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REPLENISHING THE IDA: A CRITICAL LEVER FOR CLIMATE FINANCE AND SUSTAINABLE DEVELOPMENT IN AFRICA

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Executive Summary

The International Development Association (IDA) has played a pivotal role in financing development initiatives across Sub-Saharan Africa, which has historically contributed significantly to poverty alleviation and sustainable growth within the continent. Over the past decade, IDA has allocated $99.3 billion to more than 1,100 projects and 38 eligible countries in the region, with an emphasis on addressing critical issues such as health, education, and infrastructure.[1] The impact of IDA's efforts is profound, as evidenced by successful initiatives in countries like Cameroon, the Democratic Republic of the Congo, and Liberia, which have transformed lives and strengthened communities[2]. As climate change increasingly threatens development gains, the link between IDA replenishments and climate finance has become increasingly vital. The urgency of this connection is underscored by the last replenishment cycle (IDA20), which allocated approximately 35% of its commitments to climate action. This focus on climate resilience, renewable energy, and disaster risk management reflects the growing recognition of climate change as a direct threat to poverty reduction and long-term development outcomes.

IDA | International Development Association
WORLD BANK GROUP

Despite the progress made, challenges remain. While IDA eligible countries face rising food insecurity, debt vulnerabilities, and economic instability exacerbated by global crises such as the COVID-19 pandemic, donor countries are experiencing uncertainties arising from geopolitical tensions, undermined economic growth, and falling government revenues. These factors hinder the capacity of donor countries to increase commitment to the replenishment of IDA resources, with expected ripple effects on the ability of low-income countries to invest in essential sectors. Given these unprecedented constraints, there is a need for IDA to mobilize finance from global capital markets and leverage private sector co-financing to increase the impact of each dollar in donor commitment above current capacity. This approach would improve IDA's financial position and its ability to provide financing to low-income countries at highly concessional terms.

Over the past decade, IDA has allocated **$99.3 billion** to more than **1,100 projects** and **38 eligible** countries in the region, with an emphasis on addressing critical issues such as health, education, and infrastructure.

[1] World Bank(2019) Fact sheet: The International Development Association (IDA) https://www.worldbank.org/en/news/factsheet/2019/12/13/fact-sheet-the-international-development-association-ida

[2] World Bank(2019) Fact sheet: The International Development Association (IDA) https://www.worldbank.org/en/news/factsheet/2019/12/13/fact-sheet-the-international-development-association-ida

This report examines the financial performance of IDA, with reference to 2023 and 2024 financial year, analyses the impact of IDA's regional disbursement to Africa, and outlines key recommendations for maximizing the impact of IDA replenishment efforts in addressing climate finance and sustainable development challenges across Africa. Some

of the recommendations presented include, increasing climate-focused allocation and developing financial Instruments tailored to Africa needs, fostering regional collaboration for cross-border climate initiatives, and integrating targeted mechanisms for carbon market development. By implementing these strategic recommendations, IDA can significantly enhance its role as a key driver of climate finance and sustainable development across Africa. Such targeted support will empower African nations to meet their climate goals, strengthen resilience, and foster inclusive economic growth, which would ultimately contribute to a sustainable future for the continent.

1.0 INTRODUCTION

Since the Second World War, global economic development has witnessed a tremendous evolution and the emergence of a welter of theories and approaches. A basic objective of the different development theories and approaches that have been adopted was to increase the living standards of the world's population, but without much concern for the environment. Early theories of development concentrated more on maximizing output and economic growth. The industrial sector was particularly regarded as the motor of economic progress. Large-scale modern manufacturing plants were constructed to produce abundance of goods and to provide a basis for a brighter future. However, today, most people are questioning the rationale and capacity of these development approaches to deliver the expected higher standards of living to the extent envisioned by development theorists in the 1960s. While poverty declined in China and India, more than 1 billion of the world's population, especially in Africa and South Asia, are still living below the poverty line (United Nations 2024)[3]. The phenomena of economic recession, galloping inflation, high unemployment rates, in both the

[3] United Nations Global Compact (2024): String Markets and String Society go hand in hand:https://unglobalcompact.org/what-is-gc/our-work/social/poverty#:~:text=While%20the%20global%20poverty%20rate%20has%20been%20cut,%E2%80%93%20live%20at%20or%20below%20%241.25%20per%20day.

industrialized and developing countries, and the skewed distribution of wealth are still fundamental problems in the world. Specific problems emanating from the implementation of these approaches to development include the over-exploitation of the world's resources, the phenomenon of mass consumption, especially in the industrialized countries, pollution, and the mountains of domestic and industrial wastes. The rapid depletion of the world's natural resources is facilitating the destruction of the life-support system of the planet and millions of hectares of productive dry land become desert each year. The emission of toxic substances from industry into the atmosphere and the resulting pollution and climate change are some of the consequences of an unsustained approach to development and globalization of the world economy.

Clearly, there has been an over-expectation with regard to the achievement of economic growth through industrial output maximization development strategies to significantly improve upon human welfare without impairing the quality of the environment. As a result of the ineffectiveness and inappropriateness of these strategies, since the 1970s a number of new development strategies have been proposed to redress development problems, to improve the living conditions of the world's population, and to prevent a further degradation of the environment. These new strategies include the basic needs approach; employment creation and income distribution; sustainable development (SD); and human development (HD).

To achieve sustainable development, however, requires substantial financial resources. Given that multilateral development finance is a major source of such resources, it is important to assess means by which it may be optimized for the purpose of sustainale development.

1.1 Objectives of the Report

The report aims to:

- Provide insight to the concept of sustainable development and Africa's achievement of sustainable development.
- Provide a comprehensive history of the International Development Association (IDA).
- Analyze the role of IDA in supporting climate finance initiatives in Africa.
- Examine the financial performance of International Development Association (IDA) with reference to the financial year 2023 and 2024.
- Examine the disbursement of IDA resources to Africa.
- Explore the challenges associated with IDA21 replenishing.

Provide strategic recommendations to optimize IDA's contributions toward climate finance and sustainable development in Africa.

2.0 THE CONCEPT OF SUSTAINABLE DEVELOPMENT

Sustainable development (SD) was propounded as an alternative development strategy for improving the living conditions of the human population without degrading the quality of the environment. The concept came into being following the realization that economic development and environment are closely linked. The findings of the World Commission on Environment and Development (WCED) entitled "Our Common Future" (1987) and known as the Brundtland Report actually popularized the concept[4].

Sustainable development aims to build a more prosperous, just and secure future and to sustain and expand the environmental resource base. It may be described as a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs. It is a vector of development characteristics that should be non-decreasing over time and embraces wider concerns of quality of life[5]. Therefore, to promote sustainable development, we must at least endeavor to maintain the existing level of the natural capital stock. In other words, the pursuit of development activities implies a non-negative change in the stock of natural resources and the quality of the environment over time.

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[4] Wor;d Commission on Environment and Development(1987): Our Common Future: https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf

[5] AREA STUDIES – AFRICA (Regional Sustainable Development Review) – Vol. I – An Overview of Sustainable Development in Africa - Emmanuel Kwesi Boon:https://www.eolss.net/Sample-Chapters/C16/E1-48.pdf

For development to be termed sustainable, it requires maintaining essential ecological processes and life support systems, preserving genetic diversity, and ensuring a sustainable utilization of species and ecosystems. The concretization of the objectives of sustainable development therefore requires new forms of natural resource management systems and international cooperation. It is also important that individuals, organizations, and nation-states properly understand the concept and pledge their commitment to translating it into reality. As the existing stocks of natural resources are considered to be far below what is considered optimal, it is crucial that measures are instituted to prevent any further overexploitation of these resources. However, it is necessary to mention that the determination of what is considered to be the optimum level of the natural resource stock is not easily classified in any given geographical area. Nevertheless, there is an urgent need to adopt a risk-aversion strategy in the exploitation of natural resources

2.1 Sustainable Development in Africa

Despite the fact that Africa is relatively rich in natural resources, development strategies pursued in the continent have not always been in harmony with the objective of ensuring decent living conditions for the population and maintaining a high level of environmental quality. Over the past five to six decades of political independence, most African countries have witnessed serious socio-economic and environmental crises. For example, rapid population growth and natural disasters have seriously affected the quality of Africa's environment and the life of its population. The environmental crisis facing Africa's development is a real threat to the very existence of the continent. Decreasing agricultural productivity, poor access to energy, desertification, and unmanageable mountains of waste are common economic, social, and environmental challenges experienced in most African countries. One of the greatest challenges facing Africa today is the increase in climate crisis leading to reduction in agricultural productivity, food prices, and widespread poverty. In the social realm, there is a big gap between economic and social well-being.

While the agriculture sector remains fundamental to Africa's economic productivity, climate change poses a significant threat to agricultural productivity due to extreme weather events. With climate change accelerating these pressures, the need for sustainable agricultural practices and climate-smart solutions has become increasingly apparent for sustainable development in the continent. Also, to achieve sustainable development in Africa, the energy sector presents an important opportunity. While over 600 million Africans still lack access to electricity, the continent holds tremendous potential for renewable energy sources such as solar, wind, and hydroelectric power. Recent years have seen a surge in investment in renewable energy projects, particularly in East and West Africa, as nations seek to diversify their energy mix and reduce dependency on fossil fuels. Expanding access to affordable and clean energy is critical for sustainable development in Africa, as it can help drive economic growth, reduce poverty, and improve the quality of life.

In addition, proper management and investment in water resources serves as a vocal point for sustainable development in Africa. The continent is increasingly stressed by population growth, pollution, and climate change. The combination of urbanization, industrial waste, and agricultural runoff has further degraded water quality, making access to safe drinking water a pressing challenge. As a result, water management has become a focal point of sustainable development initiatives, with countries investing in improved water storage, infrastructure, and sustainable management practices to protect watersheds and ensure equitable distribution.

Recognizing the interconnectedness of these issues, there is a growing trend toward directing investment into sustainable development initiatives across Africa. Climate finance has emerged as a crucial component of development strategies, with an increasing number of private and public sector actors investing in green infrastructure, sustainable agriculture, and climate adaptation projects. The Green Climate Fund, the African Development Bank, and numerous bilateral and multilateral donors are channelling resources to build resilience in agriculture, energy, and water systems. Additionally, the push for carbon markets and climate-positive ventures has gained traction, as African countries seek to monetize carbon credits through initiatives that promote reforestation, renewable energy, and sustainable land use. Private sector investment is also expanding, especially in technology-driven solutions such as smart agriculture, waste-to-energy projects, and off-grid renewable energy systems, which can drive economic growth while reducing environmental impacts.

While sustainable development in Africa faces significant challenges, there is also an increasing momentum toward adopting climate-resilient and environmentally-friendly practices. Leveraging Africa's resources sustainably requires both innovative policy frameworks and substantial investments that prioritise climate adaptation, ecosystem preservation, and socio-economic equity. By transforming climate-sensitive sectors and promoting green investments, African countries have the opportunity to build a resilient future that aligns economic development with environmental stewardship and social well-being.

2.2 Importance of Climate Finance for Sustainable Development in Africa

Climate finance plays a crucial role in advancing sustainable development across Africa, a region that, despite its minimal contribution to global greenhouse gas (GHG) emissions, faces severe vulnerabilities to climate change impacts. With Africa's contribution to global GHG emissions standing at less than 4% as of 2020, the need for substantial financial support is paramount to meet the climate action commitments outlined in the Paris Climate Agreement (CDP 2020)[6].

The estimated annual requirement for climate financing in Africa is a staggering US$2.5 trillion between 2020 and 2030 (APRI 2022)[7]. This funding is essential for implementing the continent's Nationally Determined Contributions (NDCs) and addressing the anticipated increases in adaptation costs, projected to reach between US$140 billion and

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US$300 billion by 2030. It may seem that the reality of financial commitments from developed nations have fallen short of this need. For instance, at the Copenhagen COP15 in 2009, developed countries pledged US$100 billion annually to support developing nations' climate needs, yet it was reported that only US$83 billion was delivered in 2020, with Africa receiving a mere 27% of this amount between 2016 and 2019[8] (World Resources Institute, 2022). This financing gap not only jeopardizes Africa's ability to mitigate and adapt to climate change but also undermines broader sustainable development efforts. Without adequate climate finance, African countries will struggle to invest in critical infrastructure, health, and education systems necessary for resilience building and economic growth.

Climate finance also embodies principles of equity and justice. Given Africa's minimal historical responsibility for global emissions, climate finance should be provided at no to low cost to its nations. The current trend of disbursing climate finance predominantly as loans, which represented 71% of public climate finance in 2019, perpetuates inequality and exacerbates the economic challenges faced by African countries[9] (Climate Policy Initiative 2023). High-interest loans increase debt vulnerability, limiting governments' capacity to invest in sustainable development initiatives. Instead, climate finance should

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[6] CDP Africa Report (2020): Benchmarking Progress Towards Climate Safe Cities, States, and Regions:/https://cdn.cdp.net/cdp-production/cms/reports/documents/000/005/023/original/CDP_Africa_Report_2020.pdf?1583855467

[7] Africa Policy Research Institute (2022): Climate Finance in Africa: Needs, challenges and opportunities to deliver the financial resources required to drive low-carbon and climate-resilient development:https://afripoli.org/projects/climate-finance/climate-finance-in-africa-needs-challenges-and-opportunities-to-deliver-the-financial-resources-et-al#:~:text=Conservative%20estimates%20indicate%20that%20Africa%20needs%20US%242.5%20trillion,determined%20contributions%20%28NDCs%29%20under%20the%20Paris%20Climate%20Agreement.

[8] World Resource Institute: Developed Countries Meet Long Overdue $100 Billion Commitment:https://www.wri.org/news/statement-developed-countries-meet-long-overdue-100-billion-commitment

[9] Climate Policy Initiative (2023): Global Landscape of Climate Finance:https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/

focus on grant funding and concessional loans that prioritize the needs of the most vulnerable populations, enabling them to participate in climate action without incurring unsustainable debt burdens. This shift is essential for fostering inclusive growth and resilience, as it empowers communities to invest in renewable energy, sustainable agriculture, and climate-resilient infrastructure. Additionally, climate finance has the potential to drive dual mitigation and adaptation strategies. Given that a significant portion of Africa's GHG emissions stems from land-use change and forestry (LUCF), climate finance should prioritize funding for projects aimed at forest conservation, protection, and restoration alongside low-carbon energy generation initiatives[10] (APRI 2024). By integrating mitigation and adaptation efforts, climate finance can promote sustainable land management practices that enhance biodiversity, protect ecosystems, and improve livelihoods. However, investing in climate finance is not merely about addressing environmental challenges; it is also a pathway to achieving sustainable economic growth in Africa. Climate finance can stimulate job creation in green sectors such as renewable energy, sustainable agriculture, and eco-tourism. By financing climate-positive ventures, Africa can enhance its economic resilience, reduce poverty, and foster long-term sustainability.

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3.0 OVERVIEW OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) AND ITS SIGNIFICANCE

The International Development Association (IDA) is the concessional financing arm of the World Bank Group, established in 1960 to support the world's poorest countries in their efforts to overcome pressing development challenges. The idea for IDA emerged from a recognition that many developing countries required more flexible financial terms than those offered by the International Bank for Reconstruction and Development (IBRD). This need became apparent in the 1950s as developing nations struggled to afford the loans required for growth. Early support for the creation of IDA came from the U.S. Senate, particularly through the Monroney Resolution, which proposed the establishment of a development agency within the World Bank. Following deliberations and the U.S. government's endorsement, the World Bank's Board of Governors approved

[10] Africa Policy Research Institute. (2024). *Climate finance in Africa: Needs, challenges, and opportunities to deliver the financial resources required to drive low-carbon and climate-resilient development.* https://apri-Climate-Finance-in-Africa-Report.pdf

the Articles of Agreement, and by September 24, 1960, IDA officially launched with 15 founding member countries and an initial funding of $912.7 million.

Initially, IDA allocated its first credits to countries like Sudan, Chile, India, and Honduras for infrastructure projects, such as highway development. Since then, IDA has grown significantly, now encompassing 174 member countries and becoming the leading provider of concessional financing to the world's 78 poorest nations. Over its six-decade history, IDA has provided more than $533 billion in funding, addressing critical challenges like climate change, fragility, and gender inequality, while consistently adapting to the evolving needs of its client countries. A notable innovation came in 2016 when IDA received its first public credit ratings, allowing it to access global capital markets (World Bank 2024).[11] This financial evolution enabled IDA to increase its financial capacity, leading to historic funding replenishments and a more robust support system for economic and social development in low-income countries.

IDA's financial support is unique due to its concessional terms, offering zero or very low-interest loans with repayment periods stretched over 30 to 40 years. For countries at higher risk of debt distress, IDA extends grants, which require no repayment.[12] This flexibility allows IDA to provide crucial funding to nations that face significant economic challenges, ensuring that resources are directed towards improving living conditions, promoting economic stability, and fostering sustainable development (IDA 2024).

As the largest provider of assistance to 78 low-income countries, IDA plays a pivotal role in alleviating poverty, improving infrastructure, and more recently, addressing climate change adaptation and mitigation. It complements the World Bank's original lending arm, the International Bank for Reconstruction and Development (IBRD), by offering grants and low-interest loans to countries that lack access to conventional financial markets (World Bank 2024).[13]

Africa, home to the majority of IDA beneficiaries, is a primary recipient of this financing, with IDA making vital contributions to poverty reduction and sustainable infrastructure development across the continent. In recent years, IDA has also played a critical role in providing debt relief through initiatives like the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), enabling many countries to reduce their debt burden and invest in growth-oriented projects. As such, every three years, IDA undergoes a replenishment process, where representatives of member countries assess the financial capacity and demand for future financing. The most recent replenishment, IDA20, concluded in December 2021 with a historic $93 billion financing package for fiscal years 2022-2025. (World Bank 2022)[14] This funding allows IDA to continue its mission of fostering global economic development, particularly in the poorest regions of the world.

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[11] World Bank Group. (2024). *Climate finance fiscal year 2024 snapshot*.
https://www.worldbank.org/en/news/press-release/2024/09/19/climate-finance-fiscal-year-2024-snapshot
[12] International Development Association Articles of Agreement (Effective September 24, 1960)
https://thedocs.worldbank.org/en/doc/2a209939e876fdcd0d957036daebff6e-0410011960/original/IDA-Articles-of-Agreement-English.pdf
[13] International Development Association (2024) World Bank Group:https://ida.worldbank.org/en/financing

The next replenishment of the International Development Association (IDA), known as IDA21, is expected to take place in December, 2024. The IDA21 replenishment will provide funding for the fiscal years 2025-2028. As at September 23, 2024, Denmark has pledged a 40% increase in funding commitment to IDA replenishment as compared to previous replacement cycles. Other donor countries are being encouraged to commit substantial funds to re-establish trust with developing nations and address global challenges such as debt, climate resilience, and poverty alleviation (United Nations, 2024)[15]. However, IDA's significance extends beyond financial assistance, as it has helped transform numerous countries from aid recipients to economic contributors. Thirty-six countries have graduated from IDA and some, including China, India, South Korea, and Turkey, have transitioned into IDA donors, demonstrating the long-term impact of its support as a key instrument for addressing poverty, social inequality, and climate challenges. IDA remains at the forefront of global mitigation efforts to create safer, more prosperous communities.

3.1 List of IDA founding members and Borrowing Countries

IDA was launched on September 24, 1960, with 15 signatory countries representing a total of four regions. Within its first eight months of launch, IDA had 51 members and allocated credits worth $101 million to four countries: Sudan, Chile, India, and Honduras. In 1961, Honduras became the first country to receive an IDA credit, a $9 million disbursement for highway development and maintenance.

Table 1: IDA founding members

NORTH AMERICA:	EUROPE:	ASIA-PACIFIC:	AFRICA:
Canada	Germany	Australia	Sudan
United States	Italy	China	
	Norway	India	
	Sweden	Malaysia	
	United Kingdom	Pakistan	
		Thailand	
		Vietnam	

[14] World Bank Group:Japan and World Bank Host IDA20 Launch; Global Community Consolidates Commitment to the Poorest with $93 Billion Package:https://www.worldbank.org/en/news/press-release/2022/09/13/japan-and-world-bank-host-ida20-launch-global-community-consolidates-commitment-to-the-poorest-with-93-billion-package

[15] United Nations (2024): Regional Information Centre for Western Europe:https://unric.org/en/denmark-pledges-491-7-million-to-world-bank-ida-fund-for-poorest-countries/

Currently, there are 78 countries that are eligible to access finance from the International Development Association. These countries are grouped into four basic categories, This include;

- Inactive countries: no active IDA financing due to protracted non-accrual status.
- Blend countries: These countries are IDA-eligible but also creditworthy for some IBRD borrowing.
- Countries borrowing on small economy terms, when applicable.
- Borrowing on blend credit terms.

Table 2: IDA Borrowing Countries

AFRICA	EAST ASIA	MIDDLE EAST AND NORTH AFRICA
Burkina Faso	Cambodia [4]	Djibouti
Burundi	Fiji [2 & 3]	Syrian Arab Republic [1]
Cameroon [2 & 4]	Kiribati [3]	Yemen, Republic of
Cabo Verde [2 & 3]	Lao People's Democratic Republic [4]	
Central African Republic	Marshall Islands [3]	
Chad	Micronesia, Federated States of [3]	
Comoros [3]	Myanmar	
Congo, Democratic Republic of	Papua New Guinea [2 & 4]	
Congo, Republic of [2 & 4]	Samoa [3]	
Cote d'Ivoire [4]	Solomon Islands [3]	
Eritrea [1]	Timor-Leste [2 & 3]	
Eswatini [2 & 3]	Tonga [3]	
Ethiopia	Tuvalu [3]	
Gambia, The	Vanuatu [3]	
Ghana [4]	**SOUTH ASIA**	
Guinea	Afghanistan	
Guinea-Bissau	Bangladesh [4]	
Kenya [2 & 4]	Bhutan [3]	
Lesotho [4]	Maldives [3]	

Liberia	Nepal	
Madagascar	Pakistan [2 & 4]	
Malawi	Sri Lanka [4]	
Mali	**EUROPE AND CENTRAL ASIA**	
Mauritania [4]	Kosovo [4]	
Mozambique	Kyrgyz Republic	
Niger	Tajikistan	
Nigeria [2 & 4]	Uzbekistan [2 & 4]	
Rwanda	**LATIN AMERICA AND CARIBBEAN**	
Sao Tome and Principe [3]	Belize [2 & 3]	
Senegal [4]	Dominica [2 & 3]	
Sierra Leone	Grenada [2 & 3]	
Somalia	Guyana [3]	
South Sudan	Haiti	
Sudan	Honduras [4]	
Tanzania	Nicaragua [4]	
Togo	St. Lucia [2 & 3]	
Uganda	St. Vincent [2 & 3]	
Zambia	Suriname	
Zimbabwe [1 & 2]		
Benin		

Source: The World Bank Group

[1] Inactive countries: no active IDA financing due to protracted non-accrual status.
[2] Blend countries: IDA-eligible but also creditworthy for some IBRD borrowing.
[3] Borrowing on small economy terms, when applicable.
[4] Borrowing on blend credit terms.

3.2 IDA Funding Structure and Function

-  **Equity contribution and facility**

The International Development Association (IDA) plays a pivotal role in financing development projects in the world's poorest countries through a carefully structured funding model. IDA's operations are primarily supported by its substantial equity base, which amounted to $190.3 billion as of June 30, 2024 (IDA 2024). This equity is determined by regular contributions from member countries during the replenishment process, ensuring a steady inflow of resources.

IDA's operations are primarily supported by its substantial equity base, which amounted to $190.3 billion as of June 30, 2024 (IDA 2024).

As of July 5, 2023, IDA's Board of Governors established a Crisis Facility designed to enhance support for IDA countries facing escalating development challenges, particularly due to global crises like food insecurity and extreme climate events. The Crisis Facility aims to provide additional resources to countries affected by Russia's invasion of Ukraine and offers a mechanism for pooling contributions to support Ukraine and neighboring Moldova. As of June 30, 2024, the facility had received $662 million in member contributions.

-  **Debt raising facility**

In response to increasing financial demands, IDA has adopted a hybrid financial model since FY18, introducing market debt into its business model. This model leverages its equity and blends it with market debt, allowing IDA to enhance its financial efficiency and increase its financing capacity. The agreed resource enveloped for IDA20 totals $93 billion, supported by $23.5 billion in member contributions (IDA 2024). This funding structure allows IDA to provide concessional financing tailored to the needs of its clients while ensuring long-term financial sustainability through a prudent risk management framework.

Eligibility for IDA's resources is primarily determined by relative poverty, defined by Gross National Income (GNI) per capita below an annually established threshold. For FY25, this threshold is set at $1,335. The IDA funding structure thus aligns with its mission to assist low-income countries, facilitating their access to essential resources for development.

3.3 IDA Financial Performance and Impact - 2023/2024

Table 3: Selected Financial Data

In million US dollars, except ratios which are in percentages

	As of and for the fiscal years ended June 30,		
	2024	2023	2022
Lending Highlights (Sections IV & V)			
Loans, Grants and Guarantees			
Net commitments [a]	$ 31,195	$ 34,245	$ 37,727
Gross disbursements [a]	28,247	27,718	21,214
Net disbursements [a]	20,062	19,968	14,477
Balance Sheet (Section IV)			
Total assets	$ 241,350	$ 227,482	$ 220,014
Net investment portfolio [b]	33,581	30,672	39,561
Net loans outstanding	198,457	187,669	174,490
Borrowing portfolio [c]	47,028	35,393	35,032
Total equity	190,301	185,782	178,668
Income Statement (Section IV)			
Interest revenue, net of borrowing expenses	$ 2,398	$ 2,367	$ 1,901
Transfers from affiliated organizations and others	291	117	274
Development grants	(5,291)	(3,946)	(2,372)
Net (loss) income	(3,573)	(3,262)	12
Non-GAAP Measures			
Adjusted Net Income (Section IV)	$ 780	$ 193	$ 260
Deployable Strategic Capital Ratio			
Current Approach [d]	34.8 %	N/A	N/A
Previous Approach	21.1 %	24.1 %	26.4 %

In the fiscal year 2024, the IDA faced significant financial challenges, reporting a net loss of $3,573 million compared to a net loss of $3,262 million in FY23. The primary driver of this increased loss was a rise in development grant expenses, reflecting the IDA’s commitment to addressing pressing development needs through targeted support. Despite the net loss, IDA's adjusted net income for FY24 was reported at $780 million, a notable increase from $193 million in FY23. This rise was largely attributed to higher revenue from investments, a reduction in provision expenses for losses on loans and other exposures, and increased net interest revenue on loans, albeit partially offset by elevated borrowing expenses.

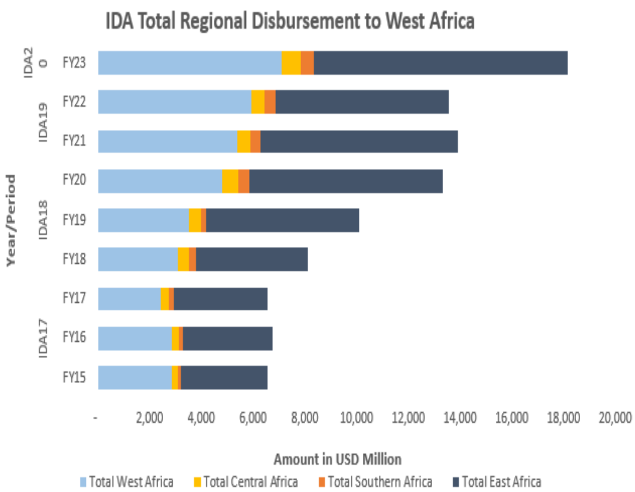
IDA's net commitments for FY24 totaled $31.2 billion, representing a decrease of $3.1 billion from FY23, primarily due to lower loan commitments. Out of the total net commitments, $23.1 billion were allocated to loan commitments, while $8.1 billion were dedicated to grants. The increase in IDA’s net loans outstanding rose to $198.5 billion as of June 30, 2024, reflecting a $10.8 billion increase from $187.7 billion the previous year.

Development grant expenses saw a significant rise, totaling $5.3 billion in FY24 compared to $3.9 billion in FY23, driven by higher disbursements of conditional grants as specific conditions for expense recognition were met. This focus on grants underscores IDA's strategy to provide critical support to its member countries, ensuring they have the necessary resources to combat the ongoing crises and achieve sustainable development goals.

Overall, while IDA experienced a challenging fiscal year, its hybrid funding model and commitment to concessional financing continue to enhance its ability to respond to the needs of the world's poorest countries, fostering resilience and sustainable growth in the face of global challenges.

IDA Disbursement to Africa FY15 – FY23

Fig. 1: Authors' illustration based on data from the World Bank



In USD (million)	IDA17			IDA18			IDA19		IDA20
Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total West Africa	2,848	2,874	2,435	3,085	3,540	4,828	5,408	5,946	7,105
Total Central Africa	245	282	313	433	455	616	501	511	728
Total Southern Africa	130	145	186	277	208	418	387	430	521
Total East Africa	3,325	3,468	3,627	4,313	5,912	7,456	7,642	6,670	9,800

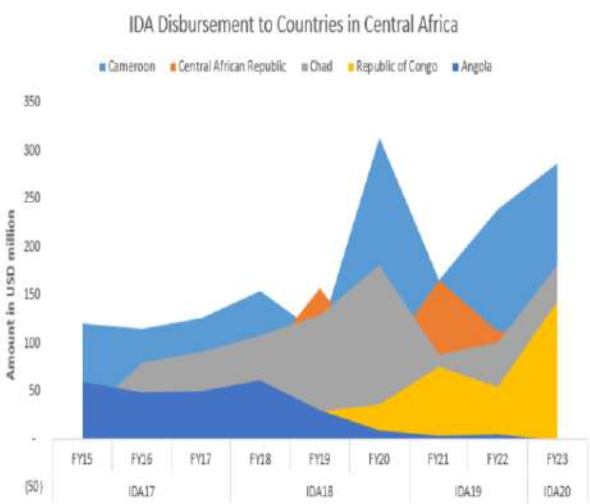
The chart presents data on International Development Association (IDA) gross disbursements to Africa by region from FY15 to FY23. It provides a clear breakdown of financial support distributed across four key African regions: West Africa, Central Africa, Southern Africa, and East Africa, over nine fiscal years.

Between FY15 and FY23, East Africa received the largest amount of IDA gross disbursements, totalling $52,213 million across the nine-year period. The region consistently led in disbursements, with significant increases in the latter years of the period. West Africa followed totalling 38,069 with substantial growth in funding, particularly from FY20 ($4,828 million) to FY23 ($7,105 million). Central and Southern Africa, while receiving smaller amounts $4,084million and $2,702million in gross total disbursement respectively, still showed a clear upward trend in disbursements over time.

East Africa's dominance in IDA funding can be attributed to strategic importance, escalating climate crises in the horns of Africa, growing demand for development assistance, significant progress in accessing IDA resources and substantial infrastructure and development needs. West Africa's steady increase suggests growing recognition of its development potential, while Central and Southern Africa may require further capacity building to access and utilize IDA funding at similar levels.

IDA Disbursement to Central Africa Countries

Fig. 2: Authors illustration based on data from the World Bank

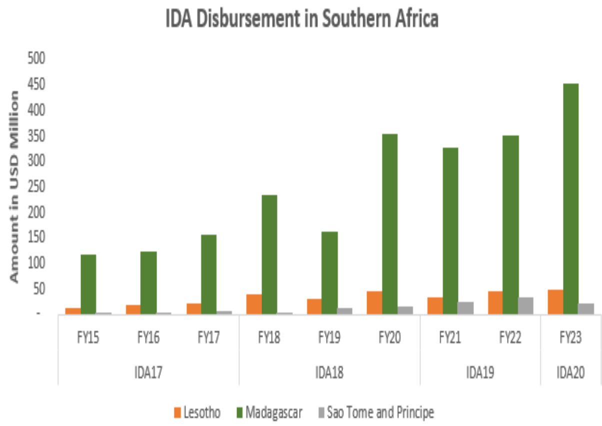


In USD (million)	IDA17			IDA18			IDA19		IDA20
Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Cameroon	121	115	126	154	110	314	166	239	287
Central African Republic	32	25	36	79	157	75	166	112	118
Chad	21	80	91	108	129	181	89	101	181
Republic of Congo	11	13	10	30	29	36	76	54	143
Angola	60	49	50	62	30	10	4	5	(0)

The data presents IDA disbursement to Central African countries from FY15 to FY23, including Cameroon, the Central African Republic (CAR), Chad, the Republic of Congo, and Angola. Throughout the reference period (FY15–FY23), Cameroon received the highest cumulative disbursements among the selected countries in Central Africa. The country’s total disbursement reached $1,531 million over nine years. The Central African Republic (CAR) saw a marked increase in IDA disbursements, starting at a relatively low $32 million in FY15 and growing significantly to $118 million by FY23. The largest disbursement for CAR occurred in FY19 at $157 million, likely due to efforts to stabilize and rebuild the country following internal conflict and crises. Chad received varying amounts of IDA funding, beginning at $21 million in FY15 and reaching a high of $181 million in both FY20 and FY23. Chad’s disbursements show a significant upward trend, particularly from FY19 onward. The Republic of Congo received lower levels of IDA funding compared to other countries in the region. Starting at $11 million in FY15, disbursements gradually increased, peaking at $143 million in FY23. While disbursements remained relatively modest in the earlier years, the increase in FY21 and FY23 suggests that the country may have benefited from new development projects or reforms that allowed for greater access to IDA resources. Angola stands out as an exception in this analysis. The country received $60 million in FY15, but its disbursements declined steadily to $0 by FY23. This trend indicates that Angola's access to IDA funding diminished over time, potentially due to shifts in eligibility, a focus on other financing sources, or changes in the country's economic situation.

IDA Disbursement to Southern Africa

Fig. 3: Authors' illustration based on data from the World Bank

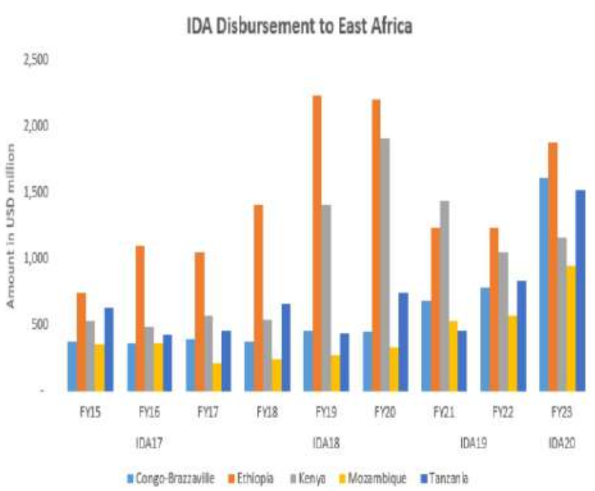


In USD (million)	IDA17			IDA18			IDA19		IDA20
Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Lesotho	12	20	23	40	31	46	35	44	48
Madagascar	117	124	156	236	164	355	328	351	452
Sao Tome and Principe	1	1	7	1	13	17	24	34	21

Over the period from FY15 to FY23, Madagascar received the highest cumulative disbursements among the three Southern African countries. With a total of approximately $2,283 million in IDA funding, Madagascar outpaced both Lesotho and São Tomé and Príncipe. Madagascar's disbursements saw consistent growth, with a particularly sharp increase in the later years, especially from FY20 to FY23, when annual allocations surpassed $300 million. This high level of disbursement likely corresponds to the country's significant development needs, including infrastructure development, poverty alleviation, and climate resilience.

IDA Disbursement to East Africa

Fig. 4: Authors' illustration based on data from the World Bank

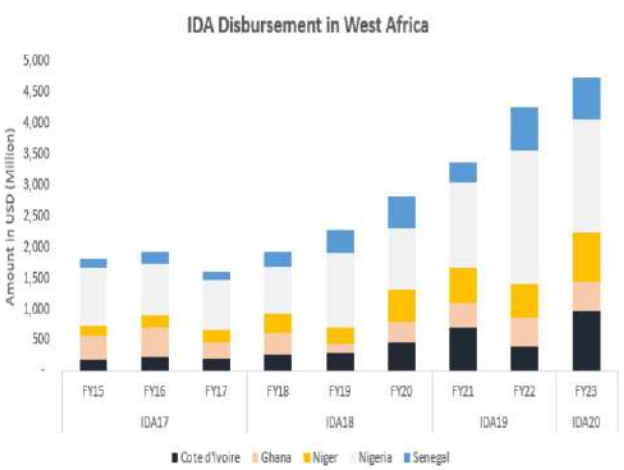


In USD (million)	IDA17			IDA18			IDA19		IDA20
Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Congo-Brazzaville	382	366	396	375	458	449	681	788	1,611
Ethiopia	744	1,103	1,047	1,405	2,237	2,202	1,233	1,233	1,874
Kenya	530	489	577	538	1,404	1,912	1,438	1,055	1,162
Mozambique	362	367	222	244	276	341	532	578	946
Tanzania	630	430	462	668	442	751	466	837	1,522

Ethiopia received the highest cumulative IDA disbursements among the East African countries over the period from FY15 to FY23, with a total of approximately $12.1 billion in development assistance. This makes Ethiopia the top recipient of IDA funding in the region. Kenya witnessed fluctuations in disbursements over the years, beginning with $530 million in FY15. After an increase to $1.4 billion by FY19, disbursements declined to $1,055 million by FY22 before stabilizing at $1,162 million in FY23. Congo-Brazzaville experienced steady increases in IDA disbursements over the nine-year period. Starting at $382 million in FY15, disbursements remained stable around $375-$458 million until FY19, after which they significantly increased, reaching $1,611 million by FY23. Tanzania experienced variability in its disbursements, starting at $630 million in FY15. After a drop to $442 million in FY19, the disbursements saw a significant increase to $1.5 billion in FY23, reflecting renewed development efforts or investments in critical sectors. Mozambique saw a gradual increase in disbursements from $362 million in FY15 to $946 million in FY23. Although the disbursement levels remained modest compared to other countries in the region, the consistent upward trend suggests increasing development assistance to address challenges such as poverty, infrastructure gaps, and climate vulnerability.

IDA Disbursement in West Africa FY5 – FY23

Fig. 5: Authors' illustration based on data from the World Bank



In USD (million)	IDA17			IDA18			IDA19		IDA20
Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Cote d'Ivoire	187	235	200	265	289	456	704	405	959
Ghana	386	473	259	363	148	332	402	446	494
Niger	165	203	197	289	261	519	552	546	782
Nigeria	930	832	807	779	1,202	990	1,391	2,166	1,830
Senegal	155	188	149	231	377	534	319	705	679

The data showed that Côte d'Ivoire saw consistent growth in IDA disbursements from $187 million in FY15 to $959 million in FY23. The disbursements remained relatively moderate in the earlier years but increased sharply starting in FY20, peaking in FY23 at $959 million. Ghana received fluctuating IDA disbursements, beginning at $386 million in FY15 and ending at $494 million in FY23. The disbursements dropped significantly in FY19 ($148 million) but recovered by FY22 and FY23. Niger experienced steady growth in IDA disbursements, with figures rising from $165 million in FY15 to $782 million in FY23. The disbursements more than quadrupled over the period, reflecting Niger's increasing need for external development assistance. Senegal also saw gradual increases in disbursements, with a significant rise from $155 million in FY15 to $705 million in FY22, though slightly dropping to $679 million in FY23. The sharp increase starting in FY19 indicates enhanced IDA support for infrastructure development, social programs, and climate resilience projects. Nigeria received the highest cumulative disbursements during the period from FY15 to FY23, with a total of approximately $11.03 billion. Nigeria's peak disbursement occurred in FY22, when it received $2.17 billion, highlighting its priority status within IDA's West African portfolio.

4.0 IDA's ROLE IN AFRICA'S SUSTAINABLE DEVELOPMENT AND CLIMATE FINANCE ARCHITECTURE

The IDA plays a crucial role in building Africa's climate finance architecture, addressing the significant financing gap that hampers large-scale climate projects across the continent. Many African nations, especially those with lower-income economies, struggle to access climate finance through traditional financial markets. IDA's concessional financing mechanisms comprising long-term, low-interest loans and grants enable these governments to fund climate-smart initiatives in critical areas such as climate adaptation and mitigation, clean energy generation, sustainable urbanization, and natural resource management. This approach helps reduce the financial burden on African nations, fostering inclusive and equitable growth in line with IDA's mandate. For example, in 2020, IDA approved $375 million for the Ethiopia Resilient Landscapes and Livelihoods Project, which aims to enhance the climate resilience of vulnerable communities by improving sustainable land management and increasing productivity[16]. Similarly, the Sahel Adaptive Social Protection Program supported by IDA focuses on building social safety nets that mitigate the impact of climate shocks.[17] Programs such as the Niger River Basin Program, funded in part by IDA, demonstrate how the association supports regional adaptation to climate change. This multi-country initiative promotes sustainable water resource management across nine West African nations that depend on the Niger River for irrigation, drinking water, and power generation. By integrating climate risk management into water governance, IDA helps mitigate climate-induced disruptions to food security and livelihoods for millions of people.

A key aspect of IDA's role in Africa's climate finance architecture is its ability to catalyze private sector investment. Through initiatives like the Climate Investment Club, IDA connects investors with high-impact projects in renewable energy, green agriculture, and waste management, attracting private capital into climate-aligned ventures. This private sector participation is critical for scaling up sustainable development efforts, particularly in sectors like renewable energy infrastructure that require significant upfront capital.

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[16] World Bank Group (2023): Ethiopia Resilient Landscapes and Livelihoods Project: https://projects.worldbank.org/en/projects-operations/project-detail/P163383

[17] World Bank Group (2024): Sahel Adaptive Social Protection Program : https://www.worldbank.org/en/programs/sahel-adaptive-social-protection-program-trust-fund/overview

In addition, IDA plays a pivotal role in enabling African countries to participate in global carbon markets. By providing technical support and financing for projects that generate carbon credits, IDA helps nations develop and scale ventures that contribute to global emission reduction targets. Projects in sectors such as renewable energy, waste-to-energy, and green transportation not only help mitigate climate change but also create opportunities for African countries to benefit economically from carbon trading. For example, the IDA-supported Ethiopia Climate Action through Landscape Management Project is projected to reduce over 10 million tons of CO_2 emissions through reforestation and sustainable land use practices.[18]

Africa's agriculture sector, which employs over 60% of the continent's population, is highly vulnerable to climate risks. IDA's financing for climate-smart agriculture ensures that farmers adopt sustainable practices that increase productivity while reducing environmental impacts. In countries like Mozambique and Malawi, IDA-funded programs have introduced drought-resistant crops and modern irrigation systems, improving food security and resilience to changing climate conditions.

Furthermore, IDA has been instrumental in supporting Africa's transition to renewable energy. Through projects like the Scaling Solar initiative, IDA has helped African nations develop competitive solar power projects, lowering the cost of renewable energy and expanding access to electricity in underserved regions. In Zambia, for example, the Scaling Solar Project, supported by IDA and the International Finance Corporation (IFC), has resulted in the construction of a 47.5 MW solar plant, providing clean energy to 30,000 households and reducing CO_2 emissions by over 25,000 tons annually.[19]

4.1 IDA Impact in Sub-Saharan Africa

Over the past decade, IDA provided $99.3 billion in financing for more than 1,100 projects for Sub-Sahara Africa countries, including $14.2 billion in fiscal year 2019. In Central African Republic, 4.6 million women benefited through better utilization of maternal and child health services from 2012–18. From 2014–18, in Burkina Faso, 27,994 people accessed new or improved electricity after installation of more efficient equipment, while

[18] World Bank Group (2024): Ethiopia climate action through landscape management program for results: https://projects.worldbank.org/en/projects-operations/project-detail/P170384
[19] International Finance Corporation (2020): Scaling Solar in Africa: https://www.ifc.org/content/dam/ifc/doc/2023-delta/infra-factsheet-scaling-solar-2023.pdf

16,498 solar lanterns were installed in public schools. In Ethiopia, 448,885 people benefited from a safety net project that generated 2.2 million days of work from 2016–18.

Notable Projects and Key Numbers

Project impact	Key Numbers
Saving Lives and Livelihoods through Flood Protection in Cameroon	70km of the Logone embankment and 27km of the Maga dam have been rehabilitated 103,000 people, of which 30% are women, directly benefited from the project
Building a Safety-Net in Times of Crisis in Democratic Republic of the Congo	More than 35,000 direct beneficiaries have worked more than a million days $3 million in stipends has been distributed
Transforming Kenya's Transport Sector through Digital Integration	More than one million vehicles have been registered with a secure electronic data platform. The infusion of ICT in the transport sector has cemented Keyna's reputation as Africa's Silicon Savannah
Helping Young People Increase their Earning Potential in Liberia	14,024 youth, 50 percent of whom are female have received life and business skills training More than 5,000 hectares of land across all 15 counties in Liberia have been cultivated with various food crops
Strengthening Recovery and Peacebuilding in North-East Nigeria	105,000 beneficiaries-49% of whom are women-have gained access to roads, hospitals, water, sanitation and hygiene facilities, and public buildings Psychosocial support services have reached 13,500 households
Supporting Africa's Sahel Pastoralists to Secure a Resilient Future	75% of the Sahel is too dry for livestock herders to remain in one place 5 million hectares of pastureland, 181 water points, and 66 cattle markets are supporting economic activity for 20,700 people
Trading Energy in West Africa to Benefit the Entire Region	Ghana's electricity export capacity has increased to 200 MW. 25 impoverished areas along the 188 km transmission line have received access to electricity
Banking the Unbanked in Malawi	40% of the adult population are now using financial institutions. The proportion of formally banked women more than doubled to 38.5%

4.2 The Link between IDA Replenishment and Climate Finance

As the climate crisis intensifies, the link between IDA replenishments and climate finance becomes increasingly crucial, especially in supporting low-income countries to build resilience, mitigate climate risks, and transition to sustainable, low-carbon economies. In recent years, IDA has increasingly integrated climate action into its operations, reflecting the growing recognition that climate change poses a direct threat to poverty reduction and development outcomes. IDA's replenishment cycles, typically occurring every three years, provide an opportunity for donors to demonstrate their commitments to climate finance as their contributions enable IDA to expand its concessional lending, grants, and technical assistance facilities aimed at helping vulnerable countries adapt to the impacts of climate change and reduce greenhouse gas (GHG) emissions. The last IDA20 replenishment (2022-2025) marked a significant step forward due to the strong emphasis on climate-related initiatives. Approximately 35% of IDA20 commitments was allocated to climate action, targeting areas such as climate resilience, renewable energy, sustainable agriculture, and disaster risk management. This growing focus reflects the increasing demands from developing countries for climate finance and the recognition that without addressing climate risks, long-term development goals may be jeopardized.

IDA replenishments play a catalytic role in mobilizing private sector investment in climate finance. By providing concessional financing and de-risking mechanisms, IDA helps attract private capital to climate-related projects, particularly in renewable energy and clean technologies. This blended finance approach is essential in low-income countries, where high levels of perceived risk often deter private investors. Through initiatives such as the Private Sector Window (PSW), IDA leverages donor contributions to crowd in private investments, creating a multiplier effect for climate finance. Despite the progress made through IDA replenishments, significant gaps remain in climate finance for the world's poorest countries. Current funding levels fall short of what is needed to meet the growing demands for climate adaptation and mitigation. The 2015 Paris Agreement established a goal of mobilizing $100 billion per year in climate finance by 2020 for developing countries, a target that remains unmet. IDA replenishments are critical in bridging this gap, providing concessional resources to countries that have limited access to international capital markets or private finance. The replenishment of IDA resources also enhances synergies with other global climate finance initiatives, such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF). These institutions often collaborate with IDA to co-finance large-scale climate projects, amplifying their impact. By aligning its climate finance strategy with global efforts, IDA helps ensure that its interventions are coordinated, avoiding duplication and maximizing the use of resources to address climate change in the most vulnerable countries.

Looking forward, the role of IDA replenishments in climate finance will only grow in importance as the urgency of addressing climate change intensifies. Future replenishment cycles will likely see an even greater share of resources allocated to climate action, with a particular focus on supporting countries in achieving their Nationally Determined Contributions (NDCs) under the Paris Agreement. Moreover, as the international community pushes for greater alignment of financial flows with the goals of the Paris Agreement, IDA's role in climate finance will be critical to ensuring that low-income countries are not left behind in the global transition to a green economy.

4.3 Challenges Affecting IDA Replenishment

About a third of IDA countries are facing a looming food crisis (World Bank 2024) and global economic downturns are worsening poverty, undermining growth, and jeopardizing the prospects of a resilient and inclusive development. Countries are struggling with falling government revenues; increasing debt vulnerabilities; rising risks to fragility, conflict, and instability. The IDA is facing unprecedented challenges in its replenishment efforts. The economic downturn caused by the pandemic has led to shrinking government revenues in many IDA-eligible countries, severely limiting their capacity to invest in critical sectors such as healthcare, education, and infrastructure. The following factors will affect current IDA's replenishment cycle.

-  **Uncertainty in International Cooperation and Geopolitical Tensions**

The international cooperation needed to address global challenges like the COVID-19 pandemic, climate change, and development finance has been strained by geopolitical tensions. The shifting priorities of major donor countries and divergent global interests may hamper efforts to secure multilateral agreements on financing mechanisms. This uncertainty in international cooperation makes it difficult to ensure a predictable and sufficient flow of resources for IDA replenishment.

-  **Undermined Economic Growth and Falling Government Revenues**

The economic downturn caused by the pandemic has led to shrinking government revenues in many IDA-eligible countries, severely limiting their capacity to invest in critical sectors such as healthcare, education, and infrastructure. Some donor countries may prioritize domestic recovery efforts over international aid commitments, making it more challenging to raise the necessary funds for IDA's 21th replenishment (IDA21). The contraction of economies due to disruptions in supply chains has undermined growth prospects. This affects the ability of these countries to sustainably recover from the crisis, thus increasing their dependence on concessional finance from institutions like IDA.

- **Rising Debt Vulnerabilities**

Many IDA countries have experienced a sharp rise in their debt burdens due to the economic fallout from the pandemic. The increased borrowing to respond to immediate healthcare needs and economic support measures has led to growing debt vulnerabilities. Countries face higher risks of default and struggle to service their debt, making it difficult for them to access additional financing, which could potentially strain IDA resources if debt relief measures are expanded or if countries default on their obligations.

4.4 Recommendation

To maximize the impact of IDA replenishment efforts in addressing climate finance and sustainable development challenges across Africa, the following recommendations are hereby proposed:

- **Increase Climate-Focused Allocation and Develop Financial Instruments for Climate Risk Mitigation within IDA**

Given the intensifying climate crisis and its disproportionate impact on Africa, the IDA should prioritize climate finance allocations. Specifically, dedicating a larger share of IDA funding toward climate resilience and mitigation projects can catalyze transformative change. This includes investing in climate-smart agriculture, green infrastructure, renewable energy, and climate-resilient health systems, which are essential for long-term sustainability. To better manage climate-related financial risks, IDA should develop and deploy innovative financial instruments tailored to Africa's unique needs. This could include climate insurance mechanisms, resilience bonds, and risk-sharing facilities. These instruments would help mitigate the financial burden of climate-induced losses on vulnerable populations, ensuring that development progress is not eroded by climate shocks.

- **Foster Regional Collaboration for Cross-Border Climate Initiatives and Enhance Local Adaptation and Resilience Funding**

To address the specific vulnerabilities of African communities, IDA funding should prioritize local adaptation initiatives. This includes developing a fund of funds mechanism or a subnational fund to accelerate financing to local government and community-based organizations that are directly engaged in climate resilience projects. By promoting a bottom-up approach, IDA can support the empowerment of communities, allowing for contextually relevant and sustainable solutions to climate impacts. Additionally, climate change impacts are rarely confined within national borders, particularly in regions that share ecological systems like the Sahel, the Congo Basin, and the Nile River Basin. IDA should allocate funding to support regional projects that address cross-border environmental challenges, such as water scarcity, deforestation, and desertification. Enhanced regional cooperation can create a cohesive and scalable approach to sustainable development, benefiting multiple nations simultaneously.

- **Integrate Targeted Mechanisms for Carbon Market Development**

To support Africa’s potential in carbon trading, IDA funding should encourage the establishment and scaling of carbon market frameworks in African countries. The IDA can collaborate with regional bodies to standardize regulatory frameworks and provide technical assistance facilities for carbon credit generation. Developing effective and efficient carbon markets would enable African nations to capitalize on carbon sequestration and emission reduction efforts for creating a new revenue stream that directly supports climate-positive projects.

- **Strengthen Support for Green Job Creation and Workforce Development**

IDA resources should be channelled toward programs that build green job capacities across sectors, such as renewable energy, waste management, and sustainable agriculture. Given that these sectors are critical to Africa's sustainable development, creating targeted training initiatives in these sectors can empower a new generation of climate-conscious professionals, contributing to economic resilience and social development. Furthermore, collaborating with local governments, educational institutions, and the private sector would significantly amplify these efforts by aligning skills development with labour market demands in green industries.

- **Expand Public-Private Partnerships (PPPs) for Climate Action**

The IDA should enhance its focus on public-private partnerships to mobilize additional climate finance resources. By co-financing projects with private investors, IDA can multiply the impact of each dollar far beyond its current capacity and foster innovation in clean technology and sustainable infrastructure. In order to achieve this, specific attention should be given to creating enabling environments for PPPs tailored at financing green infrastructure in Africa. Additional concerns should be given to legal frameworks and risk mitigation strategies, which can attract more private investment into climate projects in Africa.

By implementing these recommendations, the IDA can significantly bolster its role as a key driver of climate finance and sustainable development across Africa. Such strategic, well-targeted support will empower African nations to meet their climate goals, strengthen resilience, and foster inclusive economic growth for the future.

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