

Document: EB 2007/90/INF.6  
Date: 8 May 2007  
Distribution: Public  
Original: English

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## **Closing statement**

**by the President of the  
International Fund for Agricultural  
Development,  
Mr Lennart Båge,  
at the ninetieth session of the  
Executive Board**

Executive Board — Ninetieth Session  
Rome, 17-18 April 2007

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For: **Information**



Distinguished Directors,

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

The Executive Board began with the consideration of the proposed arrangements for implementation of a debt sustainability framework (DSF) at IFAD (EB 2007/90/R.2). In accordance with the recommendation made by the Consultation on the Seventh Replenishment of IFAD's Resources and endorsed by the Governing Council, the Board approved the implementation of such a framework at IFAD. There was extensive discussion with respect to the modified volume approach and the percentage discount to be applied. It was agreed that IFAD should apply a modified volume approach involving a discount of 5 per cent of the value of DSF grants. These arrangements will be reviewed regularly, starting in three years' time, taking into account our experience, and the experience and practices of other institutions.

The Board then turned to the consideration of the IFAD Policy for Grant Financing in the light of the adoption of the DSF. After reviewing the related document (EB 2007/90/R.3), the Board approved the maintenance by IFAD of the country-specific grant window – at a reduced level – and the allocation of up to 1.5 per cent of the annual programme of work to that window for those countries classified under the DSF as “loan-only” countries in line with the performance-based allocation system. The Executive Board will review the existing grants policy in the second half of 2009. I would also stress that the 1.5 per cent is not a ceiling that we are trying to get away from, but rather our best estimate of where we will end up.

Under the agenda item on IFAD's Action Plan for Improving its Development Effectiveness, the Board received an update on the implementation of the Action Plan. Directors complimented Management and staff on the progress being made and welcomed the changes in the organization of the Action Plan and the focus on aligning human and financial resources with IFAD's strategic objectives. The emphasis placed on building an institutional culture that supports our commitment to results and development effectiveness was also appreciated.

The Board then reviewed the IFAD Strategy for Knowledge Management (EB 2007/90/R.4). The strategy was commended by Directors, who recognized it as a much improved, convincing and results-focused document. There was strong endorsement of both the strategy and the meaningful consultative process that led to its finalization. The Board approved the strategy and looked forward to its implementation. We will keep you informed of progress through regular updates on the Action Plan and through the annual report on development effectiveness.

Moving to the agenda items on evaluation, the Board took note of the reports of the Evaluation Committee's Chairperson on the Committee's forty-seventh session (EB 2007/90/R.6) held on 13 April, and on the field visit to Mali (EB 2007/90/R.5). I would once again like to join my IFAD colleagues and Board Directors in expressing our appreciation to the Government of Mali for the hospitality shown during the field visit.

Turning to the review of IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries (HIPC), the Board approved the contribution to the reduction of the Republic of Haiti's debt to IFAD as set forth in the resolution contained in document EB 2007/90/R.7.

The country strategic opportunities programme (COSOP) for Honduras (EB 2007/90/R.8) was then reviewed. Directors commended the quality of the COSOP, which was formulated in accordance with the new format for results-based COSOPs approved at the September 2006 session of the Board. Comments made by Directors will be reflected in the minutes of this session.

The resources available for commitment at this session (EB 2007/90/R.9 and its addendum) were then reviewed. As net inflows from 1 January to 31 March 2007 were

estimated at US\$108.4 million and the total required to finance loan and grant proposals at this session was approximately US\$132.1 million, the Board approved the use of the advance commitment authority for an amount of up to US\$23.7 million.

Seven projects and programmes were approved at this session, in line with the newly approved DSF: five in Africa, one in Asia and the Pacific, and one in the Near East and North Africa. In accordance with legislation of the United States of America, the United States would vote no and thus wishes the minutes to record its opposition to the project proposal for the Syrian Arab Republic.

The Board also reviewed and approved the President's memorandum on the modification of supervision arrangements for 26 projects whereby these projects would now be directly supervised by IFAD. It was agreed that further discussion would be held with Convenors and Friends on the issues raised.

Nine grant proposals were approved at this session. Seven of these were under the global/regional grants window: four to the Consultative Group on International Agricultural Research (CGIAR)-supported international centres and three to non-CGIAR-supported international centres; and two were under the country-specific grants window.

The Board reviewed the document on planned project activities for 2007-2008 (EB 2007/90/R.22), and took note of the information provided on the projects in the pipeline and COSOPs under preparation and planned for 2007.

The Board began its consideration of the financial matters on the agenda by reviewing the status of contributions to the Seventh Replenishment of IFAD's Resources (EB 2007/90/R.23). The Board was informed that the replenishment had become effective on 22 December 2006 when instruments of contribution totalling 50 per cent of pledges had been received. Directors noted that, to date, instruments of contribution and payments not supported by instruments of contribution amounted to US\$418 million, or 68 per cent of pledges.

The Executive Board then reviewed the reports on IFAD's investment portfolio for 2006 (EB 2007/90/R.24) and for the first two months of 2007 (EB 2007/90/R.25). It noted that the aggregate income from investments in 2006 amounted to US\$58 million, representing a net rate of return of 2.46 per cent. The Board further noted that the first two months of 2007 had shown a positive return resulting in aggregate investment income of US\$18.5 million. Directors were informed that, as at the end of February 2007, the investment portfolio included US\$1,479 million of highly liquid assets and thus amply complied with the Liquidity Policy approved by the Board in December 2006.

In reviewing the status report on arrears in principal, interest and service charge payments (EB 2007/90/R.26), the Board noted that, as at 31 December 2006, there was an overall increase in arrears of US\$13.6 million compared with 2005. It further noted that 80.3 per cent of the total amount overdue comprised the outstanding arrears of seven countries for which no settlement plans had so far been possible. Directors welcomed the information that, in the past few months, several borrowers had made payments on overdue charges in an amount of US\$6.2 million and that, as a result of Sierra Leone reaching its completion point under the HIPC Debt Initiative, a further US\$4.3 million had been settled.

The Board then reviewed the requirements for the twenty-eighth drawdown of Member State contributions in 2007 (EB 2007/90/R.27). It approved the drawdown of 30 per cent of the Seventh Replenishment contributions starting in May 2007 and the use of the Fund's liquid assets to finance disbursement needs not covered by the drawdown.

The Chairperson of the Audit Committee presented a report on its recent meeting (EB 2007/90/R.28), at which the Committee had reviewed the audited consolidated financial statements of IFAD for 2006, and recommended endorsement of those statements by the Board. Furthermore, the Chairperson reported on the review of the implementation of the IFAD Policy on Preventing Fraud and Corruption in its Activities

and Operations and on the examination of the activities of the Oversight Committee and of the Office of Internal Audit. The Board also approved the appointment of Spain to replace France as a member of the Audit Committee.

The Executive Board reviewed the audited consolidated financial statements of IFAD for 2006 and PricewaterhouseCoopers' draft audit opinion (EB 2007/90/R.29 and its corrigendum to be revised as EB 2007/90/R.29/Rev.1). In accordance with the recommendation of the Audit Committee, the Board endorsed the financial statements and agreed to submit them to the thirty-first session of the Governing Council for approval.

The Executive Board reviewed the progress report on IFAD's Field Presence Pilot Programme (EB 2007/90/R.30), noting that this was the final report prior to the evaluation of the programme. This evaluation was already under way and would be presented to the Board at its September 2007 session. Directors welcomed the operational lessons learned through the self-assessment being undertaken by IFAD and the positive effects verified. The assessment deals with areas such as support for project implementation, policy dialogue, partnership with in-country stakeholders, knowledge management and capacity-building. An informal seminar will be held on this matter before the September 2007 session of the Board.

The progress report on implementation of the recommendations of the corporate-level evaluation of the Direct Supervision Pilot Programme (EB 2007/90/R.31) was then reviewed. Directors noted that the recommendations had been fully implemented and that Management had begun a review of the overall quality assurance system within the context of IFAD's Action Plan. The Board looked forward to a report at its next session on the progress being made in the development of such a system.

The Board then turned to a review of the report on the implementation of the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (EB 2007/90/R.32). Directors welcomed the progress that has been made since the adoption of the policy in November 2005, namely the communication campaign, the establishment of an investigation section and a sanctions committee, and the debarment procedures for staff and vendors, which are being developed to strengthen IFAD's disciplinary proceedings.

Directors considered the progress report on the IFAD/Belgian Survival Fund Joint Programme (EB 2007/90/R.33) and welcomed the information provided.

The Board then authorized the President to negotiate a cooperation agreement with the International Food Policy Research Institute (EB 2007/90/R.34). Directors welcomed IFAD's proposed engagement in the Africa Enterprise Challenge Fund (EB 2007/90/R.35), which would provide a further dimension for IFAD's programmatic involvement in the region.

Discussions were held on the cooperation among the Rome-based agencies (EB 2007/90/R.37/Rev.1). Directors were informed that a joint exercise was under way to map ongoing collaboration among the three agencies and to explore areas of activity to expand such collaboration. In addition, IFAD, the Food and Agriculture Organization of the United Nations and the World Food Programme are working together on a joint report on how the agencies can team up in the future in the provision of back-office, administrative and processing functions. Both reports will be made available to the Board.

The Board considered the report of the Ad hoc Committee of the Executive Board to Review Member States' Voting Rights and the Role, Effectiveness and Membership of the Executive Board (EB 2007/90/R.36), which had been submitted to the December 2006 session of the Board. The minutes will record the disappointment expressed by the Convenor of List C, on behalf of that list, and by two List B countries that a commitment made under the Seventh Replenishment on these issues had not, in their view, been fulfilled.

Before closing this session, I would like to take a moment to bid farewell to some of our friends and colleagues. Mr Bernd Dunnzlaff, who has been the Executive Board Director for Germany since 2003, is attending his last session of the Board. Mr Dunnzlaff has in-depth knowledge of IFAD's operations, having participated in field visits to Indonesia, India, Mexico and, most recently, Mali. The deliberations of this Board have been enriched by his thoughtful contributions over the years. Mr Dunnzlaff has also played an important role as Convenor and co-Convenor of List A.

We will also be losing another familiar face, Mr Vladimir Hernández Lara of Mexico. Mr Hernández Lara has consistently provided valuable guidance in the proceedings of the Board and also as Chairperson of the Evaluation Committee. He has served effectively as Convenor of sub-List C3, the Latin American and Caribbean countries.

Finally, I would like to pay tribute to Ambassador Ewald Wermuth, who is also leaving us. Accredited as Alternate Governor to the Fund, Ambassador Wermuth has represented the Netherlands on this Board since July 2005 and has shown unflagging dedication in his support to IFAD. He has made a distinctive contribution to the effectiveness of the Board by taking the lead in successfully implementing IFAD's constituency system within his own constituency. We will miss his creativity and intellectual rigour.

I would like to convey, personally and on behalf of all those present, our sincere thanks to all of you. We truly wish you every success in your future endeavours, and hope that in your new roles you will continue to champion the cause of eliminating rural poverty.

I now close this session and wish you all a safe journey home and an enjoyable summer.

