

CHAIRMAN'S SUMMARY
IDA Deputies Meeting
Washington, DC
October 4-6, 2004

1. Deputies of donor countries, representatives of borrower countries, and observers from other multilateral development banks convened in Washington, D.C., to continue discussions on the 14th replenishment of IDA resources and for a technical meeting on the Heavily Indebted Poor Countries (HIPC) Debt Relief Initiative. This summary represents the chairman's sense of the proceedings.
2. Participants received an update on HIPC, IDA's debt relief costs and resources available to meet these costs. They agreed that IDA's HIPC costs should be met through additional financing contributions, and discussed ways to ensure that IDA's HIPC related costs are met.
3. Participants reaffirmed the principle of allocating IDA's resources based on country performance. They stressed that governance is fundamental to growth, and welcomed the decision to move forward with full disclosure of IDA's country performance ratings, including the CPIA.
4. Participants welcomed the strong emphasis on growth as a critical means to accelerate progress towards the Millennium Development Goals (MDGs), and stressed the importance of equity and distributional issues, as well as the key roles of trade, market access, and infrastructure in enhancing growth. They stressed the importance of IDA's knowledge and analytical contribution on growth and trade issues, and called for more of this work to be done jointly with partners and incorporated in operational work.
5. Participants welcomed the increased attention being paid to private sector development. They stressed the importance of continuing to strengthen collaboration among all institutions of the Bank Group, and encouraged continuing outreach to and joint work with other partners, including in the development and implementation of innovative approaches.
6. Participants reviewed IDA's work to ensure strategic coherence of its action alongside other partners at the country level, and welcomed the progress achieved so far. They called for further measures to improve coordination and for IDA to work together with its partners, to ensure that all donor assistance is used with maximum impact on agreed strategic priorities where set out in Poverty Reduction Strategies. They asked for additional reflection and ideas on IDA's engagement with small, fragile, and post-conflict states. They called for IDA14 to reinforce support for harmonization based on a clear set of principles to deepen coordination efforts. In this regard, they encouraged IDA to play an active role in the on-going harmonization work, with a view to developing indicators of progress together with partners through such fora as the high-level meeting on harmonization in Paris in early 2005, and then monitoring agreed indicators within the framework of IDA14.

7. Participants agreed that debt sustainability will be the basis for the allocation of credits relative to grants in IDA14, and requested further work on the grant eligibility and allocation system. Drawing on the joint Bank-Fund debt sustainability framework, they urged a prudent approach to debt-burden thresholds and requested further analysis, taking account of the need to lower risks of debt distress. They stressed the need for rapid progress in the implementation of joint Bank-Fund debt sustainability analysis (DSAs).
8. Participants reviewed a range of funding scenarios for IDA14 presented by Bank Management. Many reaffirmed the importance of a strong replenishment to support poor countries' efforts towards achieving the MDGs, and stressed the importance of maintaining IDA's key role in the broader development assistance architecture. While further consideration of contributions was needed, there was broad support for working towards a funding level consistent with these objectives.