



**IFAD**  
INTERNATIONAL  
FUND FOR  
AGRICULTURAL  
DEVELOPMENT

**FIDA**  
FONDS  
INTERNATIONAL  
DE DÉVELOPPEMENT  
AGRICOLE

**FIDA**  
FONDO  
INTERNACIONAL  
DE DESARROLLO  
AGRICOLA

**IFAD**  
الصندوق  
الدولي للتنمية  
الزراعية

**CLOSING STATEMENT  
BY PRESIDENT AL-SULTAN  
TO THE SEVENTY-FIRST SESSION OF THE EXECUTIVE BOARD  
ROME, 6-7 DECEMBER 2000**

Distinguished Directors,

I would now like to summarize our deliberations 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 2000/71/R.3 and addendum) and Fifth Replenishment (document EB 2000/71/R.2 and addenda). Directors expressed serious concern about the delay in the completion of the Fifth Replenishment and urged early action by Member States to make the pledges necessary to enable its completion. In this context the Board agreed to a delegation of authority to the President of IFAD to complete the Fifth Replenishment Resolution (document EB 2000/71/R.39) on its behalf should the necessary conditions be met before the Twenty-Fourth Session of the Governing Council. The President will meet with the convenors of the three lists in mid-January to appraise the situation and decide on the need for a meeting of the Consultation to Review the Adequacy of the Resources Available to IFAD.

A review of IFAD's Resource Position at the end of 2000 (document EB 2000/71/R.37) highlighted the need to complete the Fifth Replenishment in order to ensure its earliest effectiveness. The lack of payments against the Fifth Replenishment and the poor investment returns in 2000, compounded further by exchange-rate losses, have seriously affected the Fund's resource position.

After a lengthy exchange of views on the resource position, the Board decided not to amend the Fifth Replenishment Resolution and asked for a more regular review of the position.

The Report on IFAD's Investment Portfolio for the Third Quarter of 2000 (document EB 2000/71/R.4) prompted an extensive discussion. Volatility in the equity markets over the past year and unfavourable investment returns led to a number of questions regarding the Fund's investment strategy, although Directors did note that the Fund's returns had outperformed market benchmarks. In this regard it was agreed to review these issues further during the seminar held in conjunction with the Session, and to revisit the Deloitte & Touche report prepared at the beginning of the Consultation exercise.

The alternative abbreviated format presented for quarterly reports was welcomed by Directors, who emphasized the importance of providing information on the Fund's investment portfolio in such a way as to be accessible to non-professionals. Suggestions for further improvement were made with regard to including an executive summary, expert opinions on expected performance of financial markets in the succeeding quarter, and comparisons of IFAD's performance not only against benchmarks but also against peer-group performance. The chairman of the Audit Committee reiterated the committee's concern that reporting on portfolio performance should remain as "surprise-free" as possible, and that the early warning reporting system, previously requested by the Board during times of particular market volatility, should be reviewed.

The Board reviewed the Status Report on Principal and Interest Payments (document EB 2000/71/R.5 and addendum) and approved a settlement agreement for the Republic of The Congo allowing it to repay its arrears by 2006 (document EB 2000/71/R.34).

The Board approved the proposal presented in document EB 2000/71/R.6 on IFAD Drawdown Policy and Encashment Schedules and adopted a policy for a 100% drawdown of Members' contributions on a pro rata basis that would allow Members, where necessary, to enter into separate arrangements for payment schedules with IFAD. In this context it was agreed to delete the word "mandatory" in the recommendation (document EB 2000/71/R.6/Rev.1).

It was further agreed that these separate arrangements would be concluded by Member States with IFAD in time to allow the new policy to take effect by the next drawdown call in April 2001. The Fund's drawdown policy would be reviewed again within the framework of the next replenishment negotiations.

With regard to the Programme of Work and Budget of IFAD for 2001 (document EB 2000/71/R.7 and addendum and C.R.P.1), many Directors expressed concern about the proposed reduction in the Fund's lending programme. After an extensive discussion of the issues involved, the Board agreed to the recommendation of a programme of work for 2001 at a level of USD 394 million. The Board will review the work programme in April 2001, with a view to increasing the programme to 29-30 projects should resources for commitment be available. The Executive Board Director for the United States expressed her country's concern that the programme of work had been planned on the basis of uncertain incoming resources, and the United States abstained from approval.

The Board recommended that the proposed administrative budget for 2001, USD 53.266 million, inclusive of the proposal to convert long-term temporary staff to fixed-term positions and the contingency of USD 250 000, be submitted to the Governing Council for approval. It also recommended that the Council approve the establishment of the Programme Development Financing Facility (PDFF) and suggested that, once adopted, the new PDFF format be used in the presentation of future Programmes of Work and Budgets of IFAD. The Director for the United States also abstained from approving the establishment of the PDFF.

The Executive Board endorsed the Report of the Audit Committee (document EB 2000/71/R.8) presented by its chairman and, on the recommendation of the committee, approved changes in IFAD's policies for the provisioning of overdue loan repayments in line with those of other international financial institutions. It also endorsed the committee's recommendation to authorize annual transfers from the Fund's resources to fund the After-Service Medical Scheme actuarial deficit.

The Executive Board reviewed the Detailed Design of the Process Re-Engineering Programme (document EB 2000/71/R.9) and approved an expenditure of USD 15.5 million for the first phase of its implementation over the period 2001-2003. IFAD will ensure that strategy and operational guidelines are given priority and that the Executive Board is involved in the programme's procurement process for consultants, for which IFAD will use international bidding and invite the participation of firms from developing countries. The Fund will also report to the Board regularly on the progress being made and on expenditure and benefits. Finally, Directors were assured that the programme's priorities give precedence to the impact of IFAD's operations on the rural poor.

The Board also endorsed the proposal for Market-Based Project Cofinancing (document EB 2000/71/R.10) that would allow IFAD to support recipient governments in gaining access to private-sector funding to cofinance activities linked to IFAD projects. It agreed to submit a framework on market-based cofinancing of IFAD projects and programmes to the Governing Council for its approval. The recommendation provides that the Board consider each specific proposal on a case-by-case basis, thereby reserving to the Executive Board the authority to approve each proposal. It was

further agreed that the modalities of the framework would be reviewed after a few specific cases have been undertaken.

The Executive Board reviewed the Resources Available for Commitment (document EB 2000/71/R.11) and approved proposals under the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) for five countries: Benin, Burkina Faso, Honduras, Mali and Senegal. In doing so, however, Directors stressed the need for IFAD to do its utmost to fund HIPC DI contributions with external resources. It also approved the proposal to incorporate arrears into the HIPC DI framework under conditions specified in document EB 2000/71/R.12. The Executive Board Directors for Japan and the United States, while supporting the specific country proposals, abstained from approving the policy of incorporating arrears into debt relief.

The Board further approved 11 programmes and projects: five in Africa; four in Asia and the Pacific and one each in Latin America and the Caribbean and in the Near East and North Africa. The loan for the programme for the United Republic of Tanzania was formulated and approved under the flexible lending mechanism. The Board also approved the extension of the loan effectiveness date for the Sohag Rural Development Project in Egypt.

With regard to the project for D.P.R. Korea, the Minutes of the Session will record the abstention of Japan and the United States. The Minutes will further reflect the concerns raised by Directors, especially with regard to an enabling environment, and will also note their appreciation of the Fund's increasing collaboration with other UN agencies.

The Board approved five grant proposals. The Director for Indonesia expressed reservation with regard to the proposal for the grant to World Vision in East Timor and stated that he would provide comments at a later date. The Board noted that a review of agricultural research grants will be undertaken during 2001.

The Executive Board reviewed the information on projects in the pipeline, as presented in the document on Planned Project Activities 2000-2001 in document EB 2000/71/R.28 and its addenda, and took note of two progress reports. The first of these, the Progress Report by the Popular Coalition to Eradicate Hunger and Poverty (document EB 2000/71/R.29), highlighted events in 2000 that led to the consolidation of a coherent programme for the Coalition and a concrete institutional structure for the continuation of its work.

The Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification (document EB 2000/71/R.30) provided an update on the evolving operational strategy and activities of the Global Mechanism during 2000. The Board agreed that both reports should be submitted to the forthcoming Session of the Governing Council.

The Executive Board approved the invitation of two new observers to future sessions of the Governing Council (document EB 2000/71/R.31). It also revised the Agenda for the Twenty-Fourth Session of the Governing Council (document EB 2000/71/R.32) and added two new items. The first concerned the Application for Non-Original Membership of the Republic of Iceland (document EB 2000/71/R.40), and the second a draft resolution on Transition in the Office of the President for the Governing Council's approval (document EB 2000/71/R.36).

The Board welcomed the oral report on IFAD's Headquarters Building announcing the imminent completion of renovation of the adjacent building and the expected time frame for the staff move.

Recognizing the importance of the declaration made by the Millennium Summit and Assembly in September 2000 and the significance of an event on the World Food Summit Five Years On, the Board agreed that IFAD should participate effectively in these two initiatives. In this regard, management will report to the Board in April 2001.

Finally, the Executive Board approved the disclosure, on IFAD's public website, of the documents approved at this Session.

Before I close this Session, I would like to bid farewell to the Executive Board Director for Belgium, Mr Christian Panneels. We have very much appreciated his contribution to our work. On behalf of the Board, I would like to thank Mr Panneels and wish him every success in his future endeavours.

Our thanks and gratitude go also to the representatives for the Republic of Korea and Sri Lanka whose terms of office on the Board have come to an end.

I am certain you will also join me in expressing our appreciation to Mr Yahia Bouarfa, Director of the Africa I Division, who retires from the Fund after 14 years of dedicated service. Yahia, our very best wishes for your future plans.

Distinguished Directors,

In my capacity as Chairman of the Executive Board, I must now also bid my own farewell as this is the last Session that I will have the honour to chair. It has been both a privilege and a pleasure. Your strong support and deep interest in the Fund's mandate and work and your determination to ensure the smooth running of its operations have made my role as Chairman of this Board often challenging, but always rewarding.

May I wish you all a good year's end, an even better start to the New Year and a safe return home. Thank you.