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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Fifth Session
Rome, 6-8 September 2005

CLOSING STATEMENT
BY PRESIDENT BÅGE
TO THE EIGHTY-FIFTH SESSION OF THE EXECUTIVE BOARD

Distinguished Directors,

I now wish to summarize our deliberations and briefly highlight the decisions taken at this session.

The Executive Board reviewed the report on the implementation of the IFAD Policy for Grant Financing (document EB 2005/85/R.2 and its corrigendum). Directors welcomed the progress made and noted that the future implementation of the policy would also include qualitative reporting during the monitoring and evaluation of individual programmes as they matured and delivered their expected results and impact. On other related observations, clarifications were provided, while additional information on the activities financed through the grant programme was made available by the Secretariat to the Directors on request.

The issue of the debt sustainability framework was highlighted and it was noted that further discussions on the framework would be held in the context of the Consultation on the Seventh Replenishment of IFAD's Resources. The Executive Board approved the clarifications to the definitions of the strategic objectives and eligibility for grant proceeds, as described in the report.

Directors expressed appreciation for the work that had gone into the review of the implementation of the performance-based allocation system (document EB 2005/85/R.3) and acknowledged the continued evolution of the system in the light of both the experience in its implementation at IFAD and the lessons learned from other institutions. The Board called for further analysis to be undertaken with respect to the issue of regional allocations as well as in simulating the use of different weights for the components used in the formula and investigating the use of other components such as per capita income or rural income. This analysis and information would be brought to the Board at a future session. Some Directors had also expressed the wish to have this issue considered by the Consultation at the session in Doha, and this, of course, would be up to the Consultation to take a view.

The Board then considered the paper on the IFAD Policy on Crisis Prevention and Recovery (document EB 2005/85/R.4). There was a rich exchange of views and a general consensus that IFAD's comparative advantage in the field of crisis prevention and recovery, as well as the complementarity and specificity of its role vis-à-vis other actors, should be further emphasized. As some Directors noted, IFAD, in fulfilling its mandate to reduce rural poverty, is already contributing significantly to dealing with one of the root causes of conflict and violence. Experience, therefore, together with the valuable and constructive guidance provided by Directors, will be built upon in finalizing a policy framework for the Board's consideration at a future session.

IFAD's Action Plan for Management's Response to the Independent External Evaluation (document EB 2005/85/R.6) was then reviewed by the Board. Recognizing that the action plan is a work in progress, it was acknowledged as a good first draft. There was, however, a need for more clarity, specifically in the identification of clearly stated strategic objectives, the priority actions to be undertaken, the sequencing of these actions and the indicators that will be used in measuring achievements. Directors also highlighted the need to address the issue of resource implications and details relative to the one-off and recurrent costs inherent in implementation of the action plan.

Further development of the action plan will be rooted in a realistic approach, striking a balance between deliverables and related costs. In this regard, a ceiling could be agreed upon based on the basic thrust of the action plan and Board authorization would be sought once concrete figures were available. IFAD's management and its entire staff are wholly committed to the success of the action plan, and it is through ownership of the plan across the house that its effectiveness can be ensured.

The Board was informed that Consultation Members had been provided with a copy of the action plan; based on the discussions held during this session, further information will be provided at the Doha session of the Consultation. A presentation will be made at that session on the strategic objectives, together with a road map for the action plan, and information will be provided on the composition and terms of reference of the steering committee that will supervise the further development and implementation of the action plan. A more comprehensive document on the action plan will be provided to the December session of the Board.

Board Directors complimented the document on the Strategic Priorities and Programme of Work and Budget of IFAD and its Office of Evaluation for 2006 (document EB 2005/85/R.7 and its corrigendum) and endorsed the institutional priorities for 2006. There was general consensus regarding a programme of work for 2006 of USD 550 million, given the availability of resources. Concern was expressed, however, at the departure from zero real growth in the administrative budget. At the same time, considering the increase in the programme of work in terms of volume and projects, several Directors acknowledged that zero real growth was no longer tenable. It was agreed, therefore, that the budget and Programme Development Financing Facility proposal would be reworked starting from a zero real growth budget base, and then show clearly the rationale for the cost increments required in real terms and identify efficiency gains and cost savings. This information, inclusive of the rationale for the increase in the number of projects, will be provided for consideration by the Audit Committee at its meeting in November. In this regard, the Chairman of the Audit Committee invited Directors to address their comments and questions to the Committee in advance of the meeting in order that a thorough and exhaustive review could be carried out and reported on to the Board in December.

The document also provided the Board with a preview of the 2006 work programme and budget for the Office of Evaluation, which was widely endorsed. The document had also been discussed by the Evaluation Committee during its Fortieth Session and will be modified on the basis of guidance received from the Committee.

The Executive Board considered the report of the Chairperson of the Evaluation Committee on the Committee's Fortieth Session (document EB 2005/85/R.8) and endorsed the recommendations contained therein. It also noted that a field visit of the Evaluation Committee would be organized to attend the national round-table workshop on the Mexico country portfolio evaluation in October.

The Board then considered the corporate-level evaluation on the Direct Supervision Pilot Programme (document EB 2005/85/R.9) and commended the Office of Evaluation on an excellent evaluation, which generated important findings on the pilot programme and recommendations of significance to the Fund. The Board endorsed the agreement at completion point as the proposed course of action for implementing the evaluation's recommendations, taking into account the comments provided.

The Executive Board reviewed the second Report of the President on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) (document EB 2005/85/R.10), together with the comments of the Office of Evaluation. Directors expressed appreciation for the collaborative efforts made by the Programme Management Department and the Office of Evaluation in the preparation of the document. The Board further welcomed the considerable overall improvement of the report, including its revised layout, which allows for a higher-level synthesis of the recommendations and actions taken and the identification of substantive policy themes that emerged from 2003 evaluations. The categorization of the recommendations and follow-up actions of the agreement at completion point was also appreciated in that it ensured a better understanding of the critical issues at hand.

The interim report on IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) (document EB 2005/85/R.11) was reviewed and a top-up debt relief proposal for Rwanda approved. The Board noted the possibility of future increases in HIPC Debt Initiative costs for IFAD due to the extension of the "sunset clause" until December 2006 and the likely inclusion of additional countries, over and above the current 38. Directors urged IFAD to continue its efforts to gain access to the core resources of the World Bank-administered HIPC Trust Fund. In this regard, details on the financial implications for IFAD and the results of our continuing efforts to access the Trust Fund will be reported to the Board.

The Executive Board reviewed the country strategic opportunities papers (COSOPs) for Angola (document EB 2005/85/R.12), Benin (document EB 2005/85/R.13), Bosnia and Herzegovina (document EB 2005/85/R.14), the Lao People's Democratic Republic (document EB 2005/85/R.15), Malawi (document EB 2005/85/R.16) and the Niger (document EB 2005/85/R.17). Directors expressed appreciation of the Fund's continued endeavour to ensure that COSOPs were the result of a thorough consultative process and that they represented a strategic framework for its country programmes. On the COSOP for the Niger, taking into account the country's current situation, Directors made valuable suggestions on the need to give greater priority to food security, and this will be taken into account in further work on the COSOP.

The Executive Board then reviewed the document on resources available for commitment (document EB 2005/85/R.18) and noted that these were sufficient to cover the amount required for the proposals submitted to this session and that no additional advance commitment authority would be required.

Five programmes and projects were approved, for China, Ghana, Mexico, Rwanda and the United Republic of Tanzania. Following consultation with the donor group, the Board approved the programme for the United Republic of Tanzania, subject to a written report from IFAD to the Executive Board in December 2005 with clear commitments in terms of actions and milestones agreed jointly, through the Food and Agricultural Sector Working Group (FASWOG) structure at a country level, to (a) contribute to and utilize the ASDP structures, including the sector basket; and

(b) more fully address pastoralism as a livelihood issue. The Board also approved the extension of the loan effectiveness date for the Social and Economic Development Programme for Vulnerable Populations in the Border Provinces in the Dominican Republic.

Seven grant proposals were also approved at this session: six under the global/regional grants window, namely, one research grant to a CGIAR-supported international centre, four to non-CGIAR-supported international centres, one to the Commission on Family Farming of the Southern Cone Common Market (MERCOSUR) and one within the project proposal for Rwanda.

The Executive Board considered the document on planned project activities for 2005-2006 (document EB 2005/85/R.28) and took note of the information it provided on the projects and programmes in the pipeline and the COSOPs under preparation and planned for 2005 and 2006.

The Board then considered the report on the Seventh Replenishment of IFAD's Resources (document EB 2005/85/R.29), which summarized the deliberations of the Second and Third Sessions of the Consultation. It looked forward to receiving an account of the outcome of the Fourth Session to be held in Doha at the beginning of October.

The report on the status of contributions to the Sixth Replenishment of IFAD's Resources (document EB 2005/85/R.30) was then reviewed. In the oral report provided, Directors noted that to date, including complementary contributions, Instruments of Contribution deposited and payments not supported by Instruments of Contribution amounted to USD 443.7 million, or 87.2% of pledges. Aggregate pledges amounted to USD 509 million, or 90.9% of the target amount of USD 560 million. New pledges and contributions are still being received, and Executive Board Directors and List Convenors are invited to further encourage the contributions of Member States in their respective regions and lists, in order that a total amount of pledges as close as possible to the replenishment target is achieved.

The report on IFAD's investment portfolio for the second quarter of 2005 (document EB 2005/85/R.31) was reviewed. The document included an annex providing the figures for the entire first quarter of 2005, inclusive of the final cumulative proceeds from equities sales in March 2005, while an oral report also provided up-to-date figures. Directors noted that during the second quarter of 2005, there had been a positive net investment income of USD 41 million and that a net income of USD 7 million had been estimated for the two months of July and August. On a year-to-date basis at 31 August 2005, the estimated net income was USD 59 million, equivalent to an estimated annualized rate of return of 3.88%.

The Chairman of the Audit Committee presented the Committee's report on its Ninetieth Meeting (document EB 2005/85/R.32 and its addendum), which was held in July and reconvened on 5 September. Directors welcomed the paper on the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations. At the same time, further elaboration and clarifications were sought on some aspects of the document, especially relating to the proposed structure and implementation of actions to combat fraud and corruption. The Secretariat will amend the policy document accordingly and circulate it to Board Directors for approval on a no-objection basis thereafter.

The Executive Board approved the draft provisional agenda for the Twenty-Ninth Session of the Governing Council, to be held on 14-15 February 2006. It noted that the programme of events for the Governing Council would be provided at the December session of the Board.

Finally, the Board approved the disclosure on IFAD's public web site of the documents submitted to the current session.

Distinguished Directors,

Before I close this session, I wish to bid farewell to the Executive Board Director for Egypt, Prof. Dr Maryam Moussa, and the representative for China, Mr Yuehua Rui, and to convey, on behalf of all present, our thanks to them for the constructive inputs they have consistently made to the deliberations of this Executive Board. We truly wish them every success in their future endeavours.

And now let me thank you all for a most productive session and wish each of you a safe journey home.