

August 2020

SWITZERLAND AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA, WORLD BANK GROUP)



FACTS AND FIGURES

Mission

The World Bank's mission is to fight global poverty and inequality. It aims to reduce extreme poverty to three percent and to increase the incomes of the poorest 40 percent of the people in every country by the year 2030. The World Bank Group (WBG) consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). IDA is the WBG fund that supports the world's poorest countries.

Institution (WBG)

President: David Malpass (USA)

Headquarters: Washington D.C., USA

Member states: 189 (IDA: 173)

Number of country offices: 141

Number of employees (June 2020): from 170 countries

Established in: IBRD (1944), IFC (1956), IDA (1960), ICSID (1966), MIGA (1988)

Governing bodies: The Board of Governors is the highest decision-making body. It meets twice a year to decide on the strategic orientation of the WBG. The 25-member Board of Executive Directors is responsible for the daily operational business. Since 1992, Switzerland has led a constituency consisting of nine countries: Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan.

Switzerland

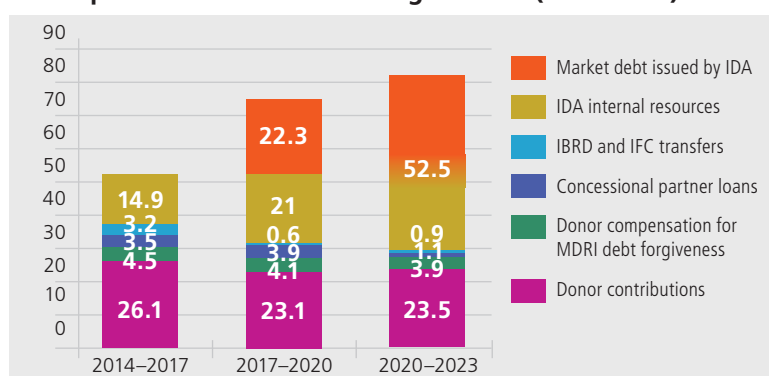
Financial contribution to IDA: 19th replenishment (2020–23): CHF 683 million (Swiss burden share: 2.12%, 10th largest contributor)

Number of Swiss staff (June 2020): 53

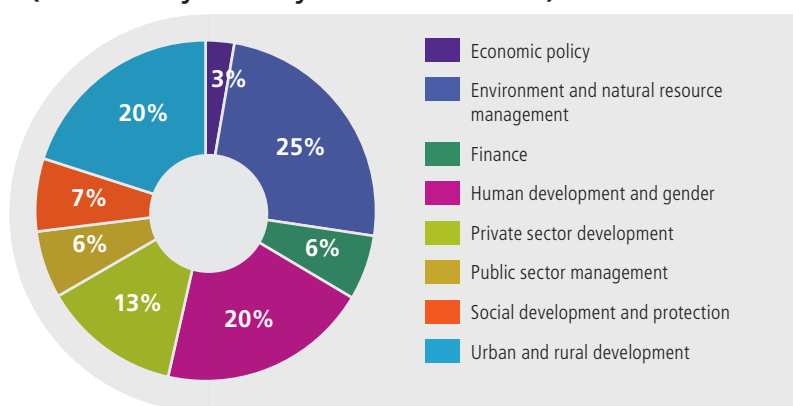
Contracts to Swiss firms (2017–19): 48 contracts, totalling CHF 227 million

Online: ida.worldbank.org

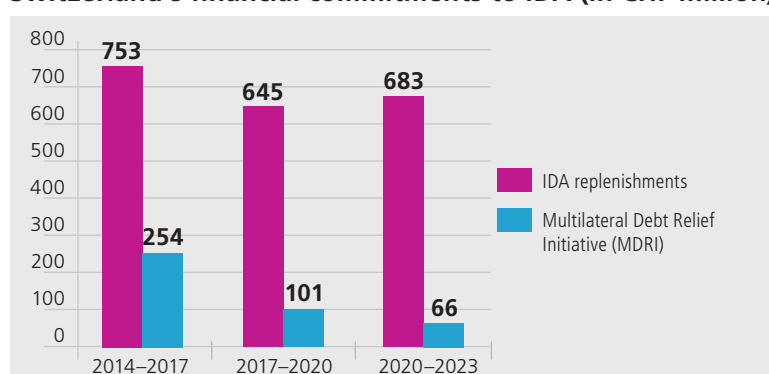
IDA replenishments and lending volume (in USD bn)



IDA lending by theme (2019 fiscal year: July 2018 to June 2019)



Switzerland's financial commitments to IDA (in CHF million)

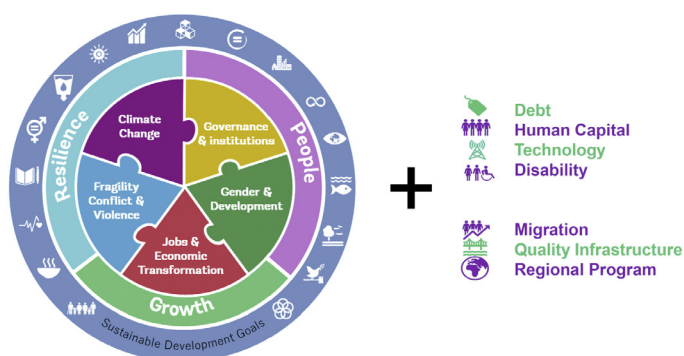


IDA

IDA is the part of the WBG that supports the world's poorest countries. It provides loans at zero or very low interest rates with repayments that are stretched over a long period of time, and grants to countries at risk of debt distress. Since its inception, IDA has invested USD 391 billion in 113 countries. It is one of the main sources of assistance for the world's 74 poorest countries and is the single largest source of donor funds for basic social services in these countries.

IDA19 (2020–2023)

The replenishment negotiations for the current funding cycle, known as IDA19, assembled a record USD 82 billion financing package. The replenishment builds on the 2017 IDA+ financial model which allows IDA to borrow on the global capital markets to scale up its lending volume and maximise its contribution to financing the 2030 Agenda for Sustainable Development. Like IDA18, IDA19 focuses on five Special Themes: climate change; jobs and economic transformation; fragility, conflict and violence; governance and institutions; and gender. IDA19 also incorporates cross-cutting themes such as technology and digitalisation, education and health, debt sustainability and migration.



IDA19 steps up engagement in fragile states, with a special focus on conflict prevention. It also makes more funds available for projects to support regional integration and to meet cross-border challenges such as pandemics. Finally, new debt sustainability instruments have been developed to make some IDA disbursements conditional on better debt management by beneficiary countries and to improve dialogue with lending countries.

Switzerland and IDA

The World Bank/IDA is one of 16 multilateral development partners prioritised in Switzerland's International Cooperation Strategy 2021–24, and the Special Themes of IDA19 align closely with Switzerland's own development priorities. Switzerland's contribution to IDA is currently its largest single Official Development Assistance (ODA) contribution, reflecting the WBG's global reach and importance to Switzerland's development cooperation efforts. Switzerland has pushed for IDA to be a major contributor in the implementation and monitoring of progress towards the goals of the 2030 Agenda, to set ambitious goals for the mitigation of climate change, to work more closely with other development banks and the United Nations, and to develop effective instruments to promote debt sustainability.

Measuring results

As with all replenishment cycles, new objectives have been negotiated for IDA19 which IDA aims to implement in its support to countries. The 44 objectives are results-based and closely aligned with the goals of the 2030 Agenda. A robust monitoring mechanism measures progress, creates accountability and contributes to learning to improve IDA's programmes. In partner countries, IDA also works with analysis and evaluation tools to optimise the effectiveness and focus of projects. It systematically discloses its activities and results. In the 2020 Aid Transparency Index, it ranks second out of 47 development agencies, scoring 97 out of 100 possible points.

IDA SPECIAL THEMES



A solar power plant in Morocco: the WBG is one of the biggest financiers of measures to combat climate change. © World Bank

Climate

The WBG is the biggest public provider of climate financing for developing countries. IDA helps countries cope with the effects of climate change and enables low-emission development by promoting climate-friendly and climate-change resilient solutions – such as better weather data and forecasting, drought resistant crops, resistant infrastructures and disaster insurance. It also helps countries to anchor climate change measures in policy areas such as agriculture, taxation and energy policy, and thus to bring about systemic change. IDA projects help countries to harness renewable energy, farm with less water and chemicals, reduce carbon emissions by making industries more efficient and sustainable and mitigate disaster-related risks.

IDA result:

3.8 million rural households in Bangladesh obtained access to solar power between 2012 and 2017

A coherent joint stance on the issue by Switzerland and other donors has ensured that most of the current WBG country strategies define climate change as a priority issue. Switzerland also underpins its commitment on climate change by supporting climate-related initiatives such as the Global Facility for Disaster Reduction and Recovery (GFDRR), which seeks to mainstream disaster risk reduction in WBG efforts, and the Energy Sector Management Assis-

tance Program (ESMAP), where Swiss financing focuses on energy efficiency in cities and on fossil fuel subsidy reforms.

Jobs and Economic Transformation

By 2030, around 20 million jobs must be created each year in IDA countries to prevent unemployment from rising. The coronavirus crisis has made this even more difficult. For the poor and disadvantaged, better jobs that raise productivity and earnings are the main route out of poverty. IDA-supported projects seek both to create a better environment for businesses and to improve inclusion, mobility, social security and training for workers. The IDA19 Private Sector Window is also an important opportunity to create more, better jobs in IDA countries.

IDA result:

6.8 million days of employment for over 300,000 people in war-torn Yemen were created by IDA projects between 2016 and 2018

Switzerland actively supports the WBG's efforts to create jobs and economic transformation and encourages the group to ensure that its country strategies emphasise the creation of better jobs. Switzerland complements this institutional dialogue with targeted financial interventions in dialogue with the institution, such as supporting the IFC-ILO Better Work Initiative, which contributes to the improvement of labour standards in IDA countries.

Fragility, Conflict and Violence

Half the world's poor live in fragile or conflict-affected states, a proportion that is set to rise. There are more displaced people in the world today than at any time since the Second World War. IDA is continuing to strengthen its commitment in fragile states and is increasingly focusing its projects on the early management of the causes of conflict, e.g. by supporting social inclusion and access to education and healthcare for marginalised groups.

IDA result:

45,000 democratically elected local development committees in Afghanistan received support enabling over 122,000 development projects

In 2020, the WBG adopted a five-year strategy for its work in fragile contexts. Switzerland was closely involved in the development of this strategy and played a major part in shaping its approach. The strategy incorporates core Swiss priorities such as focus on prevention, close partnership with UN actors and regional development banks, and a stronger WBG field presence in fragile countries. Switzerland is now monitoring the strategy's implementation at country level. Switzerland was an inaugural donor to initiatives such as the State and Peacebuilding Fund, which has had a major impact on the WBG's work in fragile contexts.

Governance and Institutions

Countries with strong institutions prosper by creating an environment that facilitates private sector growth, reduces poverty, delivers valuable services and earns the confidence of their citizens. In addition to good governance, the mobilisation of funding for good-quality public services is central to this. Yet more than a third

of IDA countries report tax revenues well below those needed to fund basic state functions. In many places, the situation is compounded by increasing indebtedness. IDA works with governments to support the good management of public institutions and finances, enabling them to become more accountable and to engage better with their citizens.

IDA result:

95.3% of government departments in Rwanda submitted monthly financial reports in 2017, up from 40% in 2014

Switzerland's priorities for the work of the IDA include better management of public finances, the mobilisation of domestic tax revenues, improved debt management and combating illegal financial flows. Switzerland is a long-standing donor to the Public Expenditure and Financial Accountability (PEFA) instrument, and has partnered with the WBG to conduct PEFA assessments in several countries. Switzerland also supports international efforts to end safe havens for corrupt funds through continued engagement with the WBG's Stolen Asset Recovery Initiative (StAR).

Gender

Although progress has been made in recent years in many areas of gender equality, marked differences remain in access to education, healthcare and employment markets. IDA is committed to overcoming the gender gap by helping to improve healthcare for women, improve their access to digital services, income opportunities and land ownership, and mainstream gender-based violence prevention and services in healthcare and education.

IDA result:

58% of births in Nepal were attended by a skilled health professional in 2017, up from 36% in 2011

Switzerland attaches great importance to gender equality and advocates mainstreaming gender equality issues in all IDA projects. It also advocates for increased partnership with the UN and other development actors with respect to gender diagnostics, planning and budgeting, and the collection of gender-disaggregated data. Switzerland provides targeted financial support to the WBG's Umbrella Facility for Gender Equality, which funds innovative projects and produces evidence of the effects of gender equality on development in order to increase demand for effective political action.

More IDA project results can be found at:
<https://ida.worldbank.org/results>.

IDA CHALLENGES

To achieve the WBG's Twin Goals (end extreme poverty and promote shared prosperity), IDA must overcome a number of key challenges.

The COVID-19 crisis is seriously impacting economies, healthcare and social systems of developing countries. Hundreds of millions of jobs are in danger and 70 to 100 million people risk sliding back into extreme poverty. As one of the most important sources of finance and knowledge for the poorest countries, IDA must play a

major part in tackling the crisis. It is seeking to limit the damage to health, society and economies and ensure that systems are rebuilt to be resilient and sustainable so that they contribute to the goals of the 2030 Agenda.

Secondly, IDA must ensure that the debt of its partner countries remains sustainable – a challenge exacerbated by the COVID-19 crisis. Debt sustainability is important not only for countries' development, but also because the IDA's financial model depends on the confidence of the international capital markets as well as donor contributions and loan repayments.

Thirdly, more focus on fragile contexts entails a greater risk when it comes to results. Working in such contexts is demanding and often less predictable. IDA must therefore act more flexibly, increase field presence and develop effective partnerships with UN agencies, development banks and civil society.

Finally, IDA is under pressure to promote private sector development in the IDA countries. This means that in addition to successful cooperation with the IFC and MIGA to implement the IDA Private Sector Window, IDA will support the creation of framework conditions and a good business environment to help the private sector prosper in IDA countries.

HOW IS THE WORLD BANK HELPING DEVELOPING COUNTRIES TO COPE WITH THE COVID-19 CRISIS?

The WBG is a key partner for developing countries in addressing the health, economic and social impacts of the pandemic. It moved quickly and comprehensively in response to the crisis. As early as mid-March 2020, it adopted an initial emergency relief package worth USD 14 billion. This helped developing countries to contain the pandemic and strengthen their healthcare systems, and provided emergency loans to companies to protect jobs. To mitigate the medium term impacts, the WBG will be providing up to USD 160 billion by mid-2021 (including over USD 50 billion of IDA resources). These funds will be used to save lives, keep poor and vulnerable people from falling back into extreme poverty, support jobs and businesses, and to promote reforms to rebuild sustainable and resilient economies. This financial assistance is accompanied by the WBG's technical knowledge and experience.



A testing centre in Madagascar: the WBG is helping countries cope with the health, economic and social impacts of the COVID-19 pandemic. © World Bank

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