

Document: EB 2008/94/INF.10  
Date: 26 September 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-fourth session of the  
Executive Board**

Executive Board — Ninety-fourth Session  
Rome, 10-11 September 2008

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For: **Information**



Distinguished Directors,

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

The proceedings began with the consideration and approval of the IFAD Policy on Improving Access to Land and Tenure Security (EB 2008/94/R.2 and conference room paper 1, to be revised as EB 2008/94/R.2/Rev.1). The policy is firmly rooted in the IFAD Strategic Framework 2007-2010 and proposes a pragmatic approach to achieving IFAD's first strategic objective of ensuring access by poor rural people to natural resources. There was a rich exchange during which a number of issues were raised on the guiding principles that had been identified for mainstreaming land issues in IFAD's operational instruments and processes. A conference room paper – which contained revisions to these guiding principles and clarifications with respect to, inter alia, financial implications – was presented to the Board. These revisions and further amendments agreed to during the deliberations will be reflected in the final policy document and consistency will be ensured in the four official language versions thereof.

A joint statement by the Netherlands, Norway and the United Kingdom to the governing bodies of relevant United Nations organizations was made. It urged United Nations organizations at the headquarters level to take measures to contribute to making progress at the country level in "Delivering as One", in particular by: channelling efficiency savings back into programmes; streamlining rules, systems and procedures to facilitate progress; promoting effective partnerships, harmonized interventions and a focus on specific comparative advantages by each agency; and using national execution as much as possible.

The document on the strategic priorities for a results-based programme of work, Programme Development Financing Facility, and administrative and capital budgets of IFAD and its Office of Evaluation for 2009 (EB 2008/94/R.3) was then reviewed. The Board endorsed the institutional priorities for 2009, which focused on responding effectively to the global challenges posed by the food crisis and climate change. There was general consensus regarding a programme of work for 2009 of US\$715 million, given the availability of resources. While welcoming the improvement foreseen in the benchmark efficiency ratio and the increased allocation of resources to operational areas – estimated at 63 per cent – Directors requested that further supporting details be presented in the final proposal, including the budget out-turns of 2007 and those estimated for 2008. Observations and comments arising from the Board's deliberations will be taken into consideration in the preparation of the final proposals to be reviewed by the Audit Committee at its meeting in November and subsequently by the Board in December.

The Board also discussed, and expressed its broad endorsement of, the proposed work programme and resource issues for the Office of Evaluation (OE) for 2009. In accordance with the recommendation of the Evaluation Committee, endorsed by the Board, the Office of Evaluation presented a three-year rolling work programme for the period 2009-2011. The work programme was also discussed by the Evaluation Committee at its fifty-second session and will be modified on the basis of guidance received from the Committee and the Board.

An oral report was presented to the Board on IFAD's Action Plan for Improving its Development Effectiveness and the progress being made on IFAD's reform agenda, in particular, with respect to human resources (HR) management. HR issues had also been discussed in depth at an informal seminar of the Board held on 9 September 2008. Management reiterated the determination and urgency with which they were moving forward with an ambitious HR reform agenda. In this regard, Directors would be kept fully informed and a proposal for a voluntary early departure programme would be presented to the Board in December 2008.

The Chairperson of the Evaluation Committee, Ms Siti Nugraha Mauludiah of Indonesia, presented a report on the fifty-second session (EB 2008/94/R.5) of the Committee, held on 5 September 2008. There was extensive discussion of the proposed review – and the extent thereof – of the IFAD Evaluation Policy. The proposed peer review of the Office of Evaluation, followed by a comprehensive review of the evaluation policy, duly informed by the findings of the peer review, was endorsed. It was agreed, however, that the Committee should conduct further discussions and report back to the Board in December, with a view to providing further information on the terms of reference and modalities for carrying out the peer review. The procedures relating to the appointment and reappointment of the OE Director will also be reviewed and recommendations submitted to the December Board session.

In reviewing the fifth President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) (EB 2008/94/R.6), including comments from OE, the Board expressed appreciation for the new features added this year and reiterated the importance of PRISMA as a monitoring and oversight tool both for the Board and for Management. The Board complimented Management on the performance with respect to recommendations arising from agreements at completion point, as 90 per cent of these had already been incorporated into IFAD's activities. Directors also welcomed the focus on the cross-cutting themes of sustainability and innovation, which highlighted the initiatives taken to ensure lasting impact by IFAD's projects and to mainstream innovation into existing structures and processes. Monitoring and evaluation, training and capacity-building, gender and natural resource management continued to be critical themes requiring improvement. In this regard, the Board was informed that there was a strong commitment on the part of Management to address these issues.

The country strategic opportunities programmes (COSOPs) for Burundi (EB 2008/94/R.7 and its addendum, to be revised as EB 2008/94/R.7/Rev.1), Viet Nam (EB 2008/94/R.8 and its addendum, to be revised as EB 2008/94/R.8/Rev.1) and Brazil (EB 2008/94/R.9 and its addendum, to be revised as EB 2008/94/R.9/Rev.1) were then reviewed. Comments made by Directors will be reflected in the minutes of this session. Appendices on the project pipeline for each country during the COSOP periods were also provided to the Board. All results-based COSOPs presented to future Board sessions will include this information.

The Board then turned to a review of the resources available for commitment (EB 2008/94/R.10 and its addendum). Net inflows from 1 January to 31 August 2008 were estimated at US\$263.7 million and the amount required for loan and grant proposals presented for approval at this session was approximately US\$234 million, resulting in a cumulative total for the year to date of US\$321.5 million. The Board therefore approved the use of additional advance commitment authority (ACA) for an amount of up to US\$57.8 million.

Twelve projects and programmes were approved at the session: six in Africa, two in Asia and the Pacific, one in Latin America and the Caribbean, and three in the Near East and North Africa. The proposal for The Sudan, for which negotiations had not been finalized prior to the Board's consideration, was approved subject to completion of negotiations. Any important variations on the terms presented to this session arising during negotiations will be brought to the attention of the Board at a future session.

The Board approved the President's memorandums on the amendment to the loan agreement and reallocation of loan proceeds for the Rural Development Programme for Mountainous and Highland Areas (loan no. 543-GE) in Georgia (EB 2008/94/R.21), and on the modification of supervision arrangements for 56 projects whereby these projects would now be directly supervised by IFAD (EB 2008/94/R.24).

Under this agenda item, the Board was provided with information on ongoing and future initiatives taken in response to the food price increases (EB 2008/94/R.38). A President's memorandum, requesting approval of supplementary financing for projects in

Honduras and Nicaragua (EB 2008/94/R.25) was also considered and approved by the Board.

A brief update was provided on the informal seminar on the project review process which had been held on 9 September 2008. Directors welcomed the new internal review process which was already beginning to show positive results.

Eleven grant proposals were approved at the session. Four were financed under the global/regional grants window, one of which was to an international centre supported by the Consultative Group on International Agricultural Research (CGIAR); three were for non-CGIAR-supported international centres and organizations; one was a country-specific grant; and six were included in the project and programme proposals for Albania, Cameroon, Indonesia, Madagascar, Moldova and Senegal.

Directors then noted the information provided in the document on planned project activities for 2008-2009 (EB 2008/94/R.29) regarding projects and programmes in the pipeline, COSOPs reviewed to date and those planned for submission to forthcoming Board sessions.

The Executive Board then turned to the review of the IFAD Policy on Enterprise Risk Management (EB 2008/94/R.4 and INF.8). Recognizing the uncertain and complex environment in which IFAD works, the Board welcomed the policy, which builds on previous and current work and provides the structural means to identify, prioritize and manage the risks involved in carrying out the Fund's activities.

In answer to the Board's call for more streamlined results reporting at IFAD, document EB 2008/94/R.30 presented the revised structure and content of the Report on IFAD's Development Effectiveness (RIDE). From December 2008 onwards, the Portfolio Performance Report will be merged with the RIDE to provide a single, comprehensive assessment of IFAD's performance in the areas of relevance, development effectiveness, and organizational effectiveness and efficiency, using the Results Measurement Framework's indicators.

The report on the Eighth Replenishment of IFAD's Resources (EB 2008/94/R.31) provided the Board with a summary of the deliberations of the second and third sessions of the Consultation on the Eighth Replenishment of IFAD's Resources. Directors welcomed the contribution by the Republic of Yemen of US\$1 million, representing an increase of 67 per cent with respect to its contribution to the previous replenishment. The Board was briefed, through an oral update, on the issues for review at the fourth session of the Consultation, scheduled to take place on 21-22 October 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 2008/94/R.32) and IFAD's investment portfolio for the second quarter of 2008 (EB 2008/94/R.33), which included an annex presenting data for the entire first quarter. The Board was informed that further payments to the Seventh Replenishment had been received from Armenia, Belgium, Indonesia, Malaysia, Swaziland, Tunisia and Zambia, since the report had been finalized on 30 June. Payments received now total US\$395 million, which corresponds to 62 per cent of pledges. The Executive Board also approved the use of a complementary contribution of EUR 300,000 from Germany in support of increasing the scope of IFAD's development planning.

With respect to the report on IFAD's investment portfolio, the Board noted that the portfolio had performed positively during the first semester of 2008, with a net investment return for the period of US\$39.5 million representing a rate of return of 1.55 per cent for the first six months of the year. It further noted, from the oral update provided, that the portfolio had performed strongly in the first two months of the third quarter of 2008, resulting in an investment income of US\$72.5 million for the period January-August 2008, which represented a rate of return of 2.79 per cent.

The Executive Board noted and endorsed the reports presented by the Chairperson of the Audit Committee on the Committee's 100<sup>th</sup> meeting (EB 2008/94/R.34) and 101<sup>st</sup> meeting (EB 2008/94/R.35), held on 7 July and 8 September respectively. At these meetings, the Committee reviewed, inter alia, the external quality assessment of the internal audit function, the implementation of the anticorruption policy, the IFAD Policy on Enterprise Risk Management and reports from the external auditor.

The Executive Board then approved the draft provisional agenda for the thirty-second session of the Governing Council (EB 2008/94/R.36), to be held on 18-19 February 2009.

Turning to the agenda item on other business, the Executive Board was provided with an update by the Board Director for France, Mr François Marion, on President Sarkozy's initiative for a global partnership on food security, including the proposed facility.

Finally, the Board approved the provisions contained in the memorandum of understanding between IFAD, the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the Alliance for a Green Revolution in Africa (AGRA) (EB 2008/94/R.37).

#### Distinguished Directors

Before closing this session, I would like to take a moment to bid farewell to a longstanding colleague. After more than 20 years at IFAD, Ms Theresa Panuccio is moving to FAO to take up the position of Director of the Administrative Services Division. Throughout her long and distinguished career at IFAD, Theresa has risen to challenges with an energy and dynamism that have inspired us all. She has performed many roles, including those of Assistant Secretary for Governing Bodies and Manager of the Process Re-engineering Programme. We can see the results of her tireless efforts in her most recent position as Director of IFAD's Administrative Services Division, in this, our new headquarters. I would like to convey, personally and on behalf of all those present, sincere thanks. We wish her every success in her future with FAO.

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

