1. IDA Deputies and Borrower Representatives met in Washington to review progress to date on implementing the IDA15 framework and to consider IDA’s response to global economic crisis. Participants were joined by observers from other multilateral development institutions (AfDB, AsDB, IDB, and IFAD) and from three potential new donors to IDA.

2. Participants welcomed the presence of H.E. James Musoni, Minister of Finance from Rwanda and H.E. Lucien Marie Noel Bembamba, Minister of Finance and Economy from Burkina Faso. The Ministers provided a first-hand account of the impact of the crisis on low-income countries and the Bank’s response in this area. Several Borrower Representatives also shared their experiences. They supported the creation of a crisis response window in IDA and also provided their views on IDA’s overall effectiveness and potential areas for improvement (e.g. adjusting the number of missions), thereby setting the context for the Mid-Term Review.

3. To address a gap in the international aid architecture for protecting core spending in IDA countries and to further strengthen IDA’s response to the global economic crisis, participants endorsed Management’s proposal to seek approval from the Executive Directors for the immediate establishment of a pilot Crisis Response Window (CRW) in IDA15. Participants agreed to discuss the possibility of adding a crisis window to IDA’s permanent modalities as part of the IDA16 replenishment process. They highlighted several broader design issues that would need to be resolved, including ensuring complementarity with other existing mechanisms for crisis support particularly of the WBG and IMF.

4. Participants recognized the negative consequences for some client countries affected by the Multilateral Debt Relief Initiative (MDRI) netting out mechanism and for IDA’s operational engagement in these countries. They considered several options for reducing the adverse effects on country allocations. Management agreed to explore additional options and return with recommendations at the first meeting of IDA16.

5. The majority of participants endorsed the proposal to count 85 percent of qualified MDRI Instruments of Commitment towards IDA’s commitment authority. This would align IDA practices with those of the African Development Fund (ADF) and mitigate the risk that IDA might need to reduce commitment authority during the global financial crisis. They also stressed the importance of every donor meeting the agreed “dollar for dollar” compensation for the MDRI, and firming up their commitments to the extent permitted under their legislative processes. The proposal presented for approval to IDA’s Executive Directors and Board of Governors (which would also seek approval for the use of internal resources to cover any remaining MDRI financing shortfall), would clearly specify that this practice would apply only to MDRI commitments and would not be a precedent for commitments to IDA’s regular replenishments. Management also agreed to periodically review and report on implementation experience.

6. Participants welcomed the presentation of lessons from recent independent evaluations and a more comprehensive presentation by the Independent Evaluation Group at the first IDA16 meeting. They appreciated the Bank’s progress to date in meeting IDA15 commitments on aid effectiveness and results measurement. They welcomed the progress on investment lending reform including the shift to a risk differentiated approach and the focus on implementation support. They urged a continued focus on strengthening and using country systems, including through capacity building. They noted that successful decentralization across all regions, particularly to fragile states remained central.

7. While participants were broadly satisfied with Bank efforts to meet commitments to the Paris and Accra Declarations, some participants reported that implementation was uneven. They emphasized the need for
further progress consistent with the Bank’s leadership role on development effectiveness. Participants strongly supported the ongoing institutional effort to address weaknesses in IDA’s controls for managing fraud and corruption and welcomed the significant progress in this regard.

8. Participants stressed the importance of regional integration for development in Africa and other regions and encouraged IDA to increase geographical coverage of the regional program and participation of non-IDA countries. They agreed that IDA could expand, on a pilot basis, grant financing to regional entities acting as implementing agencies for regional projects after ensuring that adequate due diligence is undertaken and that other sources of grant funding were appropriately accessed. They also reviewed IDA’s Performance Based Allocation system and its effectiveness in allocating resources to countries that achieve better development outcomes. Several participants stressed the need for a comprehensive review of the allocation system particularly with regard to the emphasis placed on needs and vulnerability. Participants noted progress achieved with the implementation of the Output Based Aid (OBA) approach and, while acknowledging challenges, requested IDA to carefully explore further use of the OBA.

9. Participants welcomed progress in IDA’s work in fragile and conflict-affected countries, but also noted that significant challenges remain. They urged further progress on decentralization of and incentives for staff to work on fragile states and other human resources related issues; implementation of partnership agreements, particularly with the United Nations; and strengthening the performance of Multi Donor Trust Funds. While Participants broadly agreed with the recommendations of the external panel established to review IDA’s Post-Conflict Performance Indicators some expressed caution regarding the need to develop criteria for “turnaround countries”. Participants also acknowledged the positive operational and financial impacts of the lengthened phase-out period and, in light of this experience, some suggested consideration be given to lengthening this period even further in IDA16.

10. Participants strongly supported IDA’s facilitating role as a development platform in the context of supporting climate change action. They noted considerable progress in scaling up financial flows to climate-sensitive sectors and integrating climate change risks in CASs. Many participants supported Management’s proposal to strengthen the monitoring of climate actions within the IDA portfolio. Several participants underscored the importance of additionality and of ensuring that climate actions not divert resources from poverty reduction and other core development programs. Participants strongly urged the avoidance of proliferation of funds and instruments for climate change. They noted that the climate financing architecture and division of labor would need to be discussed after the Copenhagen meeting.

11. Participants welcomed progress in implementing the Gender Action Plan (GAP) and the commitment of President Zoellick to increase IDA investments for gender equality. While initial results are encouraging, challenges remain. Participants encouraged the Bank to continue to use its range of instruments; its multi-sectoral reach and its country dialogue to help countries mainstream gender in both social and economic sectors, with a particular focus on women’s empowerment and to ensure appropriate funding for gender activities including from the Bank. In order to advance gains in the gender mainstreaming supported by the GAP beyond December 2010 when the GAP Trust Fund closes, Participants endorsed Management’s proposal to develop a GAP Transition Plan. Participants welcomed the Bank’s consideration of a World Development Report on gender issues in 2012, and urged that gender be a key theme for IDA16.

12. During a brainstorming session participants discussed themes and issues that would need to be addressed during the IDA16 negotiations. Management will circulate a note summarizing this discussion by the end of December.

13. Participants welcomed Ms. Ngozi Okonjo Iweala as the new Chair for the upcoming IDA16 negotiations. They agreed that the first meeting of IDA16 would be held in the first half of March in Paris.