1. Deputies of donor countries, joined by representatives of borrower countries and observers from other multilateral banks and agencies, met in Washington, D.C. for the third IDA16 replenishment meeting. Participants welcomed representatives from Croatia, Kazakhstan, Malaysia, Romania and Thailand, which are considering becoming IDA donors in the future.

2. Mr. Robert Zoellick, President of the World Bank Group, addressed Participants and underscored the importance of IDA16 and the collective efforts needed to bring the replenishment to a successful conclusion. President Zoellick was joined by three Ministers from IDA countries: H.E. Bayartsogt Sangajav, Minister of Finance, Mongolia; H.E. Abdul Karim Al-Arhabi, Deputy Prime Minister for Economic Affairs and Minister of Planning and Economic Co-operation, Republic of Yemen; and H.E. Dédé Ahoéfa Ékoué, Minister of Planning and Development, Togo. The Ministers discussed the economic and social situation in their country, their progress on the Millennium Development Goals (MDGs), and the importance of IDA support over the years in helping them achieve development results.

3. Participants appreciated the significant work that Management and staff have undertaken on IDA’s results measurement and communications. They endorsed the expanded four-tier Results Measurement System (RMS) for IDA16, including an IDA Report Card to track performance on operational and organizational effectiveness. They encouraged greater utilization of findings from IEG evaluations and emphasized the importance of more effectively employing, and learning from, project impact evaluation to further strengthen IDA’s effectiveness. They also stressed the importance of further integration of the special themes into the RMS (in particular on gender-mainstreaming and climate-proofing) and increasing the level of ambition of some performance targets. Participants welcomed Management’s plans on communication, and several also looked forward to discussion of the new Results Based Lending instrument by IDA’s Board of Directors.

4. Participants expressed support for the creation of a Crisis Response Window (CRW), and endorsed the broad principles for use of CRW resources, including close engagement with the Board. They agreed that the CRW be capped at 5 percent of the total replenishment resources with an initial US$2 billion (including a special allocation of US$500 million for Haiti) provided as ex-ante contributions. Several donors recommended the CRW also remain open to voluntary ex-post contributions and also encouraged Management to use soft earmarking to mobilize additional resources. Participants recognized the distinct and complementary roles IDA, the IMF, and the UN each have in crises response and asked Management to reflect this cooperation, especially with the IMF, in more detail in the revised draft of the IDA Deputies Report. Participants looked forward to - a comprehensive review of the results from the pilot-CRW and a progress report on the implementation of the new CRW at the IDA16 Mid-Term Review, in order to continue to review the CRW window and
its policies and procedures. Participants also noted that a decision regarding redeployment of unused CRW funds also should be made at that time.

5. The Independent Evaluation Group (IEG) presented a final update on the review of **IDA’s internal controls** - the first and only such review among multilateral development banks. IEG noted that IDA’s controls were working at a high level of effectiveness overall in 2008 and found that Management’s Five-Point Action Plan to address the specific weaknesses identified was appropriately designed and substantially implemented. IEG stressed the importance of testing the operational effectiveness of the new controls after sufficient implementation time had elapsed. Management concurred and indicated that it will provide periodic reports on controls performance to IDA’s Board of Directors via regular reporting mechanisms.

6. Participants supported the creation of four informal **working groups (WGs)** to facilitate in-depth discussions of selected topics of interest: (1) results; (2) IDA’s long-term financial sustainability; (3) inclusive growth; and (4) fragile and conflict-affected states. Participants endorsed broad principles to guide the operation of the working groups; notably that they should be consultative rather than decision making, transparent, cost-efficient, and membership should be voluntary and inclusive (with participation from donors, recipient countries, and Bank staff). To ensure that the working groups are manageable in size, Participants proposed that individual membership be limited to no more than two WGs. They also agreed that the working groups could schedule events (i.e., an “IDA Forum”) to share ideas and feedback on their work on the margins of the spring or annual World Bank-IMF meetings.

7. Participants welcomed the draft **IDA16 Deputies Report** with many noting the high quality of the document. Management thanked participants for their comments and guidance on how to further strengthen the document. Management is revising the Deputies Report and will circulate a revised draft in the week of October 25, 2010 for a quick review before the revised draft is posted on the IDA website for civil society comments. Participants would also be able to provide detailed comments on the revised draft until November 12.

8. Participants reviewed the **IDA16 financing framework** and the three scenarios presented by Management. Most participants expressed support for a strong IDA16 replenishment, with general convergence around using the preferred scenario presented by Management as the reference point for donor pledges at the final meeting in December. Participants noted that financing for each of the special themes has been integrated into the preferred scenario. Several participants stressed the importance of fairer and wider burden sharing between donors for IDA’s long-term financial sustainability. They welcomed Management’s efforts to mobilize internal resources, including through the acceleration of credit repayments by IDA graduates and adjustment of blend borrowing terms and, at the same time, expressed appreciation for the significant efforts made by IDA graduate and blend countries in this context. Some participants stressed the importance of the World Bank Group transfers and requested an update on the projected transfer from IFC before December, while recognizing IFC’s capital outlook. In addition, many participants requested a review of IDA’s graduation
policy for the Mid-Term Review. Finally, Participants urged IDA to direct more than half of its assistance to countries in Sub-Saharan Africa, if warranted by performance.

9. Participants agreed to the proposed encashment schedule and discount rate, and the use of additional investment income generated from this accelerated encashment to reduce any structural gap. Participants also discussed the financing gaps for debt relief costs under MDRI, HIPC, and arrears clearance. While they recognized the need for IDA to receive full donor compensation for such costs, they requested additional discussion on this topic including addressing previous scaling-up by some donors. Similarly, participants recognized that IDA15 burden shares result in a ‘notional’ structural gap in basic contributions; however, they requested further discussion on this topic as well, noting that the proposal to rescale basic burden shares to 95 percent could have unintended consequences.