

CHAIRMAN'S SUMMARY
IDA14 Mid-Term Review Meeting
Washington, D.C., November 20-21, 2006

1. IDA Deputies and Borrower Representatives were joined by observers from other international development institutions in Washington, D.C. to review progress on IDA14 implementation. Participants expressed their satisfaction with IDA's commitments and disbursements, and with the implementation of IDA's policy mandates and related reviews. Participants asked for an overview of recent trends in the aid architecture and the effectiveness of IDA. Participants also reviewed the status of IDA funding and HIPC/MDRI implementation, and asked for a more thorough review including on the impact of debt relief and grants at the first meeting of IDA15. They also called on the Bank to encourage emerging donor countries to join the IDA replenishment process.
2. Participants appreciated the progress made by the Bank in implementing the harmonization and alignment agenda, while noting that further efforts are required to accelerate implementation, both in terms of depth and country coverage and to enhance the monitoring framework. They also noted the importance of better incentives for staff to focus on this agenda. Participants urged Management to proceed quickly with the implementation of the action plan agreed with the Bank's Executive Directors. Progress made on these actions will be reviewed in the context of the next OECD/DAC survey on harmonization, scheduled for 2008.
3. Participants discussed a framework to assess the readiness of countries to make productive use of development policy operations (DPO). While there was broad support for the three pillars of the framework, and that the use of DPOs should be based on a country-level assessment of benefits and risks, some participants felt that the assessment criteria should be strengthened. With respect to the share of DPOs of total IDA commitments, they supported the continuation of the arrangements stipulated in the IDA14 report and to inform the Executive Directors at the time of the annual review of the Medium Term Strategy and Finance paper of the past DPO share for IBRD and IDA and the outlook for future years. If the projected share of DPO commitments by IDA exceeds 30 percent for any future year, Management will seek additional guidance from IDA's Executive Directors.
4. Participants expressed their satisfaction with the progress made so far on the implementation of the Results Measuring System (RMS) for IDA14. They acknowledged the central importance of both managing and measuring development results to justify continued high support for ODA in general, and for IDA, in particular. They encouraged IDA to make further progress, especially on statistical capacity building, increasing analytical rigor, better understanding attribution of results to IDA-supported operations, managing for results through staff incentives and budgets, and the development of incentives for both Bank staff and partner countries.

5. Participants reviewed progress on two pilot programs related to private sector development. They welcomed the progress of the pilot program on output-based approaches (OBA) and, while recognizing that it is still too early to draw definitive conclusions, they encouraged IDA to selectively scale up the pilot. They took note of the slow progress on the IDA-IFC Micro, Small and Medium Enterprise Pilot Program in Africa and, while they urged IDA and IFC to work together more effectively, they supported the recommendation to focus on the implementation of the ongoing projects and not to expand the program further.
6. Participants strongly supported the continued use of the joint Bank-Fund Debt Sustainability Framework (DSF) as the analytical foundation for IDA's grant eligibility system. They agreed that Bank-Fund debt sustainability analyses (DSAs) provide a sound basis for determining IDA's financing terms for the remainder of IDA14. They pointed out that IDA cannot by itself ensure debt sustainability in low-income countries. In this regard, Participants stressed that effective collective action is critical and that they are prepared to work with their respective governments and Export Credit Agencies to help make it happen and requested the Bank and the Fund's support in this effort. In addition, Participants called for World Bank and IMF staffs to reach out to creditors on the DSF and provide clear guidance on concessionality levels in DSAs. They also stressed the need to preserve the long-term financial strength of IDA, through compensation for forgone reflows due to IDA grants, using a "pay-as-you-go" mechanism as agreed during the IDA13 and IDA14 replenishments. They asked IDA to continue monitoring the performance of the IDA14 grant system, to be reported back within a year.
7. Participants expressed their preference for retaining the weight given to governance in IDA's performance assessment system. They supported Management's proposal to explore options to simplify the allocation formula and reduce unwarranted ratings volatility, while ensuring that the effectiveness of the allocation formula, especially the centrality of governance, is maintained. Participants encouraged IDA to continue its collaboration with other MDBs on the PBA system. They also requested that the Bank review the PBA to take stock of whether it is achieving its objective of supporting poverty reduction and asked for further analysis relating allocations to development results.
8. Participants reviewed progress on the IDA Pilot Program for Regional Projects. In light of the special benefits, challenges and higher costs of such projects, they were encouraged by early results achieved under the program, and accordingly supported a proposed increase in the regional project allocation of SDR50 million per year for FY07 and FY08. They acknowledged the important role of IDA in fostering regional integration through regional projects, and looked forward to further results of the Pilot and proposals for modifications to its design, notably to improve cost efficiency.
9. Participants underscored the importance of dealing with exogenous shocks in low income countries, and expressed appreciation for the analysis carried out by IDA to explore various options for addressing this issue. Recognizing the variety of existing

instruments they acknowledged that the need for IDA to address exogenous shocks has been reduced due to the creation of the MDRI and the IMF's Exogenous Shocks Facility and did not support a new window in IDA to address exogenous shocks.

10. Participants agreed that the upcoming IDA15 replenishment negotiations should focus on special themes to be decided at the first meeting in Paris on March 5 and 6, 2007. They agreed to send IDA their proposed special themes by end-December, 2006.
11. In welcoming Mr. Vincenzo La Via as the new Chairman of the IDA Deputies' meetings, Participants wished him success for the upcoming IDA15 negotiations.