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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-fifth session of the
Executive Board**

Executive Board — Ninety-fifth Session
Rome, 15-17 December 2008

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 the programme of work, Programme Development Financing Facility (PDFF) and administrative and capital budgets of IFAD and its Office of Evaluation for 2009 (EB 2008/95/R.2 and addendum, to be consolidated as EB 2008/95/R.2/Rev.1). The Board expressed its appreciation to the Audit and Evaluation Committees for their review of the proposals put forward, which facilitates our deliberations (EB 2008/95/R.3 and EB 2008/95/R.5, respectively).

IFAD's planned programme of work for 2009 was approved by the Board at a target level of US\$715 million, subject to availability of resources, representing a 10 per cent increase over the programme of work for 2008.

Directors commended the greater clarity of the document and welcomed the proposal to present a single budget in future. While noting the increase in the resources allocated to operations, Directors urged Management to redouble its efforts to align costs with contribution to results. Management committed itself to further enhancing IFAD's efficiency and effectiveness, including through the human resources reform process.

The Board then approved a total PDFF in the amount of US\$41.98 million.

Having reviewed the Fund's proposed administrative budget for 2009 of US\$73.33 million and capital budget of US\$4.08 million, the Board authorized their submission to the thirty-second session of the Governing Council. Directors were assured that due consideration would be given to their comments, including with respect to the current high rate of inflation and the effects that this could have on future proposals.

Finally, the Board reviewed the work programme and the administrative budget of the Office of Evaluation (OE) for 2009 at the level of US\$5.85 million, and recommended submission to the forthcoming session of the Governing Council. The priorities and the pipeline of corporate-level evaluations to be undertaken by OE in the coming years were also approved.

In response to queries from a number of Board Directors, it was clarified that the joint evaluation with the African Development Bank (AfDB) on agricultural and rural development in Africa would be shared with Management and relevant governments in March 2009, after which the evaluation would be submitted to the Board. Prior to that, an interim report would be issued. The Board was also informed that work would begin on the gender evaluation in the second half of 2009,¹ while the IFAD Evaluation Policy would be considered as part of the peer review scheduled to begin in early 2009.

Under the item on evaluation, the Board first noted and endorsed the reports of the Chairperson of the Evaluation Committee on the Committee's fifty-third (EB 2008/95/R.5) and fifty-fourth sessions as well as the informal seminar held on 5 December 2008 (EB 2008/95/R.6).

Directors then reviewed the sixth Annual Report on the Results and Impact of IFAD Operations (ARRI) (EB 2008/95/R.7 and its addendum), covering operations evaluated in 2007, together with Management's response to the ARRI. OE was commended on the quality of the report, which served as an important tool for

¹ At the subsequent fifth session of the Consultation on the Eighth Replenishment of IFAD's resources, it was agreed that the Executive Board would consider a corporate policy and implementation strategy on gender as soon as the evaluation of IFAD's performance on gender equality and women's empowerment, which is to be undertaken by IFAD's independent Office of Evaluation in 2009, is finalized.

Management and the Board to monitor the performance of IFAD's projects and programmes and draw lessons that could further improve future project design and implementation. The findings of the report were very encouraging: all projects evaluated showed satisfactory results in project performance and overall project achievement as well as marked improvements as regards sustainability.

There was broad discussion about the difficulty of comparing evaluations of IFAD programmes and projects with those of other agencies and international financial institutions. Related questions about the analytical methodology were addressed. Board members were reassured that, as IFAD's own data on evaluated programmes and projects grow, comparisons would also become more accurate. Directors also expressed the wish to see greater space devoted in the report to the evaluation of direct benefits, a suggestion that OE has adopted in the new Evaluation Manual. The Board then approved the recommended learning themes to be covered in the 2009 and 2010 ARRI, and looked forward to reviewing the list of learning themes for future editions of the report, which would be presented in 2009.

The second Report on IFAD's Development Effectiveness (RIDE) together with OE's comments thereon was then considered by the Board (EB 2008/95/R.8 and its addendum to be consolidated as EB 2008/95/R.8/Rev.1). As the Board was informed at its September 2008 session, the portfolio performance report has now been merged with the RIDE to provide a comprehensive overview of the performance of the Fund as a whole, covering both the development effectiveness of its programmes and its organizational effectiveness. As with the ARRI, the findings of the RIDE show an improvement in IFAD's performance, with three out of the four Results Measurement Framework headline indicators having already exceeded their targets for 2010. The report gives tangible evidence of how IFAD has responded to the call for an expanded programme of work and increased development and organizational effectiveness and has succeeded in combining more with better. Data also show increased organizational effectiveness as a result of better management and monitoring in planning, finance and human resources.

The Board expressed appreciation to Management for the quality of the report and put forward several proposals for improvements thereto. Management reiterated that the production of the RIDE was an evolving process and that comments made by Board Directors would be taken into account in the further development of the RIDE.

Turning to the review of the progress report and activity plan for IFAD's country presence, Directors welcomed the impact of strengthened IFAD country presence, which had contributed significantly to improving project implementation and performance; increasing knowledge sharing, partnership-building, alignment and harmonization; and enhancing policy dialogue. Appreciation was expressed for the overall results of a more effective engagement by IFAD at the country level and of reinforced country ownership. Within this framework of broad support, the Board approved the proposed expansion of IFAD's country presence in 2009, as set out in paragraphs 57-58 of document EB 2008/95/R.9. The minutes of this session will record the abstention of the United States of America in this regard.

A conference room paper was circulated addressing commitments made by Management as regards implementing the country presence and developing the country presence policy, in response to the issues raised by Directors during the discussion. These included entry and exit criteria and strategies, presentation of information on the cost benefits of IFAD's proposals for increased country presence in future, and the limit on the expansion of IFAD's country offices in 2010. This conference room paper will form part of the revised progress report and activity plan for IFAD's country presence (EB 2008/95/R.9 and EB 2008/95/CRP.2 to be consolidated as EB 2008/95/R.9/Rev.1).

After a review of the Report on IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries (EB 2008/95/R.10 to be revised as EB 2008/95/R.10/Rev.1), the Board approved the proposed contributions to the reduction of both the Central African Republic's and Liberia's debt to IFAD. It also approved the submission of the progress report to the forthcoming Governing Council session, appropriately revised to reflect the decisions taken by the Board.

The Executive Board considered the country strategic opportunities programmes (COSOPs) for Ethiopia (EB 2008/95/R.11), Guatemala (EB 2008/95/R.12), Guinea (EB 2008/95/R.13), Indonesia (EB 2008/95/R.14) and Morocco (EB 2008/95/R.15). Comments made will be recorded in the minutes of this session.

The Board turned to a review of the resources available for commitment at this session (EB 2008/95/R.16 and its addendum) and approved the use of the advance commitment authority (ACA) for an amount of up to US\$110.5 million. Directors noted that the total use of additional ACA at the end of 2008, on the basis of expected net inflows by the end of December, was estimated at US\$753.6 million.

Fifteen programmes and projects were approved at this session: six in Africa, five in Asia and the Pacific, three in Latin America and the Caribbean, and one in the Near East and North Africa. Directors noted that the proposals originally foreseen for Ecuador and Mexico had been removed from the agenda to allow for further consultations between IFAD and the respective Governments on the most appropriate financial and technical instruments.

The proposals for Swaziland and the Bolivarian Republic of Venezuela, for which negotiations had not been finalized prior to the Board's consideration, were approved subject to the completion of negotiations within six months of Board approval and the condition that any important variations to the terms presented to this session be brought to the attention of the Board at a future session. The Board also noted that formal negotiations for the proposals for Kenya and the Philippines would also be concluded early in the coming year. In the case of Kenya, this consisted in making minor modifications to the existing loan agreement for the Southern Nyanza Community Development Project; for the Philippines, approval was granted on the basis of intermediate lending terms, which will require renegotiation of the terms with the Government.

The Board recognized that the proposed programme for Mauritania was well designed and targeted the poorest people in the country, which is in itself one of the poorest countries in the world. However, in view of the significant governance issues, and their possible impact on sustainability, it was agreed to defer consideration of the programme until the ninety-sixth session of the Executive Board, in April 2009.

The Board also reviewed and approved the President's memoranda for modifications to projects and programmes in Bolivia, Brazil, the West Bank and Yemen.

Ten grant proposals were approved at this session. Eight of these were under the global/regional grants window: two to CGIAR-supported centres; one to the International Land Coalition; and five to non-CGIAR-supported international centres. A grant to the Foundation of the Peoples of the South Pacific International was approved under the country-specific grants window and one grant was included in the programme proposal for Guatemala. The Board also approved the change of the grant recipient for the Rural Finance Knowledge Management Partnership – Phase II, from Kenya Gatsby Trust to the African Rural and Agricultural Credit Association.

The Board then reviewed the document on planned project activities for 2008-2009 (EB 2008/95/R.44), noting the information it provided on the projects in the pipeline and COSOPs under preparation and planned for 2009.

The Board took note of the report on the fourth session of the Consultation on the Eighth Replenishment of IFAD's Resources (EB 2008/95/R.45) which summarized the deliberations that took place at that session.

Under financial matters, the Board began with the review of the status reports on: the status of contributions to the Seventh Replenishment of IFAD's resources (EB 2008/95/R.46) and the report on IFAD's investment portfolio for the third quarter of 2008 (EB 2008/95/R.47). The Board noted the oral update provided on the status of contributions to the Seventh Replenishment as regards payments received since 30 September 2008, which brings the total amount of payments received to US\$411 million or 64 per cent of pledges.

With respect to the report on IFAD's investment portfolio for the third quarter of 2008 and the updated information provided, Directors noted that the investment portfolio had performed strongly despite market conditions and that, as at 12 December 2008, the projected year-to-date net investment income amounted to US\$117.6 million, equalling an estimated year-to-date return of 4.88 per cent. The Board welcomed the oral update provided on IFAD's efforts to protect its investment portfolio from any adverse impact resulting from developments in the international financial markets.

Directors then considered the final report on the special expenditure for IFAD's new headquarters (EB 2008/95/R.48) and welcomed the support provided by our host country, Italy, and by those countries that have sponsored meeting rooms. The Board approved the submission of the final report to the forthcoming session of the Governing Council.

The chairperson of the Audit Committee presented the reports on the Committee's 102nd (EB 2008/95/R.49) and 103rd meetings, (EB 2008/95/R.61) held on 11 November and 11 December, respectively. The Executive Board noted and endorsed the reports, which gave an account of the Committee's review of, *inter alia*, action taken on recommendations made in the external quality assessment of IFAD's internal audit function, including revisions to the terms of reference and rules of procedure of the Audit Committee. The Board noted that further review of the latter would be carried out by the Committee and the results thereof presented to the April 2009 session of the Board. The audit fee of the external auditor of EUR 180,000 was also approved by the Board.

The Board then turned to the review of the items relating to human resources reform, namely the update on progress (EB 2008/95/R.60) and the proposal for a voluntary separation programme at IFAD (EB 2008/95/R.4). Directors praised the four objectives of the reform process for the focus on developing a workforce and organizational structure that better reflects IFAD's values, mission and goals. The proposal for a voluntary separation programme represents an important step in working towards these objectives by accelerating staff turnover, particularly where a mismatch exists in terms of skills, mobility and staff motivation. As such, the Board recommended that document EB 2008/95/R.4, together with the draft resolution included therein, be submitted to the Governing Council in February 2009 for adoption.

The revisions to the General Conditions for Agricultural Development Financing (EB 2008/95/R.50) were then reviewed. While Directors welcomed the updating exercise, more time was requested to allow for a thorough review. As such, it was proposed that an informal seminar be held in Rome prior to consideration of the General Conditions at the next Executive Board session.

The Executive Board then considered the progress report on implementation of the performance-based allocation system (EB 2008/95/R.51 and its addendum). Directors took note of the 2008 country scores and the annual country allocations for 2009, and welcomed the details of the rural development sector framework

assessments for 2008 contained in the addendum. The inclusion of Haiti and Liberia among the countries receiving allocations in 2009 was also noted. The Board approved the presentation of the report, together with the country scores and allocations, to the thirty-second session of the Governing Council.

The first annual report on quality assurance in IFAD's projects and programmes was then reviewed by the Board (EB 2008/95/R.52). Directors welcomed the positive impact that quality enhancement and quality assurance reviews are having on project design and the report's identification of areas for further improvement. Some Directors welcomed the fact that one aim of the quality assurance process is eventually to arrive at project approval on a "no objection" basis, and they looked forward to future reports to this effect.

The Board considered the 2008 report of the secretariat of the International Land Coalition (EB 2008/95/R.53). The report provided information on the ILC's corporate and operational achievements as well as the last phase of implementation of its plan of action, which was drawn up in response to the findings of the external evaluation conducted in 2006. In this context, Directors also noted with appreciation the agreement concluded between IFAD and the International Land Coalition.

Turning to the progress report on the activities of the Global Mechanism (GM) during 2008 (EB 2008/95/R.54), Directors welcomed its focus on the complementarities between the GM's approach to country support and the IFAD Strategic Framework and operating model. The Board approved submission of the report to the forthcoming Governing Council session.

The Executive Board recommended that the application for non-original membership received from the Republic of the Marshall Islands (EB 2008/95/R.57) be submitted to the Governing Council for approval. It then approved the draft provisional agenda for the thirty-second session of the Governing Council (EB 2008/95/R.55), which had been revised to include the items on non-original membership and the proposal for a voluntary separation programme. The Board took note of the programme of events for the forthcoming Governing Council. It then recommended the submission of the Report of the Emoluments Committee (EB 2008/95/R.56) to the Governing Council, and the Council's adoption of the draft resolution contained therein.

The Board approved the invitation of four new observers to future sessions of the Governing Council (EB 2008/95/R.58). The dates for the Executive Board's 2010 sessions (EB 2008/95/R.59) were also approved. Directors were informed that an updated version of the document, inclusive of the final calendar for all three Rome-based agencies, would be prepared for the April 2009 session of the Executive Board. Finally, the Board noted the information provided on Cuba, which had been included on the agenda at the request of the Executive Board Director for Mexico.

Distinguished Directors

We were all deeply saddened by the tragic and shocking news of the untimely passing of our dear friend and colleague, Theo van Banning, Board Director for the Netherlands. As part of this Board, and as Convenor of List A, Theo's unfailing commitment to and passion for the Fund, its beneficiaries and the entire membership were invaluable. He will be sorely missed, and the outpouring of sympathy, respect and appreciation for Theo will be passed on to his family and colleagues.

This session of the Board marks not only the last session for 2008 but also the last session for this Executive Board membership. I take this opportunity to thank each and every one of you for your excellent work and accomplishments over the past three years and for your consistent dedication to IFAD and its mission.

I would also like to take a moment to bid farewell to some IFAD staff who will be leaving the Fund over the coming months.

A familiar face to all of you, Mr Uday Abhyankar is a long-standing staff member of IFAD, having joined the Fund in 1987. He has made immeasurable contributions to the Fund over these years. Most recently, in his role as Special Adviser, he has played a strong and fundamental role in IFAD's Senior Management Team, providing advice and guidance to us all. He has consistently engaged with our membership and IFAD staff, and has helped build strong partnerships within the wider United Nations system and with other international financial institutions. He has ably represented IFAD at various international forums and he was a very strong and trusted ally to me when I worked on the High-Level Panel on System-Wide Coherence and on numerous other important initiatives. I am sure that you all join with me in thanking Uday for his excellent service to the Fund and in wishing him all the very best for the future.

Perhaps less visible, but nonetheless crucial and indispensable to me is my executive assistant, Ms Susan Baraldi, whose career with IFAD began back in 1986. Now as she is about to retire, I must praise her for her tremendous service, her good nature and the supporting role she has played to me, to IFAD and to many Board members. She has been a rock and is fundamental in the Office of the President. Thank you very much Susan.

One person who some of you know, and who has been a rock of a different sort for me, is the IFAD driver, Mr Vincenzo Valentini. Vincenzo will retire early next year after thirty years of service as the IFAD President's driver. He has been of tremendous support in his eight years with me, and has shown dedication that is exceptional and often far beyond the call of duty. I would like to pay tribute to him too.

I also want to say a few words as this is my last session as Chairperson of this Board. Together, we have achieved a lot. There are many ways to measure our progress. We have taken IFAD from a level of lending of less than US\$400 million a year, to over US\$700 million for next year; we have, maybe more importantly, increased the quality, the results and the impact of our work; and we have profoundly reformed and developed the institution. All of this could not have been achieved without your strong commitment and engagement.

The Executive Board sessions, the replenishment sessions, the Independent External Evaluation of IFAD (IEE); these have all played a part in driving change - not change for change's sake, but in order to strengthen the institution. You have supported me greatly in looking at the big picture: to reform; to focus on results and impact; to deliver more and better to Member States and, ultimately, to the rural poor - the men and women that we serve. You have placed great trust in me and you have supported me and for that I am eternally grateful.

You have helped us focus on strategic issues, policies and strategies - be they general, thematic or country strategies. You have taken equally seriously the monitoring and follow-up, so as to see and to be reassured that the strategic directions that you set are followed and that the goals are reached. You have relied on our own self-reporting, such as the RIDE, and on the findings of the independent Office of Evaluation, through such reports as the ARRI, and external experts, through such processes as the IEE. You have probed Management, here at the Board and in much more detail at the Evaluation Committee and the Audit Committee. I believe you have created a high-quality governance and accountability framework for Management and for the whole institution.

There has been a remarkable spirit of professionalism, where good arguments are heard and listened to, where a hard-driving change agenda has been guided and supported and very few issues have become contentious. You have realized that

your time is too precious to engage in micro-management and that goal-setting, monitoring and evaluation, as an accountability framework, delivers more — much more — than micro-management. This has made it a joy to work with you, to chair the Board and to truly learn from your insights, experiences and very diverse perspectives. They all add to what is the strength of IFAD. I am therefore extremely grateful for your support and I thank you for it. You will doubtlessly continue to guide this institution with the same strategic perspective: embracing change and reform with a view to continuing to enhance IFAD's quality and relevance. IFAD has very creative, committed and highly professional staff who rely on your good governance to deliver to their full potential. They have excelled thanks to you. They are the future of IFAD and your governance will release their potential. Thank you very much.

And now, on that note, may I wish you all a safe return home, a good year's end and an even better new year.