IDA21 Public Enemy #1: Rising Inequality

Rising inequality undermines actions on poverty, climate and economic transformation. It makes these efforts more costly and less effective, which is why IDA21 must address inequality head-on.

Contents

I. Overall Message
II. Recommendations Summary
III. Prosperity
   a. Inequality
   b. Progressive DRM
   c. Debt
IV. People
   a. Universal Healthcare systems
   b. Public Education
   c. Social Protection
V. Planet
   a. Climate
VI. Infrastructure
   a. Energy
VII. Gender Equality Lens
VIII. Private Sector Window
I. Overall Message on IDA21

Given the immense financing needs - nearly $4 trillion annually - Oxfam supports a robust and generous IDA replenishment. But reaching a record dollar amount only makes a bigger IDA, when what is most needed is a better IDA.

A better, more impactful IDA must minimize the cost of finance, but more importantly catalyze investments that reduce inequality. After all, funds like IDA remain so crucial in part because we have collectively failed to address extreme inequality within and between countries.

Income inequality has increased in 37 countries over the past decade, including Burkina Faso, Burundi, Ethiopia and Zambia. Inequality reduces the impact of growth on poverty reduction. It increases the carbon cost of poverty alleviation and exacerbates the trade-off between climate goals and eradicating poverty. It undermines democratic politics and drives polarisation. It increases other inequalities, including gender inequality. Inequality of opportunity, or inherited inequality, undermines the life chances of millions each year, squandering talent and undermining human capital. Without concrete action in every nation to reduce inequality, eliminating poverty and increasing prosperity on a livable planet will be impossible.

Rising inequality undermines actions on poverty, climate and economic transformation. It makes those efforts, including IDA investments, more costly and less effective.

Between now and 2030, IDA will need to prioritize inequality-reducing investments – which will also demonstrate the World Bank’s commitment to its new corporate scorecard vision indicator on reducing “number of countries with high inequality”. This year, donors and borrower governments have a critical responsibility to ensure the World Bank, through IDA, starts to facilitate investments that reduce inequality: from support for national plans to reduce inequality to programs that strengthen proven policies to reduce inequality such as progressive taxation, universal public services including health and education, and investments in care services that can help reduce and redistribute women’s unpaid care work, and support decent paid jobs in the care sector.

Addressing gender equality requires recognition through targeted resources and policies. This means that standalone commitments to address the specific needs of women and sexual and gender minorities’ are required. Additionally, for gender equality to be a true lens to view and inform all IDA21 investments, it must be explicitly included in policy commitments across all focus areas.
II. Recommendations Summary

These recommendations build on IDA’s past successes and lessons, strengthen alignment with the World Bank’s new Corporate Scorecard and push for concrete and ambitious commitments to catalyse investments and cooperation that reduce poverty and inequality. They also reflect discussions with various IDA Deputies and advisors, World Bank staff, Executive Director offices, civil society and policy experts.

Reducing Inequality Policy Commitment:

- **IDA21 should include specific targets to reduce by half the number of IDA countries with high inequality over the IDA 21 period.** The final policy package must include the corporate scorecard inequality “vision indicator” (Number of countries with high inequality as measured by the Gini) as part of the IDA results monitoring system.
- **IDA21 should adopt the same indicator as SDG 10.4.2- reporting on the Redistributive Impact of Fiscal Policies**. The World Bank already collects this data on the impact of taxation and spending on reducing the Income Gini Coefficient- so this indicator would fit well with both the corporate scorecard vision indicator and the commitment to progressive DRM.
- **As many IDA21 indicators as possible should be disaggregated by income and wealth (as well as other relevant categories such as gender and disability).**

Progressive Domestic Resource Mobilisation (DRM) Policy Commitment:

- **Support to increase revenues from progressive tax sources in all IDA countries, such as a new/higher tax bracket for incomes of the richest (e.g. High Net-Worth Individuals), large corporations, capital gains and wealth (e.g. inheritance).**

Gender Equality Policy Commitments:

- **Support at least 30 countries to expand access to quality and affordable childcare, eldercare, and disability care services.** Establish an indicator in the IDA Results Measurement System (RMS) on public sector spending/investment in care sectors as a percentage of GDP.
- **Support IDA countries with gender-based violence (GBV) prevention and response (including through investments in public health, education and social protection)**
- **Standalone commitments to address the specific needs of women and sexual and gender minorities’ are required.** Additionally, for gender equality to be a true lens to view and inform all of IDA21’s work, it must be explicitly included in policy commitments across focus areas.

Health Policy Commitment:
Oxfam Policy Recommendations for IDA21 Replenishment

- All IDA health operations will support countries to develop universal, rights-based, resilient, public health systems (including SRHR, MCH and nutrition) that address healthcare inequalities through public tax-based financing, not insurance schemes, and through public delivery of healthcare. These operations must also urgently address the shortage of trained and qualified health personnel.

**Education Policy Commitment:**
- All IDA education operations will support governments to strengthen quality public education (including ECE) provision that addresses inequalities in access and quality, including through removing financial barriers, focusing on expanding public provision of education, and ensuring the availability of adequate numbers of professionally trained, qualified and motivated teachers.

**Social Protection Policy Commitments:**
- All IDA social protection operations will support countries to build universal, rights-based social protection systems.

**Climate Policy Commitments:**
- Ensure climate actions funded through IDA 21 also reduce inequality.
- IDA21 should prioritize support in at least 20 countries to update and translate their NDCs into specific policies and investment plans integrated into national budget and low carbon and climate resilient strategies that reduce inequality.
- IDA21 policy commitments on climate finance should be accompanied by commitments from the World Bank to: disclose its internal methodology for calculating climate finance; disclose the Bank’s detailed climate finance assessments, and create a public climate finance database

**Infrastructure:**
- Commit to direct two thirds of its renewable energy generation capacity target to the bottom half of IDA countries with the most need as proportion of their installed existing capacity.
- Increased ambition and targets supporting direct and indirect generation of new renewable energy for those countries whose needs are the greatest.

**Private Sector Window (PSW):**
- No new resources should be dedicated to the Private Sector Window in IDA21. The focus should be on maximizing funds available for IDA country priorities such as
building long term public health, education and social protection systems. In fact, to help boost IDA resources, IDA Deputies should reestablish IFC as a net contributor to IDA.

III. Prosperity

*Inequality*

**KEY MESSAGE & RECOMMENDATION**

IDA21 must build on the important inclusion of an inequality indicator in the new corporate scorecard, to ensure IDA21 can be an opportunity to tackle inequality. To this end:

1. The new WBG corporate scorecard vision indicator (number of countries with “high” inequality as measured by the Gini) should be included as part of the IDA21 RMS.
2. IDA21 should support countries to develop national plans to reduce inequality, ensuring development objectives across all sectors (and IDA Focus Areas) integrate outcomes and indicators that both target and measure their impact on reducing inequality.
3. IDA21 should adopt the same indicator as SDG 10.4.2 - reporting on the Redistributive Impact of Fiscal Policies\(^\text{iii}\). The World Bank already collects this data on the impact of taxation and spending on reducing the Income Gini Coefficient- so this indicator would fit well with both the corporate scorecard vision indicator and the commitment to progressive DRM.
4. As many IDA21 indicators as possible should be disaggregated by income and wealth (as well as other relevant categories such as gender and disability).

**RECOMMENDED POLICY COMMITMENT**

*IDA21 should include specific targets to reduce by half the number of IDA countries with high inequality over the IDA 21 period.*

In order to ensure IDA21 can be a springboard for tackling inequality, we recommend policy commitments in all the areas included below. Taken together and implemented intentionally, these can all help in reducing the number of countries with high inequality – the new WBG corporate scorecard “vision indicator”. Progressive resource mobilization is especially important in reducing inequalities of all kinds, so the recommended DRM indicator outlined below will be crucial in helping countries move out of the “high inequality” category.

In addition to policy commitments, there are three actions that will be vital to help monitor whether IDA21 is helping to drive countries to reduce inequalities:

1. Inclusion of corporate scorecard inequality “vision indicator” (Number of countries with high inequality as measured by the Gini) as part of the IDA results monitoring
system (RMS). This would be congruent with the World Bank’s stated intention for the new corporate scorecard to be used as the main framework for measuring IDA’s success. However, we are very concerned that the vision indicators (of which the inequality and prosperity gap indicators are two) have so far been excluded from World Bank positions on applying the corporate scorecard to IDA21. This inconsistency is not justifiable.

2. IDA21 should adopt the same indicator as SDG 10.4.2 - reporting on the Redistributive Impact of Fiscal Policies. World Bank already collects this data on the impact of taxation and spending on reducing the Income Gini Coefficient, so this indicator would fit well with both the corporate scorecard vision indicator and the commitment to progressive DRM.

3. Disaggregation by income of as many corporate scorecard IDA21 indicators as possible. This will be crucial to tell whether IDA-related policy interventions are reaching the poorest or unduly benefiting the better off, and in so doing only propping up aggregate progress. For instance, if the percentage of people receiving essential health services increases, that is an overall success. But, if a disproportionate amount of the benefits of services have been captured by the better off, and among the poorest income quintile that percentage isn’t improving, that is a sure sign that the interventions aren’t sufficiently pro-poor or accessible.

Progressive Domestic Resource Mobilization

**KEY MESSAGE & RECOMMENDATION**

Progressive DRM is not only critical for making tax systems more resilient, but essential for achieving the World Bank’s new Vision goal on inequality. As the most recent Development Committee statement (April 2024) emphasizes: “Tackling inequality through progressive DRM is essential for inclusive growth”.

IDA21 should build on the political commitment already made to progressive DRM from IDA20. To help countries increase tax fairness and progressivity, IDA21 needs a DRM Policy Commitment that is more focused on key outcomes: increased revenue and reduced inequality. It must also be more ambitious and specific: target specific tax streams that increase revenue and progressivity. Our recommendation for DRM Policy Commitment in IDA21:

**Support to increase revenues from progressive tax sources in all IDA countries, such as a new/higher tax bracket for the richest people (e.g. High Net-Worth Individuals), and higher taxes on corporations, capital and wealth.**

This would not only support better alignment with World Bank’s new Corporate Scorecard, but also with multilateral platforms leading on DRM Cooperation. The new Declaration 2025 for the Addis Tax Initiative (ATI), for which the World Bank is a Supporting Organization,
states: *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*.

**BACKGROUND & RATIONALE**

Progressive tax systems that effectively tax capital, corporations and the wealthiest households – are much more resilient in face of economic crises. 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.

While the new World Bank corporate scorecard includes a new Vision goal on reducing inequality, the DRM indicator (focused only on tax-to-GDP ratio) fails to ensure that World Bank tax work contributes to that goal. Therefore, it is imperative that IDA21 builds on previous IDA commitments to support more progressive DRM. **IDA Deputies must avoid a low ambition, low quality commitment focused simply on increasing revenue.**

The World Bank has acknowledged the importance of progressive taxation in the IDA context for several years. The IDA19 Deputies’ Report emphasized the *“importance of helping countries to collect not only more, but better tax revenues”*. “Better” revenues means more progressive taxation of wealth, capital, high net-wealth individuals and corporations and less reliance on indirect taxation. Tax revenues in IDA countries are not only low; their composition is also skewed toward indirect taxes with direct taxes contributing only 35 percent of the total revenue collection. The World Bank’s own IDA20 report* was clear on how to respond: “there is a need to address this over-reliance by IDA countries on regressive taxes.” This is something World Bank tax programs have struggled to pivot away from in previous years (see evaluation of Bangladesh VAT improvement project)*. Strong commitments to progressive DRM are pivotal to overcoming institutional impediments, as well as the political economy constraints which governments face.

Most importantly, the new indicator is starting to have an impact on DRM programs. Preliminary findings from Oxfam analysis show that 22% of DRM projects (9 of 40 projects) supported by IDA20 focus on strengthening progressive revenue streams. However, there is enormous room to ramp up support focused on progressive revenue streams, as just a fraction of DRM support is focused on strengthening taxation of capital, personal income or corporations.

IDA21 should include a concrete commitment to bolstering taxation of HNWIs and supporting governments to lay the groundwork for more progressive tax systems, especially in IDA countries where inequality is high (as assessed by the new inequality indicator in Corporate Scorecard).
Building on IDA20, the DRM commitment should be **more outcome driven**: increased revenue and reduced inequality. It should also be **more ambitious and specific**: target specific tax streams that increase revenue and progressivity.

**RECOMMENDED POLICY COMMITMENT**

Support to increase revenues from progressive tax sources in all IDA countries, such as a new/higher tax bracket for the incomes of the richest people (e.g. High Net-Worth Individuals), increased taxation of corporations, capital gains and wealth.

**POTENTIAL INDICATORS**

- **IDA countries with increased revenues from new/higher tax bracket for the incomes of the richest people (e.g. High Net-Worth Individuals), and increased taxation of corporations, capital gains and wealth (through inheritance or property taxation).** Measured by: change (%) in total revenue from new taxes or more effective taxation on X (e.g. HNWI)
- **Number of countries whose tax system is significantly reducing the Gini coefficient** (SDG 10.4.2 indicator, for which the World Bank is official custodian)

<table>
<thead>
<tr>
<th>Indicators related to specific tax revenue streams in current IDA projects:</th>
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</thead>
<tbody>
<tr>
<td><strong>Grenada IDA Project</strong>: Total tax revenue from the new health-related taxes on cigarettes, alcohol, and Sugar-Sweetened Beverages</td>
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<tr>
<td><strong>Liberia IDA Project</strong>: Revenue from goods and services tax (GST or VAT) (in percentage of GDP)</td>
</tr>
<tr>
<td><strong>Togo IDA Project</strong>: Property tax revenue</td>
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<tr>
<td><strong>Ghana IDA Project</strong> (the Ghana First Resilient Recovery DPF): Introduction of a new income tax bracket for high incomes</td>
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**Gender & Fiscal Management**

Strengthen support for macroeconomic policies and budget systems that are more inclusive and gender responsive by integrating a specific commitment into the Prosperity Focus Area.

Broad-based economic policies have different impacts on women and men, as such policies shape the flow of resources to efforts aimed at reducing inequalities, demand for women’s unpaid care, and opportunities for paid employment. Women and girls are also uniquely and often disproportionately affected by economic crisis and shocks. IDA must ensure that the internal capacity developed and lessons learned in the gendered implications of macroeconomic policy are not lost from IDA20’s commitment to support at least 10 IDA countries in making their fiscal policy and budget systems more inclusive and gender responsive. Capacity in the Bank should continue to grow so the Bank can effectively
provide technical assistance to IDA countries on the gendered impacts of fiscal, monetary, and trade policy as well as counter-cyclical fiscal policy approaches in times of shocks or crisis, gender-responsive approaches to budgeting, and progressive taxation.

**Potential Commitments in the Prosperity Focus Area**

- **Support at least 15 IDA countries to make their fiscal policy and budget systems more gender responsive.**
- **All Public Finance Reviews (PFR) in IDA countries will include analysis of the gender-differentiated impacts of specific macroeconomic and fiscal management advice.**

**Debt**

The IDA21 replenishment is taking place in the context of a debt crisis. On current trends, much of the money shareholders pour into IDA's coffers will end up in the pockets of non-Paris Club official creditors and private creditors instead of addressing development needs. The World Bank should not repeat mistakes of the past, by doubling down on IDA lending while giving guarantees to private creditors in a vain effort to keep them invested in over-indebted emerging economies. That is unsustainable as multilateral development banks already hold the lion’s share of debt of many IDA-eligible countries that are already at high risk of debt distress.

While debt relief costs money, so does giving grants instead of loans as per IDA's policies not to lend to countries at high-risk of debt distress and to lend at extra-concessional terms to countries at moderate risk. IDA’s very business model is at stake. Thanks to the principle of comparability of treatment (which should be tweaked when multilateral creditors participate in debt relief efforts), each taxpayer dollar of debt relief conceded through multilateral development banks has leveraged $7 of total debt relief. Debt relief gives countries a fresh start to grow, instead of suffering a lost decade of development due to a lasting debt overhang. IDA will not lose its AAA-credit rating if debt relief is planned and fully funded by shareholders. IDA must therefore:

1. In coordination with other creditors, plan and participate in a debt relief initiative that would bring all IDA clients sustainably under the threshold of high-risk of debt distress
IV. People

KEY MESSAGE & RECOMMENDATION

The IDA 21 framework must commit to building robust, universal, rights-based public systems of education, health and social protection and address inequalities in access and quality. In particular, it must improve the availability of adequate numbers of trained personnel and address financial barriers to access by supporting countries to remove all school and healthcare user fees. Given the diversity of the sectors and the WBG’s intention to be as specific and measurable as possible in the Policy Commitments in IDA 21, each sector in the people pillar - education (including early childhood), health (including PPR, SRHR, MCH and nutrition) and social protection - should have distinctive policy commitments drafted in a way to capture the specific nuance of each sector.

IDA21 must prioritise a stronger focus on addressing inequalities within education and health, in line with the WBG’s corporate indicator on reducing inequality. This starts with ensuring that all indicators chosen are disaggregated in a way that captures inequalities in access and quality between the better off and poorer sections of society. It also involves using available data on the impact of spending on social protection transfers, and on education and health on reducing the Gini coefficient.

BACKGROUND & RATIONALE

Realising the commitments under the people pillar is predicated on governments’ ability to deliver universal, rights-based, resilient public systems of education, health, social protection and care that are focused on reducing inequality in access and quality. While delivery of quality public services like education and health has a clear role in reducing inequality and promoting inclusive growth, the transformative potential of these services is severely curtailed by under-funding both in absolute and relative terms. 11% of people live in countries that spend less than US$ 50 per person on healthcare per year. Spending on education per school-age child averages $53 in low-income countries compared to $7,800 in high-income countries.

Accordingly, IDA21 must maximise the inequality-reducing potential of public services by prioritising closing the gap in access and outcomes between high and low-income populations within countries, men and women, and other marginalised groups. For all public service-related policy commitments (health, education, and social protection), data should disaggregate how IDA is addressing the gap between rich and poor populations (in addition to disaggregating by sex and for marginalized communities), in addition to aggregated/average results. This may entail greater investment in strengthening statistical systems to enable them to produce data that is disaggregated, by income, wealth sex, geographic location age, race,
ethnicity, migratory status, disability, or other characteristics per the Fundamental Principle of Official Statistics. But, it is critical to demonstrate IDA's contribution to meeting corporate objectives to reduce inequality.\textsuperscript{xii}

It is also essential to reiterate that improving human capital requires a stronger push to build state capacity, instead of looking for market-oriented solutions which risk exacerbating inequality.\textsuperscript{xiii} The Private Sector Window must not be allowed to channel IDA21 funding to private for-profit provision of education or healthcare given well-documented harmful impacts and growing evidence, including from Oxfam's research, that the IFC's investments in these sectors specifically are exacerbating inequality and has been implicated in numerous human rights abuses. Hence, public services like education and health should be kept outside the IDA private sector window.

\textbf{BUILDING UNIVERSAL PUBLIC HEALTH SYSTEMS}

On health, urgent decisive action is required to stop the world from going backwards. Since the UHC goal was agreed in 2015, most countries (108 out of 194) have experienced worsening or no significant change in service coverage,\textsuperscript{xiv} and the number of people incurring catastrophic out-of-pocket health spending has continually increased globally to one billion by 2019.\textsuperscript{xv} Half the world's population are not covered by essential health services, and gross inequalities in access to healthcare persist. Yet, inequality and poverty produce worse health outcomes and therefore result in even greater healthcare needs for the poorest and most marginalized people, especially women. While the proposed focus on UHC is welcome, the lack of progress globally means it is essential that IDA21 robustly tracks its contributions to reversing abysmal trends in financial protection for health, and to closing the inequality gap in access to quality healthcare. The focus in World Bank programmes and knowledge work on expanding social insurance schemes over tax-based financing of healthcare has already led to decades of further exclusion, with the poorest, women and the most marginalized last to be covered by such schemes. Furthermore, the overwhelming focus on the state as the purchaser of services provided by the private sector must be dropped. Instead we seek a more nuanced approach to financial protection that emphasizes public provision in LICs, and avoids public funds being funneled to largely unregulated and unaccountable private actors under the guise of expanding access to healthcare.

We welcome the proposed emphasis in IDA21 on strengthening capacity to prevent, detect and respond to health emergencies but urge specific emphasis on the following two priorities to realize this objective. Firstly, the consensus is clear in the Pandemic Accord negotiations that emergency prevention and response alongside maintenance of essential healthcare will not be achieved without urgent actions to scale up and sustain an adequate skilled and trained health and care workforce, especially for primary healthcare, including through strengthening decent working conditions and redressing unequal remuneration and opportunities,
especially for women. Secondly, over-dependence on a small number of high-income-based pharmaceutical corporations resulted in deadly inequity in access to vaccines, tests and treatments during previous epidemics and pandemics. Africa imports 99% of its vaccines and 95% of its medicines.\textsuperscript{xvi} To prepare for the next health emergency IDA21 must contribute to increased local R&D and manufacturing capacity in IDA countries and at the regional level, with robust conditions to guarantee equitable and affordable access. IDA must work with governments to ensure a significant proportion of this capacity is under direct government control so that commercial motivations do not once again undermine effective emergency response.

**INVESTING IN PUBLIC EDUCATION**

The World Bank appears to prioritize learning poverty as its umbrella metric for education for IDA21. The concept has been criticized by educationists and teacher practitioners alike.\textsuperscript{xvii} Furthermore, it is premature to assume that the project of education completion is finished. Some 244 million children are out of school and, while completion rates are improving, only 59% of children complete secondary education (77% for lower secondary and 87% for primary).\textsuperscript{xviii}

Most countries have drastic gaps in the participation and quality of education received by students from the richest and poorest quintiles, with gaps widening as children progress through the system. Thus, in Sub-Saharan Africa, only 3% of the poorest males and 1% of the poorest females complete upper secondary education.\textsuperscript{xix} Accordingly, we strongly push for a continued focus on school completion as part of the IDA 21 replenishment, in line with the existing SDG framework.

To address quality, one key solution is to include a focus on teachers. The world needs 44 million teachers, a fact made worse by teacher attrition rates which have almost doubled from 4.62% globally in 2015 to 9.06% in 2022 for primary teachers. It is estimated that half of all existing teachers will have left the profession by the decade’s end.\textsuperscript{xx} The IDA process must further the recommendations of the UN Secretary-General’s High-Level Panel on the Teaching Profession.\textsuperscript{xxi}

Urgent action is needed to address financial barriers to school completion. It has been estimated that households contribute 30% of total education spending worldwide\textsuperscript{xxii}; fewer than half of sub-Saharan African countries have tuition-free access.\textsuperscript{xxiii} The World Bank was at the forefront of the fight for private fee abolition in the 1990s and 2000’s\textsuperscript{xxiv} and a similar push for lowering charges is important at this time when World Bank data shows poverty increased sharply following Covid-19 and is continuing to increase in Sub-Saharan Africa.\textsuperscript{xxv} 54% of adults in Sub-Saharan Africa say they worry about school fees, and about 30% say it is their biggest worry.\textsuperscript{xxvi}
Oxfam Policy Recommendations for IDA21 Replenishment

BUILDING UNIVERSAL, RIGHTS-BASED SOCIAL PROTECTION SYSTEMS

IDA21 appears to continue the existing policy of targeted Social Protection by focusing on the extension of protection of the poorest. The universality of protection has been endorsed by international statements by the African Union, ASEAN, the European Commission, G20, OECD and the United Nations. Oxfam recognizes that social protection should be universal in a dual sense: it should cover all people and all contingencies, over the life cycle as well as provide support to cope with unexpected crises. Social protection should therefore not be reduced to a role merely providing patchy protection for the poorest, where delivery of benefits is made conditional upon proven acute need, and where constrained budgets are used to argue for meagre benefits and small groups of beneficiaries. Rather, the priority should be making social protection for all based on rights a reality as soon as possible.

RECOMMENDED POLICY COMMITMENTS

IDA should include specific commitments for the individual sectors instead of creating aggregate indicators mixing very different sectors. These sectors would include education, health and social protection, particularly concerning the availability of adequate numbers of trained and qualified personnel and ending financial barriers to access.

Policy Commitment Recommendations:

- All IDA health operations will support countries to develop universal, rights-based, resilient, public health systems (including SRHR, MCH and nutrition) that address healthcare inequalities through public tax-based financing, not insurance schemes, and through public delivery of healthcare. These operations must also urgently address the desperate shortage of trained and qualified health personnel.
- All IDA education operations will support governments to strengthen quality public education (including ECE) provision that addresses inequalities in access and quality, including through removing financial barriers to education, focusing on expanding public provision of education, and ensuring the availability of adequate numbers of professionally trained, qualified and motivated teachers.
- All IDA social protection operations will support countries to build universal, rights-based social protection systems and will not focus on poverty-based targeting.

PROPOSED INDICATORS

IDA21 metrics should provide for statistical disaggregation to ensure inequalities in education, health and social protection can be understood, tracked and acted upon. This will require strengthening statistical systems and supporting the effective use of data by governments.
ALL indicators must be disaggregated by income, location, gender, race/ethnicity, and other relevant criteria. The commitment to increase disaggregation in the corporate scorecard on gender and disability is welcome. It is critical that this is complemented by a clear focus on disaggregation by income and wealth; without doing this any measurement of the impact of services on reducing inequality will be extremely difficult to achieve. As with other areas of disaggregation, this will require a strong investment by the World Bank in better data; proven ways exist of doing this, even in the poorest countries; for example the Demographic and Health Surveys sponsored by USAID xxviii consistently disaggregate access to services by wealth quintile in many countries.

The following additional indicators are proposed over and above the WBG corporate scorecard indicators:

<table>
<thead>
<tr>
<th>Common across health &amp; education</th>
<th># countries supported to remove school and healthcare user fees</th>
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<tbody>
<tr>
<td>Health (including PPR)</td>
<td># number and % of people with catastrophic and impoverishing out-of-pocket health expenditure</td>
</tr>
<tr>
<td></td>
<td># countries expanding and improving health worker recruited and retention</td>
</tr>
<tr>
<td></td>
<td># number of local production facilities supported with binding conditions on equitable access and affordability of end products.</td>
</tr>
<tr>
<td>Education</td>
<td>Lower secondary gross completion rate (%), disaggregated by income, gender, and other relevant indicators</td>
</tr>
<tr>
<td></td>
<td># teachers recruited and trained and/or Pupil-qualified teacher ratio (primary, lower secondary and upper secondary) with schools disaggregated by average income in area where the school is based.</td>
</tr>
<tr>
<td>Social Protection</td>
<td># countries introducing universal rights-based social protection systems with WBG support</td>
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**Health and Gender Equality**

**Potential Commitments in the People Focus Area**

All IDA health operations will support countries to develop universal, rights-based, resilient, public health systems (including SRHR, maternal and child health and nutrition) that address healthcare inequalities and shortage of trained and qualified health personnel and which are ready to respond to crises.

- All IDA education operations will support governments to strengthen quality public education (including ECE) provision that addresses inequalities in access and quality,
including through removing financial barriers to education, focusing on expanding public provision of education, not private, and ensuring the availability of adequate numbers of professionally trained, qualified and motivated teachers.

V. Planet

Climate and Inequality

Climate change is driving up all forms of inequality; both slow onset changes to the climate and extreme weather events are much more keenly and unfairly felt in more unequal countries; impact people unequally, and lead to greater levels of inequality in the future.

Equally, to enable prosperity for all whilst remaining within the limits of carbon required to stop climate breakdown requires a major increase in economic equality; more economically equal societies are able to end poverty with far less carbon consumption, as World Bank research shows.

The poorest and most marginalised are the most likely to be impacted by climate breakdown in every country, whilst the greatest emitters of carbon in every society are the richest. Actions to tackle climate must also be actions that reduce inequality. Mitigation efforts should see the richest, highest emitters made to take the biggest steps to cut carbon, and adaptation efforts should focus on benefitting the poorest and most marginalised the most.

Ensuring Climate Investments and Actions to reduce inequality are Gender-Responsive

Gender and climate are intricately connected with climate change, impacting men and women differently due to societal roles, responsibilities, and inequalities. Women, especially in IDA countries, are often more vulnerable to climate impacts, particularly among populations that rely heavily on natural resources for their livelihoods and in societies where women are primarily responsible for provisioning water and fuel for their families. These activities are increasingly affected by climate-induced events like droughts and floods. To ensure climate change solutions do not perpetuate injustice requires integrating gender considerations into every stage of climate policy and action, with special consideration being paid to connections between climate change and care work. To ensure women are not left out of the energy transition, IDA countries must address structural barriers and specific needs of women. This includes prioritizing policies and initiatives that aim for equitable access to clean energy and also ensuring women can benefit from new economic opportunities in renewable energy sectors by providing support for their care responsibilities through investment in high-quality jobs in the care sectors. Ensuring that gender and care work considerations are integrated into Country Climate and Development Reports will
support IDA countries to understand and address gender inequalities and improve the effectiveness of climate actions.

**Potential Commitments in the Planet Focus Area**

- **Ensure climate actions funded through IDA 21 are also designed to reduce inequality.**
- **Integrate an understanding of gender and care work into World Bank operations by promoting the inclusion of gendered analysis of time use, work patterns, and infrastructure usage in all IDA Country Climate and Development Reports.**

**Climate finance tracking and reporting**

As part of the “Better Bank” and IDA 21 replenishment discussions, the World Bank expressed a desire that the 22 indicators enshrined in the new World Bank scorecard be accompanied by the data necessary to enable independent verification.

To effectively meet this commitment, as part of the WBG enhanced operating model and IDA21 climate policy commitments, the World Bank should make major improvements to the transparency, reporting, and accountability practices of its claimed climate finance. Oxfam’s report *Unaccountable Accounting* illustrated that a lack of effective transparency and reporting practices on the Bank’s claimed climate finance prevents stakeholders from independently verifying approximately 40%, or $7 billion, of what the Bank claimed as climate finance in FY20. This is of particular significance for IDA countries, who are reported to have received nearly half of the Bank’s climate finance at 46.5% for the same FY.

- This is important not only to avoid risks of greenwashing and overclaiming of climate finance, but even more critical since most of the World Bank’s climate finance comes in the form of debt that will have to be repaid by IDA countries.
- IDA 21 policy commitments on climate finance should be accompanied by actions to:
  1. Disclose its internal methodology for calculating climate finance at the project level and explain its processes and practices for making these assessments.
  2. Disclose the Bank’s detailed climate finance assessments, including the evidence and justifications in support of its calculations for all projects which are reported to have climate finance, in a way that allows for independent verification of its claims.
  3. Create a public climate finance database to track climate finance reported at the level of individual investment activity for each World Bank Group arm, including the International Finance Corporation (IFC).
4. Assesses and report on its climate finance expenditures within its mid-term implementation and completion reports, and include this ex-post reporting in a comprehensive database, updating its actual climate finance numbers.

- The Bank should also report its climate finance contributions in grant-equivalent terms, e.g. in the annual Joint Report on MDBs' Climate Finance. The finance reporting rules under the UNFCCC’s Paris Agreement introduce the option of reporting the grant-equivalent value of climate finance, and we would strongly urge the World Bank to present these figures, thereby setting the bar for reporting standards internationally. For this, an updated annual reporting of climate finance that includes grant equivalent terms of the Bank’s climate adaptation finance contributions should be part of IDA 21 climate policy commitments.

**Mainstreaming climate ambition within country strategies**

- As part of IDA 21 policy package, the Bank should increase the use of technical assistance and development policy investments to overcome policy, institutional, and regulatory barriers, improve the enabling environment, and raise the ambition of and operationalize NDCs in all countries through actionable investment plans, low-carbon driven policy, and regulatory and institutional frameworks. IDA 21 should prioritize support in at least 20 countries to update and translate their NDCs into specific policies and investment plans integrated into national budget and planning processes and into low carbon and climate resilient strategies that reduce inequality, developed with Bank support.

- IDA21 should incorporate a policy commitment and adequate incentives to incorporate CCDRs and NDC-based objectives as well as results indicators to the results framework of all CPFs, setting the pathway for a comprehensive outcome-oriented pipeline of projects, programs and policy operations that can be monitored and reported against specific CPF priorities.

- Indirect investments through DPOs are critical to enhance impact, especially by strengthening regulatory frameworks and sectoral policies as well as institutional capacity; however, when expanding indirect investments, the IDA 21 policy package should ensure best practices on the application of environmental and social standards for effective identification and analysis of potential increased unintended risks and negative impacts when enabling programs/projects in areas with land legacy issues, communal tenure rights, and indigenous territories.
VI. Infrastructure

Renewable Energy Generation

- Oxfam analysis of the last two IDA cycles’ contributions to renewable energy generation shows that the vast majority of IDA investments are in Variable Renewable Energy (VRE), with solar energy in the lead. Furthermore, our analysis shows that generally IDA energy generation investments are being made in the countries most in need of those investments, in terms of current generation capacity per capita in those countries, which is a positive and should be continued. Some of these investments are substantial, more than doubling the existing generation capacity like in Burkina Faso.

- The above positives notwithstanding, for FY 21-22, IDA only installed around 3.8GW of renewable generation capacity, falling short to meet its target of 5GW (notably already scaled down an original goal of 10GW, due to the COVID19 pandemic). Further, 46% of the renewable generation capacity that was installed was invested in a single country, Uzbekistan, which has relatively low needs having the 10th greatest energy generation capacity per capita of any IDA country. Without such large investments, IDA comes nowhere close to meeting its generating capacity installation goals. Thus, greater effort is needed from IDA to meet its goals and greater effort needs to go into advancing investments for energy generation among countries with the lowest generation capacity.

- The IDA 21 policy commitment to renewable energy generation should increase its ambition and targets supporting direct and indirect generation of new renewable energy for those countries whose needs are the greatest. But in addition, IDA 21 should also include a policy commitment to direct two thirds of its renewable energy generation capacity target to the bottom half of IDA countries with the most need as proportion of their installed existing capacity.

Electrification, Energy Access and Productive use

- We welcome the Bank’s commitment and new target of 250 million people connected to electricity by 2030 in IDA countries. This ambitious target should collect data that is disaggregated by income, wealth, gender and other inequalities, to ensure that the poorest, and hardest to reach are not always the last to receive electricity.

- IDA21 should also incorporate a set of sub-indicators in alignment with the Corporate Scorecard that tracks the productive use of electrification to ensure energy access projects incorporate the necessary complementary services demonstrated to positively impact the incomes and savings capacity for those newly connected.
• IDA21 energy access policy commitments should ensure that IDA investments in electrification lead to productive use by increasing energy inputs (for example, making irrigation possible with electric pumps), increasing the efficiency of energy services (for example, using electric motors rather than diesel engines), or by making new energy services available where appropriate, including but not limited to providing access to credit and finance, digitalization, business development support, robust agricultural extension by improving access to markets for small farmers and business ventures. IDA21 energy access and electrification investments, where possible, should be bundled as part of a comprehensive rural development strategy, so that it is paired with the delivery of other major services and infrastructure, such as education, health, and transport, and should be clearly shown to reduce inequality.

• IDA21 should track and publicly report on 1) its energy access and electrification contributions to new household connections, institutions, and industry not only through grid distribution but also including off-grid and mini-grid renewable energy distribution, as a share of the total energy access portfolio, with a breakdown by country; and 2) disaggregated data on energy access connections and productive use, by income, wealth, gender, geography and other measures, with specific gender targeting being built into all lending interventions with results published on the WBG website and aligned with the corporate scorecard.

• When using development policy operations to strengthen the energy sector enabling environment, the Bank should adopt a comprehensive policy, institutional, and regulatory approach based on multiple Regulatory Indicators for Sustainable Energy (RISE) indicators comprehensively incorporated into Prior Actions. IDA 21 should incorporate a policy commitment track and report on the number of RISE indicators contained as Prior Actions by country.

VII. Gender Equality Lens

KEY MESSAGE & RECOMMENDATION
Addressing gender equality requires targeted resources and policies. This means that standalone commitments to address women and sexual and gender minorities’ specific needs are required. Additionally, for gender equality to be a true lens to view and inform all IDA21 investments, it must be explicitly included in policy commitments across the People, Planet, Prosperity, Infrastructure, and Digitalization focus areas. Without explicitly including gender-specific goals in focus area commitments there is serious potential to lose progress from past IDA commitments on gender equality, as this drives tracking of specific results and dedicated budgets.
Oxfam Policy Recommendations for IDA21 Replenishment

BACKGROUND & RATIONALE

The risk of further setbacks to hard-fought gender equality gains are high, as women and girls and sexual and gender minority populations remain disproportionately affected by the numerous crises we have faced and continue to face, including the ongoing impact of the COVID-19 pandemic, mounting debt service obligations and the imposition of stricter fiscal austerity measures (especially public expenditure contraction), the consequences of the climate crisis, conflicts, and political instabilities, increasing inflation, disruptions to global supply chains and commodity markets, and surging food and fuel prices. During the pandemic the global gender gap in food insecurity more than doubled to 4.7%. At the same time there was a spike in GBV, yet investments in GBV prevention and response amounted to just 0.0002% of the overall COVID-19 response funding. Now, according to the UN, 10.3 per cent of women globally live in extreme poverty, and they are poorer than men. Additionally, the new Women, Business and the Law 2024 (WBL 2.0) report found that women today enjoy two-thirds of the legal rights that men do. Closing gender gaps is necessary for effectively addressing poverty and needs to be centered in development policies to advance inclusive and sustainable development.

To ensure IDA21 investments recognize and effectively address the unequal power structures across men and women and sexual and gender minority populations, Oxfam recommends emphasis on supporting gender equality through macroeconomic policy and budget systems, supporting care infrastructure, ensuring climate investments and actions are gender-responsive, improving national policy frameworks to address GBV, and supporting universal health care with quality sexual and reproductive, adolescent, and maternal health services.

RECOMMENDATIONS

As well as the gender commitments integrated into the sections above, we propose the following additional commitments/indicators:

Supporting the Care Economy with Standalone Commitment and Results Indicator to Drive Investment in Quality Child, Elderly, and Disability Care

All human beings depend on care throughout their lives. Care work is a critical social good, without which our societies and economies would not function. It keeps households, workplaces, individuals, families and communities fed and clean, healthy and nurtured. It allows for the development and fulfilment of human capabilities and potential, and makes all other forms of work and wellbeing possible. However, around the world, gendered norms, socio-economic and racial inequalities, and the undervaluing of women’s labour mean that women and girls, particularly those in poverty and those who belong to racial and ethnic
minority groups, are disproportionately responsible for the provision of unpaid care work and are more likely than men to be in underpaid care work. Care work deserves to be centred in policy decisions and investments in development work, as well as across institutions.

IDA20 elevated the issue of care work and the critical role of care by establishing a commitment to expand access to quality, affordable childcare, especially for low-income parents. Oxfam proposes that IDA deputies and World Bank management should build on this by expanding the commitment to also include elder and disability care and to draw greater attention to ensuring decent and dignified work for the care labour force, which is predominately female with approximately two-thirds of the care workforce globally being women.xxxii

Potential Commitments in the Gender Lens

- Support at least 30 countries to expand access to quality and affordable childcare, eldercare, and disability care services. These investments should centre women’s economic empowerment, social protections, the wellbeing of care recipients, and the creation of more and better jobs in care sectors to drive sustainable and inclusive economic transformation.

- Establish an indicator in the IDA Results Measurement System (RMS) on public sector spending/investment in care sectors as a percentage of GDP.

Improving National Policy Frameworks to Address GBV

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, have intensified. It is therefore essential that IDA21 continues, and builds on, the IDA20 commitment to invest in GBV prevention and response in a way that addresses power dynamics by challenging systems of exclusion. The Bank must encourage governments to invest in GBV prevention and response systems holistically to transform existing power structures that perpetuate gendered violence.

Recommended Commitments in the Gender Lens

- Supporting IDA countries with gender-based violence (GBV) prevention and response, delivering safe, quality, inclusive health care and other services through universal health systems; invest in accessible, universal and high-quality primary and secondary education with schools that implement GBV prevention and response protocols; and support specific measures to tackle the gaps in universal social protection coverage.
VIII. Private Sector Window

Since its inception in IDA18, the PSW has not proven to be an effective use of IDA funds, and there are also serious concerns about its structure, use of blended finance, lack of transparency, and the inability to measure progress and impact.

Given these serious concerns, and resource constraints, IDA Deputies should not be supporting the continuation of the Private Sector Window, and these resources should be released to increase IDA resources in other areas with a far greater likelihood of reducing poverty and inequality.

Especially given funding constraints, there are important trade-offs to consider for the PSW, which holds several billion dollars – for example, should IDA funds support liquidity for a IFC client vs. financing that keeps a social safety net from deteriorating?

In particular, education and healthcare delivery should be kept out of the PSW, especially given mounting evidence that that IFC’s healthcare investments are inequitable, directly undermining UHC and are implicated in patient rights abuses. With strict equity and affordability conditions the private sector can play a positive role in boosting needed local R&D and manufacturing capacity, but the focus for healthcare [and achieving UHC] must be on strengthening the public sector and community services free of charge and paid for by public financing.

Recommendation: No new resources should be dedicated to the Private Sector Window in IDA21. The focus should be on maximizing funds available for IDA country priorities such as building long term public health, education and social protection systems. In fact, to help boost IDA resources, IDA Deputies should reestablish IFC as a net contributor to IDA.

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If you have questions or comments, please contact Kate Donald (kate.donald@oxfam.org) or Nathan Coplin (nathan.coplin@oxfam.org).

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1 Oxfam calculates that at least an additional $27.4 trillion are needed between now and 2030 to fill financing gaps in health, education, social protection, and tackling climate change in low- and middle-income countries. That equates to an annual financing gap of $3.9 trillion.