



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Eighth Session

Rome, 9-10 April 2003

CLOSING STATEMENT
BY PRESIDENT BÅGE
TO THE SEVENTY-EIGHTH SESSION OF THE EXECUTIVE BOARD

Distinguished Directors,

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

The Executive Board considered the Report on the Sixth Replenishment of IFAD's Resources (document EB 2003/78/R.2) and the status of contributions (document EB 2003/78/R.3). Directors noted that, as at 31 March 2003, aggregate pledges, including complementary contributions, amounted to USD 491 million equivalent, or 88% of the target amount of USD 560 million. In response to a query, Directors were informed that a number of countries have yet to announce their pledges for the Sixth Replenishment. Taking account of the contributions that these countries made to the previous Replenishment, we would expect to reach a level of about USD 520 million, leaving a gap of only about 7%, a gap that is normal in other replenishment negotiations.

In this respect it was recalled that Member States had a six-month period – ending on 18 August 2003 – in which either to make a pledge or to increase their pledges to the Replenishment and have those pledges taken into account in calculating the votes for the Sixth Replenishment. Member States were also encouraged to make advance payments of their contribution prior to the effectiveness of the Replenishment, which would take place once Member States had deposited instruments of contribution in an amount equivalent to 50% of the total contribution to the Replenishment.

The Board also reviewed the Status of Contributions to the Fifth Replenishment of IFAD's Resources (document EB 2003/78/R.4 and its addendum) and noted that instruments of contribution deposited, including payments in cash and promissory notes against pledges not supported by instruments of contribution, amounted to 79% of total pledges. The Board welcomed the recent payment of its full Fifth Replenishment contribution by the United States. Member States who have not yet made their payments were urged to do so within the current year. The need to do so was because if such payments were delayed, the planned 2003 lending programme would have to be reduced.



The Board then reviewed the reports on IFAD's investment portfolio for 2002 (document EB 2003/78/R.5 and its addendum) and for the first two months of 2003 (document EB 2003/78/R.6). Directors noted that the aggregate income from investments in 2002 amounted to USD 26 million, representing a net rate of return of 1.26% – compared with the aggregate loss on investments of USD 43 million in 2001. It was further noted that the first two months of 2003 had also shown a positive net rate of return resulting in an aggregate investment income of USD 14 million.

In line with the new investment policy the Board noted that, at year's end, the number of equities mandates had been reduced to two, representing 9.5% of the investment portfolio. It was further noted that a review of the investment policy will be carried out in 2003, as it pertains to security of investments, asset liability management and reporting to the Executive Board.

The Executive Board reviewed the Resources Available for Commitment (document EB 2003/78/R.7 and its addendum) at this Session and approved the use of the advance commitment authority (ACA) in an amount of up to USD 77.3 million. It noted that, taking account of net inflows expected up to 1 April, total ACA use after the current Session of the Board would be about USD 284 million. Directors welcomed the fact that the use of additional ACA in 2003 was expected to be USD 90 million, well below that of the previous year. This would continue the declining trend in the use of ACA when comparing it to the USD 154 million required in 2001 and USD 124 million in 2002.

With respect to arrears, the Board reviewed the Status Report on Principal and Interest Payments (document EB 2003/78/R.9 and its addendum), noting the end-2002 overall increase of USD 10.7 million over the previous year-end level, which had since been reduced by USD 6.5 million. Directors noted that there was a core group of countries (mostly in Africa, with one other in Latin America) with long-outstanding arrears that made up 77.7% of the total amount overdue, and appreciated the Fund's overall efforts to contain arrears. In this respect the Board approved a settlement of arrears plan for the Democratic Republic of The Congo (document EB 2003/78/R.8). I would take this opportunity to thank the Government of the Kingdom of Belgium for the grant it provided to reduce current arrears, from which funding will be used in this settlement plan.

The Executive Board considered the Audited Financial Statements of IFAD for 2002 (document EB 2003/78/R.10) and the recommendation of the Audit Committee thereon, and decided to submit the statements to the Twenty-Seventh Session of the Governing Council for approval. The Director for Switzerland requested that all entries and expenditures in the presentation of the programme of work and administrative budget be further simplified to facilitate their review.

The Board then approved the drawdown of the remaining 39% of Fifth Replenishment contributions in May 2003 to meet loan and grant disbursements for 2003 and authorized the use of the Fund's liquid assets to fund disbursement needs in 2003 otherwise not covered by the drawdown (document EB 2003/78/R.11).

The Executive Board endorsed the Report of the Audit Committee (document EB 2003/78/R.12) and, on its recommendation, approved the external auditor's fee and the Project Audit Guidelines (document EB 2003/78/R.15), with the Committee's suggested changes. With the end of the Committee's term of office, the outgoing Members of the Audit Committee were praised and warmly thanked for their valuable work over the past three years. Finally, the Board considered the Appointment of Members of the Audit Committee (document EB 2003/78/R.13) and appointed the following nine members: Austria, France, Japan and The Netherlands from List A and Algeria and Venezuela from List B. Within the List C Members of the Board, Egypt from Sub-List C1; Pakistan



for 2003, and the Republic of Korea for 2004 and 2005 from Sub-List C2; Argentina for 2003 and Guatemala for 2004 and 2005 from Sub-List C3 were appointed.

The IFAD Rural Enterprise Policy (document EB 2003/78/R.14) was widely commended by the Board as an excellent document and Management was congratulated on this initiative. The Board endorsed the 'four pillar' strategy outlined in the document and underlined the importance of financial services for small businesses, especially for women. The role of market access and rural infrastructure, especially with regard to remote areas, was also emphasized, as was the enabling institutional framework - as the overarching element of small business development policies. It was recognized that the document represented a road map, and that additional work would be undertaken to implement the policy in the context of IFAD's evolving regional strategies.

Directors welcomed both the contents and quality of the Progress Report on the Project Portfolio (document EB 2003/78/R.16) and expressed the expectation that the steps taken by IFAD with regard to project audits, in-country capacity and M&E-arrangements, would impact positively on future portfolio performance. With regard to supervision issues and the role of cooperating institutions, it was noted that this should be seen in the broader context of ensuring impact through implementation support – which is being increasingly provided by local capacity and regional mechanisms built up with IFAD support. The Board's attention was also drawn to the ongoing evaluation of IFAD's supervision arrangements, the results of which may be expected before the end of 2003. Directors expressed specific interest in the outcome of the case studies on project management that will be published later in the year, and in the Gender Action Plan whose implementation was already being launched. It was also noted that future portfolio reports would provide information on experience in implementing this plan.

The Executive Board considered the Annual Report on Evaluation (document EB 2003/78/R.18), which contained a review of IFAD's evaluation activities in 2002, a preview of the main components of the annual report regarding the results and impact of IFAD operations, and a report on the activities of the Evaluation Committee in 2002. Directors expressed appreciation both for the quality of the document and for the work it reported on. During discussions, the Chairman of the Evaluation Committee raised the issue of arranging field visits to project sites for Executive Board Directors. The Board was assured that Management not only endorsed this proposal but was already considering how best it could be implemented.

The Board considered IFAD's Evaluation Policy (document EB 2003/78/R.17), prepared by the Secretariat at the request of the Consultation, and commended Management on the expeditious preparation of the policy. It also reviewed the report of the chairman of the Evaluation Committee thereon (document EB 2003/78/R.44), taking into consideration the amendments recommended by the Evaluation Committee. During discussions additional amendments were proposed (document EB 2003/78/C.R.P.1) and the Board approved the policy, including the amendments discussed. Finally, the Executive Board also agreed on the need to revise the rules of procedure and terms of reference of the Evaluation Committee, and entrusted the Committee with this responsibility, on the understanding that the Committee would submit its proposal to the Board in December 2003.

The Executive Board then considered the candidacy of Mr Luciano Lavizzari (document EB 2003/78/R.17/Add.1) to the post of Director of IFAD's Office of Evaluation (OE) and commended Management on having expedited the process in order to ensure a smooth transition period under the new evaluation policy. Taking account of Mr Lavizzari's performance as Director of OE, and the fact that he had undergone a competitive recruitment procedure for that position, the Executive Board unanimously approved the nomination. Mr Lavizzari will therefore be appointed by the President as the Director of OE for a five-year term of office, effective 1 May 2003.



The Executive Board considered the Report of the Chairman of the Evaluation Committee (as contained in document EB 2003/78/R.45) on the Independent External Evaluation of IFAD (document EB 2003/78/R.43). The Board endorsed the organizational arrangements, governance structure and other provisions contained in that report. It further agreed to entrust the Director of OE with responsibility for preparing the detailed terms of reference of the Independent External Evaluation and submitting them to the Steering Committee for review and endorsement, by the end of May 2003.

The Executive Board then considered the appointment of members of the Evaluation Committee (document EB 2003/78/R.19) and appointed the following nine members: Belgium, Canada, Germany and Switzerland from List A; Indonesia and Nigeria from List B. Within List C the following Members of the Board were appointed: Cameroon from Sub-List C1; India from Sub-List C2; and Brazil for 2003 and 2004, with Mexico for 2005 from Sub-List C3. The Board expressed deep appreciation to the outgoing Members of the Committee for their dedication to the work of the Committee and for the particular assistance they had provided the Board with regard to the evaluation issues covered at this Session.

In line with the new policy it had approved at its last Session, the Board considered the Country Strategic Opportunities Papers for Guatemala (document EB 2003/78/R.20), Guinea-Bissau (document EB 2003/78/R.21), Romania (document EB 2003/78/R.22), Sri Lanka (document EB 2003/78/R.23) and Viet Nam (document EB 2003/78/R.24). It then approved five programmes and projects: three in Africa, one in Asia and the Pacific, and one in Latin American and the Caribbean. With regard to the project proposal for Bangladesh, the Director for Denmark indicated that his Government was not in a position to support the project with its current design. The Board also approved nine grant proposals.

The Board reviewed the Planned Project Activities 2003–2004 (document EB 2003/78/R.38) and welcomed the overview on the project pipeline and its link with IFAD's strategic framework. It also reviewed the Progress Report on the IFAD/NGO Extended Cooperation Programme (ECP) (document EB 2003/78/R.39).

In response to a request made at its last Session, the Board reviewed the Geographic Distribution of IFAD Staff (documents EB 2003/78/R.40 and EB 2003/78/INF.6). During the discussion Directors noted Management's assurance that every effort was being made to recruit the best possible candidates in a manner that would achieve equitable geographic and gender balance. In this respect Directors urged Management both to continue and to reinforce such efforts.

The Executive Board authorized the negotiation and finalization of a Cooperation Agreement with the Former FAO and Other UN Staff Association (document EB 2003/78/R.41). It then elected Mr Dunnzloff of Germany and Prof. Harbi of The Sudan to represent the Fund's Governing Council on the IFAD Staff Pension Committee (document EB 2003/78/R.42) as, respectively, first and second Alternate Members.

The Board welcomed the oral report, given by the Vice-President, on the progress made and the recent key milestone reached in the Fund's Strategic Change Programme, as well as the report on the progress of the work still under way for IFAD's Headquarter buildings.

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

The Board noted that Mr Klemens van de Sand, Assistant President of the Programme Management Department, would be leaving the Fund in August of this year after six years of dedicated service. His achievements during these years are too many to reiterate here. I would,



however, once again express my personal gratitude for the seriousness that has marked his work and the deep commitment he has always shown to helping poor people achieve a better life.

Board Directors joined in expressing their appreciation for the many contributions Mr van de Sand has made to strengthen IFAD programmes and wished him every success in the future. Mr van de Sand thanked his colleagues and friends on the Board for the collaboration – and challenge – afforded him during his stewardship of the Department. He also reminded Board Members that IFAD had shown it could do more, and that it would indeed do so should they be able to convince their governments to use the full potential of this great institution.

Before I close this Session, I would like to bid farewell to the Executive Board Director for Denmark, Mr Jorgen Maersk-Pedersen. I am certain I speak on behalf of all present in thanking Mr Maersk-Pedersen for the always thoughtful and constructive contributions he has made to the deliberations of this Executive Board. On a personal note, I have tremendously enjoyed the very cooperative and strong involvement he has shown in all IFAD matters. We truly wish him every success in his future endeavours.

Ladies and Gentlemen,

We have dealt with a wide range of issues over the past two days and I would like to express my appreciation for all the hard work accomplished at this Session. Let me wish each of you an enjoyable summer and a safe journey home.