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**CLOSING STATEMENT
BY PRESIDENT AL-SULTAN
TO THE SIXTY-SEVENTH SESSION OF THE EXECUTIVE BOARD
ROME, 8-9 SEPTEMBER 1999**

Distinguished Directors,

I would now like to summarize the discussions and highlight the decisions taken at this Session of the Executive Board.

The Executive Board began its consideration of financial matters with a review of the Status of Contributions to the Fourth Replenishment of IFAD's Resources (document EB 99/67/R.2 and addendum). The Board noted that the value of the instruments of contribution and payments in cash or promissory notes against pledges not supported by instruments of contribution totalled USD 403.6 million equivalent.

In accordance with the new practice of presenting quarterly reports, the Board reviewed the Report on IFAD's Investment Portfolio for the Second Quarter of 1999 which, together with the first quarter figures, also presented the rate of return for the first half of the year (document EB 99/67/R.3). Directors expressed their satisfaction with the overall rate of return achieved during the second quarter, which represented an improvement over that of the first quarter. They noted that this level of return was a result of a more balanced portfolio, with the strong performance of equity markets compensating the negative return on fixed-income assets.

The Board also reviewed the Status Report on Principal and Interest Payments (document EB 99/67/R.4 and addendum), expressing its appreciation for the continued efforts made to reduce outstanding arrears. Emphasis was placed on the fact that a number of cases of arrears were related to countries affected by civil strife. Directors strongly urged IFAD to continue its involvement in the Heavily-Indebted Poor Countries (HIPC) Debt Initiative, particularly in the light of the current extension of the initiative. Several Directors further urged that efforts be made to bring arrears within this framework.

Further steps to contain arrears were taken at this Session with the Executive Board's approval of plans for the Settlement of Arrears by the Gabonese Republic and the Settlement of Arrears by the Republic of Sierra Leone (respectively documents EB 99/67/R.5 and EB 99/67/R.6).

The Executive Board also considered the document on the Review of IFAD's Policy Framework for Managing Partnerships with Countries in Arrears (document EB 99/67/R.7), focusing in particular on the two basic problems encountered in implementing the current arrears policy. After an extensive discussion on the effects of applying the net present value (NPV) requirement in arrears settlement packages, and on the need for the Executive Board to approve all such packages, Directors asked for further information, especially regarding the practice followed by other international financial institutions, and agreed to reconsider the issue at the December Board.

Directors expressed their appreciation for the clarity and conciseness of the Preview of the Programme of Work and Budget of IFAD for 2000 (document EB 99/67/R.8). The rich discussions and the very useful comments given by Directors will help us greatly in the preparation of the Programme of Work and Budget to be submitted to the December Board. Of course, in our further work on IFAD's corporate strategy, we will fully reflect the outcome and recommendations of the Consultation to Review the Fund's Resources.

While the level of the Programme of Work was welcomed, it was also recognized that the level of USD 472.8 million was based on the assumption of a successful and timely outcome of the Consultation review. If this assumption is not realized, then the level of the Programme of Work will need to be reviewed.

The Executive Board Director for the United States indicated that the United States is still not satisfied that the proposed level of loans and grants is justified as necessary to establish IFAD as a credible development institution.

With regard to the administrative budget, discussions centred on the issue of zero real growth versus zero nominal growth. Many Directors felt comfortable with management's proposed zero real growth in light of the considerable budget reductions the Fund had already achieved in recent years. However, as other Directors, including the Executive Board Director for Germany, would have preferred zero nominal growth, it was suggested that the final budget proposal contain fuller justification for maintaining zero growth in real rather than nominal terms.

The Executive Board endorsed the Report of the Audit Committee (document EB 99/67/R.9), presented by its chairman, taking note of the committee's recommendation that the current ceiling of the General Reserve be maintained pending the outcome of discussions by the Consultation and any decisions relating to the Advance Commitment Authority. The Board also approved the External Auditor's fee for 1999 as recommended by the committee.

The Executive Board noted the oral report on the Third Session of the Consultation to Review the Adequacy of the Resources Available to IFAD. It also reviewed the Report of the Chairman of the Ad Hoc Committee on Regional Allocations (document EB 99/67/R.10), which was established at the Sixty-Sixth Session of the Board. The Board broadly endorsed the report and the recommended regional allocations. However, the Board recognized that this issue will be considered by the Consultation and be reflected in the Consultation's final report. In consequence, the Board agreed to come back to the issue after the Consultation process is completed.

The Board was given an oral update on the work being done in formulating the document on Country Strategy Work, Managing Strategic Partnerships and Cofinancing. The comments and suggestions made by Directors who attended the informal seminar in April on this subject have been taken into consideration. However, we would also like to take into account the discussions taking place on this topic in the Consultation before submitting a final document to the Board. May I also invite Directors to share with us their views on ways to mobilize greater cofinancing, especially from bilateral donors.

The Executive Board was presented with the Report of the President on the Human Resources Management Strategy (document EB 99/67/R.12 and corrigendum). Directors commended the proposals that had already been put into practice and felt that some of these innovations had put IFAD ahead of its fellow agencies in the UN system. They also expressed interest in the remaining recommendations that the Fund intends to apply over the next two years. Management welcomes the Board's strong support of its efforts in this area and we hope that this new approach to human resources management will result in improving the working environment for our staff and, ultimately, in an even more efficient organization.

The chairman of the Evaluation Committee presented an oral preliminary report on the review the committee had undertaken with respect to its role and reporting practice. We appreciate both the initiative and the work involved in such a review and look forward to receiving the committee's final recommendations when we next meet.

The Executive Board reviewed the Resources Available for Commitment (document EB 99/67/R.13) and approved five programmes and projects: two in Africa, two in Asia, and one in Latin America and the Caribbean. The loans for the programmes for Bhutan and Cape Verde were formulated and approved under the flexible lending mechanism.

The Board also approved four technical assistance grants: two for Agricultural Research and Training by CGIAR-Supported International Centres; one for Agricultural Research and Training by a Non-CGIAR-Supported International Centre; and one to the Southern Cone Common Market (MERCOSUR). The Executive Board Director for Germany could not support the grant proposal to the International Centre of Insect Physiology and Ecology (ICIPE).

The Board reviewed the Planned Project Activities 1999-2000 presenting information on projects and programmes in the pipeline (document EB 99/67/R.23 and addenda). Management always remains receptive to any concerns or observations Directors may have on pipeline activities. Working together at the early stages of project design ensures that the Board's views are properly reflected.

The Executive Board approved the Draft Provisional Agenda for the Twenty-Third Session of the Governing Council (document EB 99/67/R.24) and noted that the dates for the Council were set for 16 and 17 February 2000.

In reviewing the Progress Report on Management Information Systems (document EB 99/67/R.25), the Board took note of the follow-up work done on the plan presented to the Board in 1997 and of the work envisaged over the medium-term.

The Board approved the Dates for the 2000 and 2001 Sessions of the Executive Board (document EB 99/67/R.26). It also took note of the oral report on IFAD's Headquarters Building, which indicated a target date of January 2001 for the occupancy of the building adjacent to IFAD.

Finally, the Executive Board approved the disclosure of the documents that had been approved at this Session and noted that these would subsequently be posted on IFAD's public website.

Before I close this Session, I would like to bid farewell to two of our Executive Board Directors: Ms Alopaeus-Ståhl of Sweden and Mr William Baucom of the United States. I am certain I speak on behalf of all Directors in thanking them for the valuable contribution that each has made to the deliberations of the Executive Board and for their personal commitment to the work of the Fund. We wish our colleagues every success in their future endeavours.

Distinguished Directors,

In closing, I thank you for the excellent work accomplished at this Session and wish you all a safe return home.