

# Donor profile: The World Bank (IDA)

## Funding for water, sanitation and hygiene (WASH) in the SDG era

### Key findings

As the largest provider of Official Development Assistance (ODA) to water supply and sanitation (WSS) since the Sustainable Development Goals (SDGs) were agreed, provided primarily by the International Development Association (IDA), the World Bank's support to SDG 6 and especially targets 6.1 and 6.2 is vital. However, in recent years there have been alarming declines in the real-terms value and share of World Bank ODA to the sector. The reverse in this trend signalled in 2021 must be accelerated through the remaining years to 2030, while ensuring prioritisation of the poorest and most off-track countries with the optimal deployment of concessional resources. In this context the World Bank should:

- Raise the share of ODA to WSS to 8.3% and above each year to 2030
- Reappraise priority countries to focus on those most off-track and in-need, allocating them a greater share of grants and the most concessional lending.
- Scale up integration of WASH and health with a focus on pandemic preparedness, universal health coverage and nutrition

### Trend in support (2015-2021)<sup>1</sup>

- The World Bank was the largest provider of ODA to the WSS sector,<sup>2</sup> 2015-2021, at around US \$ 7.8 billion over the period.<sup>3</sup>
- The World Bank provided a higher share of total ODA to WSS than other donors (6.7% vs. 3.3%) on average over period.
- Funding for WSS peaked in 2019 in real terms, while as a share of total ODA it fell from 2018, with a relatively steep drop in 2020, until recovering somewhat in 2021 (Figure 1).
- In the main COVID-19 response period for which data are available (2020-2021), average WSS ODA disbursements p.a. fell 7% relative to the preceding years (2015-2019), whereas they increased in energy and in all

<sup>1</sup> All data from OECD DAC Creditor Reporting System (CRS) database and for the International Development Association (IDA) within the World Bank Group, unless otherwise stated.

<sup>2</sup> The term Water supply and sanitation in this briefing generally refers to the Organisation for Co-operation and Development's Development Assistant Committee (OECD DAC) sector 140: Water supply and sanitation. This includes some water resource management activities which enable WASH services, as well as solid waste management. Within WASH, ODA to drinking water and sanitation are partly reported in overlapping subsectors and there is no separate subsector for hygiene.

<sup>3</sup> All financial values reported use data on gross bilateral disbursements in US dollars unless otherwise stated. Trends and averages over multiple years use constant US dollar values normalised to 2020 prices to aid interpretation over time ('real-term' amounts).

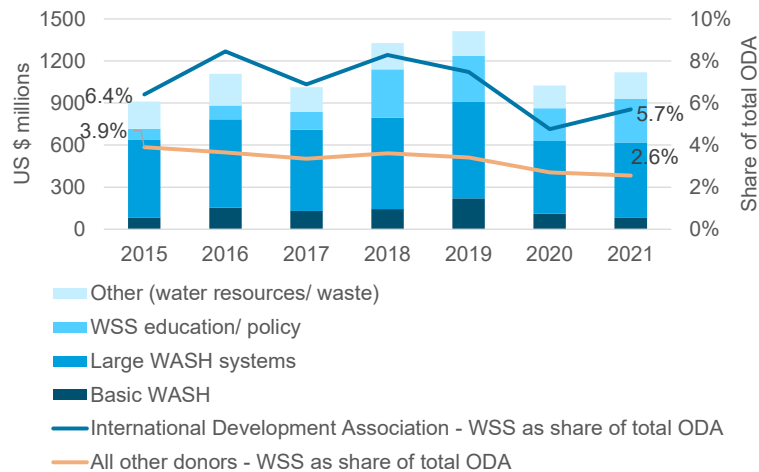
other social sectors – even when excluding significant allocations to COVID-19 control within the health sector.<sup>4</sup>

- Most World Bank WSS ODA went towards large WASH infrastructure and WSS education/policy (53% and 19%

respectively), slightly higher shares than the average for other donors. Compared with other donors a lower share of World Bank ODA went to basic WASH infrastructure – typically used by rural and peri-urban communities (12% vs. 24%).

- The World Bank provided around half as much ODA again, on top of WSS sector ODA, to other major water-related subsectors important to SDG6: \$3.7bn to Agricultural water resources and \$1.4bn to hydropower, over the period.<sup>5</sup>
- The World Bank also provided around \$140 million in other official flows to water supply and sanitation, across 2020 and 2021 only.<sup>6</sup>

**Figure 1: The World Bank - WSS ODA disbursements 2015-2021, in total and as a share of total ODA**



Source: OECD DAC CRS

### Type of support and countries supported

- 15% of World Bank WSS ODA was provided as grants, 2018-2021, compared with 22% across all other sectors.
- When comparing WSS with other sectors supported by the World Bank, a lower share of ODA for the poorest countries was in the form of grants (Figure 2); and of total grants less than two-thirds went to the poorest countries vs. over four fifths across other sectors.<sup>7</sup> However, the concessionality of loans (debt instruments) used in different income groups may vary and could not be assessed in this analysis.<sup>8</sup>

<sup>4</sup> WSS compared with other social sectors and energy to reflect the social service and infrastructure elements of WASH. Calculation excludes ODA to purpose code 12664 – COVID-19 control, available 2020-2021 only.

<sup>5</sup> These subsectors are included in monitoring of ODA under SDG target 6.a, expand international cooperation.

<sup>6</sup> Official sector transactions that do not meet ODA eligibility requirements. Export credits not included in data. [https://www.oecd-ilibrary.org/development/other-official-flows-oof/indicator/english\\_6afef3df-en](https://www.oecd-ilibrary.org/development/other-official-flows-oof/indicator/english_6afef3df-en)

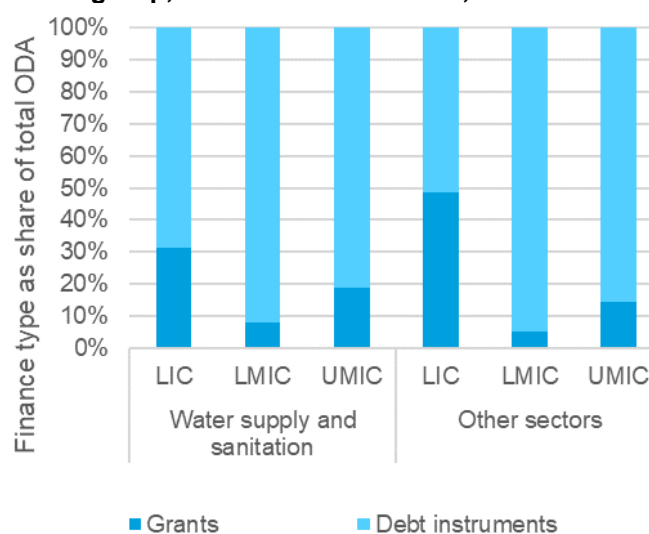
<sup>7</sup> Countries categorised as low income by the World Bank in 2021. Analysis does not account for changes in income category for some countries over the period. Small amounts of regional/ multi-country ODA excluded (0.1% of total for WSS; 0.5% of total for other countries).

<sup>8</sup> The grant equivalent measure of ODA has been adopted by OECD DAC CRS as a fairer way to reflect donor effort among DAC and non-DAC bilateral donors, but is not reported for multilateral donors.

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- Compared with other sectors a lower share of country-specific WSS ODA was provided in the form of budget support (7% vs. 33%) as opposed to project-type ODA, which can increase transaction costs and coordination challenges for partner countries. However, substantial use of project-type ODA for WSS is in common with other donors, and the share provided by the World Bank as budget support increased over the period, reaching 17% in 2021.<sup>9</sup>
- In fragile contexts, which overall received 59% of World Bank WSS ODA, just 4% was provided as budget support (across other World Bank supported sectors 75% of ODA went to fragile contexts and 23% of this was in the form of budget support).<sup>10</sup>

**Figure 2: World Bank – ODA finance type by country income group, WSS vs. other sectors, 2015-2021**



Source: OECD DAC CRS

## Support to off-track countries

- Looking back to 2015, at least some of the countries the World Bank supported with WASH infrastructure ODA over the following seven years held significant numbers of unserved people, particularly some of the more populous countries such as India, Ethiopia, Bangladesh and Nigeria.<sup>11</sup> However, over 40% of World Bank WASH infrastructure ODA, 2015-2021, was received by six countries that in 2015 accounted for a relatively small share of unserved people (across all countries the World Bank supported on WASH infrastructure): 10% of the population without access to basic drinking water and 8% of the population without access to basic sanitation (Figure 3).
- Looking forward, over the period, nearly a fifth of the World Bank's country-specific ODA for WASH infrastructure has gone to seven countries that are now on-track to achieve universal access to at least basic access to drinking water and sanitation, or that have reached over 99% coverage.<sup>12</sup> There may therefore be potential for reprioritisation of countries, in order to ensure no-one is left behind.

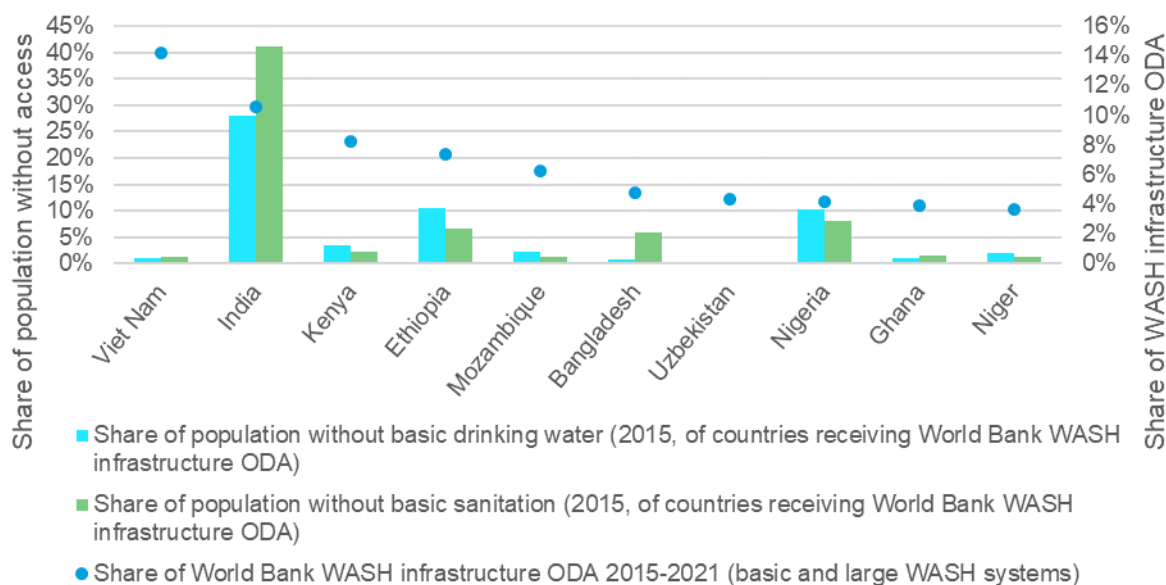
<sup>9</sup> Omits regional/ multi-country activities and in-donor costs including scholarships.

<sup>10</sup> Countries classified as fragile by OECD in 2021.

<sup>11</sup> Subsectors for basic and large system water supply and sanitation, purpose codes 14020-14032.

<sup>12</sup> Using data from WHO and UNICEF Joint Monitoring Programme (JMP). Countries: AZE, IRQ, LAO, MDV, TUN, TUV, VNM. These countries may still contain many unserved people by virtue of their size and current coverage levels.

**Figure 3 World Bank - Top 10 recipients of WASH infrastructure ODA 2015-2021 vs. proportion of people without basic drinking water/ sanitation in 2015**



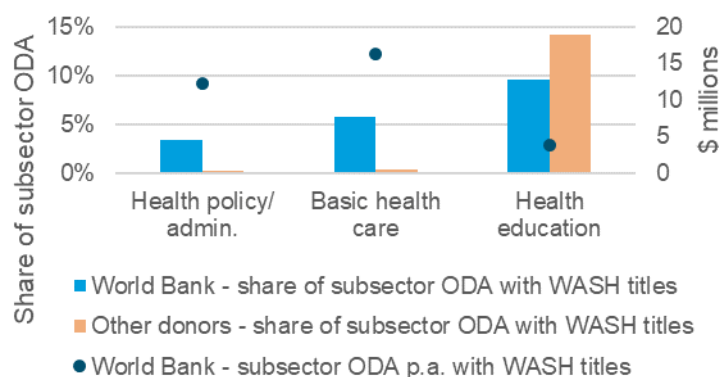
Source: OECD DAC CRS; WHO and UNICEF JMP

## WASH as an enabler: health and climate resilience

### Health

- A WASH keyword search across health subsectors indicates some integration of WASH within World Bank health ODA, but also that this could be more extensive. WASH terms feature in project titles within three World Bank-supported health

**Figure 4: World Bank – Health subsectors: share of ODA and average ODA p.a. with WASH terms in the title**



Source: OECD DAC CRS

subsectors: health policy and administration (in projects constituting 3% of subsector ODA), basic health care (6%) and health education (10%), together equivalent to \$32m p.a. over the period – though not all of this will be for WASH. In the first two cases, WASH-related activities appear much more prominently than in other donors' support to these subsectors (Figure 4). However, WASH did not feature in this way in World Bank projects in other health subsectors – including those in which it might be expected to feature, and does for other donors. Relevant subsectors include infectious disease

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control, COVID-19 control, basic nutrition and basic health infrastructure (where WASH related projects typically involve with WASH in healthcare facilities).<sup>13</sup>

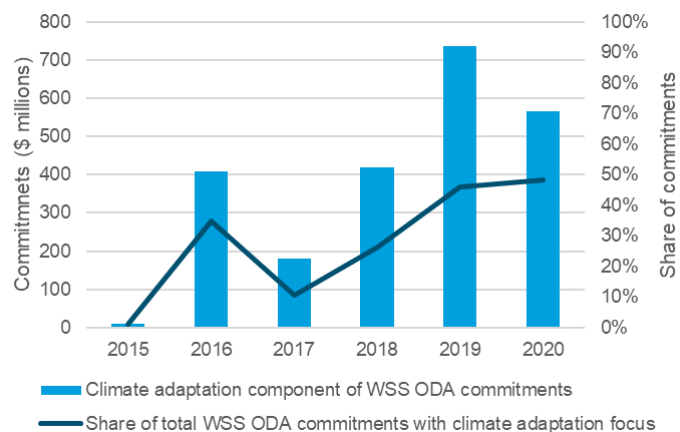
### [Gender equality

- Only 3% of World Bank projects in WSS are screened for their contribution for Gender Equality, all deemed to have a 'significant contribution'. This is an inadequate sample on which to draw conclusions so this section is omitted from this profile]

### Climate adaptation

- Climate change adaptation-related WSS ODA commitments from the World Bank have increased from a low base of barely \$10m in 2015 to over \$700m in 2019, dropping back somewhat in 2020 (disbursement data and 2021 estimate not available).<sup>14</sup> The overall upward trend may reflect effort to mainstream climate change adaptation substantively in WASH project design and objectives, though could also reflect increasing awareness and use of methodologies for attributing the adaptation-related components of projects.<sup>15</sup> Notably,

**Figure 5 World Bank – climate adaptation component of WSS ODA commitments 2015-2020**



Source: OECD DAC CRS

<sup>13</sup> The keyword search for a range of WASH terms in English, French and Spanish was tested and refined and performed on project titles and descriptions in the OECD DAC CRS database. See accompanying briefing for WASH keyword search methodology and subsector codes. This is a proxy for projects' attention to WASH, and while other donors' project descriptions could also be searched for WASH terms this was not possible for the World Bank, since World Bank health sector project descriptions duplicate their titles within OECD DAC CRS.

<sup>14</sup> Data from the climate-related development finance dataset (CRDF, recipient perspective) maintained by OECD DAC. Values are the adaptation-related 'climate components' of developmental and concessional projects only, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/climate-change.htm>. 'Share of total' is indicative only since OECD DAC CRS total commitment values are used as the denominator, and there are some anomalies between CRS and CRDF data.

<sup>15</sup> Reported amounts reflect the climate components of projects rather than their total value, although the underlying methodology for this adaptation-attribution is not fully clear. The World Bank jointly developed 'Common Principles for Climate Change Adaptation Finance Tracking' but the last available iteration of these is dated 2015

(<https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic->

however, while the share of World Bank WSS ODA commitments with a climate adaptation focus rose slightly in 2020, the actual amount committed fell. This suggests that increasing recognition of the links between WASH/ water, and climate adaptation, is not always leading to additional resources for the sector.

## Outlook

- With the IDA20 replenishment of 2021 at a historic high of \$93 billion dollars, made available over the following three years, total ODA from the World Bank should not decline significantly in aggregate. However, the effects of competing emergencies including conflict, the climate crisis and mounting debt challenges, may mean sectoral budgets come under pressure.
- Extrapolating WSS ODA disbursements to 2022 and 2023 using historic and more recent commitment and disbursement data implies a continued and accelerating decline, to around \$1 billion in 2022 and well below this in 2023.<sup>16</sup> While this is not a prediction and official figures need to be awaited, it would mean further falls away from the 2019 high, just when the World Bank's support, as the largest provider of WSS ODA, is most needed to address the hugely inadequate progress on SDG 6 and especially targets 6.1 and 6.2.
- The evidence in this profile points to the following opportunities for the World Bank to achieve its vision of a water-secure world for all:
  - Ensure that the drop in World Bank WSS ODA in 2020 is an anomaly and that the sector exceeds the 2018 high of c.8.3% total ODA every year to 2030
  - Undertake a strategic appraisal of priority countries to focus on those most off-track and in-need for the remaining seven years to 2030. Utilise the full spectrum of World Bank Group instruments and expertise to increase the share of grants to low income and least developed countries, while using loans and blending primarily in wealthier countries, and scaling use of budget support.
  - Scale up integration of WASH and health with appropriate resourcing, including in the areas of pandemic preparedness (in the context of the World Bank's roles in the Pandemic Fund), universal health coverage and nutrition.
  - Help build evidence that resilient WASH and water security contribute to climate adaptation outcomes and therefore the World Bank's target for 35% of its financing to have climate co-benefits, as well as broader policy debates e.g. the New Collective Quantified Goal on Climate Finance.
  - Help to broker a debate among donors and partner countries globally on the most strategic and effective use of ODA for WASH and water

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[Documents/Common Principles for Climate Change Adaptation Finance Tracking - Version 1\\_02 July 2015.pdf](#).

<sup>16</sup> Extrapolated 2022 disbursements are based on the average of 3 sources: historical CRS and International Aid Transparency Initiative (IATI) commitments, and IATI disbursements for 2022. Extrapolated 2023 disbursements use just IATI commitments. Adjustments were made to stay within historical levels of volatility, and work around donor specific IATI data issues.

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security, in a context of dire need, and potentially competing objectives including leaving no-one behind and leveraging private finance.

### About this donor profile

This profile is part of a series covering key donors' support to WSS in the SDG era to date, highlighting their achievements and how they can do more. A briefing looking at all donors is also available [here](#). It was produced by Manatee Insight Ltd. for WaterAid. Authors: Nathaniel Mason, Matt Geddes and Nabaraj Mahanta. We gratefully acknowledge advice from Marcus Manuel, Charlene Watson and colleagues at WaterAid and the WHO GLAAS team, but all errors and omissions are our own.