

IDA16 Mid-Term Review Meeting - Chairperson's Summary
Abidjan – Côte d'Ivoire – November 13-16, 2012

IDA Deputies and Borrower Representatives met in Abidjan (Côte d'Ivoire) for the Mid-Term Review of IDA16. This was the first time a Mid-Term Review of IDA was held in an IDA country. Participants were joined by observers from other multilateral development institutions (AfDB, AsDB, and IFAD). Participants welcomed the remarks made by the Heads of State: the Honorable Alassane Dramane Ouattara, President of the Republic of Côte d'Ivoire, the Honorable Yayi Boni, President of the Republic of Benin, and the Honorable Ellen Johnson Sirleaf, President of the Republic of Liberia. The Heads of State provided first-hand accounts of the challenges facing the region and their respective countries. In this context, they emphasized the role of IDA in supporting country-led efforts and in promoting regional programs.

The Chairs of the four IDA16 Working Groups reported on the final outcomes of their discussions on Inclusive Growth, Fragile and Conflict-Affected Countries, Results and Effectiveness, and IDA's Financial Sustainability. They agreed to make the final reports public. There was broad consensus that the Working Groups have been successful in providing a very useful informal forum to further the understanding of these important topics and their inputs will help inform the IDA17 replenishment discussions. Participants also noted that, given the positive experience with the IDA16 Working Groups, a similar approach could be continued during the implementation of IDA17.

Participants welcomed the good progress made on delivering development results, which is the overarching theme for IDA16. They agreed with the changes and additions in the IDA Results Measurement System (RMS) proposed by Management (replacing all-season roads with paved roads; replacing fixed and mobile lines with mobile cellular subscriptions; and adding indicators for urban services, agriculture, and energy). They urged IDA to continue working on this agenda, particularly on measuring the "unmeasurable", expanding evidenced-based work through impact evaluation, and strengthening the statistical capacity of IDA countries. They also urged IDA to move the value for money debate beyond maximizing cost efficiency, including how staff is helping clients make cost-effective choices. Some participants expressed their desire to hear how the RMS is supporting the delivery of IDA operations and what lessons are being learnt from using the RMS indicators, including where performance has been unexpectedly good or disappointing.

Participants also welcomed the good progress on the IDA16 special themes of gender, climate change, fragile states and crisis response. With respect to gender, Participants were strongly supportive of IDA's work in this area, including the 2012 World Development Report on Gender Equality and Development and the inclusion of gender issues in all of IDA's country strategies since the start of IDA16. They also welcomed the actions taken to increase the capacity of staff and counterparts to better integrate gender in IDA's supported work. They requested that IDA further strengthens the framework for measuring results, particularly to track progress on women's economic empowerment by improving indicators and increasing data availability.

With respect to the special theme of climate change, there was appreciation for IDA's progress in including climate resilience in country strategies and scaling up analytical and advisory

activities. Participants commended the Bank for developing the new system to track financing commitments with potential climate change adaptation and mitigation co-benefits, viewing this as a major breakthrough that builds on the internationally recognized Rio Markers. They encouraged the Bank to develop new climate change related indicators to be discussed for inclusion in the RMS, bearing in mind the mission of IDA to reduce poverty. They noted that large gaps remain between the scale of development assistance needed to support climate change adaptation and mitigation efforts and the available resources. Some Participants cautioned against an overlap between IDA and other institutions, such as the Green Climate Fund and the Climate Investment Funds. They asked for a report to be prepared to clarify IDA's potential future role both within the World Bank Group and in the broader climate change financing architecture, while respecting negotiations and decisions at UNFCCC.

On the Crisis Response Window (CRW), there was general agreement that the Pilot CRW and the IDA16 CRW have served to fill an important gap in the aid architecture to rapidly respond and provide additional resources to IDA countries affected by crises. Regarding Management's proposals for the reallocation of a portion of unused CRW resources to increase support for a large unfunded pipeline of regional projects and to scale up financing for MDG 4 and 5 where progress is lagging, Participants asked for further analysis of these and other options, including leaving the resources in the CRW or channeling them through the PBA as a default option. While Participants expressed interest in the option of re-allocation to regional projects, they asked for more information about the project pipeline and the process for prioritization. Participants expressed less support for reallocation to MDGs 4 and 5 where there were concerns about earmarking. They asked that Management prepare a paper presenting all options for the 1st meeting of the IDA17 replenishment negotiations.

Participants welcomed the significant progress made since the inception of the regional IDA program in IDA13, and encouraged IDA to build on this positive momentum, working closely with other development partners, including the AfDB, to ensure a coordinated approach, given the significant resources required to tackle these development challenges. Participants appreciated the progress made in improving portfolio performance, and requested close monitoring of large projects in the infrastructure sector. Participants agreed to explore how IDA can expand its role in financing the preparation of highly transformational projects, and requested additional information on Management's proposal to revise criteria #6 in accessing regional grants in the course of the IDA17 replenishment. They also called for a more integrated World Bank Group approach, including by working with IFC and MIGA.

Participants welcomed the progress made by IDA to support fragile and conflict-affected countries (FCCs) and the increased momentum in implementing the findings of the 2011 WDR. While recognizing the complexity of the issues surrounding support to FCCs, Participants encouraged IDA to step up the level of ambition in FCCs. They emphasized the need to attract the most qualified staff and more flexible operational processes to adapt to FCC contexts. They also called for a more integrated World Bank Group approach to enhance employment and private sector development in FCCs. They encouraged the Bank to continue working with the international community, including the UN agencies, the G7+ and the dialogue on State and Peace Building under the "New Deal".

Participants welcomed the analytical work for adjusting and simplifying the financing framework for FCCs which were presented by Management for initial feedback. It was noted that a status quo in the financing allocation rules would have an undesirable adverse impact on the resources to FCCs. Participants expressed diverse views on the various options discussed and requested more analysis of their pros and cons. Many Participants expressed interest in options 5 and 6. Some also encouraged IDA to explore all options and proposed an ambitious approach for FCCs on allocation as well as modalities of intervention. They also stressed the need to preserve the performance orientation of IDA allocation. Participants noted that increasing IDA's financial support to FCCs would involve significant trade-offs which will need to be factored in when deciding on the modalities and magnitude of any increase in FCC financing and they asked for more background work. Participants noted that the IDA16 Mid-Term Review was the beginning of a discussion on the role of IDA in FCCs to be carried through in IDA17 and requested a comprehensive conceptual framework for support to FCCs, linking consideration for enhanced support with improving operational effectiveness and maintaining performance incentives.

Participants reviewed the implementation experience of the capped Multilateral Debt Relief Initiative (MDRI) netting out mechanism. Many Participants acknowledged that the new mechanism still had negative consequences for IDA's operational engagement in some countries and that concerns of moral hazard for debt management were mitigated by variables within the PBA formula and conditionality associated with the HIPC process. Others questioned whether eliminating the MDRI netting out completely would undermine the equity of treatment principle and others indicated that it can be regarded as an element to improve the financing support to fragile states. The issue will be considered further in the context of the IDA17 replenishment negotiations.

With regards to the discussion on graduation, Participants expressed the view that graduation represents a positive milestone in a country's development path, but if it leads to a significant lessening of available resources, it can adversely impact the capacity of a country to maintain development momentum. Therefore, Participants welcomed IDA's non-mechanistic approach to dealing with graduations and supported its objective to ensure a successful and lasting exit. Several Borrower representatives provided their perspectives on the challenges posed by graduation. Participants expressed a willingness to consider the question of how to provide transitional support to graduating countries in the upcoming IDA17 discussions. For this, they asked for a full analysis of proposals for graduation to be discussed during the first replenishment meeting. These would include clear rules on eligibility, financing levels, lending terms and duration of any transitional support. Participants also noted that graduation proposals and decisions require an integrated discussion across the World Bank Group, including the role and capacity of the IBRD to support IDA graduates.

During a brainstorming session Participants discussed themes and issues that they would like to be addressed during the IDA17 negotiations. This discussion benefited from a written statement provided by some donors on the concept of value for money, a letter from three African countries Ministers (on behalf of 44 African countries) highlighting their views for the future of IDA, and other written donor and borrower statements. Participants underscored the benefits of continuing the approach used in IDA16, deciding on an overarching theme for the replenishment

and framing special themes in that context. There was broad consensus that delivering results is a key priority for IDA. Some Participants also expressed support for a range of other issues, including IDA support for inclusive growth, further enhancing IDA's impact on fragile countries, maintaining the momentum in mainstreaming gender and complementing IDA's country focus with increased attention to global public goods, including on climate change and disaster risk management. Participants noted the desire to promote the role of the private sector in IDA countries, noting the need to integrate the work of IDA, IFC and MIGA, and scaling up where the impact has the potential to be transformative. Several participants noted that this will also require ensuring that effectiveness, efficiency and economy are maximized in what IDA does. Some Participants noted the importance of continuing to involve IEG in the replenishment process as has been the practice. Management encouraged additional suggestions before the end of December 2012, and will provide a note summarizing possible IDA17 strategic directions and special themes for the first IDA17 replenishment meeting.

Participants welcomed Ms. Caroline Anstey as the new Chairperson for the upcoming IDA17 replenishment negotiations. It was agreed that the first meeting of the IDA17 Replenishment would be held in March and Management would come back to participants with the details shortly.