

Document: EB 2008/93/INF.11
Date: 9 May 2008
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Closing statement

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

Executive Board — Ninety-third Session
Rome, 24-25 April 2008

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 its proceedings by considering the reports of the chairperson of the Evaluation Committee. Directors noted the report on the Committee's field visit to the Philippines (EB 2008/93/R.2) and endorsed the recommendations contained in the report on its fifty-first session (EB 2008/93/R.3), which took place on 18 April 2008.

In accordance with IFAD best practice, the Board considered the appointment of the Director of the Office of Evaluation (EB 2008/93/R.4) in a closed session and endorsed the President's recommendation that Mr Luciano Lavizzari should be appointed for a second and final term of five years, commencing 1 May 2008.

The country strategic opportunities programme (COSOP) for Afghanistan (EB 2008/93/R.5) was then reviewed. There was a rich discussion on the strategic objectives that had been identified, and comments made by Directors will be reflected in the minutes of this session.

Taking up the agenda item on the resources available for commitment at this session (EB 2008/93/R.6 and its addendum), Directors noted that, with net inflows from 1 January to 31 March 2008 estimated at US\$137.0 million and a required total for loan and grant proposals at this session of approximately US\$85.2 million, no additional advance commitment authority (ACA) was required.

Five projects and programmes were approved at this session: two in Africa, two in Asia and the Pacific, and one in Latin America and the Caribbean. The Board also reviewed and approved the President's memorandum on the amendment to the loan agreement and reallocation of loan proceeds for the Central Kenya Dry Area Smallholder and Community Services Development Project. It also approved a waiver of the policy on taxes for two programmes in the United Republic of Tanzania and one in Mozambique.

The Board then noted the information contained in the oral report provided on IFAD's response to food price increases within its approved and ongoing loans. Directors took note that many IFAD loans in the countries most critically affected by the dramatic increases in food, fertilizer and seed prices have significant components for the provision of inputs. They further noted IFAD's willingness to respond rapidly to requests by borrowing Member States to utilize these resources, totalling up to US\$200 million, to ensure that smallholder farmers in these countries have access to inputs to maintain and expand their output in the next crop season.

Nine grant proposals were approved at this session, all of which are under the global/regional grants window, namely two to Consultative Group on International Agricultural Research (CGIAR)-supported international centres, six to non-CGIAR-supported international centres and one to the Global Mechanism of the United Nations Convention to Combat Desertification.

The Board reviewed the document on planned project activities for 2008-2009 (EB 2008/93/R.16), taking note of the information provided on the projects in the pipeline and COSOPs under preparation and planned for 2008.

The report on the Eighth Replenishment of IFAD's Resources (EB 2008/93/R.17) presented an account of the organizational session of the Consultation held on 15 February 2008. Directors took note of the oral update provided on the recently concluded second session and, in this regard, strongly welcomed the announcement by the Kingdom of Saudi Arabia of its contribution of US\$50 million to the Eighth Replenishment of IFAD's resources, which represents a fivefold increase over its contribution to the previous replenishment, and that of the People's Republic of Bangladesh of US\$600,000, which is a demonstration of the value borrowing Member States place on their partnership with IFAD.

In accordance with the decision of the Board at its December 2007 session, the Working Group on the Performance-based Allocation System presented a report on its meeting of 28 February 2008, as well as a brief account of the fourth multilateral development bank/microfinance institution technical meeting on performance-based allocation systems, hosted by IFAD on 3-4 April 2008 (EB 2008/93/R.18).

The Executive 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 2008/93/R.19). Directors noted that pledges now totalled US\$642.8 million, or 89 per cent of the target, while instruments of contribution and payments not supported by instruments of contribution amounted to US\$558.2 million or 91 per cent of pledges.

The Board then reviewed the reports on IFAD's investment portfolio for 2007 (EB 2008/93/R.20) and for the first two months of 2008 (EB 2008/93/R.21). It noted that the aggregate income from investments in 2007 amounted to US\$142.57 million, representing a net rate of return of 6.1 per cent and included an outperformance of 25 basis points compared with the return of the portfolio's aggregate benchmark. The Board further noted that the first two months of 2008 had shown a positive return resulting in aggregate investment income of US\$55.1 million.

Turning to the sub-item on principal, interest and service charge payments, the Board considered the status report on arrears in principal, interest and service charge payments (EB 2008/93/R.22). Directors noted that, as at 31 December 2007, there was an overall increase in arrears of US\$2.4 million. They welcomed the update that, over the past few months, several borrowers had made payments on overdue charges in an amount of US\$5.5 million.

In accordance with the Executive Board decision that, commencing in 2008, IFAD would report annually to the Board at its April session on the estimated principal and net service and interest charge payments forgone in the previous financial year as a result of the implementation of the Debt Sustainability Framework (DSF), the Board reviewed the first such report as contained in document EB 2008/93/R.23. In 2007, the first year of DSF implementation, 18 projects, programmes and country-specific grants were approved under the DSF, for a total value of US\$100.6 million, or 17.9 per cent of the overall programme of work for the year, and a total of SDR 1,012 in net interest and service charge payments had been forgone.

The Board then reviewed the requirements for the twenty-ninth drawdown of Member State contributions in 2008 (EB 2008/93/R.24). It approved the drawdown of 35 per cent of the Seventh Replenishment contributions in May 2008 and authorized the use of the Fund's liquid assets to finance disbursement needs not covered by the drawdown.

The Chair of the Audit Committee presented a report on its recent meeting (EB 2008/93/R.25), at which the Committee had reviewed the audited financial statements of IFAD for 2007 and recommended that the Board endorse them. The Executive Board then reviewed these audited financial statements and the report of the external auditor thereon (EB 2008/93/R.26 and its addendum, to be revised as EB 2008/93/R.26/Rev.1) and, in accordance with the recommendation of the Audit Committee, endorsed the financial statements and agreed to submit them to the thirty-second session of the Governing Council for approval.

Turning to the review of items under other business, the Board approved that two new observers be invited to future sessions of IFAD's Governing Council (EB 2008/93/R.27) and adopted the minutes of its ninety-second session, inclusive of the amendments proposed in document EB 2008/93/R.29. Accordingly, these minutes will be posted on IFAD's public website. The restriction originally placed on documents EB 2000/70/R.9 and EB 2000/70/R.27 was lifted with the approval of the Board and these documents will also be made available on IFAD's public website at the close of this session (EB 2008/93/R.30).

Finally, at the request of the Executive Board Director for Belgium, Directors discussed the procedures for the review of projects and COSOPs by the Executive Board. Directors made various suggestions with a view to enhancing the Board's participation earlier in the design process. This issue will be the subject of an informal seminar to be held in conjunction with the September 2008 Board session, and the modality and structure of the seminar will be discussed with the Convenors and Friends.

Distinguished Directors,

Before closing this session, I would like to bid farewell to some colleagues who are attending their last Board sessions.

Mona Bishay retires from the Fund after over 20 years of loyal and dedicated service. In that time she has had many roles, most recently as Director of the Near East and North Africa Division. There, her understanding of the challenges facing rural and agricultural development in the region and her commitment to finding innovative and sustainable solutions to age-old problems have singled her out as a true professional.

Sandra McGuire will also take her leave of us to return to her home country, Canada. Sandra has been with IFAD since 2003 when she joined as the Director of the newly formed Communication Division where she demonstrated her creativity and innovative approach and contributed not least to the promotion of IFAD as a centre of knowledge and expertise in agricultural and rural development.

Many of you are also familiar with IFAD's Controller, Carlo Borghini, who will rejoin the European Commission (EC) as Director of Finance of an agency at the EC. In his short time at IFAD, Carlo has made a significant contribution to the organization. He brought a new professionalism to his role as a proactive and strategic chief financial officer, and through his dedication, technical competence and loyalty he earned the respect of all who have worked with him.

I would also like to take this opportunity to bid farewell to Bruce Moore, who has become a familiar face to many of you in his role as Director of the International Land Coalition, which, as you know, is hosted by IFAD. Since the Coalition's establishment more than 10 years ago, Bruce has been a staunch advocate of its mission of improving access by poor people to productive resources. Under his committed leadership, the Coalition has gone from strength to strength and expanded from an initial membership of 32 to the present 57 member organizations.

I am sure all here will join me when I thank each one of them for their contribution and wish them every success in their future endeavours.

Finally, I, indeed we, must bid farewell to this Board room. The next time we meet we will be in our new headquarters on via Paolo di Dono, and I am certain that I speak on behalf of all staff when I say that we are very much looking forward to coming together under one roof. Allow me, once again, to thank our host country, Italy, for making this possible and also the countries that have provided sponsorship towards the refurbishment of the common areas, which has helped make our headquarters a true reflection of the partnership that IFAD represents.

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