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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eightieth Session

Rome, 17-18 December 2003

CLOSING STATEMENT

BY PRESIDENT BÅGE

TO THE EIGHTIETH 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 session opened with the very welcome news that instruments of contribution and other payments equivalent to more than 50% of total pledges to the Sixth Replenishment have now been received, thereby allowing the Sixth Replenishment to be declared effective. The Director for France then provided a brief account of the field visit he made to Morocco with the Director for Romania, and shared with the Board his favourable impression of the participative character of IFAD projects in the country and the impact they were having on the lives of people in and around the project area. The President welcomed the statement of the Director for France and urged other Directors to make similar field trips in the context of the programme approved by the Board in September 2003.

The Executive Board considered the Performance-Based Allocation System (PBAS). It noted the information contained in the progress report on the implementation of the PBAS as contained in document EB 2003/80/R.2 and approved the rural development-sector framework contained in document EB 2003/80/R.3. Agreement was also reached on the weights to be used for the performance factors and the size of exponents, as described in the President's proposal to the September 2003 session of the Board and contained in document EB 2003/79/C.R.P.3.

I would like to take this opportunity to express, on behalf of the Board, our deep gratitude to all Members of the Informal Panel on the PBAS whose committed efforts have allowed us to reach closure on this issue. We will now be able to move forward with the implementation of the PBAS, in accordance with the agreed schedule.

The Convenor for List C made a statement on the PBAS, in which he expressed List C support for its development and implementation. However, he conveyed List C's preoccupation with some of the descriptions relating to the indicators and the need to specify the data sources that will be used. These comments will be fully reflected in the minutes of the Board, as will the specific observations made by the Director for Mexico on the indicators to be used in the PBAS.

The Board reviewed the proposed Field Presence Pilot Programme (document EB 2003/80/R.4) and welcomed the initiative briefs contained in the information document provided (EB 2003/80/INF.7). In authorizing the Fund to proceed with implementation of the pilot programme, several Directors stressed the importance of IFAD's participation in policy dialogue and partnership building, particularly through poverty reduction strategy papers and sectoral and country strategy frameworks. In his report (document EB 2003/80/R.52), the chairman of the working group on field presence referred to the importance of evaluating the pilot programme in time for lessons to be drawn for the Eighth Replenishment Consultation. While monitoring the implementation of the programme, the working group will place emphasis on its links to supervision, performance-based lending and country strategy development.

I would like to once again thank the working group for its valuable contribution.

The Executive Board considered IFAD's Policy on Grant Financing and, after some discussion, agreed to adopt the policy in accordance with the recommendations contained in paragraphs 49 and 50 of document EB 2003/80/R.5, subject to the clarifications and amendments contained in EB 2003/80/C.R.P.1. A report on implementation of the policy will be presented to the Board in September 2005 in line with specifications set out in C.R.P.1.

The Board reviewed the proposed Framework for a Results Management System (document EB 2003/80/R.6). While noting that it was ambitious, the Board endorsed the approach and system for measuring and reporting on the results and impact of IFAD-supported country programmes.

Directors noted that the framework will undergo further development, testing and refinement, and offered various suggestions in this respect. It was agreed that, in implementing the approach, the Fund would develop second-level results indicators for the five activity clusters that do not as yet have them, and that second-level income and productivity indicators would be developed generally for all clusters. It was also agreed that projects initiated by cooperating institutions and in which IFAD participates only as a minor financier would not be incorporated in the results measurement system, as proposed in paragraph 32, provided the proportion of such projects remains at current levels, that is, not more than 5%. Finally, it was agreed that the issue of IFAD participation in programme approaches and sector-wide approaches would require a more systematic treatment at a future session of the Board. In the meantime, paragraph 33 of document EB2003/80/R.6, which proposed the exclusion of such projects from the system, will be deleted and the issue will be kept under review.

A progress report on the system will be presented to the September 2004 session of the Executive Board, and the annual progress report on the project portfolio in April 2005 will consolidate information on results and impact.

The Chairman of the Evaluation Committee presented the reports of the Evaluation Committee on its two recent sessions (documents EB 2003/80/R.7 and EB 2003/80/R.8). In endorsing the contents of the two reports, the Board requested the Office of Evaluation (OE) to ensure that the corporate-level evaluation of supervision modalities in IFAD-supported projects be made available to all Directors for comment. Management's response to this evaluation has been discussed with the Evaluation Committee and will be formalized in conjunction with its Agreement at Completion Point, which will be made available together with the evaluation report in 2004.

The Executive Board further noted the information contained in the Second Status Report on the Progress of the Independent External Evaluation of IFAD (IEE) (document EB 2003/80/R.9). Directors welcomed the progress made since mid-September 2003 with respect to recruitment of the IEE service provider, Information, Training and Development Limited (ITAD), and the work it started on the inception phase of the evaluation in December 2003.

The Board then turned to considering financial matters by reviewing the Status of Contributions to the Sixth Replenishment of IFAD's Resources (document EB 2003/80/R.10 and its addendum). Directors noted that aggregate pledges, including complementary contributions, amounted to USD 493.7 million, or 88.2% of the target of USD 560 million. Instruments of contribution deposited and payments made against pledges not supported by instruments of contribution now amount to USD 248.1 million or 50.2% of total pledges. In addition, I am happy to add that we have just received Venezuela's instrument of contribution for USD 5.6 million.

With respect to the Status of Contributions to the Fifth Replenishment of IFAD's Resources (document EB 2003/80/R.11 and its addendum), the Board noted that as at 30 November 2003 total pledges, including complementary contributions, amounted to USD 462.5 million. The aggregate amount of instruments of contribution deposited and payments not supported by instruments of contribution totalled USD 395 million or 85.4% of pledges. A further payment of USD 8.8 million, representing the balance of contribution from France, was received on 15 December 2003. As the Fifth Replenishment period ends in February 2004, Members with payments outstanding were urged to settle the balance of their contributions as soon as possible.

The Board reviewed the Report on IFAD's Investment Portfolio for the Third Quarter of 2003 (document EB 2003/80/R.12 and its addendum) and noted that cumulative net income for the first nine months of the year amounted to USD 75.8 million. It noted, moreover, that as at 30 November 2003, estimated aggregate net income amounted to approximately USD 78 million, equalling an estimated cumulative net rate of return of 3.61%.

The Board reviewed the report on IFAD's investment policy as it pertains to the security of investments, asset liability management and reporting to the Executive Board. With regard to the security of investments (document EB 2003/80/R.13 and its corrigendum), the Board welcomed Management's intention to implement the recommendations of the Madison Consulting Group by June 2004. The Board will receive regular reports on its implementation. The framework for Asset Liability Management (ALM) (document EB 2003/80/R.14) was also endorsed as a means to effectively manage exposure to financial risks. Finally, the Board noted the review's conclusion that the present reporting practice adequately informed the Board of IFAD's financial situation with regard to investments.

The Executive Board reviewed the Resources Available for Commitment at this session (document EB 2003/80/R.15 and its addendum) and approved the use of the advance commitment authority (ACA) for an amount of up to USD 243.3 million. Directors welcomed the fact that the net use of additional ACA in 2003, on the basis of expected net inflows by the end of December, was expected to be USD 41.3 million, a marked decrease over the previous years – USD 154 million in 2001 and USD 124 million in 2002.

The Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2004 (document EB 2003/80/R.16/Rev.1) was reviewed by the Board, which approved the Fund's planned 2004 programme of work of USD 462.5 million – a 3% increase with respect to the 2003 level – noting that the level may be adjusted during 2004 in accordance with the level of resources available. The Board also approved a total Programme Development Financing Facility (PDFF) in the amount of USD 29.7 million for 2004.

The Executive Board authorized the submission to the Twenty-Seventh Session of the Governing Council of the administrative budget for IFAD for 2004 in the amount of USD 51.4 million as well as USD 4.2 million for OE, and the proposal to amend the Financial Regulations of IFAD, with application to the 2003 budget, so as to authorize the carry-over policy of 3%.

As the Board did not endorse the proposal to present and request approvals of the programme of work and the PDFF separately from 2004 onwards, the relevant section (b) of paragraph 128 in document EB 2003/80/R.16/Rev.1 will be deleted. Furthermore, the programme of work and administrative budget for 2004 will be implemented, monitored and reported both with the activity-based budgeting and the traditional expenditure category presentations.

The minutes of the present session will also record that the process for reviewing the programme of work and administrative budget will be discussed at the next session of the Audit Committee.

Directors noted that many initiatives currently under way have placed a substantial additional burden on the institution. Many of these initiatives arise from the Sixth Replenishment Consultation, while others, like the Strategic Change Programme, have been undertaken to improve processes within IFAD. Clearly, new and substantive initiatives present challenges in terms of planning and implementation. In this context, there should be greater flexibility in the use of resources, for example, between consultants, Chapter X and fixed-term staff. We also need to engage in a dialogue with the Board with regard to timing and priorities so that, together, we can implement new innovations to strengthen IFAD further in the most effective way. Here, I must acknowledge the deep commitment of IFAD staff, which has made them respond to these new challenges in a remarkable manner. However, we must recognize that the workload and resulting long hours are not sustainable. Management is monitoring these processes closely in order to adjust the workload so as to make it reasonable and sustainable.

The Board endorsed the Report of the Audit Committee (document EB 2003/80/R.17) as presented by its Chairman. It noted the Committee's intention to present the Guidelines for Procurement of Goods, Works and Consulting Services under IFAD Loans and Grants to the next session of the Board for approval and to hold a seminar in June 2004 to present the analysis made by the ALM group on IFAD investment risk management. With respect to the percentage of equities held in our investment portfolio, I would reiterate that this issue will be carefully reviewed and analysed, also in the light of your comments.

In the context of IFAD's Participation in the Debt Initiative for Heavily Indebted Poor Countries (document EB 2003/80/R.18), the Executive Board approved the revised debt-relief proposal for Burkina Faso and the Democratic Republic of The Congo. The Board also endorsed the submission to the Governing Council of the progress report on the Fund's participation in the Debt Initiative, with a slight revision to paragraph 27.

The Executive Board considered the Country Strategic Opportunities Papers (COSOPs) for Armenia (document EB 2003/80/R.19), Colombia (document EB 2003/80/R.20), Pakistan (document EB 2003/80/R.21), Sierra Leone (document EB 2003/80/R.22) and the United Republic of Tanzania (document EB 2003/80/R.23). It then approved 14 programmes and projects: six in Africa; three in Asia and the Pacific; two in Latin America and the Caribbean; and three for Near East and North Africa. The abstention of the United States on the approval of the project proposal for The Sudan will be recorded in the minutes. The Board also approved the extension of the loan effectiveness date for the Cooperative Rural Finance Programme in Lebanon. Four grant proposals were approved at this session.

The Board reviewed the document on Planned Project Activities 2003-2004 (document EB 2003/80/R.41), noting the information it provided on the projects in the pipeline and COSOPs under preparation and planned for 2004.

The Board considered the Progress Report on the Process Re-Engineering Programme (Strategic Change Programme) (document EB 2003/80/R.42) and noted that the time frame for the full implementation of the programme was undergoing an analytical revision to take account of lessons learned in 2003.

The final Report on the IFAD V: Plan of Action (2000-2002) was then considered (document EB 2003/80/R.43), as well as the Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (document EB 2003/80/R.44) and the Report on Lessons Learned by the International Land Coalition (document EB 2003/80/R.45). The Board recommended that the two latter reports be submitted to the Twenty-Seventh Session of the Governing Council in February 2004.

The Executive Board noted the information provided on the Inter-American Development Bank – IFAD Multi-Donor Programme for the Eradication of Rural Poverty in Latin America and the Caribbean (document EB 2003/80/R.46), and authorized the negotiation of a Cooperation Agreement between IFAD and the Secretariat of the New Partnership for Africa's Development (document EB 2003/80/R.47). It also recommended that the proposal to delegate the Governing Council's authority to establish multi-donor trust funds to the Executive Board (document EB 2003/80/R.50) be submitted to the forthcoming session of the Governing Council.

The Board considered the programme of events for the Twenty-Seventh Session of the Governing Council and approved its revised provisional agenda (document EB 2003/80/R.48). We have noted the suggestion that an information document be provided to the Governing Council on progress made in developing and implementing the PBAS and will follow up on the request.

Finally, the Executive Board approved the dates for its 2005 sessions (document EB 2003/80/R.49) and, subsequently, the disclosure on IFAD's public website of the documents submitted to the current session.

Before I close this session, I would like to bid farewell to the Directors for Pakistan, Panama and Romania who finish their terms of office as Alternate Members of the Executive Board with this session. Your contributions to our deliberations have always been constructive and valuable in guiding the proceedings of the Board. On behalf of us all, let me express our deep appreciation and wish you every success for your future endeavours.

I must also take one more moment to express our gratitude to our gracious hosts. The staff and administration of the World Food Programme (WFP) have been, to say the least, exceptional in their collaboration and assistance. They not only allowed us to use their facilities but have done everything possible to make the Executive Board Directors and IFAD staff feel entirely at home. Our appreciation goes to Jim Morris and to all those in WFP who have helped make this session a success.

Ladies and Gentlemen,

At this session, we have dealt constructively, and I believe effectively, with a wide range of issues of great importance to IFAD's future development. Let me thank all of you for your guidance and support, and wish you a good year's end, an even better New Year and a safe return home.