

CHAIRPERSON'S SUMMARY
IDA Deputies Meeting, Bamako, Mali
June 16-18, 2010

1. Deputies of forty eight donor countries, including three new donors to IDA16, joined by representatives of borrower countries and observers from other multilateral banks and agencies, met in Bamako for the second IDA16 Replenishment meeting. Participants expressed their sincere appreciation to the Government of Mali for hosting the meeting.
2. The replenishment meeting was officially opened in a ceremony hosted by H.E. Amadou Toumani Touré, President of Mali with participation of H.E. Ellen Johnson Sirleaf, President of Liberia; and H.E. Abdouale Wade, President of Senegal. The Heads of State described recent progress made by their countries in achieving the Millennium Development Goals as well as remaining challenges. They underscored IDA's role in providing predictable financing, policy advice and global knowledge at the country level as well as in support of regional cooperation and integration. They also stressed IDA support for building institutions and remarked on the positive impact of this for economic management and results on the ground. In addition, they highlighted the importance of country ownership for increased aid effectiveness and called on all donors, including IDA, to intensify their efforts to further strengthen country ownership and capacity.
3. Participants reiterated strong support for the proposed focus on development results in IDA16. They emphasized the importance of improving communication of IDA's results to donors, clients and other external audiences, particularly from the perspective of demonstrating what difference IDA makes on the ground. In this context, Participants welcomed plans to further strengthen IDA Results Measurement System and encouraged Management to explore additional ways to assess IDA performance, while maintaining country ownership and accountability. In making the case for IDA, some Participants noted that the replenishment discussions should be framed within the context of the ongoing global economic recovery and growth. Participants supported the ongoing internal reform agenda and some urged the Bank to accelerate the implementation on investment lending reform during IDA16, including steps to support an increase in the use of country systems. Participants welcomed progress made thus far on decentralization, including in fragile states, and underscored the importance of delegating decision making authority to the field; some Participants urged Management to remain mindful of cost implications. They encouraged Management to finalize actions on IDA's controls by year end. Several Participants endorsed a proposal to establish a working group on IDA's implementation framework during IDA16.
4. Participants welcomed progress made on IDA16's special themes: fragile and conflict affected countries (FCCs), gender and climate change and broadly supported Management's proposals for IDA16. Several Participants requested time-bound benchmarks to facilitate monitoring progress in these areas. Participants emphasized the importance of the upcoming World Development Report 2011 in improving the understanding on FCCs, particularly as it could lead to greater differentiation within this heterogeneous group. They called for IDA to deepen its collaboration with development partners. Several Participants requested that a

working group on FCCs be established. Participants discussed the importance of gender equality in combating poverty and fostering growth and the importance of making progress during the IDA16 period in line with President Zoellick's commitments. They supported Management's proposals to further mainstream gender in IDA's work, including the development of regional action plans and addition of gender indicators in the RMS. Some Participants also emphasized the need to maintain a focus on economic sectors and women's empowerment given the Bank's comparative advantage in these areas. They also pointed to the need for IDA to synchronize with the Gender Action Plan (GAP) transition plan and draw lessons from the IEG report on gender and from implementation of the GAP. Participants agreed that climate change presents a significant challenge for IDA countries, and that it raises the cost of achieving the MDGs. They noted the importance of ensuring that IDA projects are climate resilient and Management confirmed this approach is included in the various IDA16 financing scenarios. Participants recommended that climate change should continue to be integrated into IDA's work, particularly in the area of adaptation, and that IDA should further leverage other sources of finance (e.g., Climate Investment Funds). Participants welcomed Management's plans to strengthen monitoring and reporting of IDA resources used for climate change, including through establishing by the end of IDA16 baselines for monitoring investments in climate adaptation and mitigation.

5. Participants welcomed the presentation on IFC's activities in IDA countries provided by the Executive Vice President of the IFC, Mr. Lars Thunell. They were highly supportive of the IFC's expansion into IDA countries, particularly in Sub-Saharan Africa and its plans for continued support while suggesting some areas for further IFC engagement, such as financial intermediation. They noted that the institutions within the World Bank Group provided complementary support to both public and private sectors helping IDA countries to fight poverty and create wealth. Some Participants emphasized the importance of IFC's continuing transfers to support the IDA16 replenishment, while others stressed that this should be consistent with maintaining the strength of IFC's balance sheet.

6. Most Participants agreed that the PBA system has generally worked well, but noted that exceptions should be limited going forward. Some Participants requested Management to undertake a review of the financing mechanism for fragile states after the WDR 2011 is completed and discuss the implications for IDA at the IDA16 Mid-Term Review. Some also noted the importance of including considerations of vulnerability, especially in the context of fragile and vulnerable states and suggested that this topic be discussed by the proposed working group on fragile states. Most Participants endorsed Management proposals, including: (i) a case-by-case approach to extending the phase-out for post-conflict and re-engaging countries during IDA16 and requested Management to provide a cost update at the next replenishment meeting; (ii) relaxing the requirements for IDA regional financing to allow projects with only two countries when at least one is FCC, though some Participants did not agree with the logic of limiting this to fragile states only; and (iii) eliminating the maximum per capita allocation ceiling for small states and raising their base allocation to SDR3.0 million per year from the current SDR1.5 million per year.

7. Participants affirmed the positive role that the pilot Crisis Response Window (CRW) under IDA-15 had played and expressed support for the creation of a Crisis Response Window

within IDA16. There was broad support for Management's proposals related to the financing for natural disasters; however, while many Participants recognized that the CRW would need to combine a rules-based approach with informed judgment given difficulties with predicting crises, some Participants requested further work on the criteria, for the economic crisis including: coordination with the IMF, triggers, and country eligibility. A number of Participants also requested Management consider consolidation and mainstreaming of relevant trust funds into a CRW. Most Participants agreed that the CRW be capped at 5% of the total IDA16 replenishment resources but expressed a range of views on the mix of ex-ante and ex-post financing and asked for further information at the next replenishment meeting. Some noted that any possible arrangement involving IBRD funding would need to be discussed with the audit committee and require approval by the IBRD Board. Finally, several Participants requested that the proposed US\$500 million special allocation for Haiti be included in the CRW and it was agreed that this issue would be discussed further in the context of the IDA16 financing scenarios discussions.

8. Participants appreciated the realism of the proposed financing scenarios, with several welcoming the considerable internal resource mobilization efforts, including IBRD transfers, particularly given that many donor countries face serious fiscal constraints. Many proposed narrowing the range to the three middle scenarios and requested further elaboration on the trade-offs between core IDA and identified special needs while noting that the special themes should be included in all scenarios. Some Participants also called for further discussion of the current arrears clearance framework with regard to the use of IDA funds for clearance and roll-over of set aside to subsequent replenishments. They also requested a discussion of IDA's graduation policy. Several Participants called for stronger contributions from emerging donors following the voice reform. They also asked for further work to clarify and address the structural financing gap in donors' basic contributions and the real financing gaps affecting IDA's financial capacity related to donor compensation for HIPC, MDRI and the grants framework. Most Participants endorsed the proposals to adjust lending terms for blend countries and exercising the acceleration clause for IDA graduates. Some borrower representatives expressed concern and stressed the need to continue to consult with those countries affected by the changes, taking into account economic conditions and the implications for growth and recovery. Most Participants also endorsed the proposal for small island states, though some stressed the need for further justification in cases where income levels substantially exceed the IDA cut off.

9. Several Participants supported the establishment of working groups on implementation and FCCs (including vulnerability) and some on IDA's longer term financial sustainability and growth/employment. Others, however, cautioned that further thinking was necessary particularly on the manner in which working group findings and positions would be utilized in replenishment discussions, while some called for consideration of alternative options such as a more intensive use of the IDANET website. Participants indicated the need to carefully review and provide feedback on the concept paper circulated by Management which describes operating principles for working groups.

10. The next meeting will be held in Washington DC at the time of the World Bank-IMF Annual Meetings.