

Empowering Fragile States

IDA's Strategic Role in Conflict-Affected
Areas and Vulnerable Countries

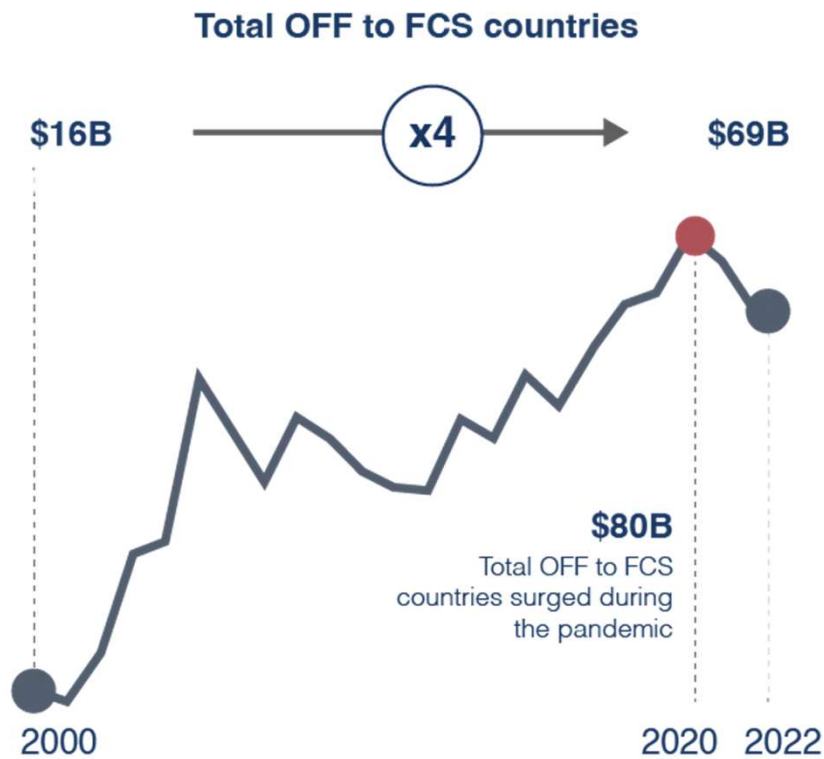
October 2024

Analyzing Trends in the Global Aid Architecture

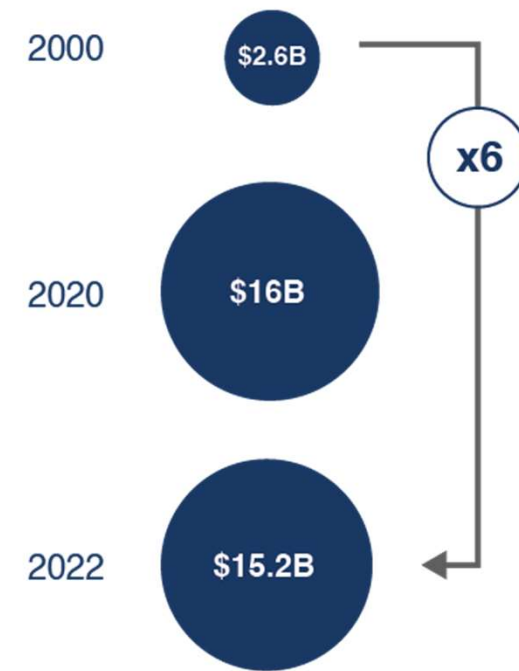


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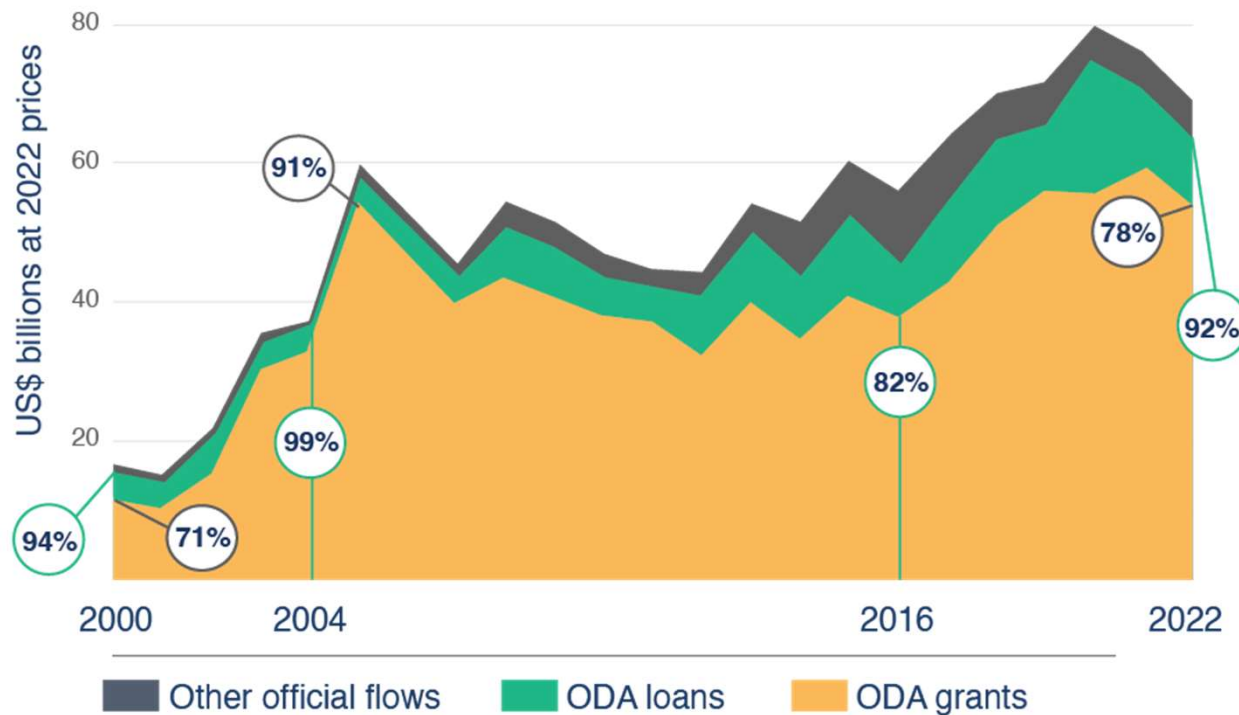
Over the last two decades, the total official financial flows (OFF) to fragile and conflict-affected situation (FCS) countries have increased fourfold, with a significant contribution from IDA



IDA OFF to FCS countries



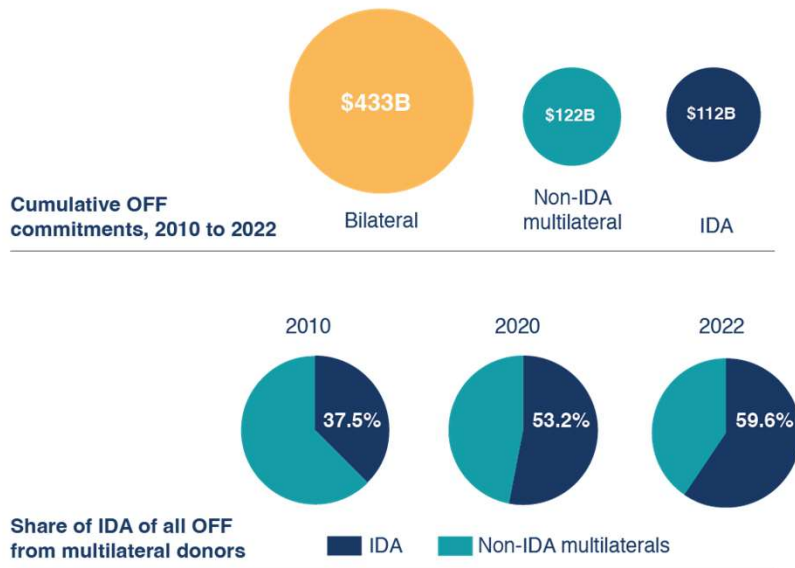
The degree of OFF concessionality to FCS countries has varied over time with the share of grants declining in recent years adding an additional challenge to already struggling states



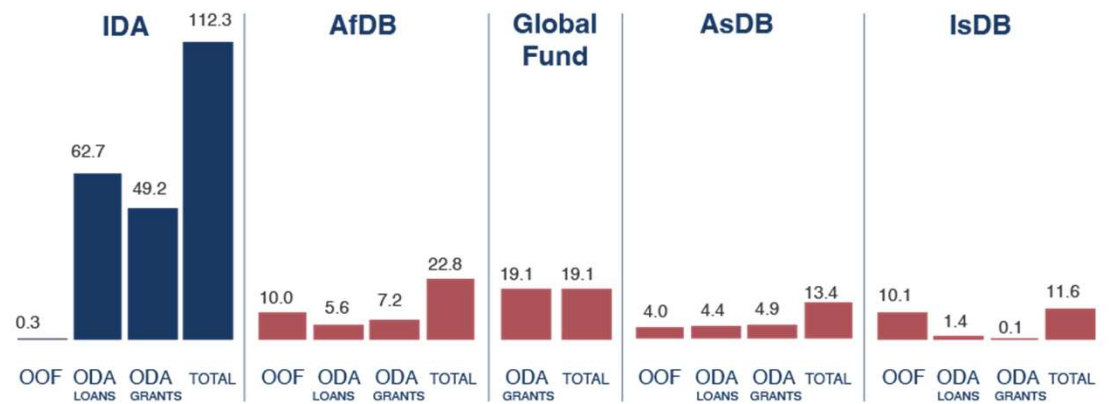
Concessionality of OFF to FCS countries

IDA is the largest provider of concessional financing to IDA FCS countries among multilateral donors

OFF commitments to IDA FCS countries from bilateral and multilateral donors



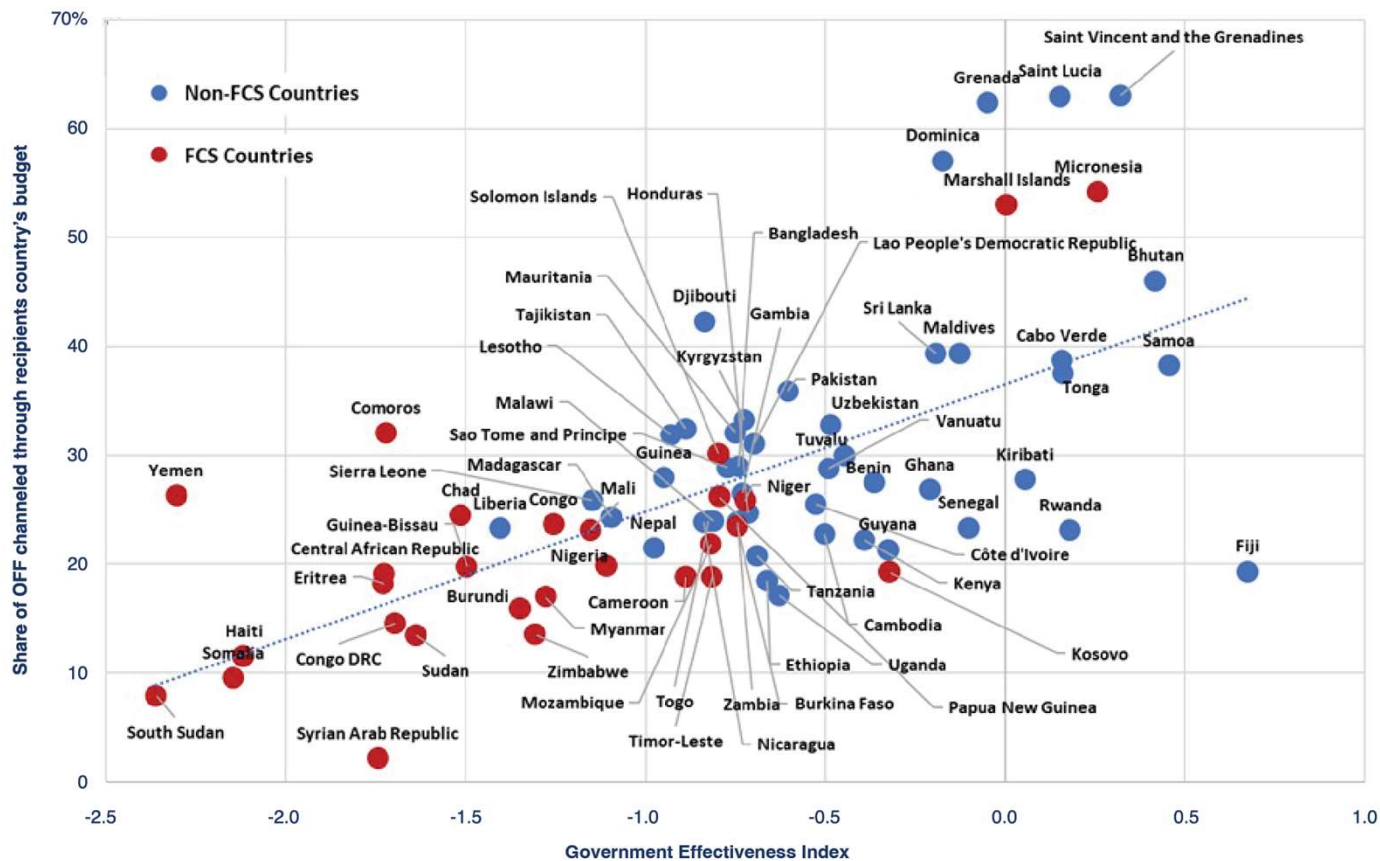
Top 5 Multilateral donors to IDA FCS countries, cumulative, 2010-2022



US\$ Billion at 2022 Prices

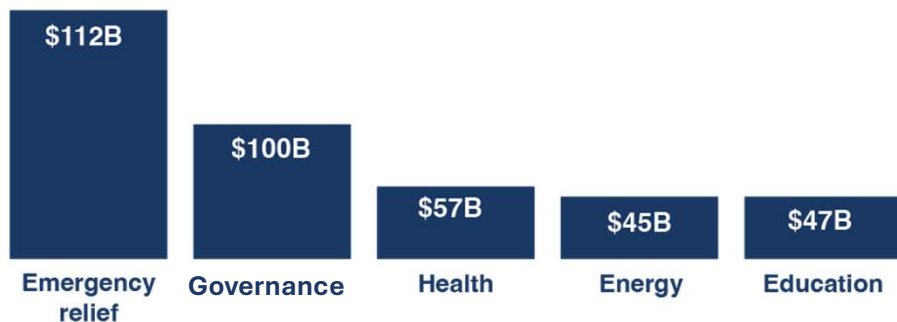
In FCS countries with weak governance and institutions, the degree of aid circumvention is high further undermining country ownership

Association Between Government Effectiveness Index and Share of OFF Channeled Through Recipient Country's Budget (2018-2022)

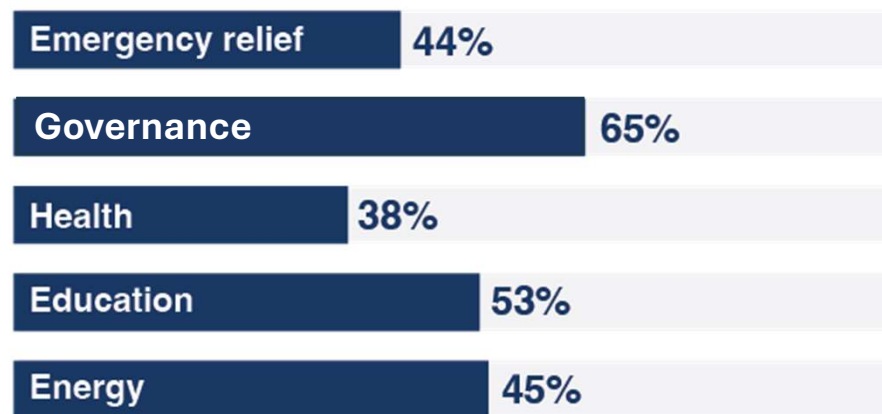


IDA's priorities in FCS countries closely align with those of other donors, strongly focusing on strengthening governance

Top 5 sectors for commitments to FCS countries from all donors, 2010-2022

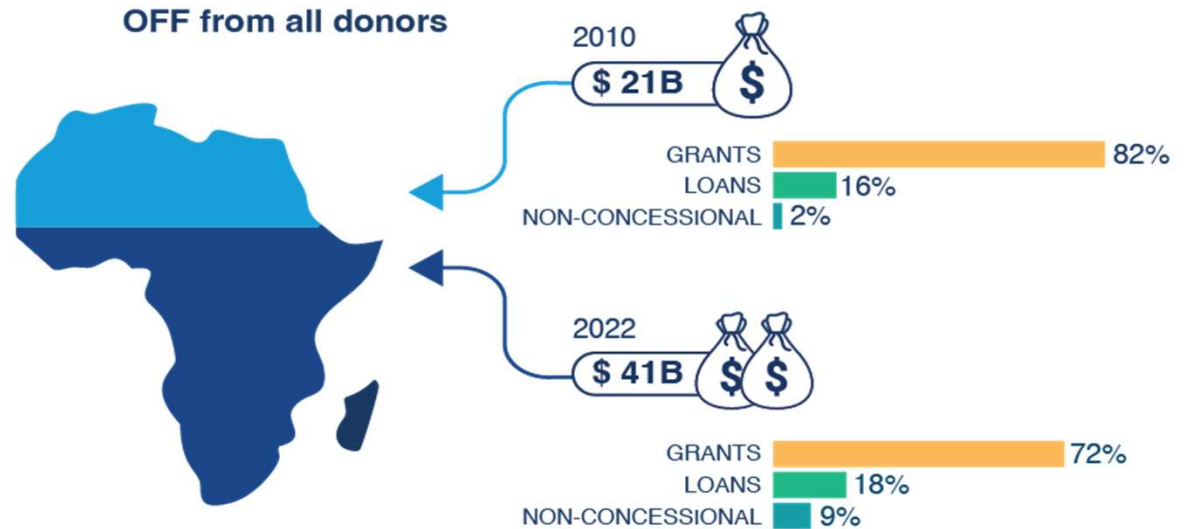


Share of IDA in total multilateral commitments to IDA-FCS for top 5 sectors, 2010-2022



US\$ Billion at 2022 Prices

IDA provides 1/3 of all OFF to Sub-Saharan Africa (SSA) FCS countries, primarily through grants



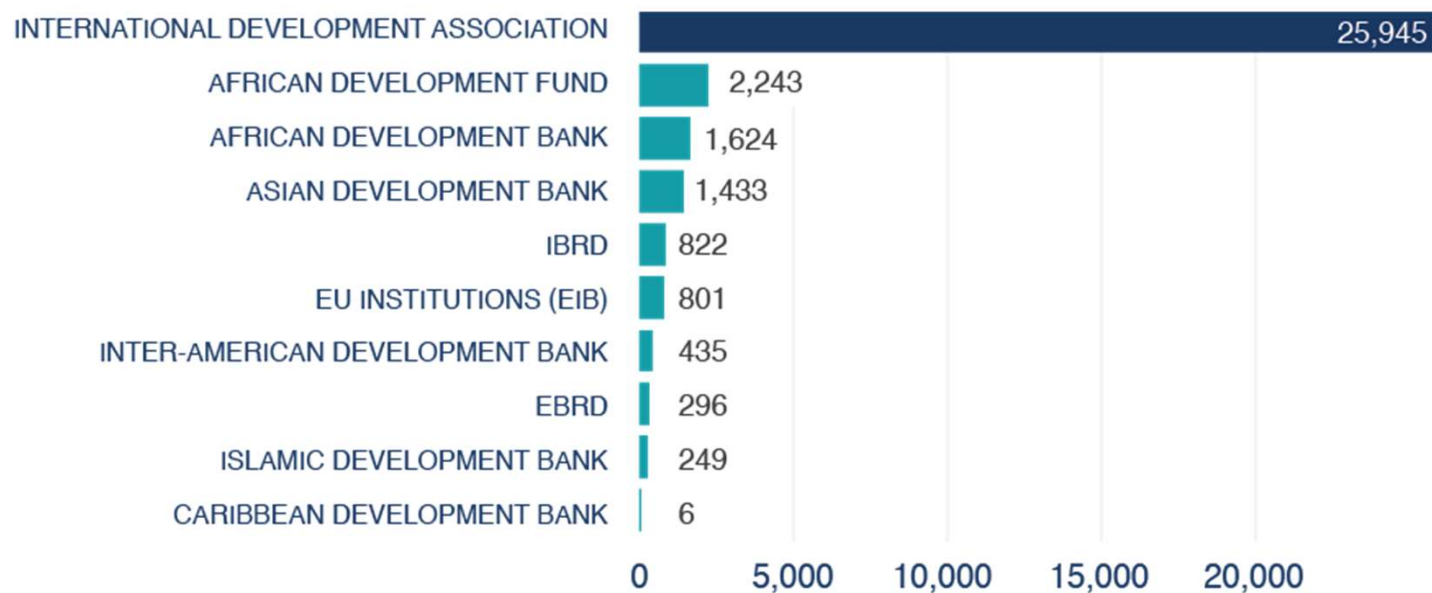
OFF commitments to IDA-FCS countries in Sub-Saharan Africa, 2010-2022

US\$ Billion at 2022 Prices



Among multilateral development banks (MDBs), IDA is the largest provider of climate finance to FCS countries

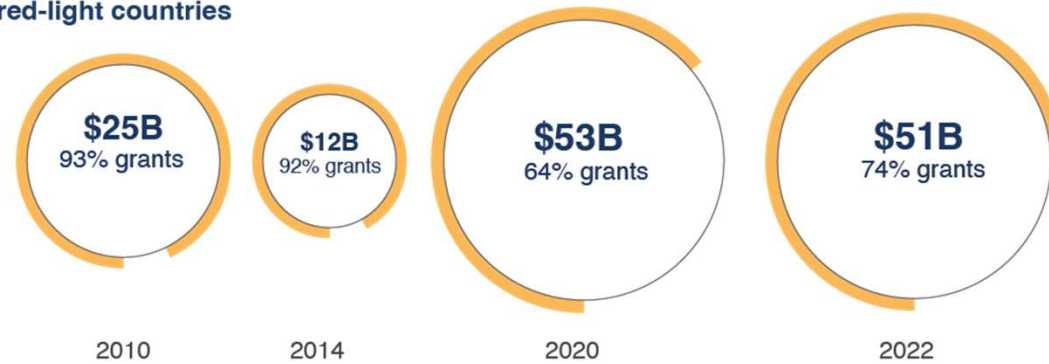
Climate-Related Development Finance, IDA vs. Other MDBs, 2013-2022



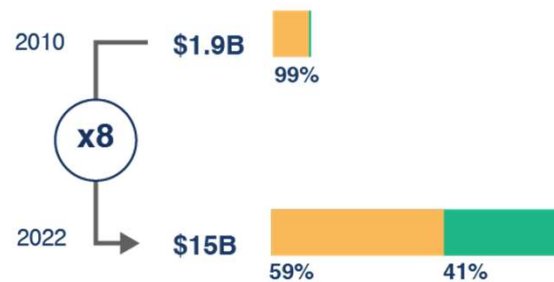
US\$ Million at 2022 Prices

Among multilateral development banks (MDBs), IDA is the largest provider of concessional finance to IDA red-light countries

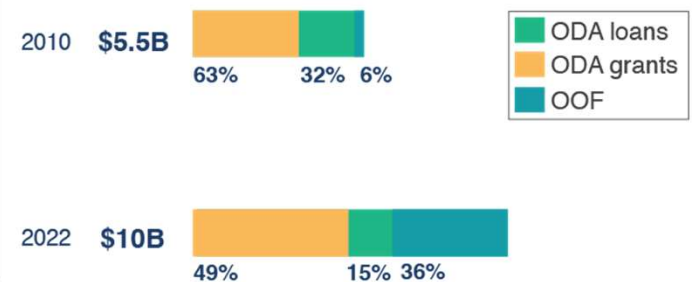
OFF from all donors to IDA red-light countries



IDA has maintained a high level of concessionality



Volume and composition of financing from non-IDA multilaterals changed



OFF Commitments to IDA red-light countries, 2010-2022

US\$ Millions at 2022 Prices

CONCLUSION

- IDA has been a pivotal provider of concessional resources, particularly in SSA, and small states facing vulnerabilities and IDA countries facing debt sustainability challenges.
- Over the past two decades, IDA significantly increased its support to FCS countries, closely aligning with other donors to address complex challenges.
- Today, IDA is clearly a preferred partner in addressing the challenges faced by FCS countries in an increasingly complex development landscape.
- IDA's scale and size allows it to address multidimensional aspects of fragility, including access to concessional climate finance and grant financing for countries with a high risk of debt distress.
- IDA's role extends beyond financial support to encompass strategic initiatives targeting fragility, conflict, and violence (FCV). This is achieved through a robust policy framework that emphasizes comprehensive country engagement, addressing the root causes of fragility and enhancing sources of resilience.
- Supporting the compounding challenges facing FCS will continue to be a priority for IDA as we finalize the 21st replenishment.



THANK YOU



World Bank Aid Architecture Publications