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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-ninth Session
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**IFAD'S CONTRIBUTION TO
REACHING THE MILLENNIUM DEVELOPMENT GOALS:
REPORT OF THE CONSULTATION ON THE SEVENTH REPLENISHMENT
OF IFAD'S RESOURCES (2007-2009)**

1. The Governing Council, at its Twenty-eighth Session in February 2005, adopted Resolution 137/XXVIII establishing the Consultation on the Seventh Replenishment of IFAD's Resources ("the Consultation"). The Consultation, consisting of all Member States from Lists A and B, and 15 Member States from List C, as well as other Member States invited to participate in the Consultation as may facilitate its deliberations, was requested to discuss all aspects of the Seventh Replenishment of IFAD's Resources and to negotiate the conclusion of that replenishment.
2. The Consultation met in five sessions between February and December 2005. At its Fifth Session, on 14 and 15 December 2005, the Consultation finalized its report *IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009)* and decided to recommend to the Governing Council for adoption a draft resolution on the Seventh Replenishment of IFAD's Resources.
3. Accordingly, the Governing Council is invited to approve the report of the Consultation contained herein and to adopt the draft resolution on the Seventh Replenishment of IFAD's Resources, appended to the report as Annex I.
4. The Council is invited to note that Attachment A to the draft resolution annexed to the present document is currently incomplete as it includes only those specific pledges to the Seventh Replenishment announced by Member States during the Consultation's deliberations. Some Member States had asked for additional time to formulate their official pledges at the time of the Fifth Session of the Consultation. Accordingly, the Council is further invited to note that an updated version of Attachment A to the draft resolution will be tabled for all delegates at the Governing Council session. The attachment will then be further updated, after the session, taking into account pledges made during the Governing Council and subsequently for a period of six months after the date of adoption of the attached draft resolution.

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I. INTRODUCTION

1. The purpose of this report is to record the decisions and directions provided by the Consultation on the Seventh Replenishment of IFAD's Resources to guide IFAD during the Seventh Replenishment period (2007-2009), including the level of resources needed to finance IFAD's work programme during the period. The Consultation's deliberations were conducted against the backdrop of the international commitment to achieve the Millennium Development Goals (MDGs) and of IFAD's evolving focus, role and comparative advantage in the global poverty reduction effort.

2. This paper summarizes the Consultation's conclusions and guidance on key policy issues for the Fund. The report concludes with a recommendation to the Governing Council on a Seventh Replenishment target of USD 800 million.

II. THE DEVELOPMENT CONTEXT FOR AGRICULTURE AND RURAL DEVELOPMENT

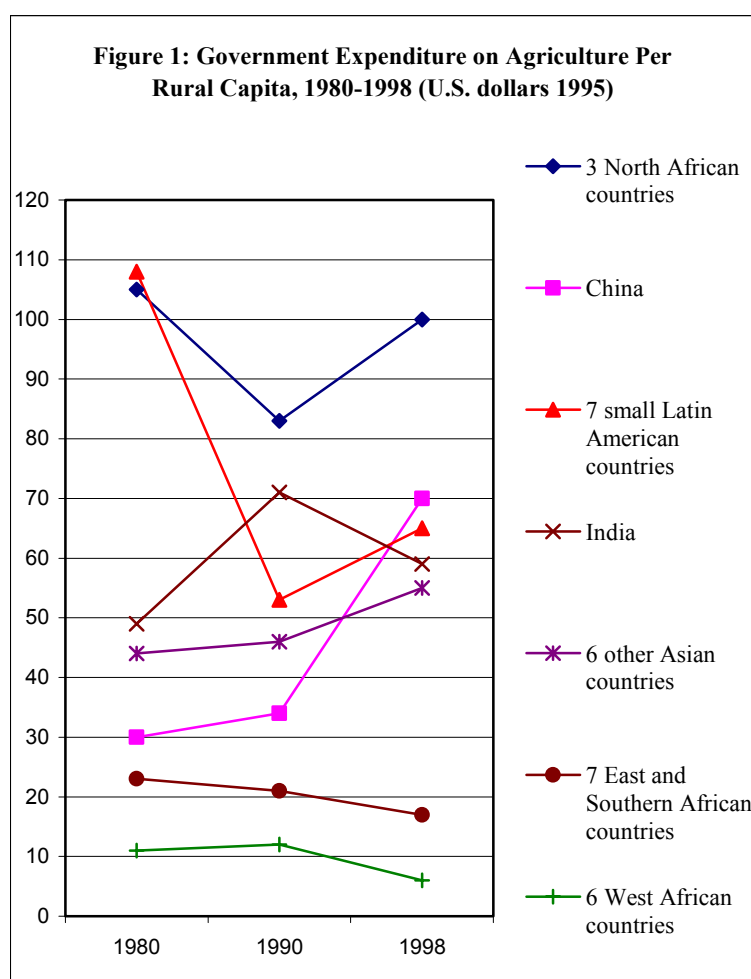
3. Since the onset of the twenty-first century, the Millennium Development Goals (MDGs) have been the driving force in international development efforts. The goals include time-bound (to 2015) commitments by the international community for the reduction of global poverty. Recent assessments of current data and trends¹ confirm, however, that the MDG targets will not be met without urgent new actions and major additional efforts. In recognition of this, 2005 witnessed new instruments for debt reduction of poor countries, commitments to very large increases in official development assistance, including increased replenishments of international financial institutions, measures to increase aid effectiveness through harmonization of efforts (as expressed, for example, in the Paris Declaration on Aid Effectiveness and the Triennial Comprehensive Policy Review (TCPR)) and new financing instruments aimed at front-loading the investments required to achieve the MDGs.

4. Yet, as concluded at the recent meetings of the Group of Eight in Gleneagles and at the United Nations World Summit in New York, these new measures and commitments are necessary but not sufficient conditions to the achievement of the MDGs. The goals of halving hunger and extreme poverty are matters not only of increased resources but also of a much improved targeting of policies, actions and interventions. This is especially the case for the three quarters of the world's extremely poor and food-insecure people who live in rural areas, most of whom make their living in and around agriculture, as small-scale farmers and landless workers. Where rural development strategies with a focus on the small farm have been well targeted and pursued consistently, poverty reduction has been substantial (e.g. China, India and Viet Nam), but consistent strategies and careful targeting have been either absent or inadequate in most countries. Across the range of developing countries whose national incomes are most dependent on smallholder agricultural production, fiscal outlays per rural capita declined over the period 1980-2000 (see Figure 1). Over roughly the same period, official development assistance to agricultural development experienced a dramatic decline (see Figure 2). The imperative of redressing this situation was specifically acknowledged in the final communique of the 2005 World Summit which stated that: "We reaffirm that food security and rural and agricultural development must be adequately and urgently addressed ... We deem it necessary to increase productive investment in rural and agricultural development to achieve food security."²

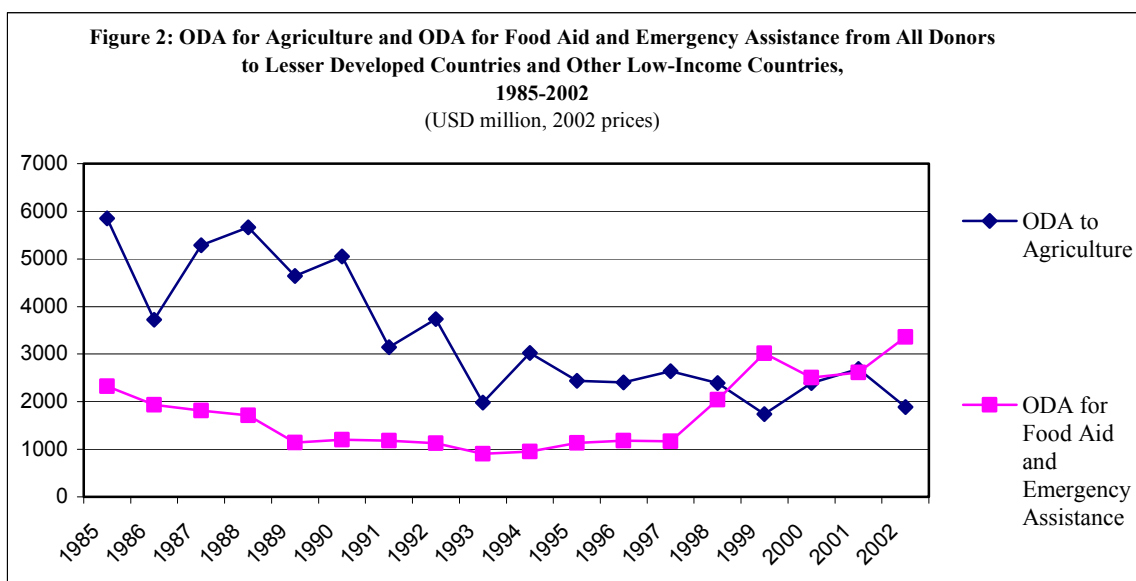
¹ See: United Nations Development Programme. 2005. *Human Development Report 2005, International cooperation at a crossroads* (pages 39-48, chapter 1 in section 2 "Scenario 2015 – Prospects for the Millennium Development Goals", figures 1.17 to 1.23); World Bank. 2005. *World Development Report 2006, Equity and Development* (pages 294-295; Table 2 presents most recent statistics on the MDGs by country); United Nations. 2005. *The Millennium Development Goals Report 2005*; UN Millennium Project. 2005. *Investing in Development, A Practical Plan to Achieve the Millennium Development Goals* (pages 13-27, chapter 2: "Where we stand with only a decade to go").

² 2005 World Summit Outcome, paragraph 46.

5. Increasing productive investments in smallholder agriculture in order to achieve the poverty reduction goal of the MDGs, however, will pose great challenges to the international development community. To date, for example, Poverty Reduction Strategy Papers (PRSPs) have generally not addressed adequately the role of agriculture and rural development and, equally, these areas have not yet featured strongly in donor efforts to improve assistance harmonization mechanisms. There is a need for the vigorous promotion of rural poverty reduction strategies in the context of national policy, budgeting and programming processes. However, in recent years several of the major development assistance agencies have reduced or eliminated their rural policy and technical support capacities. Finally, in many developing countries fiscal and structural reforms have impacted with particular severity on agricultural ministries, reducing their technical, professional and leadership capabilities.



Source: Fan, S. and N. Rao. 2003. *Public spending in developing countries: trend, determination and impact*. EPTD Discussion Paper n° 99, IFPRI.



ODA = official development assistance

Source: Organisation for Economic Co-operation and Development.

III. SITUATING IFAD: FOUNDATIONS, COMPARATIVE ADVANTAGE AND ASSETS

6. Although there has been a recent – and very welcome – renewal of international concern with the broad field of rural development this remains a relatively neglected area of international effort. Other international financial institutions, including the World Bank and the AfDB, work along side IFAD in rural settings. The World Bank’s 2003 rural development strategy confirms the imperative of much greater attention to rural development, especially in Africa, but the Bank will function here as the “donor of last resort”. The bilateral agreement between the WB and AfDB assigns to the AfDB the lead role in African rural development but in general terms the programme portfolio of the AfDB places its emphasis on physical infrastructure (e.g. roads, water supply) and on the delivery to rural populations of public goods, such as education and health services. IFAD functions far more through direct linkages with farmers’ groups and associations and through grass-roots change in socio-economic systems aimed at improving rural and agricultural livelihoods and increasing rural incomes. IFAD also occupies a position of relative uniqueness in working in support of the integration of rural agricultural smallholders into international supply chains, thereby affording to rural producers the benefits of globalization. While the overall portfolios of other IFIs have been characterized over the past two decades by reduced levels of financial support to agriculture and rural development and by reductions in the availability of specialized human resource for these sectors, IFAD has increased its technical and professional human resources capacities, and has actively collaborated with FAO and the FAO Investment Centre in leveraging the contribution of its technical skills in, for example, designing projects for agronomic improvements.

SOME DEFINING FEATURES OF IFAD

- IFAD's resources go to rural and agricultural development, and to that alone.
- IFAD's experience is attuned to today's issues of globalization and market-based development.
- IFAD's activities are rooted in local and community-level problem diagnosis and reflect national priorities. It is not a blue-print organization, but one highly responsive to differences in development context.
- IFAD has a demonstrated commitment to, and ability to work in, isolated areas and in response to the needs of rural women, indigenous groups and ethnic minorities.
- IFAD has a stock of partnerships and ongoing operations that link it directly to farmers' organizations, women's organizations and the rural private sector in poor countries.
- IFAD's governance structure reflects the views of both developing and developed countries, furnishing it with a broad-based legitimacy.
- IFAD has a highly experienced staff representing one of the highest concentrations of practical expertise in rural and agricultural investment for development anywhere in the multilateral system.

7. IFAD's mode of operation is consultative and participatory with the aim of raising the income and food security of rural poor people **within their own systems of agricultural production**. A livelihoods focus serves, therefore, as the foundation for all IFAD activities and this requires that **specific** solutions be sought for **specific** needs in **specific** locations. The issue is not solely the meagre assets and opportunities of the rural poor, but also the reasons why their assets and opportunities are so restricted. Women, indigenous and minority groups are a majority of the world's extremely poor rural people – because of special, and often discriminatory, exclusion mechanisms. Overcoming these mechanisms is vital for the rural poverty reduction effort.

8. The predominant economic contribution of agriculture in poor countries and the crucial role of small farms in most poor developing countries determine that raising the incomes of poor people and of countries as a whole requires increasing production and incomes at the small rural producer level. According to the Report of the Commission for Africa, in sub-Saharan Africa agriculture accounts for 30-40% of GDP, 40% of exports and 70-80% of employment. Other sectors and forms of production will doubtless be important in the long run, but the immediate answer to poverty must start from where poor people are, and that is on very small farms and in rural employment. Raising agricultural production and productivity among poor rural people is essential to poverty reduction. This is precisely what IFAD was set up to deal with, what it has worked on for more than 25 years, and what will be its key objective in the future.

9. IFAD has established a clear focus on the economic systems of poor rural people – in agriculture, but also in linked non-agricultural activities. This has been embedded in a portfolio that has encompassed about 700 projects with a total investment value of approximately USD 24 billion. Nearly 200 of these projects are ongoing (with a further 39 already approved and preparing to start)

reaching approximately 100 million poor people. This represents a significant effort in directly reducing poverty, building knowledge and institutions, and bringing informed analysis and recommendations to the policy process. As a result of a quarter century of experience in substantive areas of development in the agricultural systems of the rural poor, IFAD:

- (a) Participates in the crucial effort to build poor people's access to financial services, through microfinance but also in **going beyond** microfinance in creating linkages between upstream financial centres (including private-sector groups) and local organizations serving rural poor people. This is expressed in a sizeable portfolio of projects and programmes, as well as an internationally recognized position in policy dialogue, normative development and experience-sharing (including in association with the Consultative Group to Assist the Poor (CGAP), but also with regional institutions).
- (b) Is one of the few multilateral institutions with an active programme and policy dialogue engagement in making globalization work for the poor through exploiting opportunities for small farmers in new market systems and supply chains. Further evidence of this engagement is the expanding project and programme portfolio for market linkages in all of IFAD's operating regions.
- (c) Has a large portfolio in the area of small-scale irrigation and water management organized by small farmers, and strong partnership relations in dialogue about national and regional approaches to water use in agriculture. In the area of land management and conservation, it hosts the Global Mechanism of the Convention to Combat Desertification and is an executing agency of the Global Environment Facility, with a corresponding operations unit within IFAD.
- (d) Develops and supports programmes aimed at increasing and consolidating the access of poor and small-scale producers to agricultural production and post-harvest technology – in the context of the international trend towards diversification of technology suppliers and an increased role for the private sector.
- (e) Has an extensive portfolio of grants for technology development relative to small-farmer agricultural production and productivity challenges, a portfolio that has delivered technical innovations for smallholders and has had an acknowledged impact in strengthening the pro-poor orientation of IFAD's partners in key technology development, including the Consultative Group on International Agricultural Research (CGIAR) system as a whole.
- (f) With regard to its target population, IFAD's entire portfolio implements more explicit, direct and exclusive targeting of rural poor people's income and food security issues and resources than any other IFI. In the development and implementation of a gender-based approach and in addressing the situation of indigenous people, ethnic minorities and tribal groups in Latin America and Asia, IFAD is recognized as an innovator.
- (g) With regard to participation, IFAD builds institutional linkages to the community level, especially through partnerships with poor people's and farmers' organizations and by concentrating its institutional development work on organizations maintained by the poor themselves (e.g. rural finance and savings groups, marketing associations, self-help groups and water users' associations).
- (h) With regard to the private sector, IFAD has an explicit strategy on private-sector development and partnership reflecting and guiding the integration of the private sector

into major operations in its focus areas, including rural finance, technology and market linkage.

- (i) With regard to integration within national systems under national priorities, IFAD develops and validates its country strategies in consultation with governments, multilateral and bilateral donors, and local development partners. It also contributes on an increasing scale to strengthening both the development and implementation of pro-poor agricultural development dimensions of PRSPs and other national development strategies, including through joint work on poverty and social impact analysis and support to the participation of rural communities in PRSP consultation processes.

10. Building on the above foundations and acquired features of comparative advantage, during the Sixth Replenishment period IFAD advanced beyond its project-oriented capabilities to raise its overall development effectiveness by:

- (a) **Rationalizing allocation of development resources according to both need and prospects for effective use at the country level.** IFAD was the first United Nations agency to adopt a performance-based allocation system (PBAS), which is now fully operational with regard to both the loan and grant programmes.
- (b) **Strengthening institutional focus and introducing a more strategic perspective into country assistance programmes.** Resources allocated under the PBAS are applied within an overarching institutional strategic framework (Strategic Framework for IFAD 2002-2006) and against six specific and approved regional strategies. New policies on gender, rural finance, rural enterprise, sector-wide approaches and the development of and partnership with the private sector have been elaborated and adopted, and a new policy for grant financing and an expanded grants programme have tightened the relation among IFAD's different assistance instruments.
- (c) **Experimenting with new forms of project supervision and country presence; improving performance reporting and evaluating impact.** IFAD has pilot-tested direct project supervision, and has had the experience evaluated by its independent Office of Evaluation. It is also midway in piloting approaches to enhanced presence in the field. At the level of assessment of impact, IFAD has launched a new Results and Impact Management System (RIMS). The first results are entering the portfolio reviews shared with the Executive Board. IFAD's Office of Evaluation is now completely independent and is producing, inter alia, annual reports on the results and impact of IFAD operations; and IFAD's operational responses to evaluation findings are now explicitly and separately reported.
- (d) **Communicating results and engaging in policy dialogue.** IFAD has a programme of support for its own engagement in PRSPs and Poverty and Social Impact Analyses (PSIAs), as well as for enhanced coordination with other partners. IFAD's organizational structure has been changed to accommodate the establishment of a new Policy Division and a new Communications Division within a new External Affairs Department, tasked with strengthening communication, policy dialogue, advocacy and relationships with Member States.
- (e) **Mainstreaming innovation.** The Initiative for Mainstreaming Innovation (IMI) launched under the Sixth Replenishment has passed from its pilot phase into full implementation. With a complementary contribution of USD 10 million from the United Kingdom of Great Britain and Northern Ireland, the main phase of the IMI started in February 2005 with three funding modalities: (a) specially earmarked funds for

organization-wide activities not appropriate for competitive funding; (b) competitive funds to be used over a three-year period to finance innovative pilots; and (c) a small pilot funding facility to provide rapid funding for innovative activities.

- (f) **Modernizing financial and human resource systems.** IFAD has put in place a new asset liability management system allowing for greater use of internal resources for an expanded programme of assistance and better risk management. IFAD has also adopted a new Human Resources Policy, completed a fundamental revision of its human resource management procedures, established personnel performance evaluations, embarked on an intensive management assessment and training process and taken a pioneering role in the United Nations system in piloting pay-for-performance. IFAD has developed an industry-standard policy on preventing fraud and corruption in its activities and operations, and the first phase of its Strategic Change Programme has resulted in administrative streamlining, decentralization of responsibility and accountability, and a more analytical, results-oriented approach to resource planning and monitoring.
- (g) **Adopting a new evaluation policy, including establishing a fully independent evaluation function and undergoing a comprehensive independent external evaluation.** With the Independent External Evaluation (IEE), IFAD joined the ranks of the few international organizations that have graduated from self-reporting to the operation of an independent “internal” evaluation system and to openness to evaluation by a completely independent and external group. The findings of the IEE, while identifying certain weaknesses (see paragraph 12 and following, below), confirmed the assessment provided above, drawing particular attention to the fact that:
 - (i) IFAD’s mandate is highly relevant to achievement of the MDGs, to the rural poor and to country poverty reduction strategies.
 - (ii) The performance of IFAD’s overall portfolio is comparable to that of other IFIs, including IDA.
 - (iii) IFAD has a sound and effective model for a project-based approach to rural poverty reduction – and is tangibly contributing to the reduction of poverty through the projects it supports.

11. IFAD’s cumulative experience over more than twenty-five years, complemented and strengthened by the reform measures initiated under the Sixth Replenishment period, is furnishing it with an enhanced capability for mounting projects and programmes focused on strengthening capabilities to respond to the income and food-security needs of rural poor people. These assets will allow IFAD to scale up and expand its operations in meeting new challenges of rural development while at the same time undertaking a programme of institutional reforms in order to confront those challenges.

IV. MEETING THE CHALLENGES: A FRAMEWORK OF ACTION FOR THE SEVENTH REPLENISHMENT PERIOD

12. While the IEE drew attention to IFAD’s strengths, it also underscored that there was no room for complacency, that a range of challenges needed to be addressed, and that there were serious shortcomings and weaknesses that required urgent attention if the full potential of IFAD was to be realized. At the general level, the IEE challenged IFAD to increase its development effectiveness by: strengthening performance and enhancing the sustainability of its impact at the project and programme level; and by extending its impact through catalysing better solutions within national and

international rural development policy and programme processes. More specifically, the IEE highlighted the need to overcome institutional weaknesses in four areas:

- (a) **Focus.** Partly because agricultural and rural development has been a sparsely populated field (notwithstanding the recent increase in attention), IFAD has been obliged to spread its resources and attention over too many issues in rural areas.
- (b) **Engagement in country processes.** IFAD's development model has been one of supporting national project-based efforts rather than country-level presence and dialogue. This has resulted in insufficient engagement in ongoing country-level processes of rural policy and programme development. Consequently, IFAD's activities have been heavily focused on the immediate objectives of stand-alone projects, to the detriment of exploitation of emerging opportunities for collaboration in broad change processes.
- (c) **Knowledge management and innovation.** IFAD has accumulated vast country experience in hundreds of projects in areas that are essential to making a change in the condition of small farmers and the landless. Much of that experience remains tied up in implicit knowledge that is not rigorously validated nor synthesized and shared for policy development and dialogue. While known for innovation in some areas, IFAD has yet to make innovation a systematic element of all its activities.
- (d) **Staff capabilities.** IFAD staff has skills appropriate to a project-focused set of operations developed on a country-by-country basis. It is less strong in team work, in knowledge development and sharing, and in policy dialogue.

13. These four areas configure key challenges that will necessitate further expansion and deepening of the reform process launched during the Sixth Replenishment period. Over the Seventh Replenishment period, therefore, IFAD will grasp the opportunities and challenges identified by the IEE and will meet the following objectives:

- (a) Tightening IFAD's strategic focus and implementing management systems to ensure that resources and activities are anchored in its selected focus areas, that performance is measured against objectives, and that costs are tightly controlled without prejudicing what is necessary to pursue an innovation mandate involving a high percentage of relatively small operations (compared with other IFIs) in remote areas and among exceptionally vulnerable populations.
- (b) Building on the experience of the Field Presence Pilot Programme, enhance country-level engagement to ensure full and proactive participation in PRSPs and aid harmonization and coordination processes.
- (c) Promoting IFAD's catalytic role as an incubator to develop and test innovative projects to benefit the rural poor in areas where it has proven to be effective.
- (d) Guaranteeing quality through quality assurance anchored in peer review and advice involving external centres of excellence.
- (e) Building a human resource management system capable of producing new competencies for new objectives.
- (f) Bringing IFAD's financing instruments into line with emergent international practice relative to debt sustainability.

- (g) Ensuring that IFAD's risk management and corruption prevention activities are aligned with relevant international standards.
- (h) Identifying opportunities for improving efficiency as well as containing and reducing IFAD's ratio between administrative costs (including PDFF) and the programme of work.
- (i) Developing the role of the Executive Board so as to draw maximum benefit from IFAD's governance structures as assets for guidance relative to priorities and diversity in approaches.

14. IFAD **will** focus much more clearly on areas where national and international systems for strengthening poor people's assets and capacities for income growth and food security through agriculture are weak and must be strengthened. IFAD **will not** engage in areas where it can bring little value-added. IFAD is not mandated to provide relief: its food-security mandate involves providing neither the rice nor the bowl, but the means of growing rice and making a living from it to those most vulnerable to malnutrition and extreme poverty. Its specificity lies in addressing the long-term causes of rural poverty. It **will** coordinate and collaborate with institutions having a relief mandate and expertise; it **will not** duplicate their efforts. The details of IFAD's future operational focus will be developed in close consultation with development partners, including governments, international and bilateral development organizations, and civil society. Nonetheless, IFAD's mandate, experience and strengths already dictate the general outlines of its focus, just as its position within the development system already suggests its role.

15. IFAD will focus on reducing extreme poverty and hunger among the poorest rural people, including those on the physical and social margins who will never be included unless a deliberate and special effort is made. With regard to the MDGs, IFAD's contribution will principally be to MDG #1 – in the context, however, of a strong orientation to gender issues (MDG #3) as well as to innovation for replication and upscaling in larger national programmes and strategies. IFAD will **not** address macroeconomic and non-rural issues except where they bear directly on rural development issues and where IFAD's experience provides insights that can make a material contribution to key decision-making processes. It will not, on the whole, address the social-sector issues that are the focus of other donors. Thus, where previously IFAD engaged in local social infrastructure and basic social service issues to respond to the needs of its target group, in the future it will focus on its own core competencies, promoting complementary engagement by other actors. Through its projects and programmes IFAD will go straight to the community level and straight to the issues that are directly and immediately critical for the livelihoods of most of the poor: small scale agriculture and rural employment. These include:

- (a) Securing adequate access to land and water.
- (b) Managing and conserving the natural resources underpinning rural livelihoods.
- (c) Accessing local rural financial services for investment and saving.
- (d) Building and maintaining equitable access to evolving markets for their products and the material inputs they require.
- (e) Commanding the information and technology they need for production and marketing.
- (f) Strengthening the organizations of the rural poor.

16. Concentrating IFAD's resources will necessarily require **target group clarity and specificity**. As indicated previously, a crucial dimension of rural poverty reduction is overcoming the special obstacles faced by rural poor women and men as earners and producers. Macroeconomic management has difficulty in coming to terms with these because of its exclusive engagement with the **general** conditions of economic life. Social-sector investments, on the other hand, do not deal with elements of the production and employment situation of the rural poor that have a crucial impact on what even healthier and better educated rural poor people can achieve in terms of improved incomes and food security. IFAD's comparative advantage and role is to address these issues from the perspective of poor people and in collaboration with their organizations and institutions. IFAD's Action Plan will ensure the development and application of clear and precise metrics to the selection of target groups and will prioritize the extremely poor rural men and women, minorities and indigenous groups who have the potential to benefit from improved opportunities for agricultural production and income generation. IFAD will focus on rural people beneath the national poverty line, which in the poorest countries is typically even below the extreme poverty threshold of USD 1 a day established for MDG #1. Included here will be small-scale farmers with few assets, the landless, small-scale traders and artisans, herders, fishers and others who are extremely poor but have the potential to improve their condition. IFAD will not impose a universal poverty reduction blueprint on its work. It will respond to the unique nature of rural poverty in each of the countries in which it operates. IFAD will develop improved methodologies for ensuring that the poorest rural women and men are the beneficiaries of its projects and programmes, and will monitor the effectiveness of project design and implementation in this regard. IFAD will submit its policy and strategy for enhanced targeting of the poorest to the Executive Board in September 2006.

17. The overarching principle of the Action Plan will be **to support the capacity of poor people and countries to generate their own sustainable answers to their poverty**. IFAD will approach rural poor people as full and active partners in finding and building the solutions that are relevant to their interests and capabilities. IFAD's programming, planning and operations will aim explicitly at expanding the capacity and assets of poor people and their organizations, including their relations with more powerful actors and upstream processes. The broad metrics that will be employed to measure IFAD's success include:

- (a) less poverty and better nutrition in rural areas through increased agricultural production, productivity and incomes;
- (b) higher level of organized participation by rural poor people in development processes;
- (c) more national and international resources dedicated to solving basic rural livelihood challenges; and
- (d) programmes and policies that poor people and governments together agree make a significant difference to their ability to raise rural incomes and lower food insecurity.

A. The Action Plan

18. The principal vehicle for internal change in IFAD over the Seventh Replenishment period will be the IFAD Action Plan for Improving its Development Effectiveness and to implement the IFAD management response to the IEE. This Action Plan, approved by the Executive Board in its December 2005 session and annexed to the Consultation Report, embraces the IEE's recommendations, the views of the Executive Board on change priorities, and IFAD management's own views on change requirements. The detailed elaboration and implementation of the Action Plan and the actual achievement of objectives outlined in the above paragraph will be organized in three main action areas: strategic planning and guidance; a new operating model; and knowledge management and

innovation. Each of these will fully integrate the human resource management dimension of change and will mobilize the necessary information and communication technology support.

19. The Action Plan will assign priority to new approaches to sharpen and raise the effectiveness of national and international policies and programmes for rural poverty reduction. Stagnation in rural development and poverty reduction in many countries calls for new solutions, and it is IFAD's role in the international system – as the specialized multilateral agency for reducing rural poverty and food insecurity – to help provide them. It will strengthen rural development strategies and assistance by generating and testing innovative and better answers to the key income and food-security challenges facing rural poor people, and by mobilizing resources and partnerships to implement these approaches on a large scale. IFAD will invest in devising approaches that unlock both international assistance and the resources of developing countries themselves. A key function of knowledge management under the Action Plan will be to consolidate the lessons learned from successes – as well as failures – in such areas as microcredit, the role of international buyers in integrating rural producers into global supply chains, and organizational entities such as farmers' organizations, women's organizations and civil society. "Learning notes" will become an integral component of IFAD operations and these will be made available in easily accessible and useable form within IFAD and to all IFAD partners.

20. A **revised and updated strategic framework** will provide enhanced clarity to the **what** and the **how** of IFAD operations, including the thematic areas in which IFAD will be able to offer support and IFAD's modus operandi with regard to partnerships and both national and international processes. It will give guidance on coordination with national governments, farmers, women's organizations, and harmonization systems through PRSPs and other key national development planning processes. Placing partnership and comparative advantage at the centre of IFAD's planning and operations, IFAD's key strategy documents (including the strategic framework) will be produced in consultation with major partners and other groups. The new strategic framework will also follow from and reflect discussions with key partner organizations, most notably the World Bank, African Development Bank and FAO to clarify further and formalize the relative comparative advantages and division of labour required for effective partnerships.

21. The operationalization of IFAD's definition of its role, focus and intended impact will be underpinned by a new planning and monitoring (for performance and impact) instrument. The major corporate **performance and impact indicators** relative to IFAD's role and focus will be incorporated in a new medium-term plan (MTP). The MTP will be the framework for implementing a results-based management approach to planning and budgeting. It will identify IFAD's monitorable targets for impact and supportive activities, and it will provide the broad guidelines for the allocation of IFAD's overall resources.

22. The first IFAD Programme of Work and Budget reflecting the annualized tranche of operations under the MTP will be presented in September 2007. An upgraded strategic planning, budgeting and monitoring system will review and report on compliance and performance, supported by benchmarking with other comparable multilateral institutions. Drawing on MTP targets and progress monitoring mechanisms, as well as upon the Office of Evaluation's findings on the sustainability of project benefits, IFAD will provide its Executive Board with **regular reporting on IFAD's development effectiveness**, combining quantitative and qualitative indicators and drawing upon the results of the RIMS. The corporate objectives articulated in the strategic framework and elaborated in the MTP will provide the framework for IFAD's country-level planning and reporting, which will reflect its corporate focus and comparative advantage through incorporation of the corresponding performance and impact indicators. The Action Plan will reaffirm strongly the centrality of the ARRI

as both the principal measure of IFAD's performance and as a vehicle for continuous learning and improvement. The Action Plan incorporates IFAD's commitment to strive to achieve such performance standards as:

- 100% of projects will have high or substantial congruency with country development priorities;
- 80% of projects will have satisfactory outcomes;
- 60% of projects will have a high or substantial level of efficiency.

23. **A new quality assurance system, drawing heavily on the experience of other IFIs, including the World Bank,** will ensure policy coherence and improved quality at entry of all major operations and will elaborate and apply new criteria for measuring the quality of project design and implementation relative to effective targeting of the poorest, sustainability, innovation and partnership. At the same time, the Action Plan will apply exacting standards to the current portfolio to ensure year-on-year improvements, in particular in these areas.

24. The quality assurance system will capitalize on both the stronger technical and thematic capacities to be developed in IFAD and the active mobilization of special and complementary expertise in external organizations. With regard to quality at entry, and consistent with the spirit of the Paris Declaration on Aid Effectiveness, project and programme designs will be subject to review with key national and international partners at the country level, and documentation of this consultation will be an element of the project and programme approval process. Where appropriate conditions exist, project development will be fully within national agriculture sector planning processes. In this context IFAD will coordinate closely with its UN system and IFI partners, particularly in the framework of the Resident Coordinator system. IFAD-level entry processes will be upgraded within the framework of a more systematic external peer review process, already piloted in IFAD's rural finance operations.

25. **The Action Plan will elaborate processes, policies and instruments to bring about and to reinforce the harmonization of development efforts by the international community and to strengthen national and international processes for policy development.** IFAD's task is not only to support national priorities and international coordination systems but also to make these work better for the rural poor. IFAD will help improve national approaches to rural poverty reduction by working in and through national systems. It will contribute to the key Paris Declaration objectives through: support to effective country development strategies; joint analytical work; and promotion of common systems of technical support. It will operate within national budgets through local public financial management systems, supporting the effective implementation of national policies of decentralized budgeting and planning in rural areas. Within the framework of new corporate partnership guidelines, IFAD will clarify the means by which it will respond to the TCPR and the United Nations September Summit outcome document initiative for greater systemic coherence promoting "more tightly managed entities" in the fields of environment, humanitarian assistance and development.

26. Through **systematic engagement in PRSPs and SWAps, as specified in IFAD's policy on SWAps,** IFAD will selectively pursue opportunities for dialogue – derived from IFAD's field experience or required for project success. Capitalizing upon national poverty monitoring and strategy mechanisms where these exist, IFAD will promote the integration of lessons learned in exploratory projects seeking equitable access of the rural poor to the assets, services, information, technology and markets required for their economic and social advancement into mainstream poverty reduction policy and programming, and through the new operating model it will support the participatory and consultative processes that allow other local development partners, especially the organizations of the poor, to bring their knowledge and experience to the poverty reduction policy "table".

27. Effective participation in PRSPs and other forms of aid coordination will require the development of more concise and transparent country programme documentation. **Results-based country strategic opportunities papers (COSOPs)** will be IFAD's country-level planning instrument. They will be developed among IFAD, government, farmers' organizations, national stakeholders and assistance coordination mechanisms; and will provide the platform for IFAD's engagement with its country partners. The new COSOPs will be the interface between IFAD's corporate objectives and modalities, on the one hand, and country specificities and processes, on the other. They will incorporate and integrate priority programme, policy, partnership and knowledge-management objectives reflecting country conditions.

28. **IFAD's Action Plan will also seek to identify the most cost-effective means by which IFAD can enhance its country-level presence and constructive engagement in country dialogue and donor collaboration as well as in implementation support and knowledge management.** IFAD's Action Plan will seek to identify the most cost-effective means by which IFAD can enhance its country-level presence and constructive engagement in country dialogue and donor collaboration as well as in implementation support and knowledge management. To ensure that appropriate and necessary action is not delayed IFAD will undertake immediately a fast-track, rapid assessment of its field presence and pilot project experiences to date, including costs and initial reported benefits. IFAD will also develop a corporate country-team model that will include a set of best practices for engaging in policy dialogue, implementation support and donor collaboration. As a further step, the pilot programme launched under the Sixth Replenishment will be systematically and independently evaluated and compared with the decentralization experiences and lessons learned from other IFIs. As a third step, as warranted, IFAD will develop a country presence policy that defines cases (e.g. portfolio at risk) where engagement beyond the corporate CPM model is required. The policy will provide guidelines for determining appropriate approaches that are most suitable, flexible and cost-conscious. The nature and focus of IFAD's in-country capacity will vary from country to country according to local needs and opportunity, but they will serve the common purpose of anchoring IFAD's activities in country priorities and country processes. This investment in and mobilization of local processes and capacities will also be supported by IFAD's adoption of an approach to project supervision and the systematic capture and sharing of experience in innovation that opens participation to qualified in-country organizations.

29. IFAD will strengthen integration, mutual learning and strategic convergence in country programming. **The Action Plan will introduce country programme management approaches involving in-country teams working in collaboration with country programme management teams at headquarters drawing on experience and capacity across the Fund and linked to new knowledge management and quality assurance processes.** This will be underpinned by country results targets and indicators that will be an obligatory part of all COSOPs and will be aligned with corporate level targets, performance and impact indicators.

30. **IFAD's future knowledge management and innovation strategies** will be defined and implemented as part of the Action Plan. Innovation mainstreaming is already the subject of a major ongoing programme in IFAD (the Initiative for Mainstreaming Innovation), but a more clearly defined strategy, including for the identification and management of risk, is essential if this is to achieve the application that is required.

31. IFAD's knowledge management role will not be that of a strategic studies or policy analysis centre, such as the International Food Policy Research Institute (IFPRI). The knowledge management challenges are to ensure that continuous and effective learning derives from IFAD activities and that this learning is linked integrally to the learning of others in its areas of activity and focus, first and foremost through the system of knowledge development and exchange behind the Learning Notes and IFAD's Rural Poverty Portal. IFAD will present a knowledge management strategy to the Executive Board in December 2006.

32. IFAD's strategy for knowledge management and innovation will be guided by the basic principles of:

- (a) Focusing IFAD's engagement on the thematic issues and areas of its comparative advantage that will be identified in the strategic framework.
- (b) Mobilizing loan- and grant-based activities as platforms for knowledge development through explicit inclusion of knowledge development objectives and mechanisms in them.
- (c) Raising the level and quality of IFAD staff time in internal knowledge management.
- (d) Providing incentives for IFAD staff to innovate and share knowledge.
- (e) Building long-term knowledge development and dissemination partnerships with a limited number of global and regional centres of excellence (including in programme design and development).
- (f) Investing in the capacity of regional and national centres to explore selected agricultural and rural poverty reduction issues and options in partnership with organizations of the rural poor.
- (g) Reaching out to development partners through a targeted programme of knowledge and information-sharing.

33. **Under the Action Plan, IFAD will develop staff capabilities to support changing functions and roles**, and create an assessment and incentives framework ensuring that corporate objectives are effectively and consistently pursued by all employees. IFAD will review and revise its key staff competencies in the light of the revision of IFAD's operational model. It will recruit according to required competencies, and will expand staff training to build up capacity of existing staff to respond to new tasks. IFAD will conduct a staff competency and workload analysis as the basis of a programme of staff rotation and reallocation to meet new operational requirements.

34. In line with greater corporate accountability (through the adoption of a results-based management system and the review of development effectiveness), individual and group staff accountability will be increased on the basis of clearer individual and group definitions of objectives and outputs cascading from corporate objectives, and regular performance monitoring. As part of this, human resource management instruments and modalities will be introduced to enhance the skills, performance orientation and openness of management through:

- (a) A staff pay-for-performance system.
- (b) Increasing accountability for development results to the Executive Board.
- (c) Benchmarking institutional performance against performance of comparable multilateral development institutions.
- (d) Mobilizing high-level external assistance in corporate performance assessment.
- (e) Extending assessment and coaching under the Management Development Centre initiative with the World Food Programme (WFP) and the Food and Agriculture Organization of the United Nations (FAO) to all levels of management.

35. The Action Plan outlined above will allow IFAD to seize the new opportunities and challenges outlined in the IEE, to address its shortcomings and, most importantly, to achieve enhanced development effectiveness. In most countries, IFAD's resources will be modest compared with investment requirements for a comprehensive response to even a subsectoral problem. Therefore, IFAD's programme and scaling-up path will be worked out in close collaboration with national governments and assistance coordination mechanisms. IFAD's comparative advantage of addressing the specific requirements of poor people will be rooted in partnerships with and investments in farmers', women's and community organizations making it possible for the organized views of the IFAD target group to be brought more to bear in local and national policy and programme processes.

B. Allocation and Forms of IFAD's Financial Assistance

Implementation of the Performance-Based Allocation System

36. The Consultation reiterated that the PBAS will be extended as a uniform system of comparison and allocation across the lending programme as a whole, taking into account the need both for reflecting priorities in terms of the regional distribution of development assistance (in particular regarding Africa and other similar highly concessional borrowers) and to maintain at least a two-thirds share for them. In this regard, IFAD will continue to direct at least the current percentage share of resources to sub-Saharan Africa, provided that the performance of individual countries warrants it, to support the efforts of these countries to use these resources effectively in helping the rural poor overcome poverty and achieve food security.

37. In order to achieve this, further careful analysis and consultation based on experience of implementation to date of the PBA system is required to ensure that the PBAS fully reflects the strategic orientations, priorities and mandates of the Fund.

38. Prior to the April 2006 Executive Board meeting, IFAD will convene an informal seminar for the membership to consider modifications to the formula. The April 2006 Executive Board will decide how to operationalize the revisions for the uniform system of comparison and allocation across the lending programme as a whole. To this end, the Executive Board may establish a working group to review the relevant issues of the existing system, including modifications based on elements of the formula itself, including performance assessments, and the weights of population and income, while maintaining the overall weight of performance. This is to become effective with the 2007 programme of work, the first year of IFAD VII, to be presented at the September 2006 Board.

Adoption of a Debt Sustainability Framework

39. Major donors are committed to increasing flows of official development assistance and reducing obstacles to the implementation of poverty reduction strategies in the poorest countries (including ensuring long-term debt sustainability). IFIs, too, are key actors in the global development assistance strategy. Nonetheless, it is evident that a drive on their part to substantially increase assistance threatens to conflict with the objective of containment of the impact of debt distress on poverty reduction. The Multilateral Debt Relief Initiative (MDRI) is being developed as one of the key responses to this issue. The MDRI is intended to provide very substantial further reduction of the public-sector debt of HIPC-eligible countries by their principal public-sector creditors – the IDA, the International Monetary Fund and the African Development Bank. Its details are currently being formulated and the scale and full implications of the MDRI will become clear only thereafter.

40. The MDRI could lower the number of HIPC countries at or near the debt distress threshold. However, the challenge will remain of avoiding adding to debt distress in the non-HIPC countries. The response to this challenge has been the adoption of a debt sustainability framework (DSF) for

providing assistance to poor countries eligible for highly concessional assistance under the respective windows of a number of major IFIs (African Development Fund, Asian Development Fund and International Development Association, to date) within the context of each of their replenishment negotiations. The DSF is intended by the international community to provide a comprehensive and common framework for IFI assistance to poor countries through which individual IFIs will provide assistance on grant terms taking into account the results of country debt-distress risk analysis.

41. The country allocation (of assistance) made by each IFI will continue to reflect its performance-based allocation system (PBAS), and the content of the assistance programme will be ruled by the IFI's own country strategies and programmes agreed with each country within the framework of the country's own poverty reduction strategies.

42. The DSF provides for full compensation to participating IFIs in order to sustain their capacity to service future poverty reduction and development needs. This purpose is served by two mechanisms: full compensation for service charges forgone through (in the case of IDA) retention and management of part of the resources governed by its Modified Volume Approach (MVA); and full compensation for principal repayments forgone which will be financed through additional donor contributions on a pay-as-you-go basis. The MVA involves a discount applied to the PBAS allocation of countries eligible for assistance on grant terms under the DSF in order to address perverse incentives for countries to accumulate unsustainable debt levels.

43. In order to maintain and enhance its ability to effectively pursue its specific role and focus relative to rural poverty reduction in debt-distressed countries where there is a need for a coordinated effort to ensure that development assistance does not overburden debt-service capacity, IFAD should join other IFIs in adopting and implementing a DSF for the delivery of assistance to countries with high to moderate debt-distress risk. As in the case of other IFIs, the combined operation of the pay-as-you-go mechanism to compensate for principal repayments forgone and the MVA-linked approach to compensation for service charges forgone would result in the adoption of the DSF in IFAD having no overall impact on the Fund's resource position. In the light of the above, the Consultation recommends that:

- (a) Commencing in 2007, IFAD should adopt the IDA model of a debt sustainability framework to govern the allocation of assistance to countries eligible for highly concessional assistance and with high to moderate debt-distress risk.
- (b) The relevant articles of the Agreement Establishing IFAD should be amended to allow the operation of the debt sustainability framework.
- (c) The debt sustainability framework adopted by IFAD should be based on technical economic country analyses of debt-distress risk (and, eventually, forward-looking analyses of debt sustainability) produced by the relevant international institutions competent in that area, i.e. the International Monetary Fund and the World Bank, working in collaboration with the countries concerned.
- (d) IFAD Member States, and particularly those who are major contributors of official development assistance, agree to compensate IFAD fully for principal repayments forgone as a result of application of the debt sustainability framework within a pay-as-you-go mechanism as adopted in IDA 14.
- (e) IFAD management should submit to the Executive Board in September 2006 proposals for the operation of the debt sustainability framework, including provisions for: reporting on progress; the share and implications for IFAD's finances; the implications for IFAD's disbursements to developing countries; the implementation of the appropriate modified

volume approach for the generation of compensation for service charges forgone; and IFAD's participation in the collaboration among MFIs for refining and reviewing methodologies used under the debt sustainability framework, as well as calibration of IFAD's approach with the approaches of other IFIs.

44. The Executive Board will review, in September 2006, the IFAD Policy for Grant Financing in the light of the adoption of the DSF, taking into account the impact of the Multilateral Debt Relief Initiative on the level of IFAD assistance projected to be provided on DSF terms.

C. Fiduciary Responsibilities and Asset Liability Management

Fiduciary Responsibilities

45. Consistent with the policies of most other United Nations organizations and IFIs, IFAD's approach to internal control is largely founded on the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in New York in 1992 (commonly referred to as the COSO model).

46. Actions taken by IFAD that bear on financial soundness and the safeguarding of assets include:

- (a) Implementation of the asset liability management framework to focus on identifying, understanding and managing financial risks while pursuing the institution's financial objectives; the implementation of a more conservative investment policy; and the formal issuance of a treasury manual.
- (b) The Strategic Change Programme and the implementation of the PeopleSoft integrated financial system, including further development of its reporting capabilities for management information concerning all areas of the organization.
- (c) Establishment of a separate strategic planning and budget function; the introduction of activity-based budgeting; the decentralization of budgetary decisions and management; and the introduction of standard reporting on budgetary performance combined with periodic reporting on the achievement of divisional objectives.
- (d) Establishment of an Oversight Committee to coordinate investigations into alleged irregular practices; the issuance of policies and procedures to cover investigations, including provisions for the protection of staff from retaliatory actions and from malicious accusations; and the issuance to staff and to the Audit Committee of an annual report on the results of investigations (including sanctions).
- (e) Development of an anti-corruption policy and procedures.
- (f) Strengthening of the internal audit function.
- (g) Strengthening of the IFAD security function and the restructuring of the IFAD insurance cover.
- (h) The organization-wide definition of business continuity plans, involving emergency and recovery plan definition for the critical areas of information technology and headquarters facilities.

47. IFAD has made significant progress in improving its internal procedures and controls and will expand and refine this approach to match evolving best practices in the IFI and United Nations environments. This will include the:

- (a) Establishment of confidential facilities for the communication of allegations.
- (b) Strengthening of the IFAD investigation function.
- (c) Creation of an IFAD debarment process for contractors involved in its projects.

48. IFAD will proceed with the further documentation of its internal control framework and will evaluate options for providing formal management reporting on the effectiveness of controls, taking into consideration the cost/benefit implications for IFAD and evolving best practices. IFAD will seek to incorporate the assessment of control effectiveness and risk management into the management decision processes of the Fund without creating new permanent structures and positions, by building on existing resources, tools and practices.

Asset Liability Management

49. All financial institutions, including IFAD, are exposed to a series of financial risks on their balance sheets. Asset liability management (ALM) focuses on identifying, understanding and managing those risks while pursuing the institution's financial objectives. The 2003 ALM review provided an overview of IFAD's overall ALM and risk exposures; the overall conclusion reached was that, in general, IFAD was adopting risk aversion policies similar to other IFIs, except for its approach to liquidity management which differs considerably from that of other such institutions.

50. As a result of the 2003 ALM review and further ALM analyses, the following improvement actions were implemented:

- (a) A separate ALM group was established in the Office of the Treasurer to help improve the efficiency and effectiveness of IFAD's asset liability management.
- (b) A portion of the IFAD investment portfolio was designated as "held to maturity" and the equity portfolio was liquidated so as to further reduce market risk.
- (c) IFAD's investment guidelines were modified to eliminate the possibility of unhedged currency exposures.

51. During the Seventh Replenishment period, IFAD will maintain the ACA with a maximum use of five years of future reflows. The review carried out under the ALM highlighted that, compared with other IFIs, IFAD's level of liquid assets was high in relation to the lending programme and the level of annual loan disbursements. In this context, IFAD will submit to the Executive Board in December 2006, for its review and approval a liquidity policy that will provide means of monitoring and ensuring that the Fund has adequate liquidity available at all times. IFAD will furthermore continue to gain experience with the ALM which provides a comprehensive framework for monitoring IFAD's overall financial position.

D. The Associate Professional Officer (APO) Programme

52. IFAD recruits its staff based on merit. It does not have a formal country quota system, although it does take the objective of equitable geographical distribution into account. IFAD will proactively promote applications from underrepresented countries and regions. Staff from countries that are not members of the Organisation for Economic Co-operation and Development (OECD) represent a

larger percentage of the total than at FAO (which does operate a country quota system) and WFP. Similarly, IFAD has performed well in improving the gender composition of its staff – including professional staff – without a formal quota system. The area in which IFAD has been less successful in achieving equitable geographical distribution is the Associate Professional Officer (APO) Programme, under which individual staff members are sponsored by IFAD Member States. Currently, APOs, selected on merit for a period of two to three years, come from OECD member countries. Given the significant level of retention of former APOs in IFAD after they have left the APO programme, the regional imbalance thus created puts the equitable distribution of staff at risk. The Consultation, recognizing both that the APO Programme is important for IFAD's operation and that equitable distribution of staff posts and opportunity is an important principle for the functioning of the Fund, expressed support for the concept of an enhanced APO Programme offering broader and equal opportunities for candidates from all Member States following the existing recruitment procedure and principles of IFAD. At the same time, it recognized that a proposal along these lines would have significant financial implications, and in this context it requested the Executive Board to review in September 2006 the scale and financial implications of an enhanced APO Programme and explore ways that would enable it to be implemented during the Seventh Replenishment period, including through voluntary contributions.

V. THE ROLE OF THE EXECUTIVE BOARD AND IFAD'S GOVERNANCE STRUCTURE

A. Role of the Executive Board

53. IFAD was founded as a partnership between member countries of OECD, members of the Organization of the Petroleum Exporting Countries (OPEC) and developing countries. This broad base of participation in the financing and effective governance of the Fund has been a vital element of IFAD's specificity and comparative advantage. The structure and composition of the Executive Board has enabled this dimension of IFAD to be reflected in the guidance given to IFAD management. This engagement is a development asset that IFAD will capitalize upon to enhance its effectiveness.

54. In the Seventh Replenishment period, IFAD will use this asset to even greater effect for oversight, ensuring effectiveness and decisions on policy. For example, IFAD will facilitate focus on strategic and policy issues and develop a new format for project documents and new results-based COSOPs. The Executive Board will review all of IFAD's new planning and monitoring instruments, including the strategic framework, the medium-term plan and the report on IFAD's development effectiveness. IFAD will make provision to support longer Executive Board meetings as required on a case-by-case basis in agreement with the Executive Board, and will provide documentation in such a form as to enhance the engagement of the Executive Board in policy and strategic issues.

55. The Executive Board will also review the IFAD Policy on the Disclosure of Documents in 2006, taking into consideration the Consultation's deliberations on the current policy, in particular the recommendation to disclose policy, strategy and loan documents when they are presented to the Executive Board, and a comparison with the disclosure policies and procedures of selected IFIs and United Nations agencies.

B. IFAD's Governance Structure

56. The Consultation having been presented with proposals by Lists B and C on voting rights of Member States and Executive Board membership established, at its Fourth Session, a working group to review these two issues as well as the role and effectiveness of the Executive Board. At the Consultation's Fifth Session the working group presented a report recommending that the breadth and importance of these issues would benefit from further and more extensive discussions. The Consultation agreed that discussions should continue outside the Replenishment Consultation within the Executive Board. Accordingly, it recommended that the Executive Board set up an ad hoc

committee to review the issues mandated to the working group, with the same List composition as other Executive Board committees (four members from List A, two members from List B and three members from List C). It further recommended that this ad hoc committee meet with the objective of concluding its discussions and recommendations by the end of 2006.

VI. FINANCING REQUIREMENTS FOR THE SEVENTH REPLENISHMENT PERIOD

A. Programme of Work 2007-2009

57. IFAD's programme of work from 2007 to 2009 will reflect the evolution of the global system of development assistance and the global effort to reach the MDGs. There is a growing appreciation of the significance of rural and agricultural development for reaching the MDGs, and especially for halving hunger and extreme poverty. This was clearly reflected in the outcome of the 2005 World Summit. There is also an understanding that accelerating rural and agricultural development will require substantially greater investments. These will primarily be delivered through national and international mechanisms more focused on the resource **transfer** role. IFAD's role is to take the lead in projects and programmes to explore new and better approaches, ensuring that broad policies and programmes of rural development and poverty reduction are in a stronger position to reflect the income and food-security concerns of rural poor people, embody best practice in sustainable solutions, and **catalyse** investments from more purely financial institutions. In some countries, particularly those with few development resources of their own and where the focus of external assistance lies in other areas, IFAD's financial support for rural poverty solutions may be decisive in getting progressive approaches off the drawing board and into the field.

58. Turning a general global interest in rural development into a practical engagement of greater resources within better approaches is a major challenge. It is one that IFAD was designed to meet, and adoption of a tighter focus and an explicitly catalytic role (underpinned by a new operating model) will make it a more efficient and effective protagonist. IFAD will increase its work programme to respond to the need for specialized inputs into a global system of expanded – and higher-quality – support for rural development. IFAD will expand its catalytic capacity in line with the expansion of the interest and commitment of others to respond to the rural poverty crisis through larger resource flows.

59. The expansion of IFAD's programme of work will be commensurate with the availability of resources and its capacity to put resources to effective use. That capacity was improved during the Sixth Replenishment period, and this enabled IFAD to increase its programme of work by 10% annually in 2004-2006 while at the same time implementing a reform programme including the Sixth Replenishment tasks (see paragraph 10, above) and the comprehensive Strategic Change Programme (Phase I). IFAD will build on its track record of change and take the same approach in the period 2007-2009, i.e. gradually expand its work programme as capacity, efficiency and effectiveness are enhanced through implementation of the Action Plan. The target would be to maintain the growth of 10% a year achieved in the Sixth Replenishment period. This would allow the Fund to have a target for its overall work programme for the Seventh Replenishment period of USD 2 billion. At the same time, it is noted that the actual programme of work for each year will be determined by the Executive Board. In doing so, the Board will take into account both the availability of resources and the capacity of the Fund to carry out the agreed programme of work.

B. Financing Requirements for the Seventh Replenishment Period

60. In the context of this target of USD 2 billion for IFAD's work programme during the Seventh Replenishment period, total resource requirements would be about USD 2.427 billion, which includes USD 290 million for the administrative budget and the PDFF³ and USD 137 million for HIPC costs (excluding contributions from the World Bank HIPC Trust Fund). This figure for administrative expenses reflects IFAD's commitments to ensuring that the ratio between administrative expenses and the programme of work does not increase over the Seventh Replenishment period, and to actively explore opportunities for efficiency gains through the implementation of the Strategic Change Programme (Phase I) and the Action Plan. Projected inflows and loan cancellations are calculated at USD 1.12 billion. Taking into account utilization of resources under the ALM framework of about USD 507 million, the Consultation noted that a Seventh Replenishment target of USD 800 million would be necessary to finance the target work programme over the period 2007-2009. The Consultation further noted that such a replenishment level would be consistent with IFAD's retaining its share of overall official development assistance and thus its role in the global effort to eradicate hunger and poverty and contribute to achieving the goals set by world leaders at the Millennium Summit.

VII. RECOMMENDATION

61. The Consultation on the Seventh Replenishment of IFAD's Resources welcomed the efforts being made to enhance IFAD's capacity to deliver an enhanced work programme while achieving higher impact and sustainability to improve food security and reduce the poverty and vulnerability of the world's poorest citizens. In this context it noted the target of maintaining an increase of 10% a year over the Seventh Replenishment period, implying a work programme for 2007-2009 of USD 2 billion. The Consultation further noted that the Executive Board will determine and approve the actual programme of work on an annual basis taking into account the availability of resources and the growth of capacity in the institution. The Consultation agreed in this context to a Seventh Replenishment target of USD 800 million and recommends to the Governing Council that it adopt the draft resolution attached as Annex I to this report.

³ The USD 290 million for the period 2007-2009 comprises USD 228 million for the administrative budgets for the three-year period and USD 62 million for the portion of the PDFF allocated to the budget. It should be noted that an equivalent portion, approximately USD 20 million per year, of the PDFF is included in the programme of work.

**DRAFT RESOLUTION ON
THE SEVENTH REPLENISHMENT OF IFAD'S RESOURCES**

Resolution __/XXIX

The Seventh Replenishment of IFAD's Resources

The Governing Council of IFAD,

Recalling Article 4.3 of the Agreement Establishing the Fund, which provides that, in order to assure continuity in the Fund's operations, the Governing Council shall periodically review the adequacy of the resources available to the Fund and, if necessary, invite Members to make additional contributions to the resources of the Fund;

Further recalling Governing Council Resolution 137/XXVIII, adopted on 17 February 2005, establishing a Consultation on the Seventh Replenishment of IFAD's Resources;

Urging those Members which have not yet paid the full share of their previous contributions to the resources of the Fund and those which have not yet deposited their Instruments of Contribution for the Sixth Replenishment to adopt effective measures to complete such payments and deposit such Instruments of Contribution as soon as possible;

Reaffirming its unanimous support for the Fund and its mandate to combat poverty and hunger and noting with great satisfaction the Fund's continued progress in discharging effectively that mandate;

Noting the desire of its Members to maintain an adequate level of annual loan and grant commitments in order to enable the Fund to fulfil its mandate;

Further recalling its Resolution 100/XX on the Provision of Advance Commitment Authority during the Fourth Replenishment Period, adopted on 21 February 1997;

Having considered IFAD's Contribution to Reaching the Millennium Development Goals: the Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009), contained in document GC 29/L.4 and the draft resolution on the Seventh Replenishment of IFAD's Resources attached thereto;

Taking into account the statements made in the Consultation on the Seventh Replenishment of IFAD's Resources indicating that a number of Members intend to contribute to the resources of the Fund through pledges of contributions under the Seventh Replenishment, in accordance with the arrangements set forth in this Resolution, it being understood that no commitment in that regard will arise for any Member until the Member concerned has deposited an Instrument of Contribution and that such instrument takes effect in accordance with its terms and conditions consistent with this Resolution and the Agreement Establishing the Fund; and

Further taking into account the need to mobilise external resources to complement those from IFAD to finance the Debt Initiative for Heavily Indebted Poor Countries (HIPCs);

Acting upon the conclusions of the Consultation on the Seventh Replenishment of IFAD's Resources, which has recommended that, in view of the needs of the developing Member Countries of the Fund in regard to their continued development in the agricultural and rural sectors, the resources of the Fund are in vital need of replenishment so as to enable the Fund to carry out its programme of

work for the Replenishment Period, the Members should be invited to make additional contributions to the resources of the Fund,

Decides:

I. IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009)

1. Document GC 29/L.4, containing IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009), is hereby approved and shall form the basis of the Fund's operations. Accordingly, the Governing Council has decided to authorize the replenishment of the resources of the Fund.

2. Definitions

The terms used in this Resolution have the meanings herein set forth:

- (a) "ACA": advance commitment authority conferred by paragraph III.17 of this Resolution;
- (b) "additional contribution": a Member's contribution under the Seventh Replenishment of the resources of the Fund as defined in Section 3 of Article 4 of the Agreement;
- (c) "Agreement": the Agreement Establishing the Fund, as it stands amended on __ February 2006;
- (d) "complementary contribution": the amount made available by a Member to the Fund during the Replenishment Period on a voluntary basis and referred to in paragraphs II.4(d) and II.5(b) of this Resolution;
- (e) "Consultation": the committee of senior representatives of the Members established pursuant to Resolution 137/XXVIII of the Governing Council to review the adequacy of the resources available to the Fund;
- (f) "Contingent contribution": a part of an additional contribution made available by a Member to the Fund during the Replenishment Period subject to the occurrence of a contingent event, as provided in paragraph II. 5(c) of this Resolution;
- (g) "contribution": the amount that a Member is legally committed to pay into the resources of the Fund under its Instrument of Contribution;
- (h) "Contribution Votes": those votes from the Original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment and Seventh Replenishment Votes allocated to each Member in accordance with Article 6, Sections 3(a)(i)(B) and 3(a)(ii)(B), of the Agreement, paragraphs II.16(b) and II.17(b) of Resolution 87/XVIII of the Governing Council, paragraph IV.19(b) of Resolution 119/XXIV of the Governing Council, paragraph IV.19(b) of Resolution 130/XXVI and paragraph IV.19(b) of this Resolution, respectively, on the basis of each Member's contribution to the resources of the Fund;
- (i) "dollar" or "USD": United States Dollar;

- (j) “Fourth Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Fourth Replenishment of the Fund’s Resources in the form of Membership and Contribution Votes in accordance with paragraphs II.17 and II.18 of Resolution 87/XVIII of the Governing Council;
- (k) “Fifth Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Fifth Replenishment of IFAD’s Resources in the form of Membership and Contribution Votes in accordance with paragraph IV.19 of Resolution 119/XXIV of the Governing Council;
- (l) “Sixth Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Sixth Replenishment of IFAD’s Resources in the form of Membership and Contribution Votes in accordance with paragraph IV.19 of Resolution 130/XXVI of the Governing Council;
- (m) “Seventh Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Seventh Replenishment of IFAD’s Resources in the form of Membership and Contribution Votes in accordance with paragraph IV.19 of this Resolution;
- (n) “Fund”: the International Fund for Agricultural Development;
- (o) “increase in contribution”: an increase by a Member, pursuant to Section 4 of Article 4 of the Agreement, of the amount of its additional contribution;
- (p) “instalment”: one of the instalments in which a contribution is to be paid;
- (q) “Instrument of Contribution”: a written commitment whereby a Member confirms its intention to make additional contribution to the resources of the Fund under the Replenishment;
- (r) “Member”: a Member of the Fund;
- (s) “Membership Votes”: those votes from the Original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment and Seventh Replenishment Votes allocated to each Member in accordance with Article 6, Sections 3(a)(i)(A) and 3(a)(ii)(A), of the Agreement, paragraphs II.16(a) and II.17(a) of Resolution 87/XVIII of the Governing Council, paragraph IV.19(a) of Resolution 119/XXIV of the Governing Council, paragraph IV.19(a) of Resolution 130/XXVI of the Governing Council and paragraph IV.19(a) of this Resolution, respectively, on the basis of membership of the Fund;
- (t) “Original Votes”: the votes defined by Sections 3(a)(i) and (iii) of Article 6 of the Agreement and distributed in the form of Membership and Contribution Votes in accordance with paragraphs II.16 and II.18 of Resolution 87/XVIII of the Governing Council;
- (u) “payment of” or “to pay” a contribution: payment of, or to pay, a contribution in cash or by deposit of promissory notes or similar obligations;

- (v) “qualified contribution”: the contribution covered by a qualified Instrument of Contribution as defined in paragraph II.6(c) of this Resolution;
- (w) “Replenishment”: the Seventh Replenishment of the resources of the Fund through contributions in accordance with this Resolution;
- (x) “Replenishment Period”: the three-year period commencing 1 January 2007 and ending on 31 December 2009;
- (y) “special contribution”: a contribution from a non-Member State or other sources to the resources of the Fund as defined in Section 6 of Article 4 of the Agreement;
- (z) “unit of obligation”: a freely convertible currency or Special Drawing Right (SDR) of the International Monetary Fund (IMF), as selected by each Member and in which its contribution is denominated in accordance with its pledge as specified in Columns B-1 and B-2 of Attachment A to this Resolution; and
- (aa) “unqualified contribution”: the contribution covered by an unqualified Instrument of Contribution as defined in paragraph II.6(b) of this Resolution.

II. Contributions

3. General Clause

- (a) The Governing Council accepts the Report of the Consultation on the Seventh Replenishment of IFAD’s Resources (document GC 29/L.4) and invites Members to make additional contributions to the resources of the Fund under the Replenishment.
- (b) The target level of the Replenishment is established at eight hundred million United States dollars (USD 800 000 000), which amount shall be contributed in freely convertible currencies. In seeking that objective, the Replenishment has been accomplished through the good will of all Members in making an effort to ensure the availability of a sufficient level of resources to the Fund. In this respect, the Member Countries shall endeavour to ensure that the target level of the Replenishment is achieved, if necessary, by an increase in their additional contributions.

4. Additional, Increase in and Complementary Contributions

The Fund is authorized, in accordance with the Agreement and the provisions of this Resolution, to accept from Members for the resources of the Fund:

- (a) additional contributions in freely convertible currencies from all Members totalling _____^A United States dollars (USD _____^A), contributed in sums as indicated for the respective Members, in terms of the applicable unit of obligation, as set out in Columns B-1 and B-2 of Attachment A to this Resolution;

^A To be inserted by the Governing Council upon adoption of this Resolution.

- (b) with the objective of attaining and supplementing the target level of the Replenishment referred to in paragraph II.3(b) of this Resolution, additional contributions in freely convertible currencies from all Members that increase the additional contributions of Members shown in Columns B-1 and B-2 of Attachment A to this Resolution and pledged in accordance with paragraph II.4(a) above, if the said increase in additional contributions is notified in writing to the Fund no later than a date six months after the date upon which the Governing Council adopted this Resolution. Upon receipt of formal pledges of further additional contributions, the President of the Fund shall communicate a revised Attachment A to all Members of the Fund no later than fifteen days after the above-mentioned date. In order to assist this process, the President of IFAD is requested to take such steps as may be necessary to ensure that the target level of the Replenishment specified in paragraph II.3(b) of this Resolution is attained;
- (c) an increase in contribution to the resources of the Fund for the Replenishment; and
- (d) complementary contributions, not forming part of the pledged contributions included in Columns B-1 and B-2 of Attachment A to this Resolution.

5. **Special, Complementary and Contingent Contributions**

- (a) **Special Contributions.** During the Replenishment Period, the President may accept special contributions from non-Member States or other sources to the Fund.
- (b) **Complementary Contributions.** During the Replenishment Period, the Fund may accept complementary contributions from Member States. Complementary contributions shall not form part of the pledged contributions included in columns B-1 and B-2 of Attachment A to this Resolution and, accordingly, shall not entitle the said contributing Member State to receive Contribution Votes under paragraph IV.19(b) of this Resolution. After the adoption of this Resolution, the Executive Board may, from time to time, decide upon the use to be made of the complementary contributions so received.
- (c) **Contingent Contributions.** During the Replenishment Period, the Fund may accept additional contributions under paragraph II.4(a), II.4(b) and II.4(c) of this Resolution from Member States, part of which contributions may be contingent upon the completion of specific actions specified in the Action Plan appended to IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009), provided the said actions in the said report are planned to occur prior to 1 January 2008. Contingent contributions shall form part of the pledged contributions included in columns B-1 and B-2 of Attachment A to this Resolution and shall entitle the said contributing Member State to receive Contribution Votes under paragraph IV.19(b) of this Resolution. Such contingent contributions shall not be deemed as receivables for the purpose of accounting provisions until such time as the contingent action shall have occurred.

6. **Instrument of Contribution**

- (a) **General Clause**
 - (i) Members making contributions under this Resolution shall deposit with the Fund, not later than a date six months after the date of the adoption of this

Resolution, an Instrument of Contribution¹ specifying therein the amount of its contribution in the applicable unit of obligation as set forth in Columns B-1 and B-2 of Attachment A to this Resolution.

- (ii) Any Member which has not been able to make a pledge of its contribution under this Resolution may deposit its Instrument of Contribution in accordance with the requirements of provision (i) of this paragraph. The President of the Fund shall take such steps as may be necessary for the implementation of this provision and shall keep the Executive Board informed, in accordance with paragraph II.16 of this Resolution.
- (b) **Unqualified Contribution.** Except as provided in paragraph II.6(c) below, the Instrument of Contribution shall constitute an unqualified commitment by the Member to make payment of the contribution in the manner and on the terms set forth in or contemplated by this Resolution.
- (c) **Qualified Contribution.** As an exceptional case, where an unqualified contribution commitment cannot be given by a Member due to its legislative procedures, the Fund may accept from that Member an Instrument of Contribution that contains a formal notification by that Member that it will pay the first instalment of its contribution without qualification but that payment of the remaining instalments is subject to the enactment of the necessary appropriation legislation and compliance with other legislative requirements. Such a qualified Instrument, however, shall include an express undertaking on the part of the Member to seek the necessary appropriations at a rate so as to complete payment of its total contribution not later than a date three years after the date of adoption of this Resolution, except as the President shall otherwise determine. The Fund shall be notified as soon as possible after such appropriation has been obtained and such other legislative requirements have been fulfilled. For the purposes of this Resolution, a qualified contribution shall be deemed to be unqualified to the extent that appropriations have been obtained, other legislative requirements have been met and the Fund has been notified.

7. Effectiveness

- (a) **Effectiveness of the Replenishment.** The Replenishment shall come into effect on the date upon which the Instruments of Contribution relating to contributions from all the Members have been deposited with the Fund in the aggregate total amount equivalent to at least fifty per cent (50%) of the total contribution to the Replenishment of all such Members as set forth in Column B-3 of Attachment A to this Resolution.
- (b) **Effectiveness of Individual Instruments of Contribution.** Instruments of Contribution deposited on or before the effective date of the Replenishment shall take effect on the date the Replenishment becomes effective and Instruments of Contribution deposited after that date shall take effect on their respective dates of deposit.

¹ An illustrative format of an Instrument of Contribution is given in Attachment D to this Resolution, which a Member may follow in preparing its Instrument of Contribution.

8. **Advance Contribution**

Notwithstanding the provisions of paragraph II.7(a) above, all contributions or parts thereof paid to the resources of the Fund prior to the date for the effectiveness of the Replenishment may be used by the Fund for its operations, if necessary, in accordance with the requirements of the Agreement and other relevant policies of the Fund, unless a Member specifies otherwise in writing. Any loan and grant commitments made by the Fund on such advance contributions shall for all purposes be treated as part of the Fund's operational programme.

9. **Instalment Payments²**

(a) **Payment of an Unqualified Contribution**

(i) Each contributing Member shall, at its option, pay its unqualified contribution in a single sum, in two or in no more than three instalments, as specified in the Instrument of Contribution. The single sum or the first instalment shall be due on the thirtieth day after the Member's Instrument of Contribution enters into effect, and any other instalment shall be due on the first anniversary of the entry into effect of the Replenishment but the balance, if any, of the payment shall be made no later than a date three years after the adoption of this Resolution, except as the President of the Fund shall otherwise determine.

(ii) Instalment payments in respect of each unqualified contribution shall be, at the option of the Member, either (A) in equal amounts or (B) in progressively graduated amounts with the first instalment amounting to at least thirty per cent (30%) of the contribution, the second instalment amounting to at least thirty five per cent (35%) and the third instalment, if any, covering the remaining balance. In special circumstances, the President of the Fund may, upon the request of a Member, agree to vary the prescribed percentages or number of instalments of a Member subject to the requirement that such a variation shall not affect adversely the operational needs of the Fund.

(b) **Payment of a Qualified Contribution.** Payment in respect of a qualified contribution shall be made within ninety (90) days as and to the extent each instalment has become unqualified and becomes due in accordance with provision (a)(i) of this paragraph.

(c) **Payment of an Advance Contribution and Amount of Instalments.** A Member who shall make advance contribution of no less than forty per cent (40%) of its total contribution may, in consultation with the President of the Fund, vary the amounts of the second and third instalments free of any restriction on the size of such instalments prescribed in provision (a)(ii) above, subject to the total amount of its contribution.

(d) **Special Schedule of Payments.** To the extent that the payments are to depart from the requirements of provision (a)(i) and percentages of instalments specified

² Payments from all Members shall be consistent with the provisions of Section 5(c) of Article 4 of the Agreement.

in provision (a)(ii) of this paragraph, at the time of depositing its Instrument of Contribution, each Member shall indicate to the Fund its proposed schedule of instalment payments.

- (e) **Optional Arrangements.** A Member may at its option pay its contribution in fewer instalments or in larger percentage portions or at earlier dates than those specified in this paragraph, provided that such payment arrangements are no less favourable to the Fund.

10. **Mode of Payment**

- (a) **Form of Payment.** All payments in respect of each contribution shall be made in cash or, at the option of the Member, by the deposit of non-negotiable, irrevocable, non-interest-bearing promissory notes or other similar obligations of the Member, encashable by the Fund at par on demand in accordance with paragraph II.11 of this Resolution and time schedules agreed with the Fund.
- (b) **Freedom from Restriction of Use.** In accordance with the requirements of Section 5(a) of Article 4 of the Agreement, all freely convertible currency contributions shall be made free of any restriction as to their use by the Fund.
- (c) **Increase in Cash Payment.** To the extent possible, the Members may favourably consider payment of larger portions of their contributions in cash.

11. **Encashment of Promissory Notes or Similar Obligations**

- (a) The Fund shall encash promissory notes or other similar obligations made as payment of contributions under this Resolution within the Replenishment period or as shall be agreed between the President of the Fund and the Member making such contribution.
- (b) **Accelerated Encashments.** A Member State making a contribution may request at the time of the deposit of the Instrument of Contribution or thereafter to pay part of its contribution through the investment income derived from accelerated encashment of its instalment payments, subject to terms and conditions to be agreed with the Fund.

12. **Currency of Payment**

All contributions referred to in Columns B-1 and B-2 of Attachment A to this Resolution shall be paid in freely convertible currencies or in SDRs as specified in the respective Instruments of Contribution.

13. **Delay in Deposit of an Instrument of Contribution and/or Reduction in Payment**

- (a) **Option of Commensurate Modification.** In the case of an undue delay in the deposit of an Instrument of Contribution or in payment or of substantial reduction in its contribution by a Member, any other Member may, notwithstanding any provision to the contrary in this Resolution, at its option, after consultation with the Executive Board, make a commensurate modification, *ad interim*, in its schedule of payment or amount of contribution. In exercising this option, a Member shall act solely with a view to safeguarding the objectives of the Replenishment and avoiding any significant disparity between the relative

proportion of Members' total contributions until such time that the Member whose delay in the deposit of an Instrument of Contribution and/or payment or reduction in its share causing such a move by another Member has acted to remedy the situation on its part or the Member exercising the option revokes its decision taken under this provision.

- (b) **Member not Modifying Commitment.** Members that do not wish to exercise their option referred to in paragraph II.13(a) above may indicate so in their respective Instruments of Contribution.

14. **Meeting of the Consultation**

If, during the Replenishment Period, delays in the making of any contributions cause or threaten to cause a suspension in the Fund's lending operations or otherwise prevent the substantial attainment of the goals of the Replenishment, the Fund may convene a meeting of the Consultation to review the situation and consider ways of fulfilling the conditions necessary for the continuation of the Fund's lending operations or for the substantial attainment of those goals.

15. **Fixed Reference Exchange Rates**

For the purposes of freely convertible currency contributions and pledges under this Resolution, the rate of exchange to be applied to convert the unit of obligation into the dollar shall be the average month-end exchange rate of the IMF over a six-month period preceding the adoption of this Resolution between the currencies to be converted (1 April 2005 - 30 September 2005), rounded to the fourth decimal point. The said exchange rates are set out in Attachment E to this Resolution.

16. **Review by the Executive Board**

The Executive Board shall periodically review the status of contributions under the Replenishment and shall take such actions, as may be appropriate, for the implementation of the provisions of this Resolution.

III. Advance Commitment Authority

17. The Executive Board may, from time to time and having regard to the resources of the Fund available for commitment to loans and grants, including investment income and payments and repayments under loans provided by the Fund net of administrative costs, employ an ACA in a prudent and cautious manner. The procedures for the use of ACA during the Replenishment Period are set out in Attachment B to this Resolution and form an integral part thereof. ACA shall come into effect upon the adoption of this Resolution and shall terminate upon a date one year after the end of the Replenishment Period.

IV. Voting Rights

18. **Distribution of Original Votes, Fourth Replenishment Votes, Fifth Replenishment Votes and Sixth Replenishment Votes**

- (a) **Original Votes.** The one thousand eight hundred (1 800) Original Votes shall continue to be distributed in accordance with Sections 3(a)(i) and (iii) of Article 6 of the Agreement and paragraphs II.16 and II.18 of Resolution 87/XVIII of the Governing Council on the Fourth Replenishment of IFAD's Resources.

Column A-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the seven hundred and ninety (790) Original Membership Votes. Column A-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the one thousand and ten (1 010) Original Contribution Votes.

- (b) **Fourth Replenishment, Fifth Replenishment and Sixth Replenishment Votes.** The two hundred and sixty-five point fifty-five (265.55) Fourth Replenishment Votes, the two hundred and seventy-three point nine five five (273.955) Fifth Replenishment Votes and the two hundred and ninety-four point nine six zero (294.960) Sixth Replenishment Votes shall continue to be distributed in accordance with Sections 3(a)(ii) and (iii) of Article 6 of the Agreement, paragraphs II.17 and II.18 of Resolution 87/XVIII of the Governing Council on the Fourth Replenishment of IFAD's Resources, paragraph IV.19 of Resolution 119/XXIV of the Governing Council on the Fifth Replenishment of IFAD's Resources and paragraph IV.19 of Resolution 130/XXVI of the Governing Council on the Sixth Replenishment of IFAD's Resources, respectively. Column B-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the Fourth Replenishment Membership Votes, the Fifth Replenishment Membership Votes and the Sixth Replenishment Membership Votes. Column B-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the Fourth Replenishment Contribution Votes, the Fifth Replenishment Contribution Votes and the Sixth Replenishment Contribution Votes.
- (c) **Effectiveness.** The allocation and distribution of the Original, Fourth Replenishment, Fifth Replenishment and Sixth Replenishment Votes referred to in provisions (a) and (b) above shall continue irrespective of the entry into force of this Resolution.

19. Allocation of New Votes for the Replenishment

In accordance with Section 3(a)(ii) of Article 6 of the Agreement, _____^B (_____^B) new votes are hereby created for the Replenishment ("Seventh Replenishment Votes"). Those votes shall be distributed as follows:

- (a) **Membership Votes.** _____^B (_____^B) votes shall be allocated as membership votes, with each Member receiving an equal number of the said votes. Upon any change in the number of Members of the Fund, the _____^B (_____^B) votes shall be redistributed upon the same basis. Column D-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of Seventh Replenishment Membership Votes.
- (b) **Contribution Votes.** The remaining _____^B (_____^B) votes shall be allocated as contribution votes to each Member in the proportion that each Member's paid contribution, valued in USD at the effective rate for the Replenishment, to the additional contributions made under the Replenishment, as specified in paragraph II.4(a) of this Resolution and

^B To be inserted by the Secretariat six months after the date of the adoption of this Resolution (see paragraph II.4(b) above).

as amended by paragraph II.4(b) of this Resolution, bears to the aggregate of the total contributions made by all Members to the Replenishment. For that purpose, a paid contribution shall be deemed to be only the part of a contribution of a Member actually paid to the Fund, in accordance with paragraph IV.20 of this Resolution. Column D-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the potential Seventh Replenishment Contribution Votes for each Member if all Members pay the pledges specified in Column B-2 of Attachment A to this Resolution. Column D-3 of Attachment C to this Resolution, as it may be amended from time to time, specifies the actual Seventh Replenishment Contribution Votes of each Member.

(c) **Effectiveness.** The allocation of the _____^B (_____^B) votes, as specified in provisions (a) and (b) above, shall enter into effect upon the date on which the period specified in paragraph II.4(b) of this Resolution shall come to an end.

20. For the purpose of the allocation of the contribution votes in paragraphs IV.18(b) and IV.19(b) of this Resolution, a paid contribution shall mean a contribution paid, in a freely convertible currency, in cash or by deposit of promissory notes or similar obligations, with the exception of those promissory notes or other obligations against which an accounting provision is made.

V. Reporting to the Governing Council

21. The President of the Fund shall be requested to submit to the Thirtieth Session and subsequent sessions of the Governing Council reports on the status of commitments, payments and other relevant matters concerning the Replenishment. The reports shall be submitted to the Governing Council together with the Executive Board's comments, if any, and its recommendations thereon.
22. The President of the Fund shall be requested to provide the Governing Council, at each of its annual sessions, with revised and updated versions of Attachments A and B to this Resolution.

VI. Amendment of the Agreement Establishing IFAD

23. The following amendments shall be made to the Agreement Establishing IFAD (*the text to be deleted is placed between square brackets and a line placed through it and the text to be added is underlined*):

(a) **Article 7, Section 2(a)** shall be amended to read as follows:

“Financing by the Fund shall take the form of loans, ~~and~~ grants and a debt sustainability mechanism, which shall be provided on such terms as the Fund deems appropriate, having regard to the economic situation and prospects of the Member and to the nature and requirements of the activity concerned. The Fund may also provide additional financing for the design and implementation of projects and programmes, financed by the Fund through loans, ~~and~~ grants and debt sustainability mechanisms, as the Executive Board shall decide.”

^B To be inserted by the Secretariat six months after the date of the adoption of this Resolution (see paragraph II.4(b) above).

- (b) **Article 7, Section 2(b)** shall be amended to read as follows:

“The proportion of the Fund’s resources to be committed in any financial year for financing operations in any of the forms referred to in subsection (a) shall be decided from time to time by the Executive Board with due regard to the long-term viability of the Fund and the need for continuity in its operations. The proportion of grants shall not normally exceed one-eighth of the resources committed in any financial year. A debt sustainability mechanism and the procedures and modalities therefor shall be established by the Executive Board and financing provided thereunder shall not fall within the above-mentioned grant ceiling. A large proportion of the loans shall be provided on highly concessional terms.”

24. The amendments to the Agreement Establishing IFAD contained in paragraph VI.23 above shall enter into force and effect on the date that this Resolution shall enter into force and effect in accordance with paragraph II.7(a) of this Resolution.

ANNEX I

**SEVENTH REPLENISHMENT
CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³ B-1	Amount of Contribution in Unit of Obligation B-2	Amount in USD ⁴ B-3	Equivalent in SDR ⁵ B-4
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Afghanistan					USD			
Albania	20 000	20 000	10 000	10 000	USD			
Algeria	50 330 000	50 330 000	1 000 000	1 000 000	USD	1 100 000	1 100 000	749 320
Angola	160 000	160 000	100 000	100 000	USD			
Antigua and Barbuda	7 000				USD			
Argentina	7 900 000	6 400 000			USD	1 500 000	1 500 000	1 021 800
Armenia			11 200	7 466	USD			
Australia	45 195 175	45 195 175			AUD			
Austria	33 136 757	33 136 757	7 540 000	7 540 000	EUR	8 796 600	10 800 000	7 356 960
Azerbaijan	5 000	5 000	95 000	95 000	USD			
Bangladesh	2 450 000	2 450 000	600 000	600 000	USD	600 000	600 000	408 720
Barbados	10 000	10 000			USD			
Belgium	62 249 722	62 249 722	9 445 407	6 296 938	EUR	10 097 475	12 397 145	8 444 936
Belize	205 333	205 333			USD			
Benin	100 000	100 000	100 000	96 850	USD			
Bhutan	78 000	78 000	27 000	27 000	USD			
Bolivia	950 000	900 000	300 000	300 000	USD	300 000	300 000	204 360
Bosnia and Herzegovina					USD			
Botswana	235 000	235 000	100 000	100 000	USD			
Brazil	34 832 622	34 832 622	7 916 263	7 916 263	USD	7 916 263	7 916 263	5 392 558
Burkina Faso	106 043	106 043	60 000	58 449	USD			
Burundi	69 861	69 861			USD			
Cambodia	210 000	210 000	210 000	210 000	USD			
Cameroon	589 574	589 574	300 000	300 000	USD	300 000	300 000	204 360
Canada	147 936 291	147 936 291	28 000 000	28 000 002	CAD	41 418 800	34 000 000	23 160 800
Cape Verde	46 000	26 000			USD			
Central African Republic	82 127	19 521			USD			
Chad	30 000				USD			
Chile	605 000	605 000	95 000	95 000	USD			
China	30 200 000	30 200 000	10 500 000	10 500 000	USD	15 750 000	15 750 000	10 728 900

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CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³ B-1	Amount of Contribution in Unit of Obligation B-2	Amount in USD ⁴ B-3	Equivalent in SDR ⁵ B-4
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Colombia	370 000	370 000	270 381	270 381	USD			
Comoros	25 000				USD			
Congo	335 549	235 549	300 000		USD			
Cook Islands	5 000	5 000			USD			
Costa Rica	90 000				USD			
Côte d'Ivoire	3 003 707	1 558 822			USD			
Croatia					USD			
Cuba	500 000				USD			
Cyprus	137 000	137 000	25 000		USD			
Democratic People's Republic of Korea	800 000	200 000	28 885		EUR			
Democratic Republic of the Congo	1 030 000	27 691	150 000	150 000	USD			
Denmark	87 297 460	87 297 460	22 031 855	19 439 872	DKK	60 000 000	9 883 702	6 732 778
Djibouti	31 000	6 000			USD			
Dominica	54 987	54 987			USD			
Dominican Republic	270 000	83 551			USD			
Ecuador	790 993	790 993			USD			
Egypt	11 000 000	11 000 000	3 000 000	3 000 000	USD	3 000 000	3 000 000	2 043 600
El Salvador	100 000	100 000			USD			
Equatorial Guinea	10 000				USD			
Eritrea	10 000	10 000	10 000	10 000	USD			
Ethiopia	160 869	160 869	30 000	30 000	USD			
Fiji	230 000	194 229			USD			
Finland	29 264 358	29 264 358	4 429 039	2 984 785	EUR	6 516 000	8 000 000	5 449 600
France	180 419 885	180 419 885	23 108 030	15 405 354	EUR	24 000 000	29 465 930	20 072 192
Gabon	5 301 000	2 429 660	293 566		USD			
Gambia	30 086	30 086	15 000	9 810	USD			
Georgia	10 000				USD			
Germany	242 462 671	242 462 671	40 000 000	26 000 000	EUR	32 580 000	40 000 000	27 248 000
Ghana	966 487	966 487	300 000		USD	400 000	400 000	272 480
Greece	2 350 000	2 350 000	600 000	600 000	EUR			

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CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³	Amount of Contribution in Unit of Obligation	Amount in USD ⁴	Equivalent in SDR ⁵
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Grenada	56 000	50 000	25 000	25 000	USD			
Guatemala	693 022	693 022	77 332	77 332	USD			
Guinea	170 000	170 000	70 000		USD			
Guinea-Bissau	55 000	30 000			USD			
Guyana	479 921	479 921	155 458	155 457	USD			
Haiti	130 000	107 118			USD			
Honduras	749 460	749 460	51 896	51 896	USD			
Iceland	5 000	5 000			USD			
India	40 249 313	40 249 313	15 000 000	10 000 000	USD			
Indonesia	36 959 000	36 959 000	5 000 000	3 000 000	USD			
Iran (Islamic Republic of)	167 995 000	13 825 500			USD			
Iraq	53 099 000	6 283 200			USD			
Ireland	5 323 440	5 323 440	1 130 000	1 130 001	EUR			
Israel	450 000	300 000			USD			
Italy	165 866 505	165 866 505	40 000 000		EUR			
Jamaica	325 229	325 229			USD			
Japan	249 746 637	249 746 637	30 000 000	30 000 000	JPY	3 635 718 900	33 000 000	22 479 600
Jordan	655 000	655 000	85 000	85 000	USD			
Kazakhstan					USD			
Kenya	3 628 897	3 074 365	60 000		USD			
Kiribati			5 000		USD			
Kuwait	148 041 000	148 041 000	5 000 000	5 000 000	USD			
Kyrgyzstan					USD			
Lao People's Democratic Republic	153 000	103 000	51 000		USD			
Lebanon	115 000	115 000			USD			
Lesotho	232 908	232 908	50 000	50 000	USD			
Liberia	89 000	39 000			USD			
Libyan Arab Jamahiriya	88 099 000	45 913 057			USD			
Luxembourg	1 979 775	1 979 775	491 046	491 046	EUR	1 433 520	1 760 000	1 198 912
Madagascar	188 357	188 357	91 355	91 355	USD	95 000	95 000	64 714

ANNEX I

**SEVENTH REPLENISHMENT
CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³	Amount of Contribution in Unit of Obligation	Amount in USD ⁴	Equivalent in SDR ⁵
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Malawi	113 346	73 346			USD			
Malaysia	750 000	750 000	250 000	250 000	USD			
Maldives	51 000	51 000			USD			
Mali	49 701	49 701	11 020	11 020	USD			
Malta	54 985	54 985			USD			
Mauritania	105 000	22 828	30 000		USD			
Mauritius	250 000	250 000	20 000	20 000	USD			
Mexico	26 753 165	26 753 166	3 000 000	2 000 000	USD			
Mongolia	2 000				USD			
Morocco	5 500 000	5 500 000	300 000	300 000	USD			
Mozambique	240 000	240 000	80 000	80 000	USD			
Myanmar	250 000	250 000			USD			
Namibia	320 000	320 000	20 000	20 000	USD			
Nepal	110 000	110 000	50 000	50 000	USD			
Netherlands	154 214 822	154 214 822	38 513 383	38 513 383	EUR	32 000 662	39 288 719	26 763 476
New Zealand	9 555 336	9 555 336			NZD			
Nicaragua	88 571	88 571	10 000	10 000	USD			
Niger	244 651	184 586			USD			
Nigeria	96 459 000	94 734 000	5 000 000		USD			
Niue ⁶								
Norway	122 415 977	122 415 976	25 208 000	16 805 334	NOK	209 482 035	32 410 000	22 077 692
Oman	150 000	150 000	50 000	50 000	USD			
Pakistan	7 600 000	7 600 000	2 000 000	1 333 333	USD			
Panama	133 165	133 165	33 200	33 200	USD	33 000	33 000	22 480
Papua New Guinea	170 000	170 000			USD			
Paraguay	704 842	604 842			USD			
Peru	560 000	560 000	200 000	200 000	USD			
Philippines	1 600 000	1 600 000			USD			
Portugal	2 500 000	2 500 000	750 000	500 000	EUR	872 679	1 071 429	729 857
Qatar	28 980 000	28 980 000	1 000 000	1 000 037	USD	10 000 000	10 000 000	6 812 000

ANNEX I

**SEVENTH REPLENISHMENT
CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³	Amount of Contribution in Unit of Obligation	Amount in USD ⁴	Equivalent in SDR ⁵
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Republic of Korea	7 590 000	7 590 000	2 500 000	1 750 000	USD	3 000 000	3 000 000	2 043 600
Republic of Moldova			6 100	6 100	USD			
Romania	50 000	50 000	100 000	100 000	USD			
Rwanda	159 499	159 499	4 352	4 352	USD			
Saint Kitts and Nevis	20 000	20 000			USD			
Saint Lucia	22 000	22 000			USD			
Saint Vincent and the Grenadines					USD			
Samoa	50 000	50 000			USD			
Sao Tome and Principe	10 000				USD			
Saudi Arabia	369 778 000	369 778 000	10 000 000	10 000 000	USD			
Senegal	215 461	215 461	57 245	57 245	EUR			
Seychelles	19 667	19 667			USD			
Sierra Leone	18 430	18 430			USD			
Solomon Islands	35 000	10 000			USD			
Somalia	20 000	10 000			USD			
South Africa	500 000	500 000			USD			
Spain	9 841 159	9 841 159	2 500 000	2 500 000	EUR			
Sri Lanka	5 601 001	5 600 001	1 001 000	334 000	USD	1 001 000	1 001 000	681 881
Sudan	620 000	620 000	156 810	156 810	USD			
Suriname	150 000				USD			
Swaziland	178 329	178 329	40 000	40 000	USD			
Sweden	144 504 382	144 504 382	31 100 000	31 100 000	SEK	336 516 480	44 400 000	30 245 280
Switzerland	64 593 175	64 593 175	14 000 000	9 323 092	CHF	21 448 900	17 000 000	11 580 400
Syrian Arab Republic	400 000	400 000	300 000	300 000	USD			
Tajikistan	200	200			USD			
Thailand	600 000	600 000	150 000	150 000	USD			
The Former Yugoslav Republic of Macedonia					USD			
Timor-Leste					USD			
Togo	81 491	31 491			USD			
Tonga	55 000	55 000			USD			

ANNEX I

**SEVENTH REPLENISHMENT
CONTRIBUTIONS OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Previous Contributions (USD)				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Cumulative Contributions in Convertible Currencies to IFAD's Replenishments (Initial to Fifth)		Sixth Replenishment ²		Unit of Obligation ³	Amount of Contribution in Unit of Obligation	Amount in USD ⁴	Equivalent in SDR ⁵
	Pledges A-1	Payments ¹ A-2	Pledges A-3	Payments ¹ A-4				
Trinidad and Tobago	100 000				USD			
Tunisia	1 981 727	1 918 396	600 000	400 000	USD			
Turkey	15 007 523	15 007 523	300 000	300 000	USD			
Uganda	400 000	200 000	45 000	45 000	USD			
United Arab Emirates	50 180 000	50 180 000	1 000 000	1 000 000	USD			
United Kingdom of Great Britain and Northern Ireland	146 702 033	130 786 540	30 000 000		GBP	27 725 000 ⁷	50 000 000	34 060 000
United Republic of Tanzania	253 882	213 941	50 000	50 000	USD			
United States of America	602 674 400	602 674 400	45 000 000	29 690 661	USD	54 000 000	54 000 000	36 784 800
Uruguay	325 000	225 000			USD			
Venezuela (Bolivarian Republic of)	169 089 000	169 089 000	5 600 000	5 600 000	USD	15 000 000	15 000 000	10 218 000
Viet Nam	603 000	603 000	500 000	300 000	USD			
Yemen	1 400 000	1 400 000	500 000	384 316	USD			
Yugoslavia	120 000	100 000			USD			
Zambia	420 116	293 589			USD			
Zimbabwe	2 103 074	2 103 074			USD			
Total*	4 006 728 130	3 735 307 585	480 380 823	336 078 140			477 472 188*	325 254 055*

ANNEX I

COMPLEMENTARY CONTRIBUTIONS TO REPLENISHMENTS

State	A. Previous Contributions (USD)**				B. Contributions Pledged to Seventh Replenishment at 15 December 2005			
	Fourth and Fifth Replenishment		Sixth Replenishment ²		Unit of Obligation ³	Amount of Contribution in Unit of Obligation	Amount in USD ⁴	Equivalent in SDR ⁵
	Pledges	Payments ¹	Pledges	Payments ¹				
Belgium	40 625 076	40 625 076	15 790 487	10 691 561	EUR	15 600 000 ⁸	19 152 855	13 046 924
Canada			1 284 357	1 284 357	CAD			
India			1 000 000		USD			
Italy	3 874 193	3 874 193			EUR			
Luxembourg			818 409	818 409	EUR			
Netherlands	15 312 075	15 312 075			EUR			
United Kingdom of Great Britain and Northern Ireland			10 000 000	5 175 826	GBP			
Total *	59 811 344	59 811 344	28 893 253	17 970 153			19 152 855*	13 046 924*
Total Replenishment *	4 066 539 474	3 795 118 929	509 274 077	354 048 293			496 625 043*	338 300 979*

¹ Payments in cash and promissory notes excluding accounting provisions against the encashment of promissory notes at time of drawdown.

² In accordance with Resolution 130/XXVI on the Sixth Replenishment of IFAD's Resources.

³ The following abbreviations are used for currencies:

AUD: Australian dollar

EUR: euro

NZD: New Zealand dollar

CAD: Canadian dollar

GBP: pound sterling

SDR: Special Drawing Right

CHF: Swiss franc

JPY: Japanese yen

SEK: Swedish krona

DKK: Danish krone

NOK: Norwegian krone

USD: United States dollar

⁴ Converted into USD amount applying the average exchange rate as described in paragraph II.15 of this Resolution.

⁵ Converted from USD amount applying the average IMF USD/SDR exchange rate for the period 1 April 2005 - 30 September 2005.

⁶ This State has applied for membership to IFAD. The Governing Council will take its decision on the application at its Twenty-Ninth session.

⁷ This amount has been pledged by The United Kingdom of Great Britain and Northern Ireland, of which the amount of USD 15 million is a contingent contribution in accordance with paragraph II.5 (c) of this Resolution. The contingencies are -----

⁸ This amount has been pledged by Belgium as a complementary contribution in accordance with paragraphs II.4 (d) and II.5 (b) of this Resolution. The Governing Council has decided that this complementary contribution shall be used for the objectives of the Belgian Survival Fund for the Third World, and in conformity with its procedures.

* The totals for Seventh Replenishment reflect the pledges made up to the present date. However, a number of countries have yet to announce their pledges and this table will be updated periodically to take account of the additional pledges.

** There were no complementary contributions previous to the Fourth Replenishment.

PROCEDURES FOR THE USE OF ADVANCE COMMITMENT AUTHORITY

1. The main purpose of Advance Commitment Authority (ACA) is to fill shortfalls in the amount of committable resources available for loans and grants that may arise in a particular year.
2. The Executive Board shall ensure that the amount available for commitment under ACA and related disbursement requirements remain within the limits of financial prudence, using conservative assumptions and including a margin for expected loan repayment arrears. The Executive Board shall receive projections in relation to commitments to be made under ACA (expected loan reflows and disbursements) that include safety margins to ensure that the cash-in-hand at any point in time is sufficient to cover the disbursement needs of the Fund.
3. ACA may only be used if the resources available for commitment (i.e. net additional resources received or accrued during the previous year, in addition to unused resources brought forward) are insufficient to complete the approved lending programme in any given year.
4. ACA may only be used to make commitments for loans and grants.
5. The President of the Fund shall ensure that accounting mechanisms are established to show the level of ACA used on each occasion and the loan reflows that are set aside for disbursements arising from such commitments.
6. The President of the Fund shall ensure that accounting procedures are established so that once a commitment for a loan or a grant is made under ACA, the disbursements associated with such commitment are removed from the loan reflows subsequently received in order to avoid double counting.
7. The Executive Board shall approve the total resource commitment to be made through ACA at each session of the Executive Board. In no event shall the maximum amount that may be made available through ACA during the Replenishment Period exceed five years of future reflows.
8. The President of the Fund shall report regularly to the Executive Board on the status of Resources Available for Commitment, including the management of ACA. This report shall include details on resources available for commitment from assets held in freely convertible currencies (Members' contributions, investment holding, etc.) less liabilities, commitments already made, exclusions from committable resources due to accounting provisions, the current and cumulative amount committed under ACA, the amount of ACA transferred to Regular Resources, and the amount that may be available under ACA for future use, with detailed calculations and assumptions.
9. The use of ACA shall be reviewed by the External Auditor and his findings shall form part of the regular audit of the Financial Statements of the Fund. The External Auditor's report shall be discussed with the Audit Committee of the Executive Board in the same manner as for his report on the Financial Statements of the Fund.

ANNEX I

**SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Afghanistan	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Albania	4.817	0.000	4.817	2.164	0.014	2.178	6.995					6.995
Algeria	4.817	17.126	21.943	2.164	0.912	3.076	25.019					25.019
Angola	4.817	0.007	4.824	2.164	0.117	2.281	7.105					7.105
Antigua and Barbuda	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Argentina	4.817	1.693	6.510	2.164	0.557	2.721	9.230					9.230
Armenia	4.817	0.000	4.817	2.164	0.005	2.168	6.985					6.985
Australia	4.817	12.102	16.919	2.164	3.937	6.101	23.020					23.020
Austria	4.817	7.028	11.845	2.164	9.595	11.759	23.604					23.604
Azerbaijan	4.817	0.000	4.817	2.164	0.061	2.224	7.041					7.041
Bangladesh	4.817	0.432	5.249	2.164	0.835	2.999	8.248					8.248
Barbados	4.817	0.001	4.818	2.164	0.003	2.166	6.984					6.984
Belgium	4.817	15.125	19.942	2.164	11.044	13.208	33.150					33.150
Belize	4.817	0.036	4.853	2.164	0.040	2.204	7.058					7.058
Benin	4.817	0.017	4.834	2.164	0.019	2.183	7.018					7.018
Bhutan	4.817	0.009	4.826	2.164	0.037	2.201	7.027					7.027
Bolivia	4.817	0.104	4.921	2.164	0.418	2.582	7.502					7.502
Bosnia and Herzegovina	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Botswana	4.817	0.029	4.846	2.164	0.120	2.284	7.130					7.130
Brazil	4.817	6.563	11.380	2.164	11.023	13.187	24.566					24.566
Burkina Faso	4.817	0.010	4.827	2.164	0.030	2.194	7.021					7.021
Burundi	4.817	0.024	4.841	2.164	0.000	2.164	7.005					7.005
Cambodia	4.817	0.000	4.817	2.164	0.214	2.378	7.195					7.195
Cameroon	4.817	0.117	4.934	2.164	0.278	2.442	7.376					7.376
Canada	4.817	36.896	41.713	2.164	27.473	29.637	71.350					71.350
Cape Verde	4.817	0.004	4.821	2.164	0.006	2.169	6.990					6.990
Central African Republic	4.817	0.007	4.824	2.164	0.000	2.164	6.988					6.988
Chad	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Chile	4.817	0.036	4.853	2.164	0.244	2.408	7.261					7.261
China	4.817	4.041	8.858	2.164	9.663	11.827	20.685					20.685

ANNEX I

**SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Colombia	4.817	0.024	4.841	2.164	0.176	2.340	7.181					7.181
Comoros	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Congo	4.817	0.080	4.897	2.164	0.001	2.165	7.062					7.062
Cook Islands	4.817	0.000	4.817	2.164	0.002	2.166	6.983					6.983
Costa Rica	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Côte d'Ivoire	4.817	0.173	4.990	2.164	0.395	2.559	7.548					7.548
Croatia	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Cuba	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Cyprus	4.817	0.030	4.847	2.164	0.019	2.183	7.030					7.030
Democratic People's Republic of Korea	4.817	0.000	4.817	2.164	0.078	2.241	7.058					7.058
Democratic Republic of the Congo	4.817	0.010	4.827	2.164	0.000	2.164	6.990					6.990
Denmark	4.817	11.446	16.263	2.164	29.830	31.994	48.257					48.257
Djibouti	4.817	0.002	4.819	2.164	0.000	2.164	6.983					6.983
Dominica	4.817	0.016	4.833	2.164	0.004	2.167	7.000					7.000
Dominican Republic	4.817	0.009	4.826	2.164	0.024	2.187	7.013					7.013
Ecuador	4.817	0.135	4.952	2.164	0.152	2.316	7.268					7.268
Egypt	4.817	1.727	6.544	2.164	4.177	6.341	12.885					12.885
El Salvador	4.817	0.035	4.852	2.164	0.000	2.164	7.015					7.015
Equatorial Guinea	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Eritrea	4.817	0.000	4.817	2.164	0.010	2.174	6.991					6.991
Ethiopia	4.817	0.035	4.852	2.164	0.042	2.206	7.057					7.057
Fiji	4.817	0.045	4.862	2.164	0.024	2.188	7.050					7.050
Finland	4.817	7.621	12.438	2.164	4.633	6.797	19.235					19.235
France	4.817	45.049	49.866	2.164	24.132	26.296	76.162					76.162
Gabon	4.817	0.839	5.656	2.164	0.000	2.164	7.820					7.820
Gambia	4.817	0.007	4.824	2.164	0.010	2.174	6.998					6.998
Georgia	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Germany	4.817	60.953	65.770	2.164	41.530	43.694	109.464					109.464
Ghana	4.817	0.127	4.944	2.164	0.233	2.396	7.340					7.340
Greece	4.817	0.397	5.214	2.164	0.835	2.999	8.214					8.214

ANNEX I

**SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Grenada	4.817	0.009	4.826	2.164	0.026	2.189	7.015					7.015
Guatemala	4.817	0.086	4.903	2.164	0.220	2.384	7.288					7.288
Guinea	4.817	0.041	4.859	2.164	0.020	2.183	7.042					7.042
Guinea-Bissau	4.817	0.010	4.827	2.164	0.000	2.164	6.991					6.991
Guyana	4.817	0.073	4.890	2.164	0.196	2.360	7.250					7.250
Haiti	4.817	0.037	4.854	2.164	0.000	2.164	7.018					7.018
Honduras	4.817	0.118	4.935	2.164	0.190	2.354	7.289					7.289
Iceland	4.817	0.000	4.817	2.164	0.002	2.166	6.983					6.983
India	4.817	6.649	11.466	2.164	11.274	13.438	24.904					24.904
Indonesia	4.817	5.858	10.675	2.164	8.677	10.840	21.515					21.515
Iran (Islamic Republic of)	4.817	4.776	9.593	2.164	0.000	2.164	11.756					11.756
Iraq	4.817	2.170	6.987	2.164	0.000	2.164	9.151					9.151
Ireland	4.817	1.194	6.011	2.164	1.192	3.355	9.366					9.366
Israel	4.817	0.052	4.869	2.164	0.056	2.219	7.088					7.088
Italy	4.817	36.775	41.592	2.164	23.029	25.193	66.785					66.785
Jamaica	4.817	0.061	4.878	2.164	0.056	2.219	7.097					7.097
Japan	4.817	62.781	67.598	2.164	35.478	37.642	105.241					105.241
Jordan	4.817	0.088	4.905	2.164	0.203	2.367	7.272					7.272
Kazakhstan	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Kenya	4.817	0.891	5.708	2.164	0.067	2.230	7.938					7.938
Kiribati	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Kuwait	4.817	45.263	50.080	2.164	9.463	11.627	61.707					61.707
Kyrgyzstan	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Lao People's Democratic Republic	4.817	0.001	4.818	2.164	0.039	2.203	7.021					7.021
Lebanon	4.817	0.009	4.826	2.164	0.033	2.197	7.023					7.023
Lesotho	4.817	0.046	4.863	2.164	0.070	2.233	7.096					7.096
Liberia	4.817	0.013	4.831	2.164	0.000	2.164	6.994					6.994
Libyan Arab Jamahiriya	4.817	15.859	20.676	2.164	0.000	2.164	22.840					22.840
Luxembourg	4.817	0.408	5.225	2.164	0.613	2.777	8.002					8.002
Madagascar	4.817	0.035	4.852	2.164	0.092	2.256	7.107					7.107

ANNEX I

**SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Malawi	4.817	0.025	4.842	2.164	0.000	2.164	7.006					7.006
Malaysia	4.817	0.000	4.817	2.164	0.441	2.605	7.422					7.422
Maldives	4.817	0.009	4.826	2.164	0.009	2.173	6.999					6.999
Mali	4.817	0.010	4.827	2.164	0.015	2.179	7.006					7.006
Malta	4.817	0.005	4.822	2.164	0.015	2.179	7.002					7.002
Mauritania	4.817	0.008	4.825	2.164	0.000	2.164	6.989					6.989
Mauritius	4.817	0.029	4.846	2.164	0.076	2.240	7.087					7.087
Mexico	4.817	7.168	11.986	2.164	3.560	5.724	17.709					17.709
Mongolia	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Morocco	4.817	1.036	5.853	2.164	1.130	3.293	9.147					9.147
Mozambique	4.817	0.028	4.845	2.164	0.111	2.275	7.120					7.120
Myanmar	4.817	0.086	4.903	2.164	0.000	2.164	7.067					7.067
Namibia	4.817	0.007	4.824	2.164	0.124	2.287	7.111					7.111
Nepal	4.817	0.021	4.838	2.164	0.049	2.213	7.051					7.051
Netherlands	4.817	40.982	45.799	2.164	37.893	40.057	85.856					85.856
New Zealand	4.817	2.406	7.223	2.164	0.998	3.161	10.385					10.385
Nicaragua	4.817	0.013	4.830	2.164	0.025	2.189	7.019					7.019
Niger	4.817	0.064	4.881	2.164	0.000	2.164	7.045					7.045
Nigeria	4.817	29.864	34.681	2.164	2.887	5.051	39.732					39.732
Niue ³												
Norway	4.817	29.604	34.421	2.164	19.410	21.574	55.995					55.995
Oman	4.817	0.052	4.869	2.164	0.000	2.164	7.033					7.033
Pakistan	4.817	1.243	6.061	2.164	1.962	4.125	10.186					10.186
Panama	4.817	0.023	4.840	2.164	0.041	2.205	7.045					7.045
Papua New Guinea	4.817	0.059	4.876	2.164	0.000	2.164	7.040					7.040
Paraguay	4.817	0.069	4.886	2.164	0.150	2.314	7.200					7.200
Peru	4.817	0.055	4.872	2.164	0.278	2.442	7.315					7.315
Philippines	4.817	0.276	5.093	2.164	0.307	2.471	7.564					7.564
Portugal	4.817	0.345	5.162	2.164	0.581	2.745	7.908					7.908
Qatar	4.817	10.010	14.827	2.164	0.617	2.781	17.608					17.608

ANNEX I

**SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006**

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Republic of Korea	4.817	0.895	5.712	2.164	2.478	4.642	10.353					10.353
Republic of Moldova	4.817	0.000	4.817	2.164	0.004	2.168	6.985					6.985
Romania	4.817	0.000	4.817	2.164	0.049	2.213	7.030					7.030
Rwanda	4.817	0.043	4.860	2.164	0.016	2.179	7.040					7.040
Saint Kitts and Nevis	4.817	0.003	4.821	2.164	0.004	2.167	6.988					6.988
Saint Lucia	4.817	0.004	4.821	2.164	0.004	2.167	6.989					6.989
Saint Vincent and the Grenadines	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Samoa	4.817	0.012	4.829	2.164	0.006	2.169	6.999					6.999
Sao Tome and Principe	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Saudi Arabia	4.817	125.654	130.471	2.164	8.499	10.662	141.133					141.133
Senegal	4.817	0.032	4.849	2.164	0.084	2.247	7.096					7.096
Seychelles	4.817	0.005	4.822	2.164	0.002	2.166	6.988					6.988
Sierra Leone	4.817	0.006	4.823	2.164	0.000	2.164	6.987					6.987
Solomon Islands	4.817	0.003	4.821	2.164	0.000	2.164	6.984					6.984
Somalia	4.817	0.003	4.821	2.164	0.000	2.164	6.984					6.984
South Africa	4.817	0.000	4.817	2.164	0.186	2.349	7.166					7.166
Spain	4.817	2.211	7.028	2.164	2.885	5.049	12.077					12.077
Sri Lanka	4.817	1.209	6.026	2.164	1.018	3.182	9.208					9.208
Sudan	4.817	0.076	4.893	2.164	0.252	2.416	7.309					7.309
Suriname	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Swaziland	4.817	0.018	4.835	2.164	0.073	2.237	7.073					7.073
Sweden	4.817	33.085	37.902	2.164	38.080	40.244	78.146					78.146
Switzerland	4.817	14.360	19.177	2.164	14.677	16.840	36.017					36.017
Syrian Arab Republic	4.817	0.000	4.817	2.164	0.342	2.506	7.323					7.323
Tajikistan	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Thailand	4.817	0.155	4.973	2.164	0.153	2.317	7.289					7.289
The Former Yugoslav Republic of Macedonia	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Timor-Leste	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Togo	4.817	0.011	4.828	2.164	0.000	2.164	6.992					6.992
Tonga	4.817	0.009	4.826	2.164	0.011	2.175	7.001					7.001

ANNEX I

SEVENTH REPLENISHMENT
VOTES OF MEMBER STATES AT 4 JANUARY 2006

Member State	A. Original Votes			B. Fourth, Fifth and Sixth Replenishment Votes			C. Total Original, Fourth, Fifth and Sixth Replenishment Votes	D. Seventh Replenishment Votes				
	A-1	A-2	A-3	B-1	B-2	B-3		D-1	Contribution Votes ¹		D-4	E.
	Membership Votes	Contribution Votes ¹	Total Votes	Membership Votes	Contribution Votes ¹	Total Votes			Membership Votes	D-2		
Trinidad and Tobago	4.817	0.000	4.817	2.164	0.000	2.164	6.981					6.981
Tunisia	4.817	0.276	5.093	2.164	0.559	2.723	7.816					7.816
Turkey	4.817	1.730	6.547	2.164	3.370	5.533	12.080					12.080
Uganda	4.817	0.038	4.855	2.164	0.063	2.226	7.082					7.082
United Arab Emirates	4.817	16.642	21.459	2.164	1.392	3.556	25.015					25.015
United Kingdom of Great Britain and Northern Ireland	4.817	32.708	37.525	2.164	11.505	13.669	51.194					51.194
United Republic of Tanzania	4.817	0.031	4.848	2.164	0.081	2.244	7.092					7.092
United States of America	4.817	187.447	192.264	2.164	41.581	43.745	236.009					236.009
Uruguay	4.817	0.069	4.886	2.164	0.009	2.173	7.059					7.059
Venezuela (Bolivarian Republic of)	4.817	55.435	60.252	2.164	6.800	8.963	69.216					69.216
Viet Nam	4.817	0.001	4.818	2.164	0.301	2.465	7.283					7.283
Yemen	4.817	0.207	5.024	2.164	0.271	2.435	7.459					7.459
Yugoslavia	4.817	0.035	4.852	2.164	0.000	2.164	7.015					7.015
Zambia	4.817	0.067	4.884	2.164	0.040	2.204	7.088					7.088
Zimbabwe	4.817	0.554	5.371	2.164	0.186	2.349	7.720					7.720
Total	790.000	1010.000	1800.000	354.860	479.606	834.466	2634.466					2634.466

¹ Only freely convertible currency contributions will be taken into account in calculating contribution votes, in accordance with paragraph IV.20 of this Resolution.

² The actual total votes shown here are subject to change as countries complete their payments to the Fifth and Sixth replenishments (as well as previous replenishments where relevant).

³ This State has applied for membership to IFAD. The Governing Council will take its decision on the application at its Twenty-Ninth session.

INSTRUMENT OF CONTRIBUTION TO THE RESOURCES OF IFAD

The President
The International Fund for
Agricultural Development
107 Via del Serafico
00142 Rome
Italy

1. I have the honour to inform you that (name of donor country) will contribute an amount equivalent to (amount in letters)* (state applicable unit of obligation) (amount in figures in applicable unit of obligation)* as its additional contribution to the resources of the International Fund for Agricultural Development (IFAD). This contribution will be made in accordance with the terms and conditions set forth in Resolution ___/XXIX of the Governing Council.

2. Payment of the contribution will be made in (unit of obligation)*/ (in a single sum/two instalments/three instalments) (in cash) (partly in cash and partly in the form of promissory notes or other similar obligation) (in the form of promissory notes or other similar obligation). The amount of (amount in figures in applicable unit of obligation) */ which constitutes the (total contribution) (first instalment) of (country) will be paid by _____ 20_ in (cash) (by promissory note or other similar obligation) (cash equivalent of SDR..... and the balance in the form of promissory note or other similar obligation).

3. The balance of the contribution will be paid in ___ instalments by _____ 20_ in (cash) (cash and promissory notes or other similar obligation) (promissory notes or other similar obligation).¹

4. The balance of the contribution will be payable after the enactment of necessary appropriation legislation and we will seek the necessary appropriation to complete our payments within the Replenishment period.²

* If the currency of payment is different from the unit of obligation then please state here the currency of payment.

¹ This paragraph is to be used only in conjunction with paragraph II.9(d) of the Resolution and the timings of the payment of instalments should be indicated. The paragraph is to be deleted when not applicable.

² This paragraph should be deleted when not applicable.

5. (country) will not exercise its option under paragraph II.13 of the Resolution of modifying its commitment provided in this Instrument.³

6. I confirm that all other requirements that are necessary for the deposit of this Instrument of Contribution with IFAD have been duly completed.

(Name of donor country)

(signature of authorized
representative)

(Title of the Signatory)

³ This paragraph should be deleted when not applicable.

**FIXED REFERENCE EXCHANGE RATES (PARAGRAPH II.15)
1 APRIL 2005 - 30 SEPTEMBER 2005**

Currency	April	May	June	July	August	September	Six-month average (1 April to 30 September)
AUD	1.2802	1.3233	1.3094	1.3167	1.3385	1.3132	1.3135
CAD	1.2569	1.2510	1.2256	1.2259	1.1889	1.1611	1.2182
CHF	1.1865	1.2480	1.2849	1.2905	1.2702	1.2902	1.2617
DKK	5.7467	6.0354	6.1623	6.1681	6.1143	6.1970	6.0706
EUR	0.7718	0.8110	0.8270	0.8269	0.8198	0.8304	0.8145
GBP	0.5230	0.5500	0.5576	0.5695	0.5609	0.5662	0.5545
JPY	105.8900	108.0800	110.4000	112.2200	111.3000	113.1500	110.1733
NOK	6.2846	6.4382	6.5461	6.5220	6.4486	6.5413	6.4635
NZD	1.3738	1.4059	1.4288	1.4633	1.4552	1.4497	1.4294
SDR	0.6593	0.6780	0.6865	0.6888	0.6850	0.6899	0.6812
SEK	7.0750	7.3975	7.8175	7.7425	7.6625	7.7800	7.5792

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS OF THE CONSULTATION ON THE SEVENTH REPLENISHMENT OF IFAD'S RESOURCES

Issue	Conclusions and Recommendations	Next Steps
Action Plan	IFAD will implement the Action Plan for Improving its Development Effectiveness as approved by the Executive Board at its Eighty-Sixth Session in December 2005.	Action Plan deliverables are listed in Figure 4 of Annex IV
Performance-Based Allocation System (PBAS)	<p>The Consultation reiterated that the PBAS will be extended as a uniform system of comparison and allocation across the lending programme as a whole, taking into account the need both for reflecting priorities in terms of the regional distribution of development assistance (in particular regarding Africa and other similar highly concessional borrowers) and to maintain at least a two-thirds share for them. In this regard, IFAD will continue to direct at least the current percentage share of resources to sub-Saharan Africa, provided that the performance of individual countries warrants, to support the efforts of these countries to use these resources effectively in helping the rural poor overcome poverty and achieve food security.</p> <p>Prior to the April 2006 Executive Board meeting, IFAD will convene an informal seminar for the membership to consider modifications to the formula.</p> <p>The April 2006 Executive Board will decide how to operationalize the revisions for the uniform system of comparison and allocation across the lending programme as a whole. To this end, the Executive Board may establish a working group to review the relevant issues of the existing system, including modifications based on elements of the formula itself, including performance assessments, and the weights of population and income, while maintaining the overall weight of performance. This is to become effective with the 2007 programme of work, the first year of IFAD VII, to be presented at the September 2006 Board.</p>	<p>Prior to the April 2006 Executive Board – Informal seminar on the PBAS.</p> <p>April 2006 – Relevant issues of the existing PBAS reviewed by the Executive Board and decision on working group.</p> <p>September 2006 – Strategic Priorities and Programme of Work and Budget for 2007 presented to the Executive Board with the uniform system of comparison and allocation applied across the lending programme as a whole.</p>

ANNEX II

Issue	Conclusions and Recommendations	Next Steps
Debt Sustainability Framework (DSF)	<p>IFAD management should submit to the Executive Board in September 2006 proposals for the operation of the debt sustainability framework, including provisions for: reporting on progress; the share and implications for IFAD's finances; the implications for IFAD's disbursements to developing countries; the implementation of the appropriate modified volume approach for the generation of compensation for service charges forgone; and methodologies used under the debt sustainability framework, as well as calibration of IFAD's approach with the approaches of other IFIs.</p> <p>IFAD Member States, and particularly those who are major contributors of ODA, agree to compensate IFAD fully for principal repayments forgone as a result of the application of the debt sustainability framework within a pay-as-you-go mechanism as adopted in IDA 14</p> <p>IFAD will secure full compensation for service charges foregone through (in the case of IDA) retention and management of part of the resources governed by its Modified Volume Approach (MVA).</p> <p>The relevant Articles of the Agreement Establishing IFAD should be amended to allow the operation of the debt sustainability framework.</p> <p>Commencing in 2007, IFAD should adopt the IDA model of a debt sustainability framework to govern the allocation of assistance to countries eligible for highly concessional assistance and with high to moderate debt-distress risk.</p>	<p>September 2006 –Proposals for the operation of the debt sustainability framework presented to the Executive Board.</p> <p>2007 – Governing Council approval and implementation of the DSF.</p>
IFAD Policy for Grant Financing	<p>The Executive Board will review, in September 2006, the IFAD Policy for Grant Financing in the light of the adoption of the DSF, taking into account the impact of the Multilateral Debt Relief Initiative on the level of IFAD assistance projected to be provided on DSF terms.</p>	<p>September 2006 – Executive Board review of the Policy for Grant Financing in the light of the adoption of the DSF.</p>
Advance Commitment Authority	<p>During the Seventh Replenishment period, IFAD will maintain the ACA with a maximum use of five years of future reflows.</p> <p>The review carried out under the ALM highlighted that, compared with other IFIs, IFAD's level of liquid assets was high in relation to the lending programme and the level of annual loan disbursements. In this context, IFAD will submit to the Executive Board in December 2006, for its review and approval, a liquidity policy that will provide means of monitoring and ensuring that the Fund has adequate liquidity available at all times.</p>	<p>December 2006 - liquidity policy presented to the Executive Board.</p>

ANNEX II

Issue	Conclusions and Recommendations	Next Steps
Associate Professional Officer (APO) Programme	The Consultation, recognizing both that the APO Programme is important for IFAD's operation and that equitable distribution of staff posts and opportunity is an important principle for the functioning of the Fund, expressed support for the concept of an enhanced APO Programme offering broader and equal opportunities for candidates from all Member States following the existing recruitment procedure and principles of IFAD. At the same time, it recognized that a proposal along these lines would have significant financial implications, and in this context it requested the Executive Board to review in September 2006 the scale and financial implications of an enhanced APO Programme and explore ways that would enable it to be implemented during the Seventh Replenishment period, including through voluntary contributions.	September 2006 – Executive Board review of the implications of an enhanced APO Programme.
Disclosure Policy	The Executive Board will review the IFAD Policy on the Disclosure of Documents in 2006, taking into consideration the Consultation's deliberations on the current policy, in particular the recommendation to disclose policy, strategy and loan documents when they are presented to the Executive Board, and a comparison with the disclosure policies and procedures of selected IFIs and United Nations agencies.	2006 - Executive Board review of the IFAD Policy on the Disclosure of Documents.
IFAD's Governance Structure and the Role of the Executive Board	The Consultation having been presented with the proposals by Lists B and C on voting rights of Member States and Executive Board membership established, at its Fourth Session, a working group to review these two issues as well as the role and effectiveness of the Executive Board. At the Consultation's Fifth Session the working group presented a report recommending that the breadth and importance of these issues would benefit from further and more extensive discussions. The Consultation agreed that discussions should continue outside the Replenishment Consultation within the Executive Board. Accordingly, it recommended that the Executive Board set up an ad hoc committee to review the issues mandated to the working group, with the same List composition as other Executive Board committees (four members from List A, two members from List B and three members from List C). It further recommended that this ad hoc committee meet with the objective of concluding its discussions and recommendations by the end of 2006.	The Executive Board should set up an ad hoc committee to review the issues related to the voting rights of Member States and membership of the Executive Board, as well as the role and effectiveness of the Executive Board, concluding its discussions and recommendations by the end of 2006.

**SUPPLEMENTARY REPORT OF THE WORKING GROUP ON THE PERFORMANCE-BASED
ALLOCATION SYSTEM**

Hotel Villa Pamphili, Rome
15 December 2005

Present:

José Carlos Da Rocha Miranda (Brazil)
Médi MOUNGUI (Cameroon)
James Melanson (Canada)
Bernd DUNNZLAFF (Germany)
Govindan Nair (India)
Mr Rudjimin (Indonesia)
Vladimir Hernández Lara (Mexico)
Ewald WERMUTH (Netherlands)
Margaret SLETTEVOLD (Norway)
Mirza Qamar Beg (Pakistan)
Ann UUSTALU (Sweden)
Liza Morris (United States of America)
Brian Baldwin (IFAD)
Keith Bezanson (IFAD)

Following the meeting that is the subject of this report, the Consultation adopted the resulting language proposed by the Working Group on the Performance-Based Allocation System (i.e. paragraphs 36-38 of the Report of the Consultation (GC 29/L.4)), while requesting that the Working Group provide a supplementary report clarifying certain issues. This report is in response to that request.

Following separate meetings of the three Lists under their Convenors, the above participants met as a working group for three hours on 14 December 2005, with a view to determining if they might arrive at a consensus on a text to be considered within the Report of the Consultation. Mr Bezanson served as facilitator.

The efforts of the Working Group were greatly facilitated by three factors:

- the extensive work already done by the three Lists under the Convenors
- the specific suggestions of text tabled by GRULAC and by the head of the delegation of the United States of America
- a clear willingness and desire on the part of all participants to resolve outstanding issues, achieve compromise where required, and reach consensus.

The facilitator indicated at the outset that there were in fact few gaps that needed to be bridged and requested agreement that the Working Group's aim would be to achieve full consensus and to return to the Consultation plenary session with such a consensus that would be recommended for approval by the full membership. **This was agreed.**

On this basis, the Working Group further agreed to focus its discussions on careful examination of three documents – namely the two suggested draft texts referred to above (i.e. those submitted respectively by

GRULAC and the United States of America) and the existing draft text in the draft Report of the Consultation (i.e. paragraph 34) – and to attempt to integrate these into a single text. **This was agreed.**

Following from the above, **consensus was reached on the following:**

1. A uniform system of comparison and allocation across the IFAD lending programme as a whole has been fully endorsed by the entire IFAD membership.
2. The uniform system of comparison and allocation across the IFAD lending programme is to become effective with the 2007 programme of work (i.e. the first year of the Seventh Replenishment period).
3. To achieve this and to ensure consistency and coherence with the Agreement Establishing IFAD and the strategic orientations, priorities and mandates given to IFAD, further careful analysis of experience to date with PBAS is required to ensure that:
 - the system maintains at least a two-thirds share for Africa and other highly concessional borrowers, and
 - the technical components of the system function to identify rural poverty in all regions of the world.
4. Full application of a uniform system of comparison and allocation across the entire IFAD lending programme needs to be achieved on a time-bound basis. This requires full application as of the 2007 programme of work.

Having agreed on the above, the Working Group then discussed certain aspects of the PBAS itself with reference made to the PBAS paper presented to the September 2005 session of the Executive Board and the issues involved, such as performance assessments and possible changes in the formula, such as changing from total to rural population and using alternative weightings for key factors (e.g. population and income). These issues were also briefly discussed in the context of the uniform system as raised in the information note on the PBAS prepared for the Consultation. These were matters requiring detailed examination and, to this end, **it was agreed** that prior to the April 2006 session of the Executive Board an informal session of the Board would be convened to consider possible modifications that management might propose to the formula. **It was further agreed** that the April 2006 session of the Executive Board will decide on the details of the revisions to the system.

Following from the above and irrespective of any textual wording difficulties, **it was recognized** that the implementation of the uniform system of comparison and allocation across the IFAD lending programme as a whole, becoming effective in the 2007 programme of work, will result in the elimination of fixed regional allocations.

Code:	EB 2005/86/R.2/Rev.2
Agenda item:	3
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E



Enabling the rural poor to overcome poverty

IFAD's Action Plan for Improving its Development Effectiveness

December 2005

ACTION PLAN

Executive Board
12-13 December 2005 – Rome

Note to Executive Board directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, the Secretariat invites Board Directors to contact the following focal point with any technical questions about this document before the session.

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Abbreviations and acronyms

COSOP	country strategic opportunities paper
IEE	Independent External Evaluation of IFAD
IMI	Initiative for Mainstreaming Innovation
MDG	Millennium Development Goal
PRSP	Poverty Reduction Strategy Paper
RIMS	Results and Impact Management System
SCP	Strategic Change Programme

Recommendation for approval

The Executive Board is invited to:

1. Approve the Action Plan contained in document EB 2005/86/R.2/Rev.1 as the basis for implementing IFAD's response to the Independent External Evaluation of IFAD;
2. Note the request made in document EB 2005/86/R.42 that the second-phase funding of the Process Re-Engineering Programme (Strategic Change Programme) be applied to implementation of the Action Plan.

IFAD's Action Plan for Improving its Development Effectiveness

I Introduction

1. This document elaborates on the Action Plan presented to the Executive Board in September 2005.¹ Implementation of the Action Plan will be organized in three main action areas: *strategic planning and guidance, a new operating model, and knowledge management and innovation*. Each of these will be supported by human resource reforms and information and communications technology support. The deliverables of the Action Plan will be provided in large measure in 2006 and 2007. During 2008, these changes and reforms will be consolidated and deepened so that their full impact is made to achieve the objectives of the Action Plan. These action areas and the human resource reforms that underpin them are outlined in the following sections and tables; the full changes envisaged – with their deliverables, indicators and timelines – are described in detail in Annexes 1 to 4.
2. The Action Plan will be the principal vehicle for change in IFAD over the Seventh Replenishment period (2007-2009). It embraces the Independent External Evaluation's (IEE) recommendations, the views of the Executive Board on change priorities, and IFAD management's own views on change requirements.
3. The change process will develop further IFAD's role and focus, and hence its comparative advantage. These topics are discussed in the Report of the Consultation on the Seventh Replenishment and summarized here.

II IFAD's comparative advantage

4. IFAD will focus on reducing extreme poverty and hunger among the poorest rural people, including those on the physical and social margins who will never be included unless a deliberate and special effort is made. With regard to the Millennium Development Goals (MDGs), its contribution will principally be to MDG #1 – in the context, however, of a strong orientation to gender equality and women's empowerment (MDG #3). IFAD will not address macroeconomic and non-rural issues. It will not, on the whole, address the social-sector issues that have been the focus of many other donors. IFAD will focus on its own core competencies, promoting complementary engagement by more qualified actors in these necessary – but non-core competency – activities. IFAD will go straight to the community level and straight to the issues that are directly and immediately critical for the livelihoods of most poor women and men: small-scale agriculture and rural employment. These include:
 - (a) securing adequate access to land and water;

¹ The substance of the plan draws on three primary sources: IFAD Management's Response to the Independent External Evaluation of IFAD (April 2005); IFAD's Action Plan for Management's Response to the Independent External Evaluation (September 2005); Consultation on the Seventh Replenishment of IFAD's Resources (ongoing).

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- (b) managing and conserving the natural resources underpinning rural livelihoods;
 - (c) accessing local rural financial services for investment and saving;
 - (d) building and maintaining equitable access to evolving markets for their products and the material inputs they require;
 - (e) commanding the information and technology they need for production and marketing;
 - (f) strengthening the organizations of the rural poor.
5. IFAD's comparative advantage lies in addressing these issues from the perspectives of poor people, with and through their own organizations and institutions. Consequently, the target group of projects and programmes will comprise rural people beneath the national poverty line, which in many of the poorest countries is even below the extreme poverty threshold of USD 1 a day established for MDG #1. Included here will be small-scale farmers with few assets, the landless, small-scale traders and artisans, herders, fishers and others who are extremely poor but have the potential to improve their condition. In all IFAD interventions, poor rural women are a major target group – for reasons of both equity and effectiveness in reducing poverty and hunger. Indigenous peoples and other marginalized groups are another key target group in IFAD's operations. IFAD will not impose a universal poverty reduction blueprint on its work, but will respond to the unique nature of rural poverty in each of the countries in which it operates. IFAD's focus will be refined in working with its partners and through national and international coordination mechanisms.

III Delivering change through the Action Plan

- 6. The challenge of this Action Plan is to build on IFAD's own experience and the change processes introduced during the Fifth and Sixth Replenishment periods, while learning from others and adapting some of their processes, mechanisms and instruments to IFAD requirements. IFAD has had a good deal of experience in the Sixth Replenishment period in making changes in many of these action areas, while increasing its programme of work; for example, introducing more strategic budgeting and the Performance-Based Allocation System; formulating the Field Presence Pilot Programme and the Results and Impact Management System (RIMS); establishing an Independent Office of Evaluation; engaging in Poverty Reduction Strategy Paper (PRSP) processes; and developing thematic areas of competence, such as rural finance.
- 7. The Action Plan will enable IFAD to intensify its partnerships with others – governments, farmers' associations, organizations of the rural poor, the international community and the private sector. Through these partnerships IFAD will be able to develop innovative solutions to eradicating rural poverty and help to replicate and scale them up through a broader national effort.
- 8. Within IFAD's overall priorities and resource allocations, IFAD will develop and implement more effective and sustainable projects and programmes and strengthen its partnerships to maximize development effectiveness. Effectiveness will be further improved by taking a stronger role in implementation; this experience will be continuously monitored, and the lessons will be shared with other partners. IFAD

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will strengthen its quality assurance system by drawing on in-house skills and knowledge and on external expertise.

9. Effective knowledge management, drawing on the Fund's own operational experience and that of its partners, is critical to enhancing innovative design and strengthening further its strategies and policies. It will lead to improved targeting, better communication with stakeholders, and more effective partnerships. Thus, knowledge management will be a central theme of the Action Plan.
10. Achieving these changes will require parallel changes in the way IFAD staff are motivated, organized, developed and assessed.

IV Managing the Action Plan

11. Delivering the Action Plan will be IFAD's priority during the Seventh Replenishment period, as this will help enhance the targeting, impact, efficiency and sustainability of Fund-supported programmes. Together this will bring about continuing gains in development effectiveness. IFAD will build on the experience of implementing the first phase of the Strategic Change Programme (SCP), draw on external expertise, and take advantage of the experience of other development organizations that have managed similar change programmes.
12. Change management is critical to the success of the Action Plan. The Action Plan will be a participative endeavour with full staff involvement in the process. This will be promoted, inter alia, by ensuring that staff:
 - (a) know and understand what is happening and the reasons behind the changes;
 - (b) are motivated and supportive of the changes;
 - (c) receive training, as appropriate, to perform their new roles and tasks; and
 - (d) develop a commitment to improve systematically IFAD's development effectiveness.
13. IFAD has established an organizational structure for finalizing and implementing the Action Plan, assigned staff to key positions and begun work. The structure is led by the Action Plan Steering Committee, which is a senior interdepartmental body that reports to the President and is responsible for overseeing the finalization and implementation of the Action Plan. The committee consists of representatives of IFAD's three departments and is chaired by the Assistant President, Finance and Administration Department. It is supported by the Action Plan Coordination Group and an independent, external strategic advisor. The Action Plan Coordination Group, chaired by the Assistant President, Programme Management Department, is supported by a secretariat, and its members are the chairs of the three working groups (on strategic planning and guidance, a new operating model, and knowledge management and innovation), the head of the Secretariat and the directors of the Office of Human Resources and the Communication Division. The Coordination Group manages and coordinates the actions of the three working groups, ensuring an integrated corporate perspective to all plans and close collaboration among the groups.

Human resource reform

14. Throughout the implementation of the Action Plan, IFAD will pursue the human resource reforms to support the recommendations of the working groups. In this process, the support to be offered by the Office of Human Resources to the departments and divisions it serves will be clearly delineated to enhance guidance on, and services for, recruitment, retention, career development and coaching for change.
15. IFAD has already embarked upon modernizing its human resource management. Many initiatives that together encompass a wider human resource change agenda are currently under way, including participation as a pilot in a UN-wide initiative to improve human resource management. This human resource management agenda is summarized in Annex 4, which outlines results, actions, indicators and delivery dates.
16. Highlights of the human resource reform agenda include:
 - (a) Develop and implement a staff assessment procedure that more clearly links corporate, divisional and country programme results with individual performance, objectives and measures;
 - (b) Assess staff and management competencies in response to recommendations from the working groups, and train staff and management accordingly;
 - (c) Review structure and workload across the organization and implement staffing changes to improve performance;
 - (d) Develop an appropriate accountability and incentive framework to strengthen performance; and
 - (e) Develop career progression guidelines.

Financial requirements for 2006-2007

17. The costs of the Action Plan over the period 2006 and 2007 are estimated at USD 9.5 million. This would be financed through the balance of funding remaining from the capital budget for the Process Re-Engineering Programme (since renamed Strategic Change Programme) approved by the Governing Council in February 2000 (see document EB 2005/86/R.42 containing a report on Phase I of the Strategic Change Programme). The costs of implementing the Action Plan include the short-term replacement of staff, training, consultation with external stakeholders and partner organizations, further information-technology improvements and use of external consultants. Annex 5 summarizes the estimated costs of the three main action areas together with the costs of other required human resource reforms, such as managerial and leadership competency assessment and training.

V Aims of the Action Plan: Development effectiveness targets for 2009

18. The overarching goal of the Action Plan is to increase IFAD's development effectiveness. This plan targets three dimensions of development effectiveness: relevance, effectiveness and efficiency of IFAD's rural poverty programmes. On the basis of these three criteria, the IEE found overall that 70.7% of the projects it evaluated had a satisfactory outcome, which was comparable with the rating for the agricultural and rural development projects of comparators like the World Bank/International Development Association (IDA). Regarding the individual targets:

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a. Relevance

(i) The IEE found that 60% of the IFAD projects evaluated have a high – and an additional 40% have a substantial – degree of congruency with country development priorities. IFAD will maintain this high degree of relevance and ensure that its projects and programmes remain fully consistent with country development strategies and priorities.

b. Effectiveness

(i) The IEE found that two thirds of IFAD-financed projects are expected to achieve their development objectives, which is the measure used in the IEE for effectiveness. The IEE also found that sustainability of impact is estimated to be substantial in 61% of the projects. For 2009, IFAD will aim to achieve a level of 80% for performance in these areas and its targeting mechanisms will be enhanced to ensure that, during implementation, IFAD projects and programmes effectively reach the poorest rural peoples.

(ii) IFAD policy and knowledge products will be regularly assessed to ensure that they are making a positive and tangible contribution to rural poverty reduction policies and strategies at the national and international levels.

(iii) The IEE found that 25% of IFAD-supported projects were rated as innovative at the national level. Through this Action Plan and the ongoing Initiative for Mainstreaming Innovation (IMI), IFAD aims to raise the innovation rating at the national level and at the same time scale up such innovative programmes.

c. Efficiency

(i) The IEE concluded that 45% of the project sample was rated as having a high or substantial level of efficiency. By 2009, IFAD will aim to raise this to a minimum of 60%.

19. The three targets of relevance, effectiveness and efficiency are based on indicators used by the IEE and the Annual Report on Results and Impact (ARRI) produced by IFAD's Independent Office of Evaluation. IFAD will define further the performance indicators for impact, sustainability and development effectiveness as part of the Action Plan, in collaboration with partner organizations engaged in rural development.

VI Action Plan: The three action areas

20. The Action Plan will be based on three action areas:

- (a) Strategic planning and guidance to establish the priority areas for IFAD's operations;
- (b) Strengthened country programmes, rooted in a new operating model to deliver a more effective and efficient work programme of improved quality and impact; and
- (c) Knowledge management and innovation to ensure that priorities and operations are grounded in the best knowledge about critical issues for rural poverty reduction and what works to solve them.

21. These action areas, outlined below and in the annexes, will be underpinned by strengthened institutional capabilities that will enable a more creative and performance-driven work environment.

A. Strategic planning and guidance

22. This area will sharpen the focus of IFAD's resources on the areas of its comparative advantage and ensure that these resources are applied within a framework of better strategic planning, activity and results monitoring, and accountability for results.

A revised strategic framework

23. IFAD's key strategy documents, including the updated and revised strategic framework, will be produced in consultation with major partners. The strategic framework will define the areas in which IFAD will further develop its strengths to give in-depth and innovative support to rural poverty reduction, and how IFAD will work more systematically through partnerships and within national and international processes. This framework will draw on an external analysis of multilateral and bilateral development agencies operating in the area of agriculture and rural development. The formulation of this revised strategic framework by the end of the third quarter of 2006 will be anchored in the broader context of complementarity and a system of mutually supportive partnerships.

Medium-term plan and results-based management

24. IFAD's improved definition of its role, focus and intended impact will be underpinned by upgraded planning and monitoring instruments. The major corporate **performance and impact indicators** relative to IFAD's role and focus will be incorporated in a new medium-term plan, which will be the framework for implementation of a results-based management approach to planning and budgeting. The plan will also identify IFAD's monitorable targets for impact and principal outputs.
25. A strengthened corporate planning, budgeting and monitoring system will foster enhanced reporting on compliance and performance, supported by benchmarking with the agricultural and rural development portfolios of other international financial institutions. IFAD will provide its Executive Board with **regular reporting on IFAD's development effectiveness**, combining quantitative and qualitative indicators and drawing on its Results and Impact Management System (RIMS).

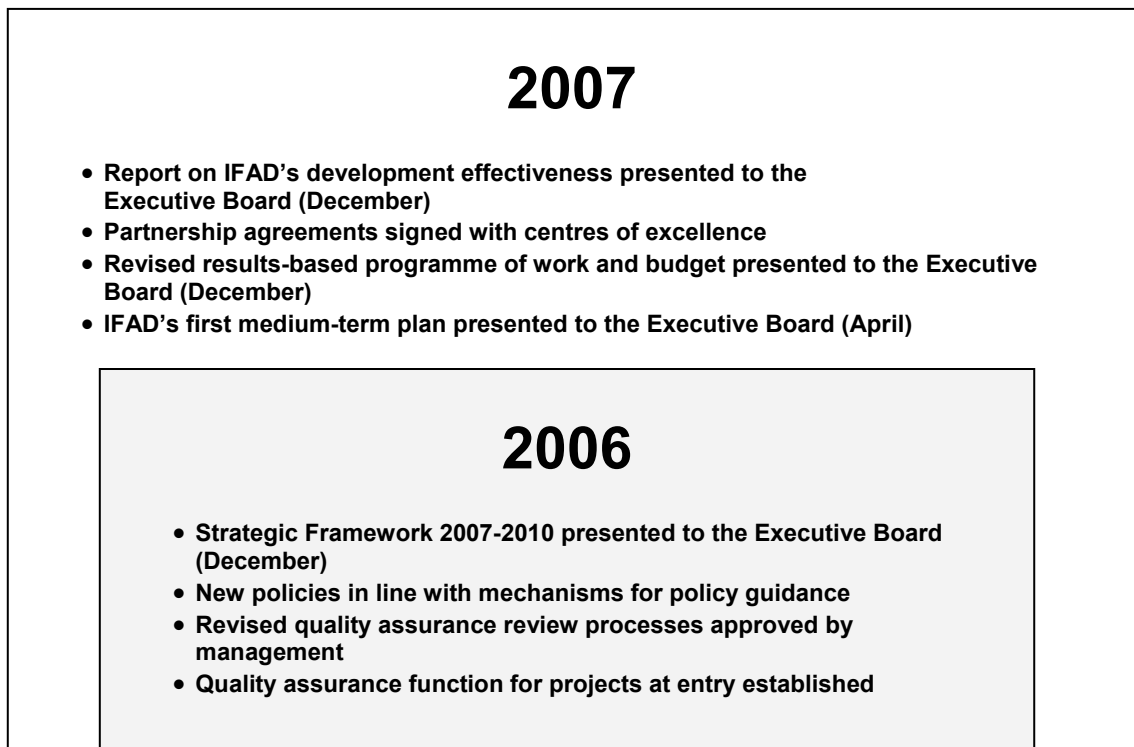
Partnership-based quality assurance system

26. The quality assurance system will capitalize on both the stronger technical and thematic capacities to be developed in IFAD and the mobilization of expertise in external organizations. With regard to quality at entry, and consistent with the spirit of the Paris Declaration on Aid Effectiveness, project and programme designs will be subject to review with national and international partners at the country level. IFAD-level entry processes will be upgraded to build on the external peer review process already piloted in IFAD's rural finance operations. This procedure will permit a quality assurance system that will work at arm's length from operations.
27. Improved operational policies, guidelines and products – together with processes to ensure that they are followed as well as performance monitoring – will be in place by the end of 2006. By 2007, the broader planning and reporting framework will be operational, allowing for the first comprehensive annual review of IFAD's

development effectiveness by the end of 2007 – the first year of the Seventh Replenishment period.

28. Figure 1 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 1 provides the corresponding actions, indicators and timelines that drive these deliverables.

Figure 1: Strategic planning and guidance – Major deliverables



B. New operating model

29. The new operating model will result in a sharper focus on rural poverty with more effective targeting of the poorest rural peoples, enhanced quality and impact on the ground, greater sustainability, stronger relevance and higher efficiency of IFAD-supported projects and programmes, thus increasing IFAD's overall development effectiveness. The new operating model will incorporate the strategic planning and guidance and the knowledge management and innovation aspects of the Action Plan.
30. The new operating model involves a new results-based country programme approach, more active country-level engagement, new modalities for supervision and implementation support, constructive partnerships and a more effective framework for managing by results.

Results-based country strategic opportunities papers

31. The results-based country strategic opportunities paper (COSOP) will be IFAD's country programme planning and management framework. Effective participation in country-led poverty reduction strategies and aid coordination and harmonization will require the development of a more concise and transparent COSOP and more consistent involvement of IFAD in country-level dialogue.
32. Results-based COSOPs will be developed in consultation with governments, representatives of rural poor people, other national stakeholders and coordination mechanisms. They will indicate clearly the areas of IFAD involvement in each country in the context of IFAD's comparative advantage, country needs and priorities, activities of other development agencies and effective partnership options. This instrument will be the interface between IFAD's corporate and regional objectives and modalities, on the one hand, and country specificity and processes (including PRSPs), on the other.
33. COSOPs will integrate clear objectives for innovation, knowledge management partnerships and policy as well as strategies for programme supervision and management. Integration will enhance knowledge management and enable IFAD to sharpen its focus and perform its role in stronger partnerships for rural poverty reduction.
34. IFAD projects and programmes will focus on testing innovations to help the rural poor to overcome poverty, with a view to developing approaches that can be replicated and scaled up in broader programmes with national and international support.

Country-level engagement and presence

35. IFAD will identify cost-effective means to enhance its country-level capacity and constructive engagement in country dialogue and donor collaboration.
36. Results and lessons learned that arise from the Direct Supervision and Field Presence Pilot Programmes will be utilized to identify the approaches best suited to supporting IFAD's country-level engagement. The nature and focus of country presence will vary from country to country to respond to local needs and opportunities and to anchor the delivery and management of IFAD's country programmes.
37. IFAD will adopt an approach to project supervision and the systematic capture and sharing of experience and innovation that opens participation to qualified national-level civil society or private-sector institutions. Partnerships with and investments in farmers', women's and community organizations will engage them in local and national policy and programme processes.

Country teams and quality enhancement

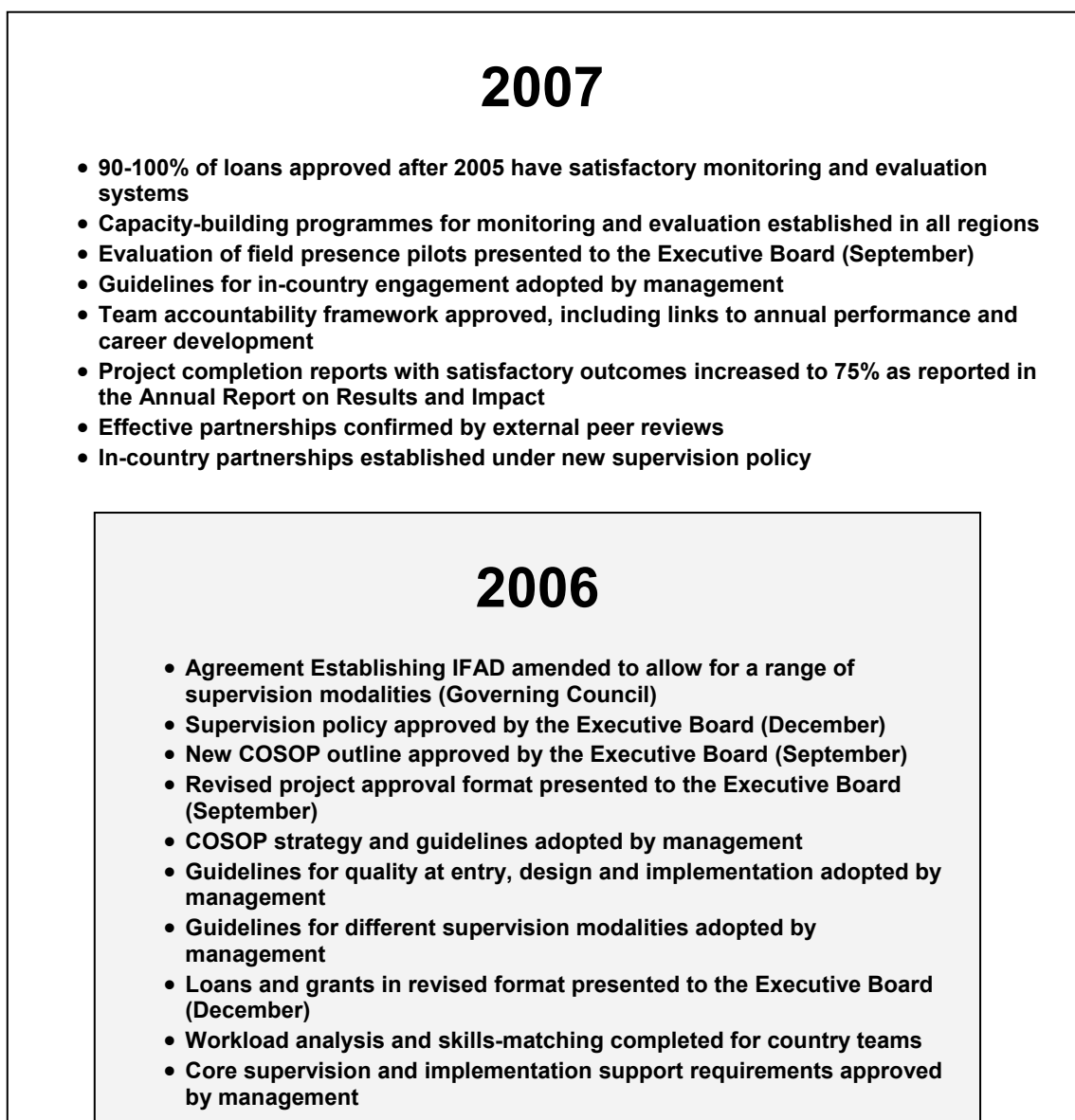
38. The proposed approach will require a more collaborative country programme management that draws on experience and capacity across the Fund and is linked to strengthened knowledge management and quality enhancement processes. In-country teams will work closely with headquarters-level country programme management teams. The country teams will bring together representatives of rural poor people, project management staff, government authorities, policymakers and other national stakeholders. Country teams will also involve cooperating institutions and key development partners. This strengthened teamwork will be underpinned by new staff management and accountability procedures. Such procedures will ensure

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that team members' contributions to results are reflected in individual and corporate performance indicators.

39. IFAD will reinforce its criteria and systems for quality at entry and quality of implementation. This will be integrated with the partnership-based quality assurance system (see paragraphs 26-27) and will draw on appropriate external expertise. The strengthened country teams will help to improve quality enhancement during implementation of projects and programmes.
40. Figure 2 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 2 provides the corresponding actions, indicators and timelines that drive these deliverables.

Figure 2: New operating model – Major deliverables



C. Knowledge management and innovation

41. The knowledge management and innovation challenge to IFAD is to ensure that continuous and effective learning derives from its projects and other activities and that this learning is linked systematically to learning from the experience of others. Knowledge management must be organized to facilitate the ongoing application of new learning and to make such learning widely available.
42. A knowledge management strategy will be developed and implemented. It will build a culture of learning, sharing and innovation, and develop and identify new instruments in this area.
43. IFAD will work with partners, and have extensive recourse to outside expertise and guidance, to produce a comprehensive knowledge management strategy by the end of 2006 and will:
 - (a) Focus IFAD's engagement on the thematic issues that comprise its comparative advantage. These issues will be further refined in the revised strategic framework and will be the substantive areas of concentration of the country programmes;
 - (b) Mobilize loan- and grant-based activities as platforms for knowledge development through the explicit inclusion of knowledge development objectives and mechanisms;
 - (c) Raise the priority given to knowledge management within the institution to generate systematic inputs into programme and policy activities;
 - (d) Build medium-term knowledge development and dissemination partnerships with global and regional centres of excellence; and
 - (e) Invest in the capacity of regional and national centres and networks to explore rural poverty reduction issues and options in partnership with organizations of the rural poor.

A culture of learning, knowledge-sharing and innovation

44. The proportion of IFAD resources devoted to learning and knowledge management will be increased in support of the achievement of explicit and monitored output and impact targets at the country and, to the extent relevant, regional and global levels. Knowledge and learning in IFAD's focus areas will be fully reflected in IFAD's corporate planning and monitoring system, as well as in performance evaluations of staff as part of the establishment of a culture of learning, knowledge-sharing and innovation. "Learning notes" will be systematically developed based on IFAD technical review memos, project evaluations, supervision reports, feedback from project design teams and information from other practitioners in rural development. These learning notes will be communication tools that bring together learning and expertise about key issues for rural poverty reduction from IFAD and other organizations. When made widely available in January 2006, they will help to improve learning, networking and innovation capacity among IFAD's staff and partners, and contribute to quality assurance and enhancement procedures.

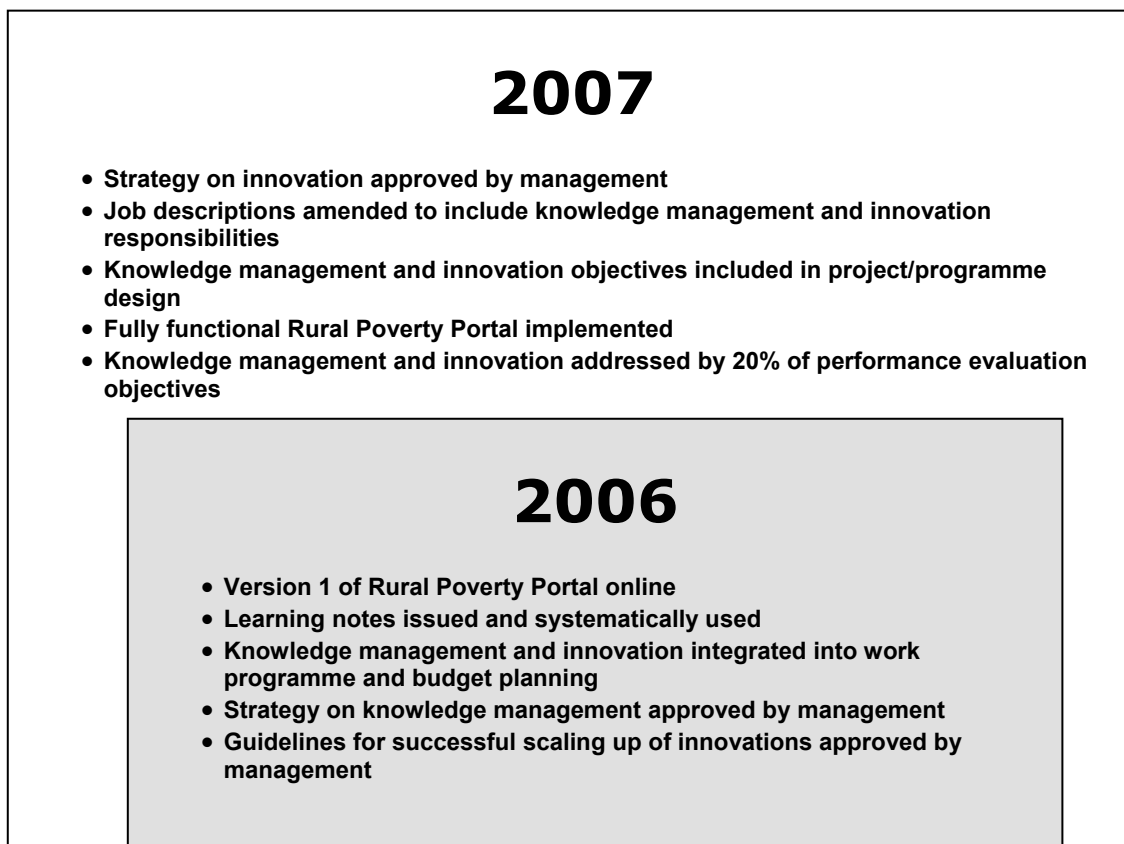
Rural Poverty Portal

- 45. The Rural Poverty Portal is an expanded website that will connect communities of people with the information and knowledge they need to engage more effectively in the fight against rural poverty. This tool and service will enable people to create, acquire, adapt, store, disseminate, manage and use information and knowledge. The portal will help IFAD to enhance development effectiveness by creating collaborative environments for learning and sharing knowledge.

Mainstreaming innovation

- 46. A corporate three-year Initiative for Mainstreaming Innovation (IMI) was launched in 2005, with support from the United Kingdom of Great Britain and Northern Ireland to enhance IFAD’s capacity to promote innovations that will have a positive impact on rural poverty. As part of the Action Plan, a clearly defined innovation strategy will be developed, based on the experience with the IMI, to achieve the scale and application of innovation that is required for attaining IFAD’s enhanced country programme results and impact.
- 47. Figure 3 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 3 provides the corresponding actions, indicators and timelines that drive these deliverables.

Figure 3: Knowledge management and innovation – Major deliverables



48. Figure 4 summarizes the deliverables of the Action Plan for the 2006-2007 biennium and provides the respective timelines.

Figure 4: Action Plan deliverables for the Executive Board – 2006-2007

1.	Revised results-based COSOP framework	September 2006
2.	Revised project approval format	September 2006
3.	Revised strategic framework for 2007-2010	December 2006
4.	Supervision policy	December 2006
5.	Loans and grants presented in revised format	December 2006
6.	Progress report on Action Plan implementation	December 2006
7.	Medium-term plan	April 2007
8.	Evaluation of field presence pilot presented	September 2007
9.	Results-based programme of work and budget	December 2007
10.	Report on IFAD's development effectiveness	December 2007
11.	Progress report on Action Plan implementation	December 2007

Annex 1: Strategic planning and guidance

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To focus IFAD's resources on its comparative advantage in agriculture and rural development and to ensure that these resources are applied within a framework of strategic planning, monitoring, and accountability for results.	1. IFAD's role and focus draws upon analysis of the key development constraints of rural poor people and the views of other development stakeholders	<ul style="list-style-type: none"> Revise the strategic framework in consultation with internal and external partners and taking into account alignment and harmonization objectives Define performance objectives of the strategic framework 	<ul style="list-style-type: none"> Strategic Framework 2007-2010 presented to the Executive Board 	December 2006
	2. IFAD's operational planning and monitoring framework translates objectives into deliverables, aligns resources with priorities and assesses progress	<ul style="list-style-type: none"> Define medium-term performance and achievement priorities and targets Link resource allocation processes to performance and impact objectives 	<ul style="list-style-type: none"> IFAD's first medium-term plan presented to the Executive Board Revised results-based programme of work and budget presented to the Executive Board 	April 2007 December 2007
	3. IFAD's policy and guidance processes have engaged internal stakeholders and external partners in systematic consultation	<ul style="list-style-type: none"> Define IFAD policy processes to capture comparative advantages and mobilize views of national and international development partners, such as governments, and farmer's and women's organizations Establish mechanisms for effective policy guidance and monitoring of policy implementation in new and ongoing IFAD activities 	<ul style="list-style-type: none"> Report on IFAD's development effectiveness presented to the Executive Board New policies are in line with mechanisms for policy guidance 	December 2007 4 th quarter 2006
	4. IFAD has implemented results-based management for the monitoring and reporting of key issues and progress	<ul style="list-style-type: none"> Establish structure of comprehensive performance and impact reporting and links to monitoring systems Establish benchmarks for comparing IFAD's performance and impact with other organizations Establish mechanisms for external partner and peer review Integrate corporate performance and impact reporting with the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), portfolio review and RIMS Mobilize expert external assistance for assessing IFAD's performance in the broader development context 	<ul style="list-style-type: none"> Report on IFAD's development effectiveness presented to the Executive Board 	December 2007

Results	Actions	Indicators/Deliverables	Delivery date
5. IFAD has adopted a quality assurance system for programme, policy and knowledge products based on collaboration with external partners and centres of excellence	<ul style="list-style-type: none"> Review and strengthen the quality assurance function for projects at entry Establish joint internal-external management and reporting processes, including external peer review networks, for revised quality assurance system, policy development and knowledge management 	Quality assurance function for projects at entry established by IFAD and key external partners	2 nd quarter 2006
		Revised quality assurance review processes approved by management	4 th quarter 2006
		Partnership agreements signed with centres of excellence	2 nd quarter 2007
6. The Executive Board provides IFAD with more guidance on strategic issues	Support the Executive Board's review of IFAD's strategic direction, priorities, performance and impact	Strategic Framework 2007-2010 presented to the Executive Board	December 2006
		IFAD's first medium-term plan presented to the Executive Board	April 2007
		Strategic priorities for a revised results-based programme of work and budget presented to the Executive Board	September 2007
		Report on IFAD's development effectiveness presented to the Executive Board	December 2007

Annex 2: New operating model

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To improve the quality and sustainable impact of country programmes on agriculture and rural development	1. Country programmes have integrated all IFAD in-country activities	• Design a results-based COSOP that directs and integrates country-level activities	• COSOP strategy and guidelines adopted by management	4 th quarter 2006
		• Establish systems to ensure that subsequent country programme activities are consistent with the COSOPs	• New COSOP outline approved by the Executive Board	September 2006
		• Train staff members in the use of the COSOP guidelines	• Revised project approval format presented to the Executive Board	September 2006
			• Loans and grants presented in revised format to the Executive Board	December 2006
	2. Country programme management teams have brought a wider range of expertise and internal systems support to IFAD's development programmes	• Establish in-country modalities, tailored to country-specific requirements, for managing in-country dimensions of country programmes	• Evaluation of field presence pilots presented to the Executive Board	September 2007
			• Guidelines for in-country engagement adopted by management	4 th quarter 2007
		• Establish country-level and project-level mechanisms for monitoring and reporting on achievements	• In-country partnerships established under new supervision policy	1 st quarter 2007
		• Establish country programme management teams that bring a wider range of expertise, enhance harmonization and alignment, and improve IFAD's development effectiveness	• Workload analysis and skills-matching completed for country teams	4 th quarter 2006
			• Team accountability framework approved, including links to annual performance and career development	4 th quarter 2007
		• Improve internal quality enhancement and assurance processes within programme development for: <ul style="list-style-type: none"> – Quality-at-entry of loans and grants – Quality of design and appraisal – Quality of implementation and supervision – Training of staff to apply guidelines 	• Guidelines for quality at entry, design and implementation adopted by management	4 th quarter 2006
• Ensure that IFAD's corporate systems are effectively supporting programme delivery	• Workload analysis and skills-matching completed for staff	4 th quarter 2006		
	• Interdepartmental accountability framework approved	4 th quarter 2007		

Results	Actions	Indicators/Deliverables	Delivery date
3. Strengthened implementation support has improved the performance of IFAD-supported country programmes	<ul style="list-style-type: none"> • Strengthen implementation support for an expanded range of supervision modalities • Revise administration and supervision agreements with cooperating institutions • Revise the system for managing country results and programme performance 	<ul style="list-style-type: none"> • Agreement Establishing IFAD amended to allow for a range of supervision modalities 	Governing Council in 2006
		<ul style="list-style-type: none"> • Core supervision and implementation support requirements approved by management • Guidelines for different supervision modalities adopted by management • Supervision policy approved by the Executive Board • 90-100% of loans approved after 2005 have effective monitoring and evaluation systems • Capacity-building programmes for monitoring and evaluation established in all regions • Project completion reports with satisfactory outcomes increased to 75% as reported by the Annual Report on Results and Impact 	3 rd quarter 2006 4 th quarter 2006 December 2006 1 st quarter 2007 1 st quarter 2007 4 th quarter 2007
4. Strategic partnerships have strengthened IFAD-funded programmes	<ul style="list-style-type: none"> • Engage more effectively with organizations of the rural poor, farmers, civil society and other partners • Review experience of other development partners with strategic partnerships at the country level 	<ul style="list-style-type: none"> • Effective partnerships are confirmed by external peer reviews 	4 th quarter 2007

Annex 3: Knowledge management and innovation

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To strengthen knowledge management and innovation in agricultural and rural development	1. Knowledge management and innovation strategies have enabled IFAD and its partners to increase the scaling up of successful approaches	<ul style="list-style-type: none"> • Develop strategy for mainstreaming knowledge management • Develop strategy for mainstreaming innovation • Develop guidelines for successful scaling up of innovations with and by partners 	<ul style="list-style-type: none"> • Strategy on knowledge management approved by management • Strategy on innovation approved by management • Guidelines approved by management 	4 th quarter 2006 2 nd quarter 2007 4 th quarter 2006
	2. External and internal networks for learning, sharing and innovating established	<ul style="list-style-type: none"> • Develop tools and mechanisms for capturing, adapting, sharing, disseminating and applying knowledge and innovation at the local, national, regional and global levels • Initiative for Mainstreaming Innovation implemented 	<ul style="list-style-type: none"> • Learning notes issued and systematically used • Version 1 of Rural Poverty Portal online • Fully functional Rural Poverty Portal implemented 	1 st quarter 2006 1 st quarter 2006 4 th quarter 2007
	3. A culture of learning, knowledge-sharing and innovation has been established as a core value in IFAD	<ul style="list-style-type: none"> • Include learning, knowledge-sharing and innovating objectives in the project/programme cycle and other IFAD processes: <ul style="list-style-type: none"> – Knowledge management and innovation responsibilities reflected in staffing structure and job descriptions – Knowledge management and innovation training for IFAD staff undertaken • Include knowledge management and innovation objectives in IFAD's staff performance evaluation system 	<ul style="list-style-type: none"> • Knowledge management and innovation objectives included in project/programme design • Job descriptions amended to include knowledge management and innovation responsibilities • Training courses established • Knowledge management and innovation integrated into work programme and budget planning • Knowledge management and innovation addressed by 20% of the objectives of the staff performance evaluation system 	2 nd quarter 2007 2 nd quarter 2007 4 th quarter 2006 3 rd quarter 2006 1 st quarter 2007

Annex 4: Human resource management agenda

Objective	Results	Actions	Indicators	Delivery date
To manage change and support the development and institutionalization of the new corporate culture	1. Staff members have received the support they need to understand and fully participate in and support the implementation of the Action Plan and the evolution to the required corporate culture	<ul style="list-style-type: none"> • Develop and communicate approaches to limit resistance to change while maximizing motivation and commitment to the Action Plan and to corporate culture changes: <ul style="list-style-type: none"> – Communicate a compelling case for change – Deliver training to support required change – Review processes to foster behavioural change – Integrate change from 3 groups and institutionalize new approaches 	<ul style="list-style-type: none"> • Change vision communicated and understood • Short-term wins are generated and success stories are communicated • Staff understands and uses new processes 	On going, starting in 2006
	2. Human resources function developed and provides advice on recruitment, retention, career development and training	• Design awards, sanctions and other reinforcements to strengthen performance management system	• Recognition and award systems established	3 rd quarter 2006
		• Redefine the respective roles of the Office of Human Resources and IFAD's operational units with regard to human resource management	• Revised roles and performance measures implemented	4 th quarter 2006
		• Complete pay-for-performance pilot and implement recommendations	• Recommendations of the International Civil Service Commission on pilot and full implementation presented to management	4 th quarter 2008
	3. Work processes and staffing have been aligned with strategic planning and results-oriented management and new operating model competencies and skills	• Conduct a workload analysis to determine the optimal number and skills level of staff	• Results of workload analysis reviewed by management; staff competency gap analysis completed.	4 th quarter 2006
		• Agree on functional competencies for jobs	• Revised staffing structure adopted	4 th quarter 2006
		• Communicate to staff functional competencies and career opportunities	• Career guidelines implemented	4 th quarter 2006
		• Design and implement key performance indicators	• Performance management system and accountability framework in place	2 nd quarter 2007
		• Conduct stakeholder consultations and develop measurement tools, including client feedback		
• Develop accountability framework to link corporate, divisional and country-programme results with individual performance measures				

Annex 5: Action Plan: Summary of Costs, 2006-2007

ACTION AREAS	2006 (USD 000)					2007 (USD 000)					Total (USD 000)
	Staff days cost	Consultation with partner organizations and external stakeholders	External resource persons	Training	IT systems	Staff days cost	Consultation with partner organizations and external stakeholders	External resource persons	Training	IT systems	
STRATEGIC PLANNING AND GUIDANCE <ul style="list-style-type: none"> • Policy development and compliance process • Strategic framework • Key performance indicators: corporate/country level • Quality assurance system • Performance measurement & monitoring system • Medium-term plan • Results-based annual workplan and budgets • Report on development effectiveness 	469.3	155.4	214.6	29.6	22.2	469.3	109.1	144.3	66.6	222.0	1 902
NEW OPERATING MODEL <ul style="list-style-type: none"> • New operating model design and planning • Country programme approach • Country programme management team • Results-oriented COSOP • Quality enhancement and assurance • Supervision • Strategic partnerships 	441.3	320.8	174.9	159.0	170.0	2 763.0	261.0	100.5	69.4	169.6	4 630
KNOWLEDGE MANAGEMENT INNOVATION <ul style="list-style-type: none"> • Stock-taking and mapping • Design strategy • Operational guidelines & product development • Develop communication & knowledge exchange mechanism • Develop harvest and dissemination methods • Development knowledge management IT systems including portal • Institutionalise learning tools and mechanisms • Institutional cultural change • Develop best practices for policy engagement • Selected policy issues with key partners 	197.5	32.8	81.4	145.0	430.0	721.6	59.4	149.8	206.5	27.2	2 051
HR REFORM AGENDA <ul style="list-style-type: none"> • Creating, managing and monitoring career development • Quality and leadership capacity for managers • Build an organization culture/change facilitation 	0.0	53.8	0.0	499.5	0.0	0.0	14.0	147.8	1.5	0.0	717
CONTINGENCIES	23.8	12.1	10.1	17.9	13.4	85.0	9.5	11.7	7.4	9.0	200
SUBTOTAL expenditures	1 132.0	574.9	481.0	850.9	635.6	4 039.0	453.1	554.2	351.4	427.9	9 500
SUBTOTAL expenditures (% for year)	31%	16%	13%	23%	17%	69%	8%	10%	6%	7%	
TOTAL expenditures per year	3 674.0					5 826.0					
TOTAL expenditures	9 500.0										

ANNEX 6 TO ANNEX IV**a****IFAD****INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT****Executive Board – Eighty-Sixth Session**

Rome, 12-13 December 2005

**ISSUES FOR ELABORATION ON IFAD'S ACTION PLAN FOR
IMPROVING ITS DEVELOPMENT EFFECTIVENESS**

The Executive Board discussed the Action Plan and emphasized the need for a clear results focus and awareness of risks, and for containing cost increases to monitor the Fund's effectiveness in the longer term. These issues were all acknowledged and agreed. To make them explicit, however, the following will be presented as a matter of record and reflected as such in a document to the April Board:

- The specific risks, and mechanisms and instruments for their management, in support of the Action Plan will be reflected.
- The baseline indicators for assessment of future performance will be clarified, including those relevant to the measurement of sustainability, partners, innovation, effectiveness/impact and efficiency.
- In addition to the above-mentioned baseline indicators, greater precision will be provided on beneficiary targeting modalities focusing on the poorest.
- A specific framework for the overall performance indicators for the evaluation of the Action Plan by the Office of Evaluation will be finalized, including the methodology to be applied. The indicators of objectives and results will also be developed.
- The difference between the present country programme manager model and the new country-team approach will be clarified. The lines of accountability for country teams will be fully clarified to specify the principal role of the country programme manager.
- Details of a quality assurance system reflecting the accepted best practices of international financial institutions will be specified.
- The Action Plan as a whole, as the second phase of the Strategic Change Programme, will function within the established budget ceiling of USD 9.5 million.

ANNEX 6 TO ANNEX IV

- The recurrent cost implications of all components of the Action Plan, including field presence, will be determined by the requirement that administrative expenditures as a percentage of the programme of work do not increase from the 2006 level.
- The implementation of the Action Plan will be coordinated and integrated across all IFAD departments, and the human resources aspects will be fully incorporated in each of the action areas.
- The Action Plan will accord a high priority to the definition, requirements and the potential risks associated with increased innovation.
- IFAD's contribution to country-level coordination within the framework of the Triennial Comprehensive Policy Review, and the United Nations Secretary-General's initiative for greater systemic coherence and tightly managed entities will be elaborated.
- The need for a medium-term plan will be reviewed given the new strategic framework and other policy documents.
- Policy and strategy documents deriving from the Action Plan will be presented for Executive Board approval. In addition, the Executive Board will monitor progress regularly through an annual progress report on implementation of the Action Plan at its December session, with updates at other sessions.

**LIST OF DOCUMENTS PROVIDED TO THE CONSULTATION AND
OTHER REFERENCE DOCUMENTS MADE AVAILABLE**

Consultation Documents:

Document No.	Title
REPL.VII/1/R.2	Sessions and Workplan of the Consultation on the Seventh Replenishment of IFAD's Resources
REPL.VII/1/INF.2	Closing Statement by the Chairman
REPL.VII/2/R.2	The Way Forward
REPL.VII/2/R.3	Asset Liability Management Framework
REPL.VII/2/C.R.P.1	Proposals of Lists B and C
REPL.VII/2/C.R.P.2	List of Issues Resulting from the Second Session of the Consultation on the Seventh Replenishment of IFAD's Resources
REPL.VII/2/INF.2	IFAD VI Objectives, Actions and Outputs
REPL.VII/2/INF.4	Closing Statement by the Chairman
REPL.VII/3/R.2	Rural Poverty Reduction: IFAD's Role and Focus
REPL.VII/3/R.3	Overall Structure and Components of IFAD's Operating Model
REPL.VII/3/R.4	Geographic Distribution of IFAD Staff and Enhanced Associate Professional Officer Programme
REPL.VII/3/R.5	Information Paper – Grants and Debt Sustainability
REPL.VII/3/R.6	Voting Rights of Member States and Membership of the Executive Board
REPL.VII/3/C.R.P.1	Voting Rights of Member States and Membership of the Executive Board – Proposal of Lists B and C
REPL.VII/3/R.7	Consultation Report – Draft Outline
REPL.VII/3/INF.2	Human Resources Management
REPL.VII/3/INF.4/Rev.1	Closing Statement by President Bâge to the Third Session of the Consultation on the Seventh Replenishment of IFAD's Resources
REPL.VII/4/R.2	Programme Priorities and Financing Requirements for the Seventh Replenishment Period, 2007-2009
REPL.VII/4/R.3	Debt Sustainability and Non-Repayable Assistance: Adoption of a Debt Sustainability Framework for IFAD
REPL.VII/4/R.4	Role of the Executive Board of IFAD
REPL.VII/4/R.5	Management of Risk at IFAD
REPL.VII/4/R.6	IFAD's Disclosure Policy
REPL.VII/4/R.7	IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009)
REPL.VII/4/R.7/Add.1	Draft Resolution on the Seventh Replenishment of IFAD's Resources
REPL.VII/4/R.8	Fixed Reference Exchange Rates for the Seventh Replenishment of IFAD's Resources
REPL.VII/4/R.9	Associate Professional Officer Programme
REPL.VII/4/R.10	Human Resources Management Reform Time Frame
REPL.VII/4/C.R.P.1	Proposal for a Working Group of the Seventh Replenishment

ANNEX V

REPL.VII/4/INF.3/Rev.1	Closing Statement by Mr Lennart Båge, President of IFAD and Chairman of the Consultation on the Seventh Replenishment of IFAD's Resources, to the Fourth Session of the Consultation
REPL.VII/5/R.2/Rev.1	IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009)
REPL.VII/5/R.2/Add.1	Draft Resolution on the Seventh Replenishment of IFAD's Resources
REPL.VII/5/R.3	Report of the Working Group on Voting Rights of Member States and the Membership, Role and Effectiveness of the Executive Board
REPL.VII/5/C.R.P.1	Context, Role and Focus
REPL.VII/5/C.R.P.2	The Action Plan
REPL.VII/5/C.R.P.3	Adoption of a Debt Sustainability Framework
REPL.VII/5/C.R.P.4	Advance Commitment Authority
REPL.VII/5/C.R.P.5	The Associate Professional Officer (APO) Programme
REPL.VII/5/C.R.P.6	IFAD's Governance Structure
REPL.VII/5/C.R.P.7	Performance-Based Allocation System
REPL.VII/5/INF.3	Performance-Based Allocation System

Reference Documents:

Document No.	Title
EB 2005/84/R.2 ¹	Report on the Independent External Evaluation of IFAD – Submitted by the Director, Office of Evaluation
EB 2005/85/R.6	IFAD's Action Plan for Management's Response to the Independent External Evaluation
EB 2005/86/R.2/Rev.1 ²	IFAD's Action Plan for improving its Development Effectiveness

¹ Revised, subsequent to the session, as EB 2005/84/R.2/Rev.1.

² Revised, subsequent to the session, as EB 2005/86/R.2/Rev.2.