

**CHAIRPERSON'S SUMMARY**  
**IDA Deputies Meeting, Paris, France**  
**March 3-4, 2010**

1. Deputies of donor countries, joined by representatives of borrower countries and observers from other multilateral banks and agencies, met in Paris to begin discussions on the Sixteenth Replenishment of IDA resources (IDA16). Participants welcomed representatives from Thailand and Romania, who are considering becoming IDA donors in the future, and expressed their sincere appreciation to the Government of France for hosting the meeting.
2. The replenishment discussions commenced with presentations from finance ministers of three IDA countries: H.E. Samura M.W. Kamara, Minister of Finance and Economic Development from Sierra Leone; H.E. Omar Zakhilwal, Minister of Finance from the Islamic Republic of Afghanistan; and H.E. Ronald Baudin, Minister of Finance from Haiti – who presented his message through video. Participants welcomed the first-hand accounts from the Ministers of the impact of the economic crisis on their countries and of their recovery efforts. The Minister from Haiti also spoke of the impact of the recent earthquake. The Ministers noted that IDA is an important partner in development. They highlighted its role as a source of predictable financing, global knowledge and experience, which will remain central to accelerating progress in IDA countries towards reaching the MDGs. They stressed the importance of demand-driven approaches and country leadership for increased aid effectiveness and requested IDA to intensify its efforts to strengthen country ownership and capacity, including in the area of donor coordination.
3. Participants also heard a presentation from the Independent Evaluation Group (IEG), by Director General Mr. Vinod Thomas, on lessons from evaluations undertaken over the last several years. The main findings addressed: (1) IDA's continuing focus on development results, which is translating into better development outcomes as measured by improved project ratings and other intermediate measures; (2) IDA's unique ability to shape global and multi-sectoral solutions tailored to country-needs; and (3) IDA's increasing role in addressing global public goods. Participants acknowledged the importance of IEG and expressed their appreciation for the findings, which several noted as significant to their ability to explain IDA's effectiveness to their domestic constituencies. Participants also noted areas for improvement, including: backing the strengths identified with data clearly demonstrating IDA's comparative advantage, increasing the focus on small states and regional integration, further strengthening M&E frameworks in IDA-funded programs, and making gender a cross-cutting issue. Some participants expressed concerns about IEG reporting that there was a decline in cost-benefit analyses; management indicated that it would carefully review the findings as soon as the IEG report became available. Several borrowers stressed that results frameworks be based on recipient countries' own systems and that donors define these frameworks in close consultation with them.
4. Participants discussed the strategic thrust for IDA16 noting that it is set within the context of the broader World Bank Group Post-Crisis Directions and parallel discussions on the IBRD/IFC capital increase and voice. They acknowledged that the central challenge faced by IDA countries – particularly in Africa – is to accelerate progress in achieving development outcomes, including the MDGs, and broadly agreed that IDA16 should focus on development results as the overarching theme. Most participants supported the focus on fragile states, gender, crises response and climate change for IDA16 as special themes, but stressed that these themes should be framed within the broader framework of achieving development results. Some participants also emphasized the importance of a robust implementation framework. Management agreed to take this guidance into consideration in the preparation of related papers to be discussed during the next meetings.
5. Participants agreed that IDA has an important role to play in assisting IDA countries to deal with the impact of climate change. At the same time, participants did not see the need to establish a separate climate change window within the IDA financial architecture. They noted that IDA's provision of non earmarked funds remained one of its core strengths and expressed concerns about contributing to further aid fragmentation. They also stressed that climate change, especially adaptation, remained integral to development and should be mainstreamed in IDA financed activities.

6. Participants endorsed moving forward with the preparation of a proposal for the establishment of a permanent Crisis Response Window (CRW) that would enhance IDA's current ad-hoc capacity to respond to severe exogenous crises in a timely manner and with greater transparency and predictability. Several participants noted that the experience with the ongoing pilot Crisis Response Window should be included in the paper in addition to further information regarding collaboration and the division of labor among multilateral institutions, especially the IMF. They expressed the desire for clear, simple triggers that would allow timely crisis response. Most agreed with the proposed small size of the CRW, though some noted this may be insufficient in the case of another global economic crisis. Several participants noted that a CRW could also facilitate the streamlining of multiple trust funds created for the management of crises. Donors discussed the possibilities for ex-ante and ex-post financing of the CRW; while some expressed a preference for the ex-ante option, several participants encouraged further exploration of the possible bridge financing by IBRD and other financing options.

7. Participants welcomed Management's review of IDA's long term financial capacity and financial instruments and broadly agreed to consider further adjustments and innovations with a view toward strengthening IDA's finances. Most Participants supported the principle of better alignment of blend credit terms with those offered by the Asian Development Fund but requested further consultations with blend countries, given that Borrower Representatives expressed concerns regarding the decreasing concessionality of IDA resources, and additional comparisons with other relevant international financial institutions. Participants requested additional options to strengthen IDA's long-term financial capacity and Management committed to present additional analysis for discussion in the IDA16 replenishment process and beyond. Some participants also asked for reporting on the status of MDRI financing in the context of the next meeting, in addition to the annual reporting prepared on this topic.

8. Participants endorsed Management's proposal that the reference exchange rate for the IDA16 replenishment should be the six-month average rate for the period between April 1 and September 30, 2010.

9. As a follow-up to discussions at the IDA15 Mid-Term Review, participants considered additional options for addressing the adverse impact of MDRI netting out on new country allocations. Participants noted the challenge associated with maintaining the underlying principles of MDRI while addressing financing problems hampering IDA's operational capacity in affected countries. Participants continued to express differing views regarding the appropriate balance between allocation and equity, with many participants willing to support one or more of three options: full elimination of MDRI netting out; a temporary moratorium on it; and a percentage cap at a certain level of gross PBA allocation on MDRI netting out. Some participants supported a minimum per capita allocation for affected countries. After consultations, most participants agreed to consider an alternative option, which draws upon those options already presented, in an effort to strike a balance between the need to ensure continued support for those countries most affected by the MDRI netting out as they recover from the recent crises, and the concerns about allocation impact, equity, and moral hazard. Under this option there would be a moratorium on the MDRI netting out mechanism from FY11 through the IDA16 Mid-Term Review, upon which (i.e., starting in FY14) the MDRI netting out will be capped at 50 percent of debt service forgone. Management agreed to circulate a proposal for virtual review by IDA Deputies and Borrowers' Representatives by mid-March 2010.

10. Some participants requested that Management undertake a review of the IDA replenishment process with the goal of providing space for substantive discussion on specific issues, e.g. through the formation of working groups and increasing the involvement of recipient countries. Furthermore, some participants proposed that during the IDA16 implementation period, interested participants could engage in a structured discussion on IDA's role in fostering growth and employment in its recipient countries.

11. Participants tentatively agreed that the second IDA16 replenishment meeting would be held during the week of June 15-19, 2010. Management noted that some countries had expressed their interest in hosting the meeting and welcomed the views of participants as it deliberated on the meeting location. Management will inform Participants of the selected location shortly.