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## Minutes of the 118<sup>th</sup> session of the Executive Board

### Note to Executive Board representatives

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## Minutes of the 118<sup>th</sup> session of the Executive Board

### I. Introduction

1. The 118<sup>th</sup> session of the Executive Board was held in Rome on 21 and 22 September 2016. A list of delegations is attached as annex I.
2. The Executive Board had before it the documents listed in annex II.

### II. Opening of the session (agenda item 1)

3. Prior to opening the 118<sup>th</sup> session, President Kanayo Nwanze welcomed all participants and congratulated the newly accredited representatives to the Executive Board as follows:
  - Ms Verena Hagg, Advisor, International Financial Institutions, Federal Ministry of Finance, Austria;
  - Mr Liu Weihua, Deputy Director-General, Department of International Economic and Financial Co-operation, Ministry of Finance, China;
  - Mr Arnaud Guigné, Economic Counsellor, Deputy Head of Regional Economic Services, Embassy of France, France; and
  - Ms Martina Metz, Alternate Permanent Representative of the Federal Republic of Germany to the Food and Agriculture Organization of the United Nations (FAO) and other international organizations.
4. The President welcomed, in particular, His Excellency Hans Hoogeveen, Ambassador, Permanent Representative of the Kingdom of the Netherlands to the United Nations Organizations for Food and Agriculture in Rome; Her Excellency Marie-Therese Sarch, Ambassador, Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations Organizations for Food and Agriculture Agencies in Rome; as well as delegates and observers attending the Executive Board for the first time and those in the salle d'écoute.
5. The President shared updates on the List convenorships, indicating that Ms Martina Metz of Germany had been nominated as co-convenor for List A, and Dr Shi Jiaoqun, Deputy Permanent Representative of the People's Republic of China to the United Nations Food and Agriculture Agencies in Rome had been appointed Convenor for both List C and sub-List C2.
6. Regarding staff developments at the Management level, the President informed the Board that all key posts had been filled on an interim basis as follows: Ms Cheryl Morden (United States) as Secretary of IFAD, ad interim; Mr Emmanuel Maurice (France) as interim General Counsel; and Mr Mikio Kashiwagi (Japan) as Associate Vice-President, Financial Operations Department, Chief Financial Officer and Chief Controller, ad interim. Mr Paul Winters had been appointed as the Officer-in-Charge of the Strategy and Knowledge Department (SKD).
7. In his opening remarks, the President provided highlights from the 117<sup>th</sup> session of the Executive Board and an overview of upcoming missions and travel undertaken since April aimed at establishing institutional contacts, creating networks and advocating for smallholder farmers. Specifically, the President mentioned his:
  - (a) Participation in the G20 Agriculture Ministers Meeting in Xi'an, China, during which he met with communities involved in IFAD-supported projects;
  - (b) Visit to Brazil in July, where IFAD had effectively supported rural transformation through engagement with small and medium-sized enterprises (SMEs);

- (c) Travel to West Africa at the beginning of August where he witnessed the progress made in IFAD-supported projects in Senegal, Sierra Leone and Liberia in the areas of, respectively, small-scale irrigation, rural financial networks and rural roads;
  - (d) Participation in discussions about the challenges and opportunities facing African agriculture during the African Green Revolution Forum in Nairobi, in September;
  - (e) Receipt of the Africa Food Prize in recognition for the advocacy role he had played for smallholder farmers and in reorienting IFAD's work to focus more on making small-scale farming a viable business.
8. The President informed the Board of his planned participation in the fiftieth anniversary celebration of the International Maize and Wheat Improvement Center in Mexico City and the launch of the Rural Development Report for the Latin America and the Caribbean region; the World Bank/International Monetary Fund Annual Meeting in Washington, D.C.; the Compact2025 Leadership Council meeting at the International Food Policy Research Institute in October; and the meeting of the United Nations System's Chief Executives Board for Coordination in New York in November.
9. The President went on to brief the Board on the IFAD flagship event, scheduled from 2 to 4 November for which preparations were under way. The conference would be co-sponsored by the Italian Department of the Treasury under the theme "Investing in inclusive rural transformation: Innovative approaches to financing and doing business." The event is expected to generate concrete ideas for bridging the investment gap in rural areas, including mobilizing enhanced resources through public/private partnerships for the development of smallholder agriculture and SMEs.<sup>1</sup>
10. The President shared updates regarding various topics as below:
- (a) Rural Development Report (RDR) 2016. The President thanked representatives who had attended the launch of the Rural Development Report 2016 at the Ministry of Foreign Affairs and International Cooperation of Italy. The RDR was a key knowledge product for IFAD that sought to capture the dynamics of rural transformation in different regional contexts in order to come up with policy recommendations.
  - (b) The Tenth Replenishment of IFAD's Resources (IFAD10). The Board was informed that 100 countries had pledged a total of US\$1.127 billion, excluding contributions to the Debt Sustainability Framework (DSF), and that new contributions had been received from Ethiopia, Guinea, Japan, Liberia, Maldives, Mauritius, Republic of Korea and Sri Lanka. To meet the targeted US\$1.35 billion, however, approximately US\$226 million was still needed.
  - (c) DSF. Pledges of US\$2.9 million had been received under the DSF. Principal repayments forgone under IFAD10 amounted to US\$3.4 million, leaving a gap of approximately US\$0.5 million. Moreover, the President reminded the Board that the DSF amounts would grow under future replenishments, reaching an estimated US\$38.2 million under IFAD11, and US\$92.2 million under IFAD12.
  - (d) IFAD11 and external Chair of the Replenishment. The President apologized for not raising the selection of the Chair much earlier with the Convenors and Friends, and communicated that Mr Johannes F. Linn had been considered and had confirmed availability to serve as the external Chair.

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<sup>1</sup> Since the Board session, the event has been moved to 23 to 25 January 2017.

- (e) Rome-based agency (RBA) collaboration. The President reaffirmed that this was an important area for IFAD and that the RBAs were working together on various projects to meet the Sustainable Development Goals. In addition, IFAD was actively collaborating with other international financial institutions (IFIs) and multilateral development banks that invest in rural development.
  - (f) Election of the next President. This process was under way, and the President noted that it was a critical responsibility of IFAD's Governing Council and its other governing bodies to elect a credible, responsible, committed individual with passion, energy, vision and proven leadership qualities. The President expressed the hope that the future president would build on the solid foundation established, and continue to deliver on IFAD's mandate.
  - (g) Principles of Conduct. The President expressed the hope that the Executive Board would adopt the principles of conduct for its members in the near future as it reflected best practice in other institutions and IFIs, and was an essential tool to protect the institution and assure good governance. He noted that, regrettably, even with several consultations, the Board had yet to adopt the Principles of Conduct.
11. Finally, regarding priorities for the remaining months of his tenure, the President mentioned that he would focus on: consolidating the changes and transformations that had been undertaken and documenting them for his successor; and on ensuring that IFAD10 was fully funded and that IFAD11 started on a firm footing.

### III. Decisions of the Executive Board

#### A. Adoption of the agenda (agenda item 2)

12. The Executive Board noted the schedule of work as outlined in document EB 2016/118/R.1/Rev.1/Add.1/Rev.2, and adopted the agenda as proposed in document EB 2016/118/R.1/Rev.1. This would be further revised (as EB 2016/118/R.1/Rev.2) to reflect the inclusion of an item on RBA collaboration under other business, as proposed by the representative for Netherlands
- #### B. High-level preview of IFAD's 2017 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2017 and indicative plan for 2018-2019 (agenda item 3)
13. The Executive Board considered the High-level preview of IFAD's 2017 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2017 and indicative plan for 2018-2019 (EB 2016/118/R.2). The Board took note of the summaries provided by the Chairpersons of the Audit Committee and the Evaluation Committee of their respective reviews of the document.
14. Board representatives expressed their appreciation for the clear and thorough document, and raised several queries. Management provided clarifications, indicating that a number of the queries would be addressed in the final document to be submitted to the Board in December. In particular:
- (a) Representatives welcomed the proposal for making 2017 – the second year of the Tenth Replenishment of IFAD's Resources (IFAD10) period – the year with the largest programme of loans and grants, thus reducing the burden of reaching the IFAD10 target in the final year. One representative noted that the programme of loans and grants envisaged for the second year of IFAD10 would be more than double the level achieved in the second year of IFAD9.

- (b) While noting a 2.8 per cent nominal increase over 2016, exceeding actual and expected US dollar and Euro inflation rates, representatives requested that the final increase to be proposed in December be contained as close as possible to the inflation rate, as computed per the agreed methodology. Management explained that it would be misleading to compare the nominal increase to the inflation rates, given that the 1.1 per cent price increase would be the appropriate figure to compare with the inflation rates. Management also indicated that the inflation rate in Italy (1 per cent) and globally (3.2 per cent) were considered when determining this increase. The inflation rate for each item would be reconsidered when preparing the final budget document.
- (c) In response to a request, Management confirmed that the assumption of US\$500 million in borrowing had been factored into the overall allocations, and that by the end of the replenishment cycle 45 to 50 per cent of the resources would be allocated to sub-Saharan Africa.
- (d) Responding to questions on sovereign borrowing, in particular its potential implications for allocations under the performance-based allocation system (PBAS), its time line and its impact on liquidity and portfolio composition, Management explained that sovereign borrowing would not distort the PBAS allocation of resources, with a programme of work of up to US\$3.2 billion. An interdepartmental working group had been established to review the lending policies and lending terms. As agreed with the Audit Committee, representatives would receive timely updates. On a further query regarding representatives' understanding that under the replenishment all programme resources would be allocated under the PBAS, also if they exceeded US\$3.2 billion, Management explained that the interdepartmental group would look into this matter and that guidance would be sought from the Board and the Audit Committee as required.
- (e) With reference to the information note on the establishment of the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS), representatives expressed the view that the design and the visibility of the Facility would benefit from being thoroughly discussed and approved by the Board. Management noted that, as discussed with the Office of the General Counsel, FARMS was a facility for receiving supplementary funds, not a trust fund like the Adaptation for Smallholder Agriculture Programme (ASAP); it did not require approval, given that the facility was built upon ongoing IFAD-financed projects. The General Counsel further confirmed that the Executive Board had given authority to the President in 1986 and 1987 to receive supplementary funds related to administering grants from any source, provided that they were destined for ongoing IFAD projects.
- (f) Representatives noted that shifting from the clusters to the pillars approach for IFAD's budget and providing direct linkages with deliverables was expected to improve the effectiveness of the corporate planning and resource allocation processes. It was underlined that this transition deserved special attention to ensure business continuity and cost neutrality and that the close involvement of the Board would help ensure a smooth transition and prevent upward cost pressure. Management was encouraged to provide further information on deliverables and to focus on the actual budget, rather than the approved budget, as the basis of comparison. Management assured the Board that the shift from clusters to pillars would not result in an increase in the budget and that complementary information on this transition process would be presented to the Audit Committee and the Board in 2017.
- (g) The Independent Office of Evaluation of IFAD (IOE) was commended for presenting its budget in terms of deliverables. The proposal of undertaking a

corporate-level evaluation (CLE) on IFAD's financial architecture in 2017 was welcomed. In this respect, a representative asked whether preliminary findings of the exercise could inform the deliberations of the IFAD11 Consultation. IOE responded that preliminary findings could be shared with the Consultation by the end of 2017 but clarified that the approach paper would be submitted to the Evaluation Committee in March 2017, and that the evaluation would be conducted and finalized in 2018, given the complexity of the topics involved. Representatives also welcomed IOE's support to recipient countries in terms of evaluation capacity development and its increased focus on strengthening partnerships with the RBAs.

- (h) With regard to the decentralization process as a cost driver, Management was requested to work towards budget neutrality in the long run and, in the short term, to contain the costs. Clarification was sought on why current costs in IFAD Country Offices were higher than the estimated incremental costs for 2017 provided in the update on IFAD's country presence in April. Management confirmed that staff costs were a little higher than previously estimated and noted that non-staff costs were lower, which made the total proposed costs approximately equal to original estimates. All staff costs and non-staff costs were currently under review and the outcome would be reflected in the document to be presented in December.

#### C. Evaluation (agenda item 4)

- (a) Report of the Chairperson on the ninety-second session of the Evaluation Committee
15. The Executive Board took note of the oral report by the Chairperson on the ninety-second session of the Evaluation Committee, based on the minutes as contained in document EB 2016/118/R.3 and, specifically, the Committee's endorsement that recommendations and Management's responses continue to be included in all evaluation synthesis reports.
- (b) Report of the Chairperson on the ninety-third session of the Evaluation Committee
16. The Executive Board also noted the Chairperson's oral report on the ninety-third session of the Evaluation Committee, based on the minutes contained in document EB 2016/118/R.41. The Board noted that the Committee had endorsed the proposed amount of US\$5.76 million for the 2017 IOE budget; welcomed the planned CLE on IFAD's financial architecture; approved the request by Management to postpone the presentation of the harmonization agreement between IFAD's independent and self-evaluation functions to the ninety-sixth session in March 2017; and approved the inclusion of the item on IFAD's strategy for engagement in countries with fragile situations on the agenda of the Committee's ninety-fourth session.
- (d) Annual Report on Results and Impact of IFAD Operations (ARRI)
17. The Board reviewed the fourteenth edition of the Annual Report on Results and Impact of IFAD Operations (ARRI), contained in document EB 2016/118/R.7 + Add.1, commended IOE for the high quality of the document and endorsed the recommendations contained therein. Representatives welcomed the overall strong and improved performance of IFAD investments in the areas of agricultural productivity, human and social capital, gender equality, innovation and partnership; and urged Management to continue to pay close attention to mainstreaming nutrition, environmental and natural resource management, partnerships, and knowledge management. Specifically:
- (a) On the view expressed by the Board that Management should reconsider how to measure engagement in partnerships as an output rather than an input, given their role in achieving long-term sustainability of programmes,

Management responded that this was not feasible at the moment as partnership should be considered a means to an end rather than an end in itself.

- (b) On the aspect of nutrition, which was an important commitment under IFAD10, the Board agreed that including a nutrition specialist in all supervision missions was not enough to ensure mainstreaming of nutrition in operations, nor was the addition of a few activities or refocusing projects with a "nutrition lens". The Board urged Management to increase the focus on situations with high levels of malnutrition, and to work closely with relevant partners from the project design phase, to ensure nutrition mainstreaming. Management pointed out that the progress made so far reflected the commitment to addressing this issue.
  - (c) Regarding the discussion on the need to further strengthen knowledge management, Management stated that this was an important area of the IFAD Strategic Framework 2016-2025 and that work was ongoing, including the forthcoming introduction of a corporate Knowledge Management Action Plan for the IFAD10 period. With respect to the Board's view that refining the targeting strategy was crucial for the fulfilment of IFAD's mandate given the increasing complexity of poverty, Management expressed its agreement with the recommendation and, in line with the IFAD Policy on Targeting, committed to developing tailored targeting strategies for its projects and closely monitoring them during implementation.
18. In response to the Board's request, IOE agreed to organize a learning event on the database included in the ARRI, to enhance understanding of how the database functioned.
  19. Finally, the Board concurred with the suggested learning theme for the 2017 ARRI: financial management and fiduciary responsibilities.
  20. One representative raised the concern that only the executive summary of the ARRI was translated into IFAD's official languages, while the more substantial elements were not. In this context, representatives were reminded that the length of governing bodies documents had been approved by the Board as an efficiency measure.

#### D. Report on IFAD's Development Effectiveness (RIDE) (agenda item 5)

21. The Board reviewed document EB 2016/118/R.8 + Add.1, the 2016 edition of the Report on IFAD's Development Effectiveness (RIDE), together with IOE comments thereon, and welcomed the overall good performance of IFAD-supported projects. Representatives commended Management on the structure and format of the report, while suggesting that future editions contain more information on key performance criteria and a fuller description of the methodology. Management clarified that Board documents were subject to word count limits. Specifically, the Board welcomed the positive results reflected in the RIDE, including the fact that outcome targets for 2015 had been either met or surpassed, and that 80 per cent or more of the projects had been evaluated as satisfactory. Further:
  - (a) The Board congratulated IFAD for raising the ratio of male-to-female beneficiaries to 50:50, which was evidence of Management's commitment to gender equality and women's empowerment.
  - (b) While representatives expressed satisfaction with the increasing staff engagement index, they wished to know what steps IFAD was taking to increase the number of women at P-5 level and above. Management provided the following examples: enhanced outreach to attract qualified women to senior positions; road shows; inclusion of a mandatory number of women in

interview shortlists; establishment of a new career development framework; and the planned launching of an emerging leaders programme.

- (c) Representatives noted Management's view that the discrepancy between the ARRI and RIDE ratings could be attributed to: differences in the methodologies and data sets used, some of the criteria adopted and the focus of self-evaluation versus independent evaluation. Furthermore, while the RIDE reported on the five levels of indicators embedded in IFAD's results measurement framework (RMF), the ARRI only reported on indicators at the project and country programme level (which were mostly comparable only to level 2 indicators in the RMF). Management also noted that it was in the process of establishing a comprehensive development effectiveness framework to strengthen self-evaluation methods and processes.
  - (d) One representative asked whether there was an early warning system in place for underperforming projects. Management confirmed that this was addressed at three levels: at project level through monitoring and evaluation and through supervision reporting; at the regional level through portfolio reviews; and at the corporate level through quarterly corporate performance reviews and the RIDE.
22. Responding to representatives' concern about the low level of disbursement of funds to projects, Management highlighted that this issue needed to be tackled with the recipient countries as well. IFAD's SKD was in the process of carrying out a statistical analysis of disbursements using internal and secondary data.
  23. The Board noted that the RIDE constituted a full-term report of the IFAD9 period, and thus included the figures established by the IFAD9 Impact Assessment Initiative with a summary of the lessons learned. Representatives requested that additional information be provided on how the figure of 24 million people moved out of poverty had been reached and why it differed from the original IFAD9 target.
  24. The need for harmonization between IOE independent evaluations and IFAD self-evaluations was emphasized by the Board. IOE and Management would provide updates on progress made in due course.

#### E. Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment (agenda item 6)

25. The Board reviewed document EB 2016/118/R.9, Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment, and unanimously congratulated IFAD for its leadership in advancing the gender equality agenda both internally within its operations and externally, and particularly for the outstanding performance in relation to the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP).
26. The Executive Board welcomed the midterm review, noting with satisfaction that the number of women receiving services from IFAD-supported projects had increased during IFAD9 from 28 million in 2011 to 56 million in 2015. It urged Management to emphasize gender responsiveness rather than gender sensitivity and to maintain the progress made in mainstreaming of cross-cutting issues such as women's empowerment and gender equality throughout IFAD's work. Management was also encouraged to maintain efforts in the few UN-SWAP areas that were lagging behind, to ensure that the level of dedicated gender equality expertise and staff capacity was sufficient for the effective implementation of the IFAD gender policy and for quality assured gender-sensitive design and monitoring of projects.
27. The Board further commended IFAD's experiment with household methodologies, which illustrated that gender transformative project activities at the household and community level went beyond dealing with symptoms of gender inequality to

addressing the root causes, including social norms, attitudes, behaviour and social systems.

28. Management was advised to add a gender perspective to the Results and Impact Management System based on the Women's Empowerment in Agriculture Index and, in addition to the five-point pathway, to put in place an action plan with objectives, activities, shared responsibilities, resources and time lines to meet the RMF and the UN-SWAP commitments for 2017. The Board was informed that in line with IOE recommendations, Management had an ambitious agenda: at least 90 per cent of new project designs achieving a moderately satisfactory rating and, among these, 50 per cent achieving a satisfactory rating and 15 per cent achieving a highly satisfactory rating under IFAD10.
29. The Board took note of Management's commitment to continue pursuing gender equality and women's empowerment.

#### F. President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRI SMA) (agenda item 7)

30. The Board noted the information provided in document EB 2016/118/R.10 + Add.1, the thirteenth edition of the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and the IOE comments thereon.
31. The Board was pleased with the high degree of uptake by Management of IOE's recommendations, and noted that this was a positive direction in ensuring that lessons learned and corrective actions were incorporated into IFAD's operations and programming. The Board was satisfied that a total of 173 recommendations had been reviewed, which was 45 more than the previous year, and that 94 per cent of the recommendations had either been implemented or were ongoing. The fact that the recommendations had been assessed based on thematic key areas, in addition to degree of compliance, was also appreciated.
32. The Board underscored the importance of enhancing and demonstrating efficiency continuously, and urged IFAD to set out efficiency gains in a more quantitative way whenever possible. While acknowledging Management's concern about the number of evaluations conducted by IOE and the resultant recommendations, representatives reiterated that evaluations were an important opportunity for taking corrective action, when necessary, and for incorporating lessons learned. They also suggested to IOE that it take into account, whenever possible, the additional burden placed on the staff that needed to respond to numerous recommendations. The Board expressed appreciation for IOE's independent status, and the significant contribution this had made to improving IFAD's performance, highlighting this year's PRISMA as an example.
33. Regarding the two recommendations contained in the 2015 ARRI that Management did not agree upon, namely, the need to prepare exit strategies for every project and the need to include specific measurable indicators and targets for non-lending activities in COSOP results frameworks, the Board indicated that Management had the flexibility to agree or disagree on recommendations and to set the timelines for implementing the recommendations based on the capacity available.
34. Finally, the Board suggested that IOE and Management jointly find ways to ease the follow-up to recommendations, albeit without compromising the independence of the IOE to provide recommendations.

## G. Country strategic opportunities programmes (COSOPs) and country programme evaluations (agenda items 8 and 4(c))

35. The Executive Board reviewed the COSOPs for Argentina, China, Indonesia and Turkey. In line with the proposal to present country programme evaluations (CPEs) to the Board in conjunction with the related COSOP, the CPEs for China, Indonesia and Turkey were also considered under this item. IOE provided comments on the COSOPs for China, Indonesia and Turkey, further to the request made by the Board at its April session in 2013 to receive notes from IOE on COSOPs for which CPEs had been conducted.

36. The Board was very appreciative of the COSOPs and CPEs, especially the innovative approaches reflected therein such as the focus on knowledge-sharing and enhancing partnerships, in line with the IFAD Strategic Framework 2016-2025. The Board further highlighted that COSOPs for middle-income countries (MICS) should contain more information on cofinancing. A summary of the discussions on the specific COSOPs and CPEs is provided below.

### (a) Argentina

37. The Executive Board expressed unanimous appreciation for the results-based COSOP for Argentina. The representatives for Angola, Brazil, Kenya, Mexico, Pakistan and Spain supported the country strategy, taking note of the high levels of in-country inequality and rural poverty, and highlighting the sound targeting of the strategy, especially of indigenous communities. The representative for Italy requested additional information on South-South cooperation, a central thrust of the regional strategy that had been strengthened further by Argentina's recent initiative to offer technical assistance to projects in Africa. The representative for France sought information on the targeting and the additional financing required for two possible future programmes. The country programme manager (CPM) explained Argentina's interest in complementing IFAD resources with cofinancing, including from partner institutions and from additional funds mobilized by IFAD. On targeting, he referred to the country programme's growing focus on indigenous communities, and the planned indigenous communities' programme that would develop specialized expertise that could also be used in other programmes. Lastly, in response to an enquiry about the Government's "Belgrano Plan" the CPM noted that the plan had created a highly conducive policy environment for the IFAD country programme. The representative for Argentina expressed appreciation for the Executive Board representatives' broad support and confirmed the Government's commitment to the strategy.

### (b) China

38. The Executive Board reviewed the results-based COSOP for China for the period 2016-2020. The Board expressed its appreciation for the way this COSOP had redesigned IFAD engagement in an upper middle-income country, and particularly the more strategic approach and greater focus on non-lending activities. The Board also welcomed the attention given to the recommendations of the CPE. Clarifications were requested on: (i) the strategy for policy engagement; (ii) expected cofinancing, including ASAP; (iii) the central agency responsible for coordinating, managing knowledge and facilitating the scaling-up of the country programme; (iv) envisaged partnerships with other national/international agencies; (v) support to rural organizations; (vi) whether attention to the use of agro-chemicals was part of the environmental mainstreaming agenda; and (vii) South-South cooperation. It was clarified that: (a) the country strategy envisioned two channels for enhancing policy engagement: first, better and more systematic management of the knowledge generated through the implementation of the lending programme; and, second, greater emphasis on knowledge generation through analytical activities with the ultimate objective of using the findings to inform policymaking; (b) the cofinancing ratio (i.e. 1:1, but aiming at a higher

ratio) referred to the expected cofinancing from government resources, which were more predictable. Additional cofinancing – which was more difficult to predict – was expected from the private sector, commercial banks and other financing institutions, cooperatives and beneficiaries. The cofinancing ratio of the last two projects in China approved by the Board was approximately 1:1.9. At the moment, no loans from ASAP were expected; (c) the central agency responsible for coordination, knowledge management and scaling-up facilitation was the State Office for Comprehensive Agricultural Development (SOCAD); (d) partnership with other national and international parties was considered key for successful country programme delivery, and new or enhanced partnerships with Chinese universities and research institutes, development partners – including FAO and the World Food Programme – other government agencies and institutions, and the private sector were envisaged; (e) the country programme would support and engage with rural organizations, as one thematic focus of the COSOP was “support inclusive cooperatives”; (f) food safety was an issue of increasing concern, and “safe” production was a central element of the strategy; and (g) South-South cooperation was a priority for both IFAD and China, and enhancing it was one of the strategic thrusts of the new COSOP.

(c) Indonesia

39. The Executive Board reviewed the results-based COSOP for Indonesia. Overall, the Executive Board members expressed appreciation for the COSOP and had a number of questions. The first was from Canada and related to IFAD’s engagement with the private sector in Indonesia. It was explained that the private sector, both domestic and international, was playing an increasingly important role in agricultural and rural development. IFAD was facilitating sustainable public- and private-sector partnerships and ensuring the promotion of enabling environments for sustainable private and public investment in rural areas. A second question from Canada related to IFAD’s contribution to improving nutrition. In this area, IFAD used data from the other RBAs in order to target nutritionally disadvantaged areas and provide support in the form of capacity-building, extension messages on nutrition and investment in nutritionally rich food for beneficiaries. Germany requested further information about climate-sensitive agriculture and about IFAD’s contribution to watershed management and natural resource management; its selection process for private-sector partners; and its approach to issues such as human rights. It was clarified that IFAD was working on climate issues by supporting smallholders in adapting to the risks associated with climate variability, and promoting sustainable management of natural resources. Regarding human rights, IFAD was working to empower local institutions and local people to have voice in and influence over policies that affected their lives. More broadly, IFAD was a member of the local United Nations Country Team and collaborated with other agencies with a stronger comparative advantage in human rights issues. A final question from Germany related to the concept of the proposed Young Entrepreneurs Services programme and whether it would also support off-farm and non-agricultural activities. IFAD confirmed that this would be the case. Spain requested further information about IFAD’s knowledge management activities, specifically about study visits to the IFAD-supported Coastal Community Development Project (CCDP) being cofinanced by Spain. It was confirmed that the CCDP was a high-performing project that was receiving international attention and that high-level delegations from a number of IFAD Member States would visit Indonesia to study the project and its approach.

(d) Turkey

40. The Executive Board reviewed the results-based COSOP for Turkey (EB 2016/118/R.14) and commended the team for a high-quality document that built on the findings and recommendations of the recent CPE. The recommendations included the need for a more consistent approach to cofinancing, a robust targeting approach and continued strengthening of IFAD’s comparative advantage in the

country. The representative for Denmark requested clarifications on whether due consideration was being given to the 2 million Syrian refugees currently hosted by Turkey. The IFAD team confirmed that the Government of Turkey was integrating eligible Syrian refugees into the workforce; however, the IFAD strategy in Turkey focused on the upland areas where there are no Syrian refugees. The strategy envisaged strengthening engagement with Turkey and broadening partnerships once the IFAD Country Office and subregional hub was established. In his intervention, the Permanent Representative of Turkey to the United Nations Food and Agriculture Agencies indicated that the host country agreement would be signed shortly. Board members particularly appreciated the pro-poor focus of the strategy in the context of an upper middle-income country and its comprehensive approach to non-lending activities, which was based on concrete steps for the enhancement of South-South and Triangular Cooperation.

41. The President thanked representatives for their interventions during the discussions on the COSOPs. He noted that although the informal seminars had been opened up to all Member States, and that such seminars had been requested by the Board, attendance was still low. Informal seminars were intended to provide representatives with ample time to share feedback, ask questions and engage in discussions with Management on various issues. Furthermore, he urged representatives to use the informal seminars as a means to further reduce the amount of time spent on discussions during Board sessions. Members were encouraged to send other representatives from their missions in the event that they were not able to attend.

#### H. Proposed amendments to the instrument establishing the trust fund for the IFAD Adaptation for Smallholder Agriculture Programme (ASAP) (agenda item 9)

42. The Executive Board discussed the amendments to the instrument establishing the trust fund for the IFAD Adaptation for Smallholder Agriculture Programme, as contained in document EB 2016/118/R.15.
43. In a joint statement, List A expressed their agreement on the need to amend the trust fund instrument for the second phase of the programme (ASAP2), while maintaining the current form until the end of the first phase, i.e. until at least 2023 to allow completion of projects funded under the original ASAP. On the proposed changes to the instrument, List A members welcomed the increased focus of ASAP2 on policy engagement; women's economic empowerment and gender equality; private sector engagement; natural resource management governance; risk assessments and climate services; and knowledge management.
44. On the other hand, List A requested that the documentation be revised before the amendments were approved by the Board to include a fully developed RMF for ASAP2, setting out how ASAP2 would support the wider climate mainstreaming agenda, along with unrestricted complementary contributions.
45. It was agreed that Management would consult with concerned members to clarify their needs and expectations on the RMF for ASAP2, which would be funded through supplementary funds. Management would submit the revised paper to the Executive Board in December 2016 for approval.

#### I. Climate mainstreaming in IFAD-funded programmes (agenda item 10)

46. Management provided information on the modalities for implementing IFAD10 commitments regarding climate mainstreaming in all new IFAD-funded programmes, as described in document EB 2016/118/R.16, and the Executive Board took note of the content of the document.

47. A joint statement was delivered on behalf of the three Lists, and Management was congratulated for mainstreaming climate change in more than 40 per cent of investment projects during IFAD9, supported by ASAP, thus paving the way for comprehensive climate mainstreaming during IFAD10. While the report pointed out the successful experience so far, the challenges of reaching the goal of 100 per cent climate mainstreaming by 2018 were also noted, regardless of the level of additional resources mobilized. The Executive Board expressed support for IFAD's plans in this respect.
48. In response to comments from the Board, Management provided clarification on the inclusion of gender and nutrition in climate mainstreaming and on the measurement of objectives and baselines, and informed representatives about the fiduciary and due diligence steps involved in the process of gaining accreditation for IFAD with the Green Climate Fund.

J. Project/programme proposals for consideration by the Executive Board (agenda item 11)

(a) West and Central Africa

Niger: President's memorandum: Proposed loan and grant to the Republic of the Niger to address the financing deficit of the Family Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder

49. The Executive Board considered the proposal contained in document EB 2016/118/R.17 and adopted the following resolutions:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of the Niger in an amount equivalent to eight million one hundred and fifty thousand special drawing rights (SDR 8,150,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant under the Debt Sustainability Framework to the Republic of the Niger in an amount equivalent to eight million one hundred and fifty thousand special drawing rights (SDR 8,150,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

(b) East and Southern Africa

(i) Ethiopia: Participatory Small-scale Irrigation Development Programme – Phase II (PASIDP II)

50. The Executive Board considered the proposal contained in document EB 2016/118/R.18 with its negotiated financing agreement and adopted the following resolutions:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Federal Democratic Republic of Ethiopia in an amount equivalent to seventy-two million nine hundred and fifty thousand special drawing rights (SDR 72,950,000) (approximately US\$102 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Federal Democratic Republic of Ethiopia in an amount equivalent to one million and eighty thousand special drawing rights (SDR 1,080,000) (approximately US\$1.5 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide an ASAP grant to the Federal Democratic Republic of Ethiopia in an amount equivalent to seven million eight

hundred and seventy thousand special drawing rights (SDR 7,870,000) (approximately US\$11 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

51. The Board took note of the abstention by the United States on the approval of the PASIDP II in Ethiopia, given that the environmental due diligence presented for the project did not meet the legislative requirements of the United States for such programmes, particularly with respect to the timing of the disclosure of environmental impact documents.

(ii) Rwanda: Rwanda Dairy Development Project

52. The Executive Board considered the proposal contained in document EB 2016/118/R.19/Rev.1 with its negotiated financing agreement and adopted the following resolutions:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of Rwanda in an amount equivalent to thirty-one million three hundred and fifty thousand special drawing rights (SDR 31,350,000) (approximately US\$43.6 million), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Rwanda in an amount equivalent to seven hundred and ninety thousand special drawing rights (SDR 790,000) (approximately US\$1.1 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

(iii) Zimbabwe: Smallholder Irrigation Revitalization Programme

53. The Executive Board considered the proposal contained in document EB 2016/118/R.20/Rev.1 with its negotiated financing agreement and adopted the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Zimbabwe in an amount equivalent to eighteen million three hundred thousand special drawing rights (SDR 18,300,000) (approximately US\$25.5 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

(c) Near East, North Africa and Europe

Morocco: Atlas Mountains Rural Development Project

54. The Executive Board considered the proposal contained in document EB 2016/118/R.22 and adopted the following resolutions:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Kingdom of Morocco in an amount equivalent to forty million six hundred and ten thousand Euros (EUR 40,610,000), with a maturity period of 15 years, including a grace period of five years, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Kingdom of Morocco in an amount equivalent to one million two hundred and ninety thousand Euros (EUR 1,290,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

K. Grant under the country-specific grants window to ABC Microfinance to support Malian diaspora financing for rural youth (agenda item 12)

55. The Executive Board considered the proposal under the country-specific grants window to ABC Microfinance to support Malian diaspora financing for rural youth, as contained in document EB 2016/118/R.23, and adopted the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Malian diaspora financing for rural youth, shall provide a grant of four hundred and twenty-five thousand United States dollars (US\$425,000) to ABC Microfinance for a period of three years upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

56. Board representatives requested that in future, such future proposals should provide more information on the private sector recipients of the grant, including, among others, the legal address and location, ownership and how long the organization has been in existence, for purposes of clarity.
57. Management would revise the grant proposal document to include an annex with detailed information on ABC Microfinance and other relevant information as requested by the Board.

L. Establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources (agenda item 13)

58. The Executive Board considered document EB 2016/118/R.24 on the Establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources, and approved the submission of the document and draft resolution contained in the annex thereto to the Governing Council at its fortieth session in February 2017. In addition, further to the request by the representative for Kuwait, it was agreed to modify the dates for the June meeting of the Consultation, which would now be proposed for 29 and 30 June 2017, instead of 28 and 29 June.
59. Furthermore, the Chairperson assured the Board that, as discussed at the recent meeting of Convenors and Friends, in the future, consultations would be held with members starting in April of the year preceding the replenishment consultation, to allow for timely discussion on any potential candidates for the external Chair.

M. Financial matters (agenda item 14)

- (a) Reports of the Chairperson of the Audit Committee on the 140<sup>th</sup> and 141<sup>st</sup> meetings

60. The Executive Board reviewed the Reports of the Chairperson on the 140th and 141st meetings of the Audit Committee, as contained in documents EB 2016/118/R.25 and EB 2016/118/R.26, noting the information provided. The oral summary provided by the Chairperson on the 140th meeting focused on the deliberations held on two agenda items, namely, the external auditor's report on internal control and accounting procedures, and the selection of the external auditor of IFAD for the period 2017-2021. The oral summary on the 141st meeting focused on the review of the Sovereign Borrowing Framework and the review of the adequacy of the General Reserve.
61. Responding to questions on market borrowing, Management informed the Board that a road map for the delivery of a feasibility study during the IFAD10 period was being developed and assured representatives that the Audit Committee would be kept informed of progress made. An update on this issue would be provided to the Board in December. In addition, the Chairperson suggested that this topic could be considered for inclusion on the agenda for the IFAD11 Consultation.
62. Representatives agreed with Management on the importance of maintaining the replenishment as the core funding of the Fund and requested that any relevant

information regarding market borrowing and the way forward be shared by Management in a timely manner to allow for due consideration and thorough discussion by the Audit Committee and the Executive Board.

(b) Review of the adequacy of the level of the General Reserve

63. Having considered document EB 2016/118/R.27, the Board agreed to maintain the General Reserve at the current level of US\$95 million and reconsider this assessment in 2017, in accordance with regulation XIII(b) of the Financial Regulations of IFAD, as amended by the Governing Council at its thirty-fifth session.

(c) IFAD's variable interest rate methodology: Impact of negative interest rates

64. Having considered document EB/2016/118/R.28, the Board approved the decision to modify the methodology for setting IFAD's variable interest rates applicable for loans approved on variable terms detailed in EB 2009/98/R.14 and EB 2011/102/R.11. The modification would allow the introduction of a zero floor to the LIBOR/EURIBOR components of IFAD's reference rate and would apply to existing and newly approved loans on the above-mentioned terms. This modification would take effect as of 1 January 2017.

65. In response to a query on whether this decision would be applied retroactively, the General Counsel stated that this measure would apply to all current and future contracts as they referred only to the IFAD reference interest rate, which was established every six months. The decision would not require any modification to existing contracts as the policy was automatically applicable in those cases

(d) Proposal to access the KfW borrowing facility for IFAD10

66. The Executive Board considered and approved the recommendation as contained in document EB 2016/118/R.29 to access the final tranche (EUR 100 million) of funds under the current KfW Framework Agreement (EUR 400 million) and use the funds to deliver the IFAD10 target programme of loans and grants of US\$3.2 billion. The Board further approved that IFAD enter into individual loan agreements as foreseen therein.

67. One representative noted that sovereign loans should not replace membership contributions but should provide for the possibility of mobilizing additional resources, and requested that a comprehensive and transparent analysis of lessons learned be carried out, to inform future decisions regarding the Sovereign Borrowing Framework.

(e) Review of IFAD's Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions

68. When the Sovereign Borrowing Framework was approved by the Executive Board in 2015 (EB 2015/114/R.17/Rev.1), it was decided that it would be reviewed initially in 2016 and that the findings would be presented in a report to the Executive Board in September 2016. In line with this decision, a first review of the Sovereign Borrowing Framework as contained in document EB 2016/118/R.30 was provided to the Board for information.

69. Management informed the Board that following the approval of the proposal to access the final tranche of EUR 100 million of the framework agreement signed with KfW in November 2014, it would engage immediately with KfW to enter into negotiation of the third individual loan agreement in the coming weeks. Representatives were advised that discussions were under way with Agence Française de Développement (AFD) about a possible loan to support the IFAD10 lending programme. Management hoped to be in a position to submit a proposal in this regard to the 142nd meeting of the Audit Committee in November and to the 119th session of the Executive Board in December.

70. Regarding the discussions with AFD, the representative for France indicated that two messages had been relayed to their colleagues at the agency: first, to do their utmost to be in a position to support IFAD in seeking to diminish the financing gap for IFAD10 through a loans operation; and second, to meet the conditions of the borrowing framework and ensure that all conditions were respected.
71. While acknowledging that the framework was yet to be implemented, representatives suggested that the next review address lessons learned more clearly, incorporate lessons from the KfW Framework Agreement and include proposals to make the Sovereign Borrowing Framework more efficient. They also highlighted the importance of including a substantial and thorough risk analysis in the future reviews.
72. Management expressed appreciation for the fundamental support provided by the Audit Committee and the Board in ensuring that the Sovereign Borrowing Framework became a reality.
- N. Draft provisional agenda for the fortieth session of the Governing Council (agenda item 15)
73. The Executive Board considered document EB 2016/118/R.31 containing the draft provisional agenda for the fortieth session of the Governing Council, and approved it in accordance with rule 6 of the Rules of Procedure of the Governing Council.
- O. Progress report of the Ad Hoc Working Group on Governance (agenda item 16)
74. The Executive Board welcomed the briefing provided by the Chairperson of the Ad Hoc Working Group on Governance on the fifth and sixth meetings of the Working Group, as described in document EB 2016/118/R.32 and noted the information provided therein.
75. The Chairperson informed the Board that consensus had been reached by the working group on certain issues, including those related to the replenishment and the need to define the composition of each List during these meetings. He recalled that feedback from the Lists was sought on some other proposals raised at the recent informal meeting held on 14 September 2016. Representatives made statements on their stances regarding these proposals. There was agreement among representatives on the need to resolve the issue of the under-representation of List C. Some of the proposals considered by the Working Group were:
- (a) Revisiting the definition of each List which, as a result, would lead to the shifting of countries from one List to another;
  - (b) Setting up the Lists according to eligibility for IFAD financing, which would again lead to some List shifts;
  - (c) Creating a fourth List, List D, which would be different from List C on the basis of the criteria of eligibility for financing; and
  - (d) Dividing List C into sub-lists, according to lending terms rather than on a regional basis
76. The Chairperson of the Board welcomed the consensus reached on replenishment issues, including some reforms and maintaining the three-year cycle. On a related note, he reminded the Board that the practice of having midterm reviews had started only with IFAD9 and had improved with IFAD10 as the Board was also engaged in the agenda-setting process. In this context, he suggested that in the coming months Convenors and Friends engage with the Board through an informal meeting to discuss thematic areas and a preliminary agenda that reflected the direction that the Board would like to suggest to Management.

77. The Board noted that the Working Group would continue to discuss and refine options regarding the List system and representation issues in view of the mandated submission of its report to the Governing Council in February 2017.
- P. Working Group on the Performance-Based Allocation System (agenda item 17)
- (a) Report of the Chairperson on the third meeting of the Working Group on the Performance-Based Allocation System
78. The Executive Board noted the report of the Chairperson on the third meeting of the Working Group on Performance-Based Allocation System (as contained in document EB 2016/118/R.33) and the issues raised therein, such as whether to replace GNI per capita with the Human Development Index in the formula; this had been tested and was found to make no difference to the formula. The Board noted the Working Group's view that GNI per capita should be maintained.
79. Management would present an approach paper describing the proposal of the first phase of the PBAS review process during the Board session in December 2016.
80. In revising the formula, Management was advised to integrate cross-cutting issues such as gender, climate change vulnerability and nutrition.
- (b) Oral report of the Chairperson on the fourth meeting of the Working Group on the Performance-Based Allocation System
81. The Board took note of the oral report of the Chairperson on the fourth meeting of the PBAS Working Group. The Working Group had reviewed the proposal to adjust the variables of the PBAS formula and had encouraged Management to continue with the proposed adjustments, while paying attention to reducing the degree of variation across allocations, maintaining each variable's elasticity at meaningful levels, and keeping the formula as simple as possible.
82. During the second phase of the PBAS review, Management would explore the option of using the logarithmic rural population variable, adjusting the exponent of the GNI per capita and complementing the variable with a separate vulnerability measure, and dropping Country Policy and Institutional Assessment variable on the country performance component side apart from some of its macro-level aspects, which would be integrated into the Rural-Sector Performance variable.
83. The Board, while noting the view that the country needs component of the PBAS formula should be enhanced, urged Management to ensure that the formula did not condone poor performance and penalize good performance.
84. The Board noted that the PBAS Working Group had approved the proposal to limit their official records to minutes only, and the Chairperson would continue to deliver an oral report to the Executive Board based on the minutes.
- Q. An overview of IFAD's holistic approach to tailoring operations to country context (encompassing fragile situations, middle-income countries, the performance-based allocation system and decentralization) (Document for information) (agenda item 20)
85. The Board discussed the overview of IFAD's holistic approach to tailoring operations to country context (encompassing fragile situations, middle-income countries (MICs), the performance-based allocation system and decentralization), as contained in document EB 2016/118/R.39. Representatives thanked IFAD for providing this overview, which was aimed at ensuring more differentiated approaches in tailoring IFAD support to country contexts, and reiterated the importance of such approaches for and among MICs and countries in fragile situations as reflected in the Strategic Framework.

86. The Board was informed that the final version of the document would be released by May 2017.

## R. Other business (agenda item 18)

### (a) Election of representatives of the Governing Council to the IFAD Staff Pension Committee

87. Considering the document on the election of representatives of the Governing Council to the IFAD Staff Pension Committee (EB 2016/118/R.34), the Executive Board was informed that His Excellency Elías Rafael Eljuri Abraham, Representative of the Bolivarian Republic of Venezuela had been nominated as member, while Ms Liliane Ortega, Representative of Switzerland, and Mr Md. Mafizur Rahman, Representative of Bangladesh, had been nominated as alternate members.

88. Recalling that these representatives were to serve on the Pension Committee in their individual capacity, the Board elected the proposed representatives for a three-year term of office ending on 30 September 2019.

### (b) Revision to the minutes of the 117<sup>th</sup> session of the Executive Board

89. The Executive Board approved the proposed changes to the draft minutes of its 117th session as reflected in document EB 2016/118/R.35.

### (c) Proposal to accept supplementary funds from the Rockefeller Foundation

90. The Executive Board authorized the President to negotiate and finalize a supplementary funds agreement with the Rockefeller Foundation in support of value chain development activities within the ongoing Value Chain Development Programme in Nigeria.

91. Management noted a representative's suggestion to improve the above-mentioned proposal in the areas of: the gender equality strategy; access to start-up funds for young entrepreneurs; and fair and transparent price arrangements.

92. Recalling the information provided by the General Counsel on the Delegation of Authority in the context of FARMS and the two proposals for supplementary funds submitted to the current Board session, the representative for Germany requested detailed information on the delegation of authority from the Board to the President, and a list of all such grants that had been approved under this arrangement.

93. The Chairperson clarified that the Executive Board had delegated authority to the President to accept supplementary funds from Member States and non-Member States for ongoing projects. He further explained that where supplementary funds from a non-Member States were proposed in support of a new operation outside of or parallel to an ongoing project, the Board's approval was sought.

### (d) Proposal to accept supplementary funds from the Bill & Melinda Gates Foundation

94. The Board approved the proposal to authorize the President to negotiate and finalize a supplementary funds agreement with the Bill & Melinda Gates Foundation, as contained in document EB 2016/118/R.40, in support of rural finance activities in Nigeria. The funds would be used for the ongoing IFAD-supported programme in Nigeria, which was in its last year of implementation, and for additional rural finance policy support to the Government for up to 36 months.

### (e) Follow-up matrix on the second retreat of the IFAD Executive Board

95. The Executive Board reviewed the follow-up matrix on the second retreat as contained in document EB 2016/118/R.37 and welcomed the fact that many of the actions contained therein were already under way. They underscored the need for further follow-up on actions such as the early involvement of Convenors in decision-making processes and increased interaction with IOE. These were considered important for enhancing transparency, accountability and efficiency, as well as for

effective interaction among the Board, Management and the Governing Council Bureau.

96. The Board reiterated that the retreats were a good mechanism for fostering discussion and exchange of views between Board representatives and Senior Management and contributed to an environment of trust and mutual understanding.
97. It was agreed that the matrix would be updated to include other issues discussed during the retreat such as short-term guidance on the implementation of IFAD10, visionary long-term guidance towards achieving Sustainable Development Goals 1 and 2, and strengthening the ongoing mainstreaming efforts.
  - (f) Collaboration with Rome-based agencies
98. The Board discussed the item raised by the representative for Netherlands on collaboration with RBAs, and the importance of commitment to working together with the agencies given their unique and complementary mandates. Management confirmed its commitment to the collaboration efforts, especially through the paper that all three RBAs were jointly working on for submission to the Board in December.
99. While clarifying that IFAD would not comment on the Strategic Framework of another RBA, the Chairperson emphasized that collaboration would be pursued in such a way as to positively contribute to IFAD's mandate.

#### S. Closing of the session

100. The President provided a summary of the major issues discussed and key decisions taken during the session. He commended the Board on the continued good practice of tabling List and joint List statements, and noted that this reflected the kind of complementarity and synergy that led to efficiency. He thanked Mr Benito Jiménez Sauma and Mr Adolfo Di Carluccio for their comprehensive reports on behalf of the Evaluation and Audit Committees respectively, and expressed appreciation for the significant progress made by the Working Group on the PBAS.
101. Two representatives were leaving the Board for other duties, and the President bade them farewell. First, he paid tribute to Mr Di Carluccio, representative for Italy and Chairperson of the Audit Committee, for his remarkable contribution to the Board, especially the leading role he played in guiding the work of the Audit Committee and in crafting the Sovereign Borrowing Framework. He also thanked Mr Earnán O'Cléirigh, the former representative for Ireland, for his active contribution.
102. The President closed the session by thanking representatives for their participation in the session, the useful guidance provided, and their continued support to the Fund. He also expressed appreciation to all staff who had worked hard to ensure the success of the session.

#### IV. Documents presented for information

103. The following document was presented to the Board for information purposes:
  - Report on IFAD's investment portfolio for the first and second quarters of 2016 (EB 2016/118/R.38)

#### V. Information provided under the fit-for-purpose approach

- Status report on arrears and principal, interest and service charge payments
- Report on the status of contributions to the Tenth Replenishment of IFAD's Resources
- Planned country activities for 2016-2018
- List of documents for the 118th session of the Executive Board



Investing in rural people  
Investir dans les populations rurales  
Invertir en la población rural  
الاستثمار في السكان الريفيين

## المشاركون في الدورة الثامنة عشرة بعد المائة للمجلس التنفيذي

Delegations at the 118<sup>th</sup> session of  
the Executive Board

Délégations à la cent dix-huitième  
session du Conseil d'administration

Delegaciones en el 118<sup>o</sup> período de  
sesiones de la Junta Ejecutiva

Executive Board — 118<sup>th</sup> Session  
Rome, 21-22 September 2016

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OBSERVATEURS  
OBSERVADORES

### مداولات برامج الفرص الاستراتيجية القطرية

COSOP DELI BERATIONS<sup>2</sup>  
DÉLI BÉRATIONS RELATIVES AUX COSOP  
DELI BERACIONES SOBRE LOS COSOP

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Permanent Representative  
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### المراقبون الصامتون في المناقشات الإقليمية

SILENT OBSERVER FOR REGIONAL DISCUSSIONS<sup>3</sup>  
OBSERVATEUR SANS DROIT DE PAROLE LORS DES DISCUSSIONS  
RÉGIONALES  
OBSERVADOR SIN DERECHO A INTERVENIR EN LOS DEBATES  
REGIONALES

ZIMBABWE

Godfrey MAGWENZI  
Ambassador  
Permanent Representative of the  
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Roma

<sup>2</sup> Pursuant to document EB 2002/77/R.12, Procedure for the Review of Country Strategic Opportunities Papers (COSOPs) by the Executive Board, paragraph 15(2) "Process".

<sup>3</sup> Pursuant to document EB 2010/101/INF.4/Rev.1, Silent observers at Executive Board proceedings, paragraph 2(b).

## List of documents placed before the 118<sup>th</sup> session of the Executive Board

Document No.	Agenda item	Title
EB 2016/118/R.1/Rev.1	2	Provisional agenda
EB 2016/118/R.1/Rev.1/Add.1/Rev.2	2	Schedule of work for the session
EB 2016/118/R.2	3	High-level preview of IFAD's 2017 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2017 and indicative plan for 2018-2019
EB 2016/118/R.3	4(a)	Minutes of the ninety-second session of the Evaluation Committee
EB 2016/118/R.41	4(b)	Minutes of the ninety-third session of the Evaluation Committee
EB 2016/118/R.4	4(c)(i)	China: Country programme evaluation
EB 2016/118/R.5	4(c)(ii)	Indonesia: Country programme evaluation
EB 2016/118/R.6	4(c)(iii)	Turkey: Country programme evaluation
EB 2016/118/R.7 + Add.1	4(d)	Annual Report on Results and Impact of IFAD Operations Evaluated in 2015 (ARRI)
EB 2016/118/R.8 + Add.1	5	Report on IFAD's Development Effectiveness (RIDE)
EB 2016/118/R.9	6	Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment
EB 2016/118/R.10 + Add.1 <sup>4</sup>	7	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)
EB 2016/118/R.11 + Add.1	8(a)	Argentine Republic: Country strategic opportunities programme
EB 2016/118/R.12 + Add.1	8(b)	People's Republic of China: Country strategic opportunities programme
EB 2016/118/R.13 + Add.1	8(c)	Republic of Indonesia: Country strategic opportunities programme
EB 2016/118/R.14 + Add.1	8(d)	Republic of Turkey: Country strategic opportunities programme
EB 2016/118/R.15	9	Proposed amendments to the instrument establishing the trust fund for the IFAD Adaptation for Smallholder Agriculture Programme
EB 2016/118/R.16 + Corr.1 <sup>5</sup>	10	Climate mainstreaming in IFAD-funded

<sup>4</sup> Document delivered in English only.

<sup>5</sup> Document delivered in Spanish only.

## programmes

EB 2016/118/R.17	11(a)	Niger: President's memorandum: Proposed loan and grant to the Republic of the Niger to address the financing deficit of the Family Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder
EB 2016/118/R.18	11(b)(i)	Ethiopia: Participatory Small-scale Irrigation Development Programme – Phase II (PASIDP II)
EB 2016/118/R.19 + Add.1 + Sup.1 <sup>6</sup>	11(b)(ii)	Rwanda: Rwanda Dairy Development Project
EB 2016/118/R.20 + Add.1 + Sup.1 <sup>7</sup>	11(b)(iii)	Zimbabwe: Smallholder Irrigation Revitalization Programme
EB 2016/118/R.21 <sup>8</sup>	11(c)	Viet Nam: Commercial Smallholder Support Project in B c Kan and Cao B ng
EB 2016/118/R.22	11(d)	Morocco: Atlas Mountains Rural Development Project
EB 2016/118/R.23	12	Grant under the country-specific grants windows to ABC Microfinance to support Malian diaspora financing for rural youth
EB 2016/118/R.24	13	Establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources
EB 2016/118/R.25	14(a)(i)	Report of the Chairperson on the 140th meeting of the Audit Committee
EB 2016/118/R.26	14(a)(ii)	Report of the Chairperson on the 141st meeting of the Audit Committee
EB 2016/118/R.27	14(b)	Review of the adequacy of the level of the General Reserve
EB 2016/118/R.28	14(c)	IFAD's variable interest rate methodology: Impact of negative interest rates
EB 2016/118/R.29	14(d)	Proposal to access the KfW borrowing facility for IFAD10
EB 2016/118/R.30	14(e)	Review of IFAD's Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions
EB 2016/118/R.31	15	Draft provisional agenda for the fortieth session of the Governing Council
EB 2016/118/R.32	16	Progress report of the Ad Hoc Working Group on Governance
EB 2016/118/R.33	17(a)	Report of the Chairperson on the third meeting of the Working Group on the Performance-Based Allocation System

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<sup>6</sup> Document delivered in English only.

<sup>7</sup> Document delivered in English only.

<sup>8</sup> Withdrawn from the agenda.

EB 2016/118/R.34	18(a)	Election of representatives of the Governing Council to the IFAD Staff Pension Committee
EB 2016/118/R.35	18(b)	Revision to the minutes of the 117th session of the Executive Board
EB 2016/118/R.36	18(c)	Proposal to accept supplementary funds from the Rockefeller Foundation
EB 2016/118/R.40	18(d)	Proposal to accept supplementary funds from the Bill & Melinda Gates Foundation
EB 2016/118/R.37	18(e)	Follow-up matrix on the second retreat of the IFAD Executive Board
Documents presented for information		
EB 2016/118/R.38	19	Report on IFAD's investment portfolio for the first and second quarters of 2016
EB 2016/118/R.39	20	An overview of IFAD's holistic approach to tailoring operations to country context (encompassing fragile situations, middle-income countries, the performance-based allocation system and decentralization)
Fit-for-purpose approach		
EB 2016 FFP4 (AC/EB)		Status report on arrears in principal, interest and service charge payments
EB 2016 FFP5 (AC/EB)		Report on the status of contributions to the Tenth Replenishment of IFAD's Resources
EB 2016 FFP6		Planned country activities for 2016-2018
EB 2016 FFP7		List of documents for the 118 <sup>th</sup> session of the Executive Board
Information notes		
EB 2016/118/INF.1		Arrangements for the 118 <sup>th</sup> session of the Executive Board
EB 2016/118/INF.2		Synthesis of the second retreat of the IFAD Executive Board
EB 2016/118/INF.3		IFAD's lending terms and conditions: Interest rates for loans on ordinary and intermediate terms in 2016
EB 2016/118/INF.4		Overview of supplementary funds received, committed and used in 2015
EB 2016/118/INF.5		Operational procedures for country strategies
EB 2016/118/INF.6		Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)
EB 2016/118/INF.7		Summary of project, programme and grant proposals discussed by the Executive Board

Document:	<u>EB 2016/118/R.1/Rev.2</u>
Agenda:	<u>2</u>
Date:	<u>21 September 2016</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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## Agenda

### Note to Executive Board representatives

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## Agenda

### 1. Items for approval or review<sup>9</sup>

1. Opening of the session
2. Adoption of the agenda [A]
 

For ease of reference, each agenda item is assigned a letter to indicate the action required of the Board, as follows:

[A] = For approval  
 [R] = For review  
 [I] = For information
3. High-level preview of IFAD's 2017 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2017 and indicative plan for 2018-2019 [R]
4. Evaluation
  - (a) Ninety-second session of the Evaluation Committee [I]
  - (b) Ninety-third session of the Evaluation Committee [I]
  - (c) Country programme evaluations [R]
    - (i) China
    - (ii) Indonesia
    - (iii) Turkey
  - (d) Annual Report on Results and Impact of IFAD Operations (ARRI) [R]
5. Report on IFAD's Development Effectiveness (RIDE) [R]
6. Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment [R]
7. President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) [R]
8. Country strategic opportunities programmes (COSOPs) [R]
  - (a) Argentina
  - (b) China
  - (c) Indonesia
  - (d) Turkey
9. Proposed amendments to the instrument establishing the trust fund for the IFAD Adaptation for Smallholder Agriculture Programme (ASAP) [A]
10. Climate mainstreaming in IFAD-funded programmes [R]
11. Project/programme proposals for consideration by the Executive Board [A]
  - (a) West and Central Africa
 

Niger: President's memorandum - Proposed loan and grant to the Republic of the Niger to address the financing deficit of the Family

<sup>9</sup> Some items for information are included and will be discussed during the Board session.

Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder

- (b) East and Southern Africa
  - (i) Ethiopia: Participatory Small-scale Irrigation Development Programme - Phase II (PASIDP II)
  - (ii) Rwanda: Rwanda Dairy Development Project (RDDP)
  - (iii) Zimbabwe: Smallholder Irrigation Revitalization Programme
- (c) Near East, North Africa and Europe
  - Morocco: Atlas Mountains Rural Development Project
- 12. Grant under the country-specific grants window to ABC Microfinance to support Malian diaspora financing for rural youth [A]
- 13. Establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources [A]
- 14. Financial matters
  - (a) Reports of the Chairperson of the Audit Committee [R]
    - (i) Report of the Chairperson on the 140<sup>th</sup> meeting of the Audit Committee
    - (ii) Report of the Chairperson on the 141<sup>st</sup> meeting of the Audit Committee
  - (b) Review of the adequacy of the level of the General Reserve [A]
  - (c) IFAD's variable interest rate methodology: Impact of negative interest rates [A]
  - (d) Proposal to access the KfW borrowing facility for IFAD10 [A]
  - (e) Review of IFAD's Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions [I]
- 15. Draft provisional agenda for the fortieth session of the Governing Council [A]
- 16. Progress report of the Ad Hoc Working Group on Governance [I]
- 17. Working Group on the Performance-based Allocation System [R]
  - (a) Report of the Chairperson on the third meeting of the Working Group on the Performance-based Allocation System
  - (b) Oral report of the Chairperson on the fourth meeting of the Working Group on the Performance-based Allocation System
- 18. Other business
  - (a) Election of representatives of the Governing Council to the IFAD Staff Pension Committee [A]
  - (b) Revision to the minutes of the 117<sup>th</sup> session of the Executive Board [A]
  - (c) Proposal to accept supplementary funds from the Rockefeller Foundation [A]
  - (d) Proposal to accept supplementary funds from the Bill & Melinda Gates Foundation [A]
  - (e) Follow-up matrix on the second retreat of the IFAD Executive Board [R]
  - (f) Rome-based agencies collaboration [I]

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## II. Documents presented for information

Documents presented for information will be discussed during a Board session only if deemed necessary by Management or at the specific request of a Board member.

Such requests should be submitted in writing to the Secretary of IFAD three weeks before the Board session.

The schedule of work will include only items to be discussed during the Board session (i.e. items for approval, review or confirmation and documents for information for which a written request for discussion at the Board has been received) and will be posted on the IFAD website two weeks before the session.

19. Report on IFAD's investment portfolio for the first and second quarters of 2016 [I]
20. An overview of IFAD's holistic approach to tailoring operations to country context (encompassing fragile situations, middle-income countries, the performance-based allocation system and decentralization) [I]

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### III. Information provided under the fit-for-purpose approach

In accordance with the fit-for-purpose approach, approved by the Executive Board in December 2013 (EB 2013/110/R.4), the following documents will be made available on the IFAD website and Member States Interactive Platform. The information provided may be included for discussion on the agenda upon the request of an Executive Board representative.

21. Status report on arrears in principal, interest and service charge payments
22. Report on the status of contributions to the Tenth Replenishment of IFAD's Resources
23. Planned country activities for 2016-2018

### IV. Information notes

- (a) Arrangements for the 118<sup>th</sup> session of the Executive Board
- (b) Overview of supplementary funds received, committed and used in 2015
- (c) Synthesis of the second retreat of the IFAD Executive Board
- (d) Operational procedures for country strategies
- (e) Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)
- (f) IFAD's lending terms and conditions: Interest rates for loans on ordinary and intermediate terms in 2016
- (g) Summary of project, programme and grant proposals discussed by the Executive Board