



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Consultation on the Sixth Replenishment of IFAD's Resources

Rome, 18-19 April 2002

CONCLUDING STATEMENT BY THE CHAIRMAN

Let me now sum up our deliberations.

Our discussions during these last two days of the Consultation have been very constructive and positive. The Consultation members drew strong encouragement from the outcome of the Conference on Financing for Development (FfD) held in Monterrey, Mexico, in March. At the FfD a clear momentum was developed to strengthen development cooperation, particularly official development assistance (ODA), to support poverty reduction and longer-term development as part of a partnership to achieve the Millennium Summit goals.

Reflecting that spirit, the Consultation showed a clear sense that we should aim to enhance the Fund's work programme and, in this context, achieve an increase in the replenishment level as compared to the Fifth Replenishment. While no specific commitments have been made at this early stage of the process, the overall commitment to achieving a satisfactory completion of the replenishment negotiations by October as planned was emphasized by members of all three Lists.

The Consultation had an extremely full and rich discussion on the document Operationalizing IFAD's Strategic Framework during the Sixth Replenishment Period (2004–2006), during which members expressed their appreciation for the linkages brought out in the document between the Millennium Development Goals, the Fund's strategic framework and its regional strategies on the one hand, and its work programme on the other. The document and the discussions at the Consultation provide us with an excellent basis for preparing the draft report of the Consultation, which we will do for the next session.

During the discussions on this item, two important related issues emerged. The first concerns what has been called IFAD's field presence. This is an issue of growing importance for IFAD in the light of the decentralization policies adopted by many other development agencies, the poverty-reduction strategy papers (PRSP) process and the focus on country ownership of development programmes. The second issue relates to the Fund's approach to lending on the basis of performance, taking into account IFAD's special mandate for rural poverty reduction. On the basis of a factual account of how this is done at present, we will then have to decide how we wish to address the issue further. We will prepare documentation for the July session on both these issues. The report of the Consultation will naturally reflect these issues, taking into account the Consultation's deliberations.



There was also an excellent discussion on the resource scenarios. These scenarios are intended to show, for illustrative purposes, the relationship between the Fund's lending programme on the one hand and its replenishment levels and investment income on the other, keeping in mind the commitment authority that can be generated through use of the Advance Commitment Authority (ACA). Members welcomed the insights that the resource scenarios provided on these elements. Several members noted that the ACA should be used cautiously in the context of the ceiling of three years of reflows for its use. Members also agreed that the more conservative assumption of 3.5% for investment income would be appropriate.

Regarding the scenarios, it was suggested that there should be a more limited set of scenarios, for example, increases in replenishment levels of 10%, 25% and 50% with respect to the Fifth Replenishment level and the lending level that such replenishments could sustain. It was also agreed that the implications of the scenarios in terms of contributions would be provided, both for List totals and individual country contributions. Members also requested a more detailed note on the ACA and its use in other international financial institutions. We will be happy to provide supplementary information on these issues.

Welcoming the progress made in mobilizing contributions for IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries (HIPC), members asked for updated information to be provided at the next session, as well as a technical note on the period to be used for setting the exchange rates for contributions to the Sixth Replenishment.

The External Review will be available at the July session of the Consultation together with management's comments. I am sure that the review will be very helpful to our discussions. Apart from the External Review, we will have seven other documents for the July session. To recapitulate, there will be the first draft of the report of the Consultation; resource scenarios; ACA use; field presence; IFAD's approach to performance-based lending; an update on HIPC contributions; and a technical note on exchange rates.

This represents a serious workload for the Secretariat to prepare for the next meeting. We will do our best to get the documents to you in sufficient time to allow you to review them fully. In this regard, we are very grateful for the many valuable and constructive comments members have made during the discussions of yesterday and today, which will help guide our efforts. We will also take advantage of inter-sessional consultations on these issues with List convenors between now and July.

May I finally say that I have appreciated greatly the very strong commitment that members of all three Lists have shown to IFAD and to its goals. This commitment was reflected in the determination to achieve a timely agreement on the Sixth Replenishment. A Sixth Replenishment that will allow IFAD to be even more effective, and better equipped, to serve the needs of the millions of rural poor that depend on IFAD for the opportunity to improve their productivity and incomes and thus work their way out of poverty.

I am sure this spirit will ensure the success of these negotiations.

Thank you very much and may I wish you a safe journey home.