



Oxfam Position Paper on IDA20 Replenishment

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Table of Contents

Introduction	2
Key Message	2
Development Finance Under Stress.....	2
Lessons from the Inequality Virus.....	2
Special Theme: Human Capital	3
Vaccines	3
Building Resilient and Universal Health Systems (Cross-cutting theme: Crisis Preparedness)	4
Investing in Public Education.....	5
Special Theme: Climate Change	6
Deepening the Mainstreaming of Climate Change and Supporting a Just Transition	6
Sustainable Energy for All.....	7
Disaster Risk Management (Cross-cutting theme: Crisis Preparedness).....	8
Ambition and Transparency of Climate Co-Benefits.....	8
Special Theme: Gender	9
Unpaid Care Work.....	9
Gender based violence.....	10
Special Theme: Jobs and Economic Transformation	10
Labor Rights (Cross-cutting theme: Governance and Institutions).....	10
Social Protection (Cross-cutting theme: Crisis Preparedness).....	11
Private Sector Window.....	12
Special Theme: Fragility, Conflict and Violence	13
Cross-cutting Theme: Governance and Institutions	14
Domestic Resource Mobilization.....	14
Civic Space and Citizen Engagement.....	15
Cross-cutting Theme: Debt Sustainability	16



INTRODUCTION

KEY MESSAGE

We welcomed the World Bank's (or 'Bank') effort to frontload resources from IDA19 in order to respond to the COVID-19 crisis, and we understand the need and urgency of replenishing IDA coffers earlier than expected. Given the tremendous financing needs, we support a **strong IDA20 replenishment**. We also **hope to see a robust policy package attached to IDA20 that is appropriately ambitious for the next three years--aimed at supporting an end to this pandemic as quickly as possible, and propelling IDA countries forward towards** a just economy after COVID-19 that is more equal and inclusive, that protects the planet, and that ends poverty.

DEVELOPMENT FINANCE UNDER STRESS

While development and humanitarian needs are immense and continue to grow, development finance is at risk of collapsing as the COVID-19 crisis unfolds, with all resources available to lower income countries – domestic, international, public and private – under major stress. External public finance, including Official Development Assistance (ODA), is under particular pressure as high-income countries (HICs) are prioritizing domestic spending. ODA remains woefully inadequate and not even half of the 0.7% target countries committed to 50 years ago. Rich countries [spent](#) 100 times more on their domestic stimulus packages in response to COVID-19 (\$16 trillion) than they did on ODA. Meanwhile, the OECD estimates that as a result of the crisis, the annual Sustainable Development Goal (SDG) financing gap could increase by 70%, from \$2.5 trillion to \$4.2 trillion. HICs must show their commitment to international solidarity by mobilizing as much unconditional and debt-free financing as possible, particularly through a new allocation of Special Drawing Rights (SDRs), wide-scale debt cancellation, and ramping up aid budgets, including through a strong IDA20 replenishment.

IDA remains a crucial source of concessional finance that many countries depend on. It is one of the biggest providers of core support for human development and public services to low-income countries (LICs) such as health and education, which are key to reducing inequality and coping with pressures such as the COVID-19 pandemic. Donors should continue to both robustly support IDA and hold it accountable for accelerated efforts to tackle inequality and poverty.

LESSONS FROM THE INEQUALITY VIRUS

The COVID-19 crisis has exposed our collective frailty and the inability of our deeply unequal economy to work for all. This pandemic hit a world completely unprepared to fight it, because countries had failed to make the right policy choices. Oxfam and Development Finance International's [2020 Commitment to Reducing Inequality Index](#) showed that only one in six countries were spending enough on health; only a third of the global workforce had adequate social protection; and, in more than 100 countries, at least one in three workers had no labor



protection such as sick pay. As a result, many have faced death and destitution, and inequality is increasing dramatically. Women and marginalized racial and ethnic groups have borne the brunt of the COVID-19 crisis. They are more likely to be pushed into poverty, more likely to go hungry, more likely to contract the virus and more likely to die from it. Notably, [over 11 million girls](#) may never return to school due to school closures, increasing the risk of early pregnancy, violence, or forced marriage.

While the wealthy have only gotten richer through the pandemic, the Bank has [shown](#) that global extreme poverty is expected to rise for the first time in 20 years. It is also [likely](#) that for the first time in recorded history inequality will rise in virtually every country on earth. The crisis of poverty simply cannot be addressed without tackling inequality. IDA20 must take every opportunity to support countries to reduce inequality and, by doing so, reduce poverty and mitigate the impact of future crises. This starts with supporting an equitable, quicker, free, and universal vaccine rollout. It also means investing in longer term health systems that are free of user fees; getting girls back in school and investing in public and free education; building universal social protection systems; investing in care infrastructure and services; and fighting climate change. It means supporting governments to increase tax revenues but doing so fairly and progressively.

Below are some specific areas Oxfam proposes IDA20 should address in the context of the Bank's [agreed special and cross-cutting themes](#) with recommended policy commitments for IDA20, proposed indicators to use for the IDA20 Results Measurement System (RMS), and rationale for each proposal:

SPECIAL THEME: HUMAN CAPITAL

I. VACCINES

Recommended Policy Commitment: Create a mechanism and provide the necessary funding to allow the Bank's COVID-19 vaccine funding to be available to **all IDA countries** in grant form as opposed to only those who meet the grant eligibility criteria. This funding should be available to IDA countries on top of their IDA allocations given the exceptional circumstances of the pandemic, and so as not to divert from other poverty and inequality reduction priorities. This funding could be provided through an expanded crisis response window or elsewhere.

Proposed RMS Indicators:

- Percentage of operations that provide grant financing for vaccine-related interventions.
- Number of people vaccinated free of charge through World Bank-supported operations.

Rationale:



Almost one in four people on average in high-income countries have received a COVID-19 vaccine; while in low-income countries, it is one in more than 500, [according to the World Health Organization](#) (WHO). This vaccine inequality is on track to persist well into the IDA20 period. The Bank's \$12 billion vaccine program is extremely welcome. However, IDA countries should not have to go deeper into debt to purchase these life-saving vaccines. Rapid and universal access to vaccines is a global public good that is urgently needed to end the pandemic for everyone – the poorest countries should not be left to shoulder this burden.

The Bank should **provide all IDA countries with debt-free financing to support them to fully vaccinate their populations. This should include special attention to supporting the health systems investments needed to deliver vaccines, and compliment further donor support to COVAX.** This funding should be additional, to help avoid a reversal of the progress made by IDA prior to the pandemic, by preventing displacement of other priority investments, including in health. In addition, to increase supply we urgently need global solidarity - including from World Bank leadership - to waive intellectual property for COVID-19 vaccines, tests and treatments and to share vaccine technology and know-how via the WHO's COVID-19 Technology Access Pool (CTAP). In order to maximize accessibility and inclusiveness, the Bank should explicitly insist that **vaccines are free at the point of delivery in all Bank-funded programs, and on enhanced accountability and transparency around vaccine purchasing and rollouts.**

II. BUILDING RESILIENT & UNIVERSAL PUBLIC HEALTH SYSTEMS (Cross-cutting theme: Crisis Preparedness)

Recommended Policy Commitment: All IDA health operations will support countries to invest in their future pandemic preparedness by investing in resilient and universal public health systems that address inequalities in access to healthcare.

Proposed RMS Indicators:

- Number of operations that support countries to invest in resilient and universal public health systems.
- Number of operations that support countries to address the health worker shortage by supporting the hiring of additional health workers and/or their pay and benefits.
- Number of operations that support the public health system to remove financial barriers (such as user fees which disproportionately affect girls and women) and address other barriers to accessing healthcare.

Rationale:

It took a global health crisis to illustrate the failings and underinvestment in so many public health systems. Resilient public health systems are both a **global public good** – key for global preparedness and response to health threats – and **crucial for national and local preparedness.**



They are essential for both the provision of universal health care (key to reducing poverty and inequality) and for a prompt response to outbreaks of disease. In IDA20, we are calling for the Bank to make specific **commitments to support countries in building resilient public health systems, as a key aspect of crisis prevention and preparedness and to ensure universal access to healthcare.**

The world did not adequately learn the lessons after the Ebola crisis, and we must not let this happen again. Resilient public health systems require long term investments in [six key areas which Oxfam identified post-Ebola](#), including in adequate numbers of trained health care workers, sufficient public financing, and a strong public sector to deliver equitable quality services. The World Bank has expertise in many of these areas and its **efforts to invest in public health systems should be scaled up now – to continue to fight COVID-19 and in the recovery period, to address health inequalities and better prepare for the future. It should not rely on the private sector to meet these pressing public health needs**, but should provide positive incentives for Borrowers to make the crucial investments needed. Otherwise, COVID-ravaged public health systems will be left weakened by the pandemic, and even less able to cope with future health threats.

In particular, we'd like to see the Bank **doing more to support countries to finance the scale-up of their health workforces and remove the financial barriers, such as user fees, that block people from accessing healthcare.** Healthcare worker shortages have been a major constraint in the health emergency response – and pre-dating the pandemic there was a [shortage of 17 million health workers](#) worldwide. [Our research on the Bank's initial COVID-19 health emergency response](#) found they weren't doing enough to help countries hire the healthcare workers needed – two-thirds of the Bank's COVID-19 health projects were doing nothing to hire more doctors and nurses, even though 70% of countries supported were below the WHO recommended minimums. We also found that just 8 of the 71 projects included any plans to remove financial barriers to accessing health services, despite 80% of the project countries having out-of-pocket spending on health above the WHO's indicated 'safe' level. The [WHO has warned](#) that health care fees not only block access to healthcare but can cause avoidable deaths and increased disease transmission. The Bank can be doing much more to help countries in these areas – to address widening health inequalities and better prepare for future pandemics.

III. INVESTING IN PUBLIC EDUCATION

Recommended Policy Commitment: All IDA primary and secondary education operations will support governments to strengthen quality public education provision that addresses inequalities in access and learning (gender-, income-based and other disparities), including through removing financial barriers to education.

Proposed RMS Indicators:



- Number of operations that support the public education system to address the removal of school fees, and other barriers to accessing and returning to school during and after COVID-19.
- Number of operations that support the public education system to tackle educational inequalities created by school closures, during and after the COVID-19 pandemic.
- Number of Technical Assistance and Advisory services for education oriented toward strengthening public education provision, including to address educational disparities.

Rationale:

We are deeply worried to see that **two-thirds of low- and lower-middle-income countries have [cut their education budgets](#)** since the onset of the COVID-19 pandemic. Meanwhile, UNESCO [warns](#) that **24 million children and youth may not return to school due to the pandemic**, and that adolescent girls are at particular risk in lower-income countries. A third of students globally have not had any access to remote learning, affecting primarily low-income and rural households, and hurting girls disproportionately. **It is more important than ever that IDA20 support countries to make robust investments in public education which is universal, high-quality and free during COVID-19 and the recovery period** to ensure the resources are there to meet the needs of the children and youth who have fallen furthest behind, particularly girls from communities in poverty. As countries will be faced with limited fiscal space, the Bank must support countries to prioritize investments in public education – rather than diverting public funding to private education approaches, which have a track record of [deepening exclusion](#) – to avoid seeing a whole generation of girls fall behind.

SPECIAL THEME: CLIMATE CHANGE

I. DEEPENING THE MAINSTREAMING OF CLIMATE CHANGE AND SUPPORTING A JUST TRANSITION (Connects to Jobs and Economic Transformation Special Theme)

Recommended Policy Commitment: Support at least 30 countries to systematically implement and update Nationally Determined Contributions (NDCs) in line with 1.5C through specific policies and investment plans that are integrated into national budgets and expenditure frameworks, with specific support for a just transition away from fossil fuels.

Proposed RMS Indicators:

- Number of IDA Country Partnership Frameworks (CPFs) that have climate diagnostics and climate-related or NDC-based objectives and results indicators integrated.
- Number of beneficiaries in IDA countries supported with green, decent, and secure job-focused interventions.



- Number of operations that support responsibly managing closures in fossil industries, or livelihood support for transitioning workers and communities.

Rationale:

Given the Bank’s mandate and scope of operations, it is uniquely placed to play a transformative role in supporting a just transition that **shifts countries away from fossil-fuel based systems and fundamentally restructures the energy sector and supply chain**. This restructure and shift in investments will have an impact on existing jobs in the fossil fuel industry while creating new jobs that support a low-carbon and sustainable economy. It is important that the Bank is supporting governments with social protection that can support transitioning workers and communities. It is also important that new jobs that are created are decent jobs with a living wage and security.

The Bank committed to support 15 IDA countries to implement and update NDCs in IDA19. It should build on that commitment in IDA20 and **significantly increase targets for: supporting IDA countries to develop and implement their Nationally Determined Contributions (NDCs), increasing investments in renewable energy and green jobs, and expanding access to affordable and sustainable energy**. The Bank should also support the democratization of energy planning processes in member countries in a way that is inclusive and engages –among others – unions, national civil society, and impacted communities in national dialogues on a just transition to a zero-carbon future.

II. SUSTAINABLE ENERGY FOR ALL

Recommended Policy Commitment: Support the addition of at least 20 gigawatts in renewable energy generation, prioritizing low-emitting, low-risk technologies like wind and solar, that increase access for those in poverty.

Proposed RMS Indicators:

- Number of low-income households provided with new, affordable, reliable, and sustainable electricity service.
- Percentage of energy access investments, including off-grid and mini-grid renewable energy, as a proportion of total World Bank energy portfolio.

Rationale:

Setting ambitious targets for supporting new renewable energy capacity through IDA lending is critical to achieving the SDG7 objective of universal access to affordable, reliable, sustainable, and modern energy for all by 2030. **New fossil fuel investments are no longer needed to achieve this goal, so the Bank should focus its energy access investments in renewable energy technologies**. Current rates of investment in electrification fall well short of what is needed, and the Bank can and should play a significant role in filling this gap.



IDA20 is a key moment to articulate how the Bank will support countries to transition away from fossil fuels while building equitable, sustainable, low-carbon economies. This would represent a **much needed shift away from the Bank’s continued practice of pouring [hundreds of millions](#) into unsustainable fossil fuels** that undermine the Paris Agreement objective of limiting warming to 1.5C. According to the UN [Sustainable Energy for All Initiative](#), financing fossil fuel projects should no longer be seen as a means of closing the energy access gap.

III. DISASTER RISK MANAGEMENT (Cross-cutting theme: Crisis Preparedness)

Proposed RMS Indicator: Number of countries supported towards institutionalizing disaster risk reduction and preparedness as a national priority with IDA support.

Rationale:

Many countries do not invest in preparedness (instead, many rely on humanitarian aid), and contingency and response planning is often poor. A shift to a more ‘ex-ante’ approach, involving better preparedness planning, will increase the effectiveness and efficiency of all crisis finance flows. **Currently the Bank provides post-disaster finance (e.g. through the Crisis Response Window), but this emergency finance arrives after the fact and provides no incentive for governments to reduce disaster risk or prepare for disasters.** IDA should enable the institutionalization of national disaster risk reduction and incentivize preparedness.

IV. AMBITION AND TRANSPARENCY OF CLIMATE CO-BENEFITS

Recommended Policy Commitment: Significantly raise ambition on climate co-benefits, reporting the share of climate finance contributed to IDA countries, including the grant equivalent of all IDA climate finance, and how the project cost counted as climate finance was calculated.

Proposed RMS Indicator: Percentage share of climate co-benefits over total commitments in IDA-supported operations, supported with disclosed project-level climate finance assessments.

Rationale:

It is urgent that the Bank **step up its climate co-benefits significantly from IDA19. At the same time, there needs to be much more transparency on how the Bank is counting its climate co-benefits.** The Bank should systematically disclose project-level climate finance assessments to **boost credibility and assurance in the data it is reporting.** The Bank should also maintain its IDA19 commitment that at least half of climate co-benefits financing support adaptation actions. However, it should meet this target through a conservative and granular approach, counting only the incremental costs of adaptation activities whenever possible, as stipulated in the [MDB’s joint](#)



[methodology for tracking climate adaptation finance](#). Recent [evidence](#) strongly suggests that this has not been the case and adaptation finance is being overreported.

SPECIAL THEME: GENDER

I. UNPAID CARE WORK

Recommended Policy Commitment: Support IDA countries to recognize, reduce, and redistribute unpaid care and domestic work, and ensure representation of care-givers in decision-making through: (i) investments in care-supporting infrastructure (water, sanitation, energy and transport) integrating an intentional view to reducing the time and intensity of labor- and time-intensive household/domestic tasks; (ii) investments in care-services (child care, early childhood and primary education, healthcare, older persons and disability care) with a view to redistributing the costs and responsibility for care provision; (iii) investments and technical assistance for social protection of workers in the care-sector; (iv) Technical assistance to support governments to do gender-responsive budgeting; (v) Analysis and diagnostics related to care-work for example systematic time use surveys; (vi) and ensuring care givers and recipients are represented in stakeholder engagement efforts.

Proposed RMS Indicators:

- Number of IDA-supported operations that seek to redress women’s heavy and unequal share of unpaid care and domestic work through care-related service investments.
- Number of IDA-supported operations that seek to redress women’s heavy and unequal share of unpaid care and domestic work through care-supportive infrastructure.
- Number of IDA-supported Technical Assistance, Advisory Services and Knowledge operations aimed at recognizing, reducing, and redistributing unpaid care work including support for gender-responsive budgeting, time-use surveys, etc.

Rationale:

Over the last year, COVID-19 has exposed the significant and disproportionate share of unpaid and underpaid care and domestic work that women and girls do. It keeps our economies, businesses and societies moving — much of it is done for free, or is underpaid and precarious, keeping women trapped in poverty. **Yet this work remains significantly invisible in public policies and national budget priorities.**

Globally, even before the pandemic hit, [42% of women](#) of working age said they were unable to do paid work because of their unpaid care and domestic work responsibilities – compared to just 6% of men. The pandemic has only made the load heavier. **Oxfam [found](#) that globally in 2020, women in formal employment lost a minimum of \$800 billion in income due to care**



responsibilities and occupational segregation in affected sectors. This does not include the millions of women in the informal economy whose ability to earn money has also been [impacted more than men](#) due to care work.

Despite commitments to gender equality goals, women’s unpaid, underpaid and paid care work remains largely invisible in development bank operations, and in the public policies and national budget priorities that they impact. IDA19, for example, included almost no mention of care work.

IDA20 offers an important and timely opportunity to increase attention to this agenda through project selection and design, analysis, and technical assistance.

II. GENDER BASED VIOLENCE

Recommended Policy Commitment: Support IDA countries with gender-based violence (GBV) prevention and response, delivering safe, quality, inclusive health care and other services through health systems, implement GBV prevention and response protocols as part of safe and inclusive schools, and support specific measures to tackle the underlying social norms that exacerbate and perpetuate GBV.

Rationale:

According to [UN Women](#), “one in three women worldwide experience physical or sexual violence mostly by an intimate partner. **Since the outbreak of COVID-19, emerging data and reports from those on the front lines have shown that all types of violence against women and girls, particularly domestic violence, has intensified.**” We therefore support IDA20 continuing, and building on, its IDA19 commitment to invest in GBV prevention and response.

SPECIAL THEME: JOBS AND ECONOMIC TRANSFORMATION

I. LABOR RIGHTS (Cross-cutting theme: Governance and Institutions)

Proposed RMS Indicators:

- Number of operations advancing International Labor Organization core labor standards to protect workers’ rights, including their right to freely organize.
- Number of operations that promote safe, fair and decent conditions for women in the workplace in both the formal and informal economy, or support the participation of women in the formal economy.
- Number of decent jobs created that pay a living wage.

Rationale:



Hundreds of millions of people have lost their jobs and income as a result of the COVID-19 pandemic; the working time lost due to the lockdown just in the second quarter of 2020 was equivalent to 495 million full-time jobs. In parallel, throughout the pandemic, there has been an increase in sick leave and unemployment benefits in many countries around the world. However, workers in poorer countries have been hit the most as they are overwhelmingly engaged in jobs in the informal economy that felt the brunt of the pandemic due to lack of basic rights. There have also been increased attacks on workers' rights. **Today, 98% of the world's workers are deprived from the sick pay, wage replacement and social benefits they need to face the COVID-19 challenges.** Given the sharp rise in unemployment and underemployment, IDA20 will inevitably focus attention on the creation of jobs. As it does so, **it is imperative that the Bank approaches this thoughtfully with core ILO standards in mind, including freedom of association, to ensure that decent and dignified jobs are created and not precarious ones.** Supporting labor rights, from living wages, paid sick leave, unemployment benefits, freedom of association and the right to organize, to equal pay for work of equal value and support for parental leave is critical to reducing inequality and supporting just economies.

Approaching the question of jobs through a gender and care work lens is also critical. Women workers in low- and middle-income countries in particular are suffering, as they work in the informal economy. The income of informal women workers [dropped by 60%](#) during the first month of the pandemic. In addition, the pandemic has hit care workers hard, especially domestic workers who are already underpaid compared to others with similar skills and are at high risk of exploitation. Globally, just [10% of domestic workers](#) have equal protection in labor law compared with other workers. **Exerting efforts to ensuring the respect of core labor standards for care workers, including domestic workers, is of paramount importance.**

II. SOCIAL PROTECTION (Cross-cutting theme: Crisis Preparedness)

Recommended Policy Commitment: IDA will support countries to increase their budgets for social protection by 2% of GDP on average, to close existing financing gaps and ensure a minimum income package for children, elderly people, mothers and people with disabilities.

Proposed RMS Indicators:

- Number of countries that spend at least 2% of their GDP on social protection
- Number of countries with all people receiving at least one social protection benefit; and universal coverage to everyone who fits into one of the contingencies (e.g. unemployed, living with disability, maternity, etc.).
- Number of countries with shock responsive and pre-emptive social protection.

Rationale:



Despite efforts to increase support for workers and families in many countries, **2.7 billion people have not received any public financial support to deal with the economic devastation caused by the COVID-19 pandemic as shown in Oxfam and Development Pathways' [research](#). Eight out of 10 countries did not manage to reach even half of their population – and women are more likely to be left out of any direct support.** In addition, most of the benefits provided in low- and middle-income countries have been both tiny and temporary. None of the benefits provided were enough to pay for basic needs while 41% of payments to support people were a one-off.

In our [analysis](#) of emergency social protection cash transfers in 126 low and middle-income countries between April and September 2020, we found that: 1. Overall investment is low with the average investment being just 0.46% of GDP as opposed to the 2% rule of thumb benchmark for avoiding deep recessions; 2. Too few people are protected with 81% of the countries covering less than half their population and in 29% of the countries, fewer than one in 10 people protected; 3. Protection was inadequate, too small and too short-lived.

Several [case studies](#) have demonstrated that **social protection can successfully contribute to meet people's needs and build their resilience to shocks.** Having access to social protection improves social resilience and being able to access it when needed as shocks occur is an effective crisis prevention and anticipatory action. Anticipatory action financing, as well as for shock responsive social protection, could further reduce need by being pre-emptive, not just reactive.

III. PRIVATE SECTOR WINDOW:

Recommended Policy Action: Close Private Sector Window in IDA20 and redirect resources either to expanding crisis response window (e.g. for vaccines) or back to IDA for poverty reduction priorities such as building long term public health, education or social protection systems.

Rationale:

Given the limited resources and massive public financing needs right now, including for vaccines, we think it is prudent for donors to discuss if this is the most appropriate time to be transferring concessional resources to the private sector through IDA's Private Sector Window. We would argue that there is **little justification to divert aid resources to the private sector at this time of crisis and that the Bank and its donors should be maximizing public sector investments through IDA20.**

While the private sector has an important role to play in achieving development goals with the right safeguards and in the right context, the COVID-19 pandemic is an [important reminder of the limits of market-based solutions](#) when it comes to global challenges and common goods such as health, and of the harm that decades of erosion of state capacity has caused.



SPECIAL THEME: FRAGILITY, CONFLICT AND VIOLENCE

Recommended Policy Commitment: Maintain the Window for Host Communities and Refugees and include clear language around Bank projects needing to adhere to international humanitarian principles.

Recommended Policy Commitment: Include multi-dimensional risk analysis in Systematic Country Diagnostics (SCDs) that looks at the intersection of conflict, climate change, diseases and other risks - with consideration of gender, disability, informal workers, legal status, refugees, and other vulnerabilities - in order to identify opportunities and risks for resilience and preparedness programming.

Rationale:

IDA19's window for Host Communities and Refugees is an important contribution to the badly needed financing and the nexus between humanitarian crises and development, particularly in contexts of protracted crises. Cox's Bazaar in Bangladesh hosting Rohingya refugees is the world's largest refugee camp where Oxfam is on the ground. COVID-19 has had a [major impact on the already difficult conditions](#) of the camp's population. Over 50% of men and 84% of all women say they have not been able to make the same money as before. **Nearly a quarter of all refugee households moved into a higher category of vulnerability**—meaning they had less food and experienced more economic stress. Families were much more likely to accept high-risk jobs or send their children to work.

The pandemic also fueled hunger. There is an [anticipated approximate 28% increase](#) in the number of people expected to experience hunger in the Sahel relative to last year, mainly driven by conflict. Globally, as a result of COVID-19, conflict, and climate change, we are seeing a surge in the number of people experiencing serious hunger, even famine conditions. Only half of refugee households today have acceptable levels of food.

Given the massive needs to support refugees in several IDA eligible countries, we **support IDA having dedicated funding to support refugees and host community related operations**. Relatedly, it is also important for the Bank to consider programming appropriately to support internally displaced persons and returnees.

In order to help prevent and better prepare for future crises, IDA should include a multidimensional risk analysis for all IDA countries with a gap analysis on preparedness measures, including shock responsive social protection and disaster risk financing, and using a gender-specific lens. This analysis should lead to greater levels of dedicated preparedness funding, building on the commitments in IDA19, including financing for the establishment of effective mechanisms to enable greater reach to affected communities at the time of need. To be

effective, these preparedness measures need to be ongoing and adaptive, not one-off investments. Under IDA20 we would also like to see incentive structures explored to encourage more investment in prevention and preparedness.

CROSS-CUTTING THEME: GOVERNANCE AND INSTITUTIONS

I. DOMESTIC RESOURCE MOBILIZATION (DRM)

Recommended Policy Commitment: Support the implementation of country programs which achieve an equitable increase in domestic revenues by strengthening progressive revenue streams, including effective taxation on corporations, capital, wealth and high net worth individuals (HNWI), as part of collective efforts with partners.

Proposed RMS indicators:

- Number of countries that have demonstrated an equitable increase in domestic revenues.
 - a. Revenues from taxation on corporations, capital gains, property/land and/or HNWI increase by X%, and outpace growth of indirect tax revenue streams
 - b. The relative burden of taxpayers with highest income (e.g. top 10 percent) increased by X%; and relative burden of taxpayers with lowest incomes (e.g. bottom 40 percent) decrease by X%
- Adopt the Redistributive Impact of Fiscal Policy indicator SDG10.4.2 (i.e., difference between pre- and post-fiscal Gini coefficient of income) as a performance indicator for the World Bank's DRM program work.
- Decouple DRM commitments, selection and success of country programs with a *specific* tax-to-GDP ratio benchmark. The IDA19 15% tax-to-GDP benchmark is a largely arbitrary threshold that discriminates against IDA countries with tax-to-GDP ratios above that threshold (at least 33 IDA countries, according to IMF's World Revenue Longitudinal Data set (*WoRLD*)).

Rationale:

The coronavirus pandemic became a public revenue crisis for nearly every country in the world – further entrenching debt crises and undermining the fight against poverty and inequality. In many countries, revenues are projected to remain suppressed until 2025, but ***how* governments raise revenues going forward is paramount.**

There cannot be a green, resilient or inclusive recovery without building more equitable tax systems. It is necessary to fully address the economic, gender and racial inequities within economies, exacerbated further by the COVID-19 pandemic. It is also fundamental to a country's resilience to future pandemics, climate disasters and other crises.



Equitable tax systems that effectively tax capital, corporations and the wealthiest households – are much more resilient in face of economic crises. Unlike the most vulnerable, the incomes and assets of the wealthiest households and corporations have proven extremely resilient in the aftermath of recent crises, such as the 2008 financial crisis and 2020 pandemic. Between March and December 2020, the wealth of billionaires globally increased by a staggering \$3.9 trillion – 46 times more than the combined revenue of all low-income countries in 2018. **Yet, in the past decade, taxation of wealth, high-net worth individuals and corporations has been in decline, while the burden on households has increased by close to 30%. The World Bank should be focused on reversing this trend.**

The new Addis Tax Initiative Declaration 2025, endorsed by 62 member countries and supporting organizations (including the World Bank), emphasize equity in its first commitment: *“In support of SDG 17.11 and SDG 10.42, we will work together to gradually strengthen progressive revenue sources and advance the level of progressivity within tax and non-tax revenues. We will monitor the impact of tax policies on equity and equality.”*

As the official custodian for SDG 10.4.2, the World Bank has an obligation to support governments identify and address inequities in their tax systems. In IDA19, IDA Deputies emphasized the “importance of helping countries to collect not only more, but better tax revenues”, but there was no official commitment or indicator associated with this notion. **IDA20 is the time to match this rhetoric with concrete commitments and actions that result in programs which support strengthening taxation of corporations, capital, wealth and high-net worth individuals.**

II. CITIZEN ENGAGEMENT AND CIVIC SPACE

Recommended Policy commitment: The World Bank commits to include civic space assessments in all IDA country SCDs, and risk of reprisals assessments at the project level. SCDs should articulate and address:

- The enabling environment for civil society and community participation
- An analysis of laws and legislation including: (i) whether there are repressive CSO/NGO laws, or anti-terrorism legislation that are used against activists, journalists, and other critics of the government and/or development; and (ii) whether there are laws or practices that prevent people from peacefully demonstrating, that reveal a pattern of illegal surveillance, barriers for citizens to access information, or a pattern of internet blocking and/or activists being arbitrarily detained or journalists subject to extra-judicial killings

Recommended RMS indicators:



- Number of SCDs, or operations, which include analysis of the enabling environment for stakeholder engagement, participation, civic space and/or contextual risk for reprisals.
- Number of CPFs and/or operations that have stakeholder engagement, participation, and/or civic space-based objective and results indicators integrated.
- The Bank has in place a specific and predictable process for how reports of reprisals or threats will be handled and escalated within the institution to respond and address in a timely way.

Rationale:

Despite the [observed risks](#), the **World Bank does not systematically assess the space available for civic participation or the risk factors for reprisals as part of the SCD (which assesses the barriers and opportunities for achieving the Bank’s twin goals), the CPF, or project preparation.** IDA20 offers an opportunity to include analyses of civic space and to adapt policies and practices in a way that promotes and protects stakeholder engagement so that the voices of communities affected by Bank operations can be considered in decision-making processes. Engaging stakeholders meaningfully not only leads to stronger project outcomes but also legitimizes the important role civil society plays in the development process more broadly, and can serve as a model for governments, thereby increasing space and opportunities for citizen and civil society participation.

In March 2020, the World Bank made a public commitment against retaliation against civil society and project stakeholders. Recognizing that reprisals are a critical risk and making a public statement against reprisals was a significant first step. It is now **important for the Bank to develop clear and specific guidance, protocols, and procedures for Bank staff to make this commitment operational in practice.** In order to prevent and respond to reprisals, the Bank should have the necessary tools to screen for reprisals in a similar way to how they screen for other project-related risks. Various aspects of project design and implementation can then be adapted to mitigate and prevent potential retaliatory actions against project stakeholders particularly when they raise concerns or dissent against a project.

CROSS-CUTTING THEME: DEBT SUSTAINABILITY

Recommended Policy Commitment: IDA deputies should discuss options for the Bank to relieve IDA countries of at least some of their debt owed and, if needed, donor countries’ excess SDRs should be used to cancel IDA debt payments.

Rationale:



The debt crisis was already emerging and escalating before the pandemic. As donors began discussing financing options for COVID-19 early on, it became immediately clear that the quickest way to help lower income countries increase their financing capacity, was to stop money from coming out of their borders – money leaving their accounts to pay external creditors, bilateral, multilateral and private. Through the Debt Service Suspension Initiative (DSSI), which the World Bank championed, official bilateral G20 creditors offered suspending debt payments for IDA-eligible countries. This was helpful, yet it has been nowhere near enough. Civil society has been calling for cancellation of debts rather than suspension, and importantly for multilateral agencies, including the World Bank to also take action; **IDA countries will repay the World Bank [approximately \\$4 billion](#) in 2021**. And while IDA has to remain a sustainable fund and also maintain its credit rating, we urge donors to discuss opportunities for reducing this debt burden for IDA countries.

While the International Monetary Fund has secured donor funds for the Containment and Catastrophe Relief Trust (CCRT) to provide grants to eligible countries to repay IMF debt owed, the same has not happened for the World Bank. **The Bank should find opportunities to relieve IDA countries of at least some of the debt servicing**. If support is needed from donors, one opportunity donors could consider is the new windfall of Special Drawing Rights (SDRs) that they will be issued by the end of the summer. There are billions of SDRs that rich countries will not need and which they [can and ought to redirect](#) in order to target more support for lower income countries.