

Document: EB 2017/S10
Date: 5 December 2017
Distribution: Public
Original: English

E



Investing in rural people

Minutes of the tenth special session of the Executive Board

Note to Executive Board representatives

Focal point for technical questions and dispatch of documentation:

William Skinner
Officer-in-Charge
Office of the Secretary
Chief, Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

Executive Board – Tenth Special Session
Rome, 30 October 2017

Contents

	Paragraph	Page
I. Introduction	1-2	1
II. Opening of the session	3-5	1
III. Decisions of the Executive Board	6-23	1-3
A. Adoption of the agenda	6	1
B. Framework for Concessional Partner Loans (CPLs)	7-18	1-3
C. Other business	19	3
D. Closing of the session	20-23	3

Annexes

I. Delegations at the tenth special session of the Executive Board	5
II. List of documents placed before the tenth special session of the Executive Board	11
III. Agenda	13

Minutes of the tenth special session of the Executive Board

I. Introduction

1. The tenth special session of the Executive Board was opened by the President of IFAD and Chairperson of the Board, Gilbert F. Houngbo.
2. The Executive Board had before it as the main document, the Proposal for a Concessional Partner Loan Framework (EB 2017/S10/R.2), and later a conference room paper to reflect changes proposed during the session, as listed in annex II.

II. Opening of the session (agenda item 1)

3. The Chairperson welcomed participants to the special session, including those following the session from the salle d'écoute.
4. The Chairperson spoke of Management's strategy to diversify IFAD's funding through various instruments such as the Sovereign Borrowing Framework, and the proposed Concessional Partner Loan (CPL) Framework. This would contribute to positioning IFAD to actively support the achievement of the Sustainable Development Goals and the realization of Agenda 2030 in the context of a reformed United Nations System.
5. Having briefly recapped the steps taken in consultation with the Board to finalize the proposal, and noting that this was also in line with trends at other international financial institutions (IFIs), the Chairperson declared the special session of the Executive Board open.

III. Decisions of the Executive Board

A. Adoption of the agenda (agenda item 2)

6. The Executive Board adopted the agenda as proposed in document EB 2017/S10/R.1, and noted that it would be revised to include a proposed item under other business on the time line for adoption of the minutes of the tenth special session of the Executive Board. The revised agenda would be posted as EB 2017/S10/R.1/Rev.1.

B. Framework for Concessional Partner Loans (agenda item 3)

7. The Board reviewed the Proposal for a Concessional Partner Loan Framework as presented in document EB 2017/S10/R.2 and were provided with an oral report by the Chairperson of the Audit Committee on the second special meeting held on the same day and dedicated to this topic. The Board commended Management for preparing the document in a short time, and approved the proposed Framework. A summary of the deliberations is provided below.
8. The Chairperson of the Audit Committee thanked Management, in particular the Treasury Services Division, for their availability and timely responses to inquiries. He highlighted the following:
 - (a) The Audit Committee agreed that the document adequately covered all aspects of a well-devised framework, and from the Committee's point of view, it offered sufficient assurances that the risk profile of the CPL instrument had been adequately understood and sufficient risk mitigation measures were in place.
 - (b) In response to some members' remarks, Management had confirmed that existing policies for risk management, including liquidity and leverage ratios, would be reviewed.
 - (c) The Committee had noted the additional layer of assurance to be provided by an external independent review to be conducted in 2018.

- (d) The Chairperson of the Audit Committee noted that approval of this Framework would mean another important step for IFAD in diversifying its financial sources. In this respect, he informed the Board that the Committee would discuss how to enhance its role and effectiveness.
9. The Board noted that the main features of the proposed CPL Framework were based on approaches at other IFIs, including the substitution rule, the attribution of voting rights to the grant element of the CPL, the methodology for the calculation of discount rates and the financial terms of the CPL itself. The features unique to the IFAD CPL Framework were establishment of a minimum amount threshold for CPL at US\$20 million to prevent excessive fragmentation of loan contracts, and calculation of the benchmark contribution to ensure mitigation of the substitution risk in the national currency, for simplicity.
 10. One representative proposed edits to the document, which were captured in a conference room paper, EB 2017/S10/CRP. The Board agreed to the proposed changes. A revised document incorporating these changes would be posted after the session as EB 2017/S10/R.2/Rev.1.
 11. The Board reiterated the need for IFAD to maintain focus on its mission as a development fund whose bedrock was Member States' core contributions.
 12. One representative voiced concern regarding a possible implication of the minimum amount (US\$20 million) required for CPLs, noting that this could lead to an even greater imbalance of power among IFAD Member States, as this threshold would be difficult to reach for many developing countries. Consequently, lower-income countries would be unlikely to take advantage of CPLs to increase their voting rights. This view was shared by several representatives. Management provided clarification on how CPLs would generate voting rights. When contribution votes would be created to reward the grant element of a CPL, the one-third rule would apply and, accordingly, List C countries would continue to receive one third of the total votes created, as membership votes. Management further explained that the minimum threshold of US\$20 million was mainly for efficiency considerations, and would not compromise the governance structure of the Fund.
 13. The Board emphasized the need for an approach for long-term sustainability and stability, with an overall financial framework that included the borrowing tools and how they would be used efficiently and effectively, as well as the risk management and internal capacity.
 14. The Board welcomed the proposal to conduct an external independent review. In this respect, some members underlined the need for an accurate and careful monitoring phase and for involvement of the Audit Committee in implementation of the CPL Framework.
 15. Management also provided clarification on the calculation of the 80:20 rule. Unlike the International Development Association (IDA), IFAD would take into account only contributions in national currencies, and not in special drawing rights.
 16. The President underlined that during IFAD12, the Framework would be assessed in the light of lessons learned.
- C. Other business (agenda item 4)
17. The Board approved the proposal for a one-time waiver of the time line specified in the Rules of Procedure of the Executive Board to approve minutes of the Executive Board. Accordingly, the draft minutes of the special session would be posted by 20 November, and Board members would be expected to provide any corrections by 4 December. Should no requests for correction be received by that date, the draft minutes would be deemed approved by the Board and posted publicly. Otherwise,

the draft minutes, together with the requested amendments, would be submitted to the Board for approval at its December session.

D. Closing of the session

18. The President thanked members for their flexibility in agreeing to hold the special session of the Board specifically to review and approve the CPL Framework. He also thanked members for their support, feedback and contributions throughout the process of drafting and revising the CPL document as presented at the session, and assured them that all comments made would be taken into consideration during implementation of the Framework.
19. The President further noted that, in the context of the proposed external review, issues related to the process leading to market borrowing would also be reviewed to provide a comprehensive picture.
20. One representative asked how members could further support IFAD Management to ensure that the IFAD11 replenishment was successful. In response, the President urged members to: discuss options through an informal consultation among the three IFAD Lists; refer to the 2017 State of Food Security and Nutrition in the World (SOFI) report to make a case for increased support to IFAD beneficiaries; and use the current draft of the commitments made in the IFAD11 Results Management Framework to communicate IFAD's commitment and planned actions to address issues of rural poverty.
21. The President also thanked staff members that had worked intensively on the CPL document, as well as the Audit Committee for the special role it had played in providing timely guidance and feedback. He then declared the session closed.



Investing in rural people
Investir dans les populations rurales
Invertir en la población rural
الاستثمار في السكان الريفيين

وفود الدورة الخاصة العاشرة للمجلس التنفيذي

Delegations at the tenth special
session of the Executive Board

Délégations à la dixième session
spéciale du Conseil d'administration

Delegaciones en el décimo período de
sesiones especial de la Junta
Ejecutiva

Executive Board – Tenth Special Session
Rome, 30 October 2017

For: Information

ALGERIA

Nourdine LASMI
Directeur de la maintenance et des moyens
Ministère des finances
Alger

Imed SELATNIA
Conseiller
Représentant permanent suppléant
de la République algérienne
démocratique et populaire auprès des
organisations spécialisées des Nations
Unies
Rome

ANGOLA

Carlos Alberto AMARAL
Ministre Conseiller
Représentant permanent adjoint
de la République d'Angola
auprès du FIDA
Rome

ARGENTINA

Nazareno Cruz MONTANI CAZABAT
Secretario
Representante Permanente Alterno
de la República Argentina ante
la FAO, el FIDA y el PMA
Roma

BRAZIL

Gianina Müller POZZEBON
Second Secretary
Alternate Permanent Representative
of the Federative Republic of Brazil
to the United Nations Food and
Agriculture Agencies
Rome

CANADA

David CUMING
Adviser
Permanent Mission of Canada
to the United Nations Food and
Agriculture Agencies
Rome

CHINA

SHI Jiaoqun
Counsellor
Deputy Permanent Representative
of the People's Republic of China
to the United Nations Agencies
for Food and Agriculture
Rome

DENMARK

Vibeke Gram MORTENSEN
Counsellor
Deputy Permanent Representative of
the Kingdom of Denmark to IFAD
Rome

DOMINICAN REPUBLIC

Diana INFANTE QUIÑONES
Consejera
Representante Permanente Alternativa
de la República Dominicana
ante el FIDA
Roma

FRANCE

Arnaud GUIGNÉ
Conseiller économique
Adjoint au Chef du service économique
régional
Ambassade de France
Rome

GERMANY

Martina METZ
Minister
Alternate Permanent Representative of
the Federal Republic of Germany to the
International Organizations
Rome

INDIA

Sanjeev KUMAR
Second Secretary
Embassy of the Republic
of India
Rome

INDONESIA

Des ALWI
Minister
Deputy Chief of Mission
Deputy Permanent Representative
of the Republic of Indonesia
to IFAD
Rome

Gustaf Daud SIRAIT
Second Secretary
Alternate Permanent Representative
of the Republic of Indonesia
to IFAD
Rome

ITALY

Alberto COGLIATI
Senior Adviser
International Relations Directorate
Department of the Treasury
Ministry of Economy and Finance
Rome

Lucia SENOFONTE
Senior Adviser
Multilateral Development Banks Office
International Financial Relations Directorate
Department of the Treasury
Ministry of Economy and Finance
Rome

JAPAN

Toru HISAZOME
Counsellor
Deputy Permanent Representative
of Japan to the United Nations Food
and Agriculture Agencies
Rome

Akiko MUTO
First Secretary
Alternate Permanent Representative
of Japan to the United Nations Food
and Agriculture Agencies
Rome

KENYA

Teresa TUMWET
Agricultural Attaché
Alternate Permanent Representative
of the Republic of Kenya to
the United Nations Food and
Agriculture Agencies
Rome

MEXICO

Benito Santiago JIMÉNEZ SAUMA
Segundo Secretario
Representante Permanente Alterno
de los Estados Unidos Mexicanos
ante el FIDA
Roma

NETHERLANDS

Hans HOOGEVEEN
Ambassador
Permanent Representative
of the Kingdom of the Netherlands
to the United Nations Organizations
for Food and Agriculture
Rome

NIGERIA

Yaya O. OLANIRAN
Minister
Permanent Representative of the
Federal Republic of Nigeria
to the United Nations Food and
Agriculture Agencies
Rome

NORWAY

Gunnvor BERGE
Counsellor
Deputy Permanent Representative of
the Kingdom of Norway to IFAD
Rome

Ingrid Øilo MARCUSSEN
Intern
Royal Norwegian Embassy
Rome

REPUBLIC OF KOREA

JOO Won Chul
Counsellor (Agricultural Attaché)
Alternate Permanent Representative of the
Republic of Korea to the United Nations
Food and Agriculture Agencies
Rome

SAUDI ARABIA

Mohammed Ahmed M. ALGHAMDI
Minister Plenipotentiary
Permanent Representative of the
Kingdom of Saudi Arabia to FAO
Rome

SPAIN

Juan Claudio DE RAMÓN JACOB-ERNEST
Primer Secretario
Embajada de España
Roma

SWEDEN

Victoria JACOBSSON
Counsellor
Alternate Permanent Representative
of Sweden to IFAD
Rome

Jesper Edholm WIDÉN
Intern
Embassy of Sweden
Rome

UNITED KINGDOM

Elizabeth NASSKAU
First Secretary
Deputy Permanent Representative of
the United Kingdom of Great Britain and
Northern Ireland to the United Nations
Food and Agriculture Agencies
Rome

UNITED STATES*

Joanna VELTRI
Director
Office of International Debt
and Development Policy
Department of the Treasury
Washington, D.C.

Nicholas STRYCHACZ
International Economist
Office of International Debt
and Development Policy
Department of the Treasury
Washington, D.C.

VENEZUELA (BOLIVARIAN REPUBLIC OF)

Porfirio PESTANA DE BARROS
Ministro Consejero
Representante Permanente Alterno de la
República Bolivariana de Venezuela
ante la FAO y demás Organismos
de las Naciones Unidas
Roma

Hendrick Rafael BARRETO SÁNCHEZ
Primer Secretario
Representante Permanente Alterno de la
República Bolivariana de Venezuela
ante la FAO y demás Organismos
de las Naciones Unidas
Roma

* Participated by videoconference.

List of documents placed before the tenth special session of the Executive Board

Document no.	Agenda item	Title
EB 2017/S10/R.1	2	Provisional agenda
EB 2017/S10/R.2	3	Proposal for a Concessional Partner Loan Framework
EB 2017/S10/CRP	3	CRP – Proposed changes to the Framework for Concessional Partner Loans (CPLs)

Document:	<u>EB 2017/S10/R.1</u>
Agenda:	<u>2</u>
Date:	<u>17 October 2017</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Provisional agenda

Note to Executive Board representatives

Focal point for technical questions and dispatch of documentation:

William Skinner
Chief
Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

Executive Board — Tenth Special Session
Rome, 30 October 2017

For: Approval

Provisional agenda

I. Items for approval or review

1. Opening of the session
2. Adoption of the agenda [A]
3. Framework for Concessional Partner Loans (CPLs) [A]
4. Other business

II. Information note

Arrangements for the tenth special session of the Executive Board

Annotations

I. Items for approval or review

1. Opening of the session
The tenth special session of the Executive Board will be convened on Monday, 30 October, in the Oval Room (S-120) at IFAD headquarters, Via Paolo di Dono 44, Rome. The session will commence at 3.30 p.m.
2. Adoption of the agenda [A]
The provisional agenda is contained in the present document (EB 2017/S10/R.1).
3. Framework for Concessional Partner Loans (CPLs) [A]
The Executive Board is invited to approve the Framework for Concessional Partner Loans (CPLs), as contained in document EB 2017/S10/R.2. This document was reviewed after the informal consultation held on 6 October. The framework is also included as annex I of document IFAD11/3/R.3 + Add.2 to be submitted for review at the forthcoming session of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11). The document will be reviewed by the Audit Committee at its second special meeting, and the Committee's Chairperson will report orally to the Board on the outcome of the discussions.

Any comments or requests from the Consultation and/or the Audit Committee will be included in an addendum, which will be posted and tabled at the session.
4. Other business
Under this item, the Board may consider additional topics not included in the provisional agenda that may be proposed by members of the Board and/or Management.

II. Information note

Arrangements for the tenth special session of the Executive Board
This note will contain information on the arrangements for the tenth special session of the Executive Board.