen engagement element of this review will include primary data collection directly from citizens, particularly to explore how effectively IDA pursues community engagement, consultation and safeguarding and reflects the needs and voices of citizens. Projects where these challenges are particularly relevant (such as infrastructure development or service delivery) will be identified, and citizen engagement will be used to explore whether relevant World Bank IDA procedures have been applied and whether these are adequate to ensure responsiveness to community needs. Citizen feedback will complement secondary data already in the public domain on World Bank IDA’s approach to citizen engagement (reviewed in other elements of the review methodology). To facilitate primary data collection, we will commission local organisations to undertake consultations. These consultations will mainly take the form of qualitative interactions with small groups (such as focus group discussions) and individual interviews, although we will also consider the option of consultations through community radio shows, to allow a wider range of people to express their views. This approach will enable us to design an engagement that is both meaningful to participants and manages COVID-19 and safeguarding risks appropriately. The review will use a gender-sensitive approach throughout this work, including through ensuring balanced representation of women in group and individual discussions. This citizen engagement will only provide a snapshot of citizen views.

5. Sampling approach

A two-step process was carried out to identify a shortlist of countries from which the two in-depth country case studies for this review were chosen.

The first step applied two pre-selection tests, which required countries to have been eligible to receive funding from the International Development Association (IDA) during IDA-18, IDA-19 and IDA-20 and to have been allocated at least \$500 million in funding during IDA-18 (so as to exclude countries with modest IDA portfolios). Through this process, 52 IDA-eligible countries were identified.

In step two we analysed these 52 countries against a set of priority criteria to identify the countries most relevant to this review. These criteria are presented below:

- UK footprint and importance – with a preference for countries where there was an office of the former Department for International Development (DFID) and a sizeable UK aid programme.
- Thematic focus on COVID-19 – with a preference for countries which have received notable IDA funding (above \$40 million) to support the COVID-19 response.
- Thematic focus on climate change – with a preference for countries which seem to have a notable emphasis on climate change.
- Existing evaluative material – with a preference for countries which have been included in an evaluation undertaken by the World Bank’s Independent Evaluation Group over the period 2016-21.
- Graduation trajectory – with a preference for countries which are IDA-only, and unlikely to graduate during IDA-20.

Among the 52 IDA countries analysed, 12 were identified as scoring most highly in meeting the preference criteria. Two of these 12 countries have been selected for in-depth country case studies – **Democratic Republic of Congo (DRC)** and **Sierra Leone**. This final selection was influenced by an interest in ensuring at least one of the countries was considered a fragile state by the World Bank during IDA-18 and IDA-19 (to help inform an analysis on the priority theme of fragility, conflict and violence (FCV)). It was also an important consideration, given the aim to visit in person, to ensure that at least one of the countries at the time was subject to fewer UK COVID-19-related travel restrictions.

The two countries that have been selected for the country desk reviews are **Bangladesh** and **Niger**. They were selected through a non-systematic process and on the basis that they offered some diversity compared to the countries selected for the in-depth case studies, including in relation to the UK footprint and level of priority (Foreign, Commonwealth and Development Office (FCDO) has strategic interests in Niger, but only a very small presence on the ground), geography (with Bangladesh located in Asia), and fragility status (with Bangladesh not being classified by IDA as a fragile state at any time in the review period).

The projects to be analysed as part of the country case studies and reviews will be selected on the basis that they are of adequate size (with a budget of at least \$5 million) and allow for coverage of the focus themes of the review.

6. Limitations to the methodology

Limitations mainly relate to the relative scale of this review and the restrictions in place in relation to COVID-19.

- i. **Scale of the review relative to that of IDA.** World Bank IDA operations are currently being implemented in 74 countries, through 1,628 IDA projects. Given that this review will undertake just four country case studies and reviews (only two of which will be in depth) and analyse about 12 projects in detail overall, its findings cannot be fully representative of IDA operations. Similarly, the direct citizen engagement work will only focus on a small group of people who have been affected by World Bank IDA projects, and their experiences will not necessarily be representative. While both of these elements of the review will be supplemented by other sources (including analysis of data on IDA's performance and secondary sources relating to IDA's citizen engagement), it is important to acknowledge that the review will cover only a small sample of IDA operations and affected citizens.
- ii. **Constraints relating to stakeholder engagement due to COVID-19.** At least one of the in-depth country case studies will be undertaken through remote stakeholder engagement (such as phone interviews and online consultations), due to travel and other restrictions resulting from the COVID-19 pandemic. As a result, there are likely to be constraints related to the scale and quality of stakeholder engagement for the case studies (as compared to case studies carried out through country visits), which may result in limitations to the evidence that emerges from this engagement.

7. Risk management

There are a range of risks that need to be addressed in undertaking this review. The table below identifies these risks as well as the mitigating actions that will be taken.

Risks	Mitigation and management actions
Low availability of key International Development Association (IDA) staff and UK officials during June-October, as the IDA-20 negotiations are completed	<ul style="list-style-type: none"> • Make effective use of officials' short windows of availability.
Country visits are not possible due to COVID-19 restrictions on entry, movement and quarantine	<ul style="list-style-type: none"> • Maintain the option of an in-person country visit, and allow time for the necessary planning. • Work with in-country partners to organise comprehensive and well-planned virtual country visits.
Planning for a country visit causes delays to the timeline	<ul style="list-style-type: none"> • Allow sufficient time to plan virtual visits.
Potential reduced impact of the review on the government's decisions on IDA-20, given that it will be published after the IDA-20 replenishment has been agreed	<ul style="list-style-type: none"> • Highlight lessons from the way IDA replenishment commitments have been implemented, so as to provide recommendations for how to turn IDA-20 commitments into action. Interactions with officials during the review process will also be designed to prompt reflection on best practice in relation to the use of IDA resources.

8. Quality assurance

The review will be carried out under the guidance of ICAI chief commissioner Tamsyn Barton, with support from the ICAI secretariat.

Both the methodology and the final report will be peer-reviewed by Richard Manning, a former DFID official and OECD DAC chair, who has extensive experience and a strong understanding of UK and World Bank policy and practice.

9. Timing and deliverables

The table below sets out the timing of the key phases and deliverables for this review.

Key stages and deliverables	Dates/timeline
Design	Approach paper: August 2021
Data collection	Remote interviews with IDA: July 2021 In-person interviews with IDA: September 2021 (tbc) Virtual visit to DRC: September 2021 In-person visit to Sierra Leone: September/October 2021 (tbc) Evidence pack: November 2021 Emerging findings: December 2021
Reporting	Final report: March 2022



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