



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

Rome, 9-10 October 2002

CONCLUDING STATEMENT BY THE CHAIRMAN

Distinguished Colleagues,

We have had extremely rich and constructive discussions during these last two days. Let me thank members of all groups for the strong support and commitment they have shown to IFAD during our discussions.

I believe all of us have been greatly encouraged by the strong vote of confidence that you have shown to IFAD. These two days of discussions have also shown the genuine sense of partnership and dialogue that members of all groups show in our common effort to help millions of poor rural men and women overcome their poverty.

Let me try to sum up briefly the discussions that we have had. Our conclusions and our decisions for the future will of course be fully reflected in the revised Consultation report.

The Consultation discussed in-depth three issues important for IFAD's future work, Field Presence, what some have called "in-country capacity", Performance-Based Resource Allocation and Strengthening the Evaluation Function in IFAD. We also considered under the agenda item Other Business several other issues that will be reflected in the Consultation report, including an External and Independent Assessment of IFAD, the question of the attendance of non-governmental organizations (NGOs) at the Fund's Executive Board sessions and our collaboration with partner agencies as well as the private sector.

On the first three issues we had an intensive dialogue with virtually every Consultation member participating. The Consultation made certain decisions of principle on these issues and agreed on processes to carry them forward. Let me deal with each of them.

On Field Presence the Consultation reviewed document REPL.VI/4/R.2, Options for Enhancing IFAD's Field Presence, and agreed on the importance of this issue for enhancing IFAD's impact and catalytic role. The Consultation agreed that the Fund should further consider the main goals, options and criteria for strengthening its field presence. Members underlined that IFAD should develop



innovative mechanisms, particularly through the use of local resources, because our ultimate goal is to strengthen in-country local capacity for programme implementation and policy development.

It was agreed that in consultation with List convenors, who will encourage maximum participation from their respective List members, the Secretariat will prepare a document for the Executive Board in December, reviewing the main issues and preparing a time plan for further action.

Action will then be taken to identify country-specific needs; enhance the use of traditional tools; identify and test innovative mechanisms to enhance field presence; and identify the respective cost and budgetary implications.

It was further agreed that the Consultation report will include specific references to follow-up actions, the process and a timetable for enhancing the Fund's field presence.

Performance-Based Resource Allocation was the second major issue the Consultation addressed. After reviewing document REPL.VI/4/R.3, the Consultation stressed that IFAD resources should be used for maximum impact on rural poverty in the most cost-effective way possible. In this context the Consultation agreed that IFAD should further develop its existing policies and practices for focusing resources on the best opportunities for sustained rural poverty reduction and develop an explicit and transparent performance-based resource allocation system.

The elaboration of this system should be based upon the participation of, and consultation with, Member States of the Fund in a transparent manner with respect both to the development of the rules of the system and their eventual application to individual country cases. The Fund's performance-based resource allocation system should draw upon the experience and approach of other international financial institutions, especially the International Development Association, the African Development Fund and the Asian Development Fund, but should clearly reflect the specificity of IFAD's mandate, its mechanisms of assistance, and its financial and governance structure.

Document REPL.VI/4/R.3 will be revised to reflect the rich exchanges members had on these topics yesterday. The revised document will provide the basis for a process of consultations to elaborate a detailed proposal for IFAD's performance-based system. The process will be defined in consultation with convenors. The detailed proposal for the performance-based resource allocation system will be presented to the Board in September 2003 with a view to its full implementation in 2004.

As regards the proposal for Strengthening the Independence and Effectiveness of the Evaluation Function of IFAD, the Consultation considered document REPL.VI/4/R.4 prepared by the Secretariat, which reviewed the experience of other IFIs and provided a proposal to balance the need to enhance independence with the aim of improving the evaluation learning loop. Consultation members provided very useful comments and guidance that will help in preparing a detailed proposal on strengthening the independence and effectiveness of the evaluation function. The results of our consideration of this topic will be reflected in the Consultation report and the detailed proposal will be submitted to the Seventy-Eighth Session of the Executive Board in April 2003.

The Consultation discussed financial issues relating to IFAD extensively, particularly the Fund's Debt Initiative requirements and the use of advance commitment authority (ACA). The Secretariat also presented a resource scenario illustrating an updated version of Scenario G, which has a 25% increase in the Replenishment, as well as a Scenario G with a longer, six-year encashment policy. Members recognized that IFAD is currently in a transition phase moving towards a situation with an investment policy providing more stability and a situation in which donor contributions will be the main basis of IFAD lending.



Regarding the Debt Initiative for Heavily Indebted Poor Countries (HIPC), many members expressed their support for IFAD access to the World Bank HIPC Trust Fund. In this context the announcement by Sweden of its intention to earmark USD 17 million from its contribution to the Trust Fund was strongly welcomed. Members encouraged management to continue its efforts to mobilize financing for our HIPC requirements, both directly and through the Trust Fund.

On the use of ACA, members clearly have a wide range of views, with some preferring minimal ACA use while others are willing to envisage a more structural use of ACA. Members emphasized that ACA should be used in a prudent manner. In this context there was significant support for the view that - given the Fund's present financial situation and recognizing the need to maintain lending levels - ACA should be used prudently in the Sixth Replenishment period subject to a ceiling of three years of reflows.

On the scenarios, members recognized the strong interlinkages among replenishment level, reflows, investment income and the use of ACA on the one hand and the lending level on the other. In this connection many members stressed that their main concern was to see an increased and credible lending level for the Fund in the coming years. As regards encashment period, a number of countries expressed their willingness to accept a three-year encashment period, while some others expressed their preference for a longer encashment period, linked to loan disbursement schedules. In this regard there was considerable support for the view that incentives should be created to encourage Member States to adopt early encashment.

This discussion on resource scenarios and related financial issues created the basis for considering member contributions to the Sixth Replenishment. Here may I express my personal sense of appreciation for the strong support that Member States have shown for IFAD.

The way was led by the announcement of the Delegate of the Kingdom of Saudi Arabia of a contribution of USD 10 million, a more than threefold increase. Many other countries of Lists B and C, while not being able to provide an exact figure, announced their intention to increase their contributions compared to the previous Replenishment.

Among the countries of List A, many expressed their willingness to raise their contributions according to Scenario G, and in several cases stated their willingness to raise their contribution by as much as 37% or even 50%.

I am sure I am speaking on behalf of the membership of IFAD as a whole in expressing profound appreciation for the commitment you have demonstrated to this institution.

And may I ask those Member States that were not yet in a position to make explicit statements on their contributions to be inspired by the very positive and constructive spirit shown by members of all three Lists in significantly increasing their contributions to the Sixth Replenishment.

Distinguished Delegates,

The revised draft Consultation report will fully reflect the discussions on the above matters as well as the exchange rates for the Sixth Replenishment. On the issue of attendance of NGOs at Executive Board sessions, there was a broad discussion but no consensus. The proposal for an external and independent evaluation of IFAD in 2003-04 was welcomed. The importance of broad ownership of the process was stressed, as was the importance of completing it in a timely way so as not to delay the Seventh Replenishment.

On the way forward for the external and independent evaluation, it was agreed that the Director of the Office of Evaluation and Studies should provide a list of names to the Delegate of the



United Kingdom who would facilitate the process in the Evaluation Committee to select a person or persons to draft terms of reference to be presented to the Executive Board in December.

The Consultation also agreed that it will be necessary to have a wrap-up meeting in December following the Executive Board Session, which will be brought forward by one day to provide an opportunity for the remaining countries to announce their contributions and to approve the final Consultation report.

Distinguished Delegates,

We have had two long days of intensive discussions. But I am sure you will all agree that they have been deeply worthwhile and will provide IFAD a new basis of commitment and support to intensify further the Fund's efforts to enable the poor to overcome their poverty.

May I thank you all and wish you a safe journey home.

Thank you.