

**CHAIRMAN'S SUMMARY**  
**IDA Deputies Meeting**  
**Hanoi, Vietnam**  
**July 9-11, 2004**

1. Deputies of donor countries, joined by representatives of borrower countries and observers from other multilateral development banks, met in Hanoi to continue discussions on the 14<sup>th</sup> replenishment of IDA resources. The meeting was preceded by a day-long discussion with Asian opinion leaders on critical development issues, particularly private sector development, deepening development partnerships, and accelerating broad-based growth. Participants expressed their sincere appreciation to the Government of the Republic of Vietnam for hosting the meeting, and for providing delegates with an opportunity to observe a number of development projects at the conclusion of the meeting. This note reflects the chairman's sense of the discussions.
2. Participants agreed that the use of grants in IDA should be anchored in the assessment of countries' debt sustainability. Participants agreed that the framework proposed by staff provided a basis for developing this approach. They asked for work to test further hypotheses and options with respect to country classification, grant allocation mechanisms and thresholds, and financing of grants. In their discussion of the grants framework, Deputies reaffirmed their commitment to maintain the strength of IDA's finances. Participants encouraged IDA to continue to engage with the International Monetary Fund in further developing the joint Bank/Fund approach, and with other multilateral development banks.
3. Participants discussed the regional development challenges and strategies for IDA14 with the Vice Presidents for four of IDA's major regions. They stressed the importance of supporting country-led Poverty Reduction Strategies and continued efforts to maximize IDA's quality and development effectiveness. There was broad support for a strong replenishment under IDA14, which covers a critical investment period in the campaign to meet the Millennium Development Goals (MDGs) by 2015. Many stressed the importance of IDA maintaining its global role in an expanded development assistance effort focused on the MDGs. Participants had an initial discussion of country financing needs and the financial framework for the replenishment, and requested further work on the composition and dimensions of the IDA14 funding envelope. Participants confirmed their intention to address HIPC costs for the IDA14 period, and agreed to review HIPC financing further at the next replenishment meeting in October 2004.
4. Participants endorsed IDA's proposed approach to stronger results management. They looked forward to some refinements of the results monitoring system, and agreed to review progress at the time of the IDA14 mid-term review. Participants also supported the case for stronger assistance to build results-monitoring capacity in IDA countries.
5. Participants welcomed an update by the Chief Economist on the development of a long-run, country-specific framework for the MDGs, incorporating growth, absorptive capacity and the monitoring of aid effectiveness in IDA countries.
6. They agreed to hold their next meeting in Washington DC in October 2004.