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

Distinguished Directors,

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

The Executive Board began its consideration of financial matters by reviewing the Status of Contributions to the Fourth Replenishment of IFAD's Resources (document EB 99/68/R.2 and addendum), and accepting, with thanks, a second voluntary contribution of USD 5 000 to IFAD by the Republic of Iceland (document EB 99/68/R.3).

In reviewing the Report on IFAD's Investment Portfolio for the Third Quarter of 1999 (document EB 99/68/R.4) the Board noted with concern the negative returns obtained during the quarter but welcomed the oral report indicating that preliminary calculations of investment returns for October and November were far more favourable. These indicated a probable 5% annual return for 1999.

The Representative for France expressed his concern for the losses realized on fixed-income assets and reiterated his appeal for prudent management. Directors were assured that the cautious and prudent approach that has always been adopted for the management of the investment portfolio will be continued.

The Board then noted the Status Report on Principal and Interest Payments and the Fund's efforts in actively pursuing each of its arrears cases (document EB 99/68/R.5 and addendum).

The Programme of Work and Budget of IFAD for 2000 was well received by Directors who commended management for a concise yet complete document (EB 99/68/R.7). The Executive Board approved a programme of work for 2000 of USD 482.2 million, including a technical assistance grant programme of USD 36.2 million, which is within the 7.5% ceiling. This programme of work is based on the assumption that the Fifth Replenishment will be completed at the Governing Council in February.

If the Replenishment is not completed by February, we have several options. In this regard, Directors noted that since the Executive Board is responsible for approving the work programme, it can change it. At each of its sessions, the Board is informed of the resources available for commitment before it considers project proposals and therefore can make any necessary adjustments. If the Fifth Replenishment negotiations finish by mid-May, then we will be able to go ahead with the full approved programme of work for 2000. If there are any gaps because Fifth Replenishment funding does not become available in the calendar year 2000, the Advance Commitment Authority facility could be utilized.

However, if by mid-summer of next year it seems likely that there will be further delays in the Fifth Replenishment, some projects scheduled for the September and December Boards could be deferred to the following year. Then, after the Replenishment is completed, we could have a larger work programme in 2001 to compensate for the shortfalls in 2000. Thus depending on how the Replenishment negotiations go, there are adequate adjustment mechanisms we can use, over the course of the next year, to respond to the situation.

The Executive Board Director for the United States indicated that his country was still not satisfied that the proposed level of loans and grants is justified as necessary to establish IFAD as a credible and significant development institution. Given this, the United States did not join the consensus on the approval of the programme of work.

Directors welcomed the fact that the regional strategies for 2000 complied with the recommendations given in the Report of the Chairman of the Ad Hoc Committee on Regional Allocations. They also noted that efforts will continue to increase Africa's lending share, in response to project opportunities that could arise during the year in order to compensate for the 1997 shortfall.

The Board recommended that the proposed administrative budget for 2000, in the amount of USD 55.392 million, including the contingency, be submitted to the Governing Council for its approval. It also recommended a separate provision of USD 141 000 to fund meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD that may be held during 2000.

Directors welcomed the Fund's eight-year record of either reducing the administrative budget or maintaining zero real growth. The Executive Board Director for Germany, however, stated that the Fund should endeavour to maintain a zero-nominal-growth administrative budget.

The Executive Board considered the proposed Capital Expenditure Budget of IFAD (document EB 99/68/R.8). In recognizing the importance to the Fund of continuing its re-engineering exercise, Directors perceived the proposed five-year Process and Information Technology Support Programme as its logical extension. The Board also recognized that planning the expenditure for such a long-term endeavour lent itself to capital budgeting and decided to submit to the Governing Council, for its approval, the capital budget proposal of USD 26 million to finance the programme in the financial years 2000-2005.

With regard to this programme, Directors strongly recommended that IFAD's staff actively and fully participate in this important exercise and that the Executive Board be kept informed, at regular intervals, of the net gains expected. The Board's role in the decision-making process with respect to the various phases of the programme was appreciated. Finally it was urged that overall costs be contained to the extent possible.

The Board noted the oral report on the Fourth Session of the Consultation to Review the Adequacy of the Resources Available to IFAD and on the progress made, to date, in finalizing the Consultation's Report. As the Report is expected to be completed at the Fifth Session of the Consultation, now scheduled to be held in January, Directors noted that it will be directly submitted to the Twenty-Third Session of the Governing Council.

The Executive Board welcomed the status report and information given in IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement, and recommended that IFAD participate in the enhanced HIPC DI framework through the World Bank-administered HIPC Trust Fund (documents EB 99/68/R.11 and EB 99/68/C.R.P.1). In so doing, it invited the Fund's Member States to make contributions to the World Bank HIPC Trust Fund, explicitly earmarking these contributions for debt owed to IFAD. The Board decided to forward its recommendations to the Twenty-Third Session of the Governing Council.

The Terms of Reference and Rules of Procedure of the Evaluation Committee were approved by the Board (document EB 99/68/R.12). Directors expressed their appreciation for the exhaustive review carried out by the Evaluation Committee and complimented their colleagues on the results obtained.

The Executive Board reviewed the Resources Available for Commitment (document EB 99/68/R.13) and approved 15 projects: eight in Africa, one in Asia, three in Latin America and the Caribbean, and three in the Near East and North Africa region. Of these, the Smallholder Enterprise and Marketing Programme in Zambia was approved for direct supervision by the Fund. Directors noted that this completed the identification of the 15 test projects for direct supervision and that the mid-term review of directly supervised projects was rescheduled to April 2002.

The loans for the programmes for Guatemala, Guinea and Nicaragua were formulated and approved under the flexible lending mechanism. The Board also approved four technical assistance grants.

The Executive Board reviewed the information on projects in the pipeline, as presented in Planned Project Activities 1999-2000 (document EB 99/68/R.35 and addenda) and took note of two progress reports. The first of these, the Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification provided an update on the evolving operational strategy and activities of the Global Mechanism during 1999 (document EB 99/68/R.36).

The Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty (document EB 99/68/R.37) highlighted the accomplishments made in six specific areas and the activities planned for next year. The Board agreed that both reports be submitted to the forthcoming Session of the Governing Council.

Under Other Business, the Executive Board approved the proposal to invite Movimondo and the Palestinian Authority as observers to future sessions of the Governing Council (document EB 99/68/R.38). It also approved the revised Provisional Agenda for the Twenty-Third Session of the Governing Council (document EB 99/68/R.30) and decided to transmit a draft resolution to that Session of the Governing Council to re-establish the Committee to Review the Emoluments of the President of IFAD (document EB 99/68/R.40).

Finally, the Executive Board took note of the oral report on IFAD's Headquarters Building and approved the disclosure, on IFAD's public website, of the documents that had been approved at this Session.

Before I close this Session, I would like to bid farewell to two of our Executive Board Directors: Ms Catherine Walker of Australia and Mr Karl-Gerhard Dilg of Germany. I am certain I speak on behalf of all present in thanking them for the valuable contributions each has made to the deliberations of the Executive Board. We wish our colleagues every success in their future endeavours.

Distinguished Directors,

This Session was not only the last for 1999 but also the last Session for this Executive Board membership. I thank you for the excellent work we have accomplished over the past three years. Let me take this opportunity to express to all of you how much I have enjoyed working with you. May I wish you all a good year's end, an even better millennium and a safe return home.