

Document: EB 2007/91/INF.9/Rev.1
Date: 3 October 2007
Distribution: Public
Original: English

E



Enabling the rural poor
to overcome poverty

Closing statement

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

Executive Board — Ninety-first Session
Rome, 11-12 September 2007

For: **Information**

Distinguished Directors,

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

The Executive Board began its proceedings by considering items deriving from IFAD's Action Plan for Improving its Development Effectiveness. An oral report brought Directors up to date on progress in the implementation of the Action Plan, and Directors welcomed the alignment and consistency of IFAD activities with, and their focus on, the development objectives identified in the Strategic Framework 2007-2010. Directors were apprised of the positive results of an internal assessment of the new project approval format. The assessment highlighted the advantages of the new format as regards savings, focus on institutional and reputational issues, and the access to substantial operational and technical details that has been ensured through the posting of all appraisal reports and key files on IFAD's restricted website.

As agreed at its December 2006 session, the Board reviewed the IFAD Results Measurement Framework (EB 2007/91/R.2). Directors commended Management for its realistic and simple approach in defining the framework indicators. Further clarification was sought with respect to some specifics and, after extensive discussion, it was agreed that the Results Measurement Framework would be approved as presented. With regard to the two programme indicators for measuring the results of country strategies, it was decided that: (a) for the indicator relating to programmatic impact on increasing incomes, improving food security and empowering the rural poor, IFAD reporting would include a breakdown of the components into their constituent elements; (b) for the indicator relating to IFAD's adherence to the aid effectiveness agenda in its country programmes, in view of IFAD's strong commitment to partnerships and to address the concerns expressed about the appropriateness of this indicator as a measure of IFAD's achievement of its strategic objectives, this indicator would be reviewed against the quality and validity of the information provided, as soon as it is received; and (c) we will report back to the Board in December.

The Board then turned to consideration of the IFAD Innovation Strategy (EB 2007/91/R.3 to be revised as EB 2007/91/R.3/Rev.1). Directors expressed their appreciation for the quality of the document and also for the participatory process that led to its finalization. Recognizing the importance of finding new and innovative solutions to the challenges facing the rural poor, the Board approved the strategy whose goal is that of ensuring the systematic and effective mainstreaming of innovation in IFAD processes. In response to a query regarding the innovation financing facility (IFF), a conference room paper (EB 2007/91/C.R.P.1) was prepared providing further information on the mechanisms through which the strategy would be funded. This paper clarified that, should a special financing instrument be established (e.g. an IFF), this would be done in accordance with the appropriate procedures and Board approval would be sought. Document R.3 will be revised to reflect the information provided in C.R.P.1.

Board Directors complimented the document on the strategic priorities, programme of work, Programme Development Financing Facility (PDFF) and administrative budget of IFAD and its Office of Evaluation for 2008 (EB 2007/91/R.4) and endorsed the priorities identified for 2008. There was general consensus regarding the levels of the Fund's programme of work for 2008 of US\$650 million, subject to the availability of resources, and of the proposed administrative costs. Directors commended the elimination of the influence of currency fluctuations on the benchmark efficiency ratio, and the reduction of the ratio to 16.3 per cent. The Board thanked the Audit Committee for its work with the secretariat in improving presentational aspects of the document, including the decision to eliminate the notional transfer of 2.5 per cent from the programme of work to the PDFF. Further guidance was provided on the preparation of the final document for submission to the Audit Committee in November and the Board at its December session. Directors were invited to address their comments and questions to the Audit Committee

before the November meeting to allow a thorough review to be carried out and reported on to the Board in December.

The document also provided the Board with a preview of the 2008 work programme and budget for the Office of Evaluation, which was well received. The document had been discussed by the Evaluation Committee during its forty-eighth session and will be finalized on the basis of guidance received from the Committee and the Board.

The report on the forty-eighth session of the Evaluation Committee (EB 2007/91/R.5/Rev.1), held on 7 September 2007, was then presented to the Board by the newly elected chair of the Committee, Ms Siti Nugraha Mauludiah of Indonesia.

The Executive Board then reviewed the corporate-level evaluation and agreement at completion point (ACP) of IFAD's Field Presence Pilot Programme (EB 2007/91/R.6). More clarity and details as regards IFAD's future country presence were requested and a conference room paper (EB 2007/91/C.R.P.2) was prepared. Based on the findings of the evaluation, the Board approved the continuation of the 15 country presence initiatives – with further experimentation within these 15 of different models, including that of outposted Country Programme Managers (CPMs) – and integration of the initiatives into IFAD's normal administrative and budgetary processes. It was further agreed that Management will elaborate an activity plan covering, inter alia, administrative arrangements, estimated total and incremental costs and baseline and expected results, and submit the plan to the Board at its ninety-second session to be held in December 2007. In the light of this Activity Plan, Management may prepare for the consideration of the Board proposals on the Fund's country presence activities including the outposting of a limited number of CPMs in 2008 and 2009. IFAD Management will also undertake a self-assessment of the country presence in 2010. A country presence policy will be presented to the Executive Board in 2011. It was clarified that the two CPMs already outposted in Latin America fall outside the 15 country initiatives mentioned in paragraph 7 of C.R.P.2. Other concerns expressed by Directors, including the "One UN" pilots and the recommendations of the high-level panel on United Nations reform, etc., will be reflected in the minutes of this session.

The President's report on the implementation status of evaluation recommendations and management actions (EB 2007/91/R.7), including comments by the Office of Evaluation, was then considered by the Board. The high level of compliance with ACP recommendations and the reduction in the average number of recommendations per evaluation were welcomed by Directors. With regard to the latter and the increased emphasis on strategic recommendations, it was agreed that the Office of Evaluation should continue with this approach by ascertaining the root causes of the problems identified. Directors also welcomed Management's commitment to addressing the critical themes relating to sustainability, innovation and monitoring and evaluation arising from the recommendations.

The interim report on IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries was then reviewed and a top-up debt relief proposal for Sao Tome and Principe – as set forth in the resolution contained in document EB 2007/91/R.8 – was approved.

The country strategic opportunities programmes (COSOPs) for Burkina Faso (EB 2007/91/R.9), Cameroon (EB 2007/91/R.10), Kenya (EB 2007/91/R.12), Mauritania (EB 2007/91/R.11), Panama (EB 2007/91/R.15), Rwanda (EB 2007/91/R.13/Rev.1) and the United Republic of Tanzania (EB 2007/91/R.14) were then reviewed. Comments made by Directors will be reflected in the minutes of this session.

The resources available for commitment at this session (EB 2007/91/R.16 and its addendum) were then reviewed and the Board noted that no additional advance commitment authority was requested.

Thirteen projects and programmes were approved at the session: five in Africa, three in Asia and the Pacific, two in Latin America and the Caribbean, and three in the Near East and North Africa. The Board also reviewed and approved the President's memorandum on the extension of the time limit for signature of the loan agreement for the National Rural Development Programme: Central and Eastern Regions (Loan No. 651-GT) in Guatemala.

With respect to the approval process for project and programme proposals, it was agreed that this would be discussed with Convenors and Friends.

Eleven grant proposals were approved at the session. Seven were financed under the global/regional grants window, four of which were to the Consultative Group on International Agricultural Research (CGIAR)-supported international centres and three to non-CGIAR-supported international centres; one was a country-specific grant; and three were included in the project and programme proposals for Armenia, Gabon and Morocco.

The Board reviewed the document on planned project activities for 2007-2008 (EB 2007/91/R.36), and took note of the information provided on the projects in the pipeline and on COSOPs under preparation and planned for 2007 and 2008.

The Board began consideration of the financial matters on the agenda by reviewing the status reports on: contributions to the Seventh Replenishment of IFAD's Resources (EB 2007/91/R.37) and IFAD's investment portfolio for the second quarter of 2007 (EB 2007/91/R.38). The Board was informed that further pledges, instruments of contributions and payments had been received from Canada, Japan, Kuwait, Moldova, Oman, Panama and Switzerland since the report on the status of contributions to the Seventh Replenishment had been issued on 10 July.

With respect to the report on IFAD's investment portfolio, the Board noted that the aggregate investment income for the second quarter amounted to US\$11.8 million equivalent, contributing to a net income for the first six months of US\$36 million equivalent, with an annualized rate of return at the end of June of 3.1 per cent. Directors were further informed that despite recent turbulence in financial markets and thanks to the prudent policy adopted by the Fund, IFAD's returns on the investment portfolio for July and August had been higher than in previous months. This had resulted in an estimated year-to-date investment income of US\$76.1 million equivalent, with a rate of return as at the end of August 2007 of 3.24 per cent.

The Chairperson of the Audit Committee presented a report on the Committee's ninety-seventh meeting (EB 2007/91/R.39), at which, *inter alia*, issues related to streamlining the presentation of IFAD's programme of work and budget and the proposed capital budgeting framework had been reviewed.

The Executive Board approved the draft provisional agenda for the thirty-first session of the Governing Council (EB 2007/91/R.40), to be held on 13-14 February 2008. The Board also recommended that the application for non-original membership received from The Bahamas (EB 2007/91/R.41) be submitted to the Governing Council for approval.

Document EB 2007/91/R.42 provided the Board with information on IFAD's publication on rural poverty planned for 2009, which will examine the challenges faced by rural poor people today, and their experiences in responding to them.

As agreed at the April 2007 session of the Board, the joint report on collaboration on administrative and processing work between the Food and Agriculture Organization of the United Nations (FAO), World Food Programme (WFP) and IFAD (EB 2007/91/R.43) was considered by the Board. Directors called on Management to reinforce its efforts to increase collaboration among the three Rome-based agencies in the interests of streamlining and cost-effectiveness.

As regards Governing Council representation on the IFAD Staff Pension Committee for a three-year period ending September 2010, a representative of sub-list C-3, Latin

America and the Caribbean – whose name will be communicated to the Secretariat – was elected as member, Ms Siti Nugraha Mauludiah of Indonesia was elected as first alternate member, and His Excellency Arne B. Hønningstad of Norway as second alternate member.

The Board then approved the amendment to the minutes of its ninetieth session, as shown in document EB 2007/91/R.45, and in adopting the revised minutes, approved their disclosure on IFAD's public website.

The Board considered the amendment to Rule 7 of the Rules of Procedure of the Executive Board (EB 2007/91/R.46) as proposed by the German delegation. It was agreed that this issue would be further reviewed by the Convenors and Friends.

Finally, it was noted that Board Directors had held informal consultations on the issue of establishing an independent chairperson for the consultations on the Eighth Replenishment of IFAD's Resources. In this regard, I clarified that I fully support the principle of having an independent chair as long as the process for establishing this is timely and an effective chair is decided upon – one who can add real value through his/her experience in high-level international discussions, in particular in international financial institution replenishment negotiations, and who has the ability to devote the necessary time to the consultation process, including work during the intersession periods.

Distinguished Directors

Before closing this session, I would like to take a moment to bid farewell to some of our friends and colleagues. Ms Isabel Lavadenz, Director of Latin America and the Caribbean Division, will be returning to the World Bank on 1 October after serving IFAD for two years. In that time, Isabel's dedication to the pursuit of IFAD's mandate and vision, together with her extensive experience in institutional reform, rural and local development in Latin America as well as in the areas of natural resources and indigenous peoples have contributed greatly to IFAD's success in the region.

We must also say "Arrivederci" to Ms Cynthia Licul, who has acted as IFAD's General Counsel for the past year and a half. Cynthia joined IFAD in February 2003 and since then has proved to be an asset to the Fund. In recent times, her institutional knowledge and sound legal advice have guided us in taking many important decisions for IFAD's future and she can indeed be proud of the legacy she leaves behind.

I would like to convey, personally and on behalf of all those present, our sincere thanks to both of you. We wish you every success in your future endeavours.

In closing this session, I wish you all a safe journey home and, to our Muslim colleagues, *Ramadan Mubarak*.

