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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Consultation on the Seventh Replenishment of IFAD's Resources – Third Session

Rome, 5-7 July 2005

CLOSING STATEMENT

BY PRESIDENT BÅGE

**TO THE THIRD SESSION OF THE CONSULTATION ON THE SEVENTH
REPLENISHMENT OF IFAD'S RESOURCES**

Distinguished Delegates,

Let me now sum up our deliberations over the past three days of this session of the Consultation. Our discussions have been very rich and productive.

First of all let me say that we were all outraged by the tragic events in London today. The Consultation offered its deepest sympathy to the victims and their families as well as its sincerest condolences to the Government of the United Kingdom and Northern Ireland.

The Consultation began with a seminar on the Asset Liability Management Framework and a proposal to revisit the definition of committable resources, thereby enabling a more effective use of the Fund's financial resources for enhanced development efforts. The seminar started with a comprehensive presentation that included a review of current and proposed definitions, examination of IFAD's track record of financial flows, presentation of various financial scenarios and financial soundness indicators, and comparison with international financial institutions. Members broadly endorsed the thrust of the proposal to use IFAD's financial resources efficiently. It is envisioned that a final decision on the definition of committable resources will form part of the Consultation report and that a liquidity policy for the Fund will be developed during the Seventh Replenishment period.

The Consultation considered two related reports: Rural Poverty Reduction: IFAD's Role and Focus (document REPL.VII/3/R.2) and Overall Structure and Components of IFAD's Operating Model (document REPL.VII/3/R.3). The documents build on the recommendations of the independent external evaluation (IEE) of IFAD, Management's response to the IEE and The Way Forward. Members commended the clarity of presentation of the reports.

The first presentation set forth the organization's role and focus in enabling the rural poor to increase productivity, income and food security. Members expressed support for IFAD's bottom-up/participatory approach to development; working with community-level organizations of the poor, with emphasis on risk-taking, innovation, and building partnerships for replication and scaling up. There was a constructive dialogue on a number of issues, which highlighted the need for a clearer articulation of IFAD's comparative advantage and greater specificity in defining the Fund's target group, with the recognized dollar-a-day poverty level as the reference, while taking into account the variations of local contexts. There was support for the Fund to help replicate and scale up its operational experience and results through more effective knowledge management and selective, strategic policy dialogue, derived from or required for project success, at the local, national and global levels. In light of this discussion, Members agreed that issues related to the *role and focus* will be incorporated into the draft Consultation report to be presented at the Consultation in October.

The overall structure and components of the *Operating Model* reflect a commitment to obtaining measurable results and a sustainable impact on the target group, with country ownership and within the poverty reduction strategy papers and other strategic frameworks. Taking account of Members' comments, this framework will be elaborated in the *Action Plan*. While recognizing that the *operating model* is still a work-in-progress Members commended its major elements, including the country programme approach. At the same time, Members suggested strengthening the model through greater clarity on quality assurance mechanisms, measurement indicators and linkage to the implementation of human resource policies. Members discussed an enhanced country presence and direct supervision, noting their importance to implementing these new modalities. Decisions on these matters should take account of the results of the pilot programme on field presence and evaluation results of the direct supervision experience. The membership anticipates that the *Action Plan* will include both a timetable and cost implications, with clearly defined indicators and lines of accountability for results and effectiveness, outputs and outcomes.

Concerns were, however, raised by a number of delegates that implementing an *operating model* of this scope during the Seventh Replenishment might be overly ambitious. It was suggested that a phased approach would be more appropriate, based on a realistic assessment of the costs and resources required and identification of potential savings that could be used to help finance them.

The Consultation discussed the geographic distribution and gender balance of IFAD staff and the enhanced Associate Professional Officer (APO) Programme (document REPL.VII/3/R.4). Members commended the Fund's efforts to achieve a gender balance among its staff and noted that the ratio between the Organisation for Economic Co-operation and Development (OECD) staff and non-OECD staff was more balanced than in other, sister organizations in Rome. Nevertheless, Members endorsed Management's commitment to proactive recruitment efforts to enhance the balance further. The most striking imbalance was found within the APO Programme, where members are now exclusively drawn from the OECD countries that fund their participation. There was a general consensus on the need to remedy the situation through either eliminating the current programme or enhancing it so that the programme would enable IFAD to engage young professionals from both OECD and non-OECD countries. Some Members

expressed preference for a different programme altogether, for young professionals with required skills to meet institutional needs: a transparent and competitive programme open to all Member States and funded by the core budget. There were differing perspectives on appropriate modalities, size, name and, in particular, funding for an enhanced programme. A more concrete and concise proposal, taking account of your comments, concerns and recommendations, will be prepared and brought to the October session, at which time we will also present a proposed timeframe for the implementation of key human resource reforms.

With regard to debt sustainability and grants (document REPL.VII/3/R.5), Members expressed appreciation with regard to the clarity of the report and information provided on initiatives taken by the International Development Association, the Asian Development Fund and the African Development Fund on these issues. Members made a number of valuable comments on the feasibility and benefits of IFAD adopting a comparable approach. On the basis of your comments, we will prepare a document addressing this issue for presentation in October.

As urged by some delegations, IFAD is continuing its efforts to gain access to the core resources of the World Bank Debt Initiative for Heavily Indebted Poor Countries (HIPC) Trust Fund. This issue is expected to be discussed and, we hope, finalized, at the HIPC technical meeting this autumn. We would certainly welcome the support of all Member States for our endeavours, and will report on this to the next Session of the Consultation.

As a result of an agreement between the three Lists, the agenda item on Members' voting rights and membership of the Executive Board (document REPL.VII/3/R.6) was discussed in a combined meeting of members of the three Lists chaired by the Convenor for List A. Lists B and C presented their joint proposal for a revision of the voting system and an increase in the membership of the Executive Board. A discussion followed in which details of the proposals and the consequences and motivations for it were clarified. Some List A Members provided personal, unofficial reactions to the proposals, as List A Member States needed to seek instruction from their capitals before providing an official reaction. It was agreed that the item would be placed on the agenda for the Doha session with the same footnote attached to the item as on the agenda for this session. Lists B and C wish to receive comments from List A Member States as they become available, preferably before the Doha session.

The Consultation reviewed a draft outline of the Consultation report (document REPL.VII/3/R.7) and Members provided many constructive comments on it. These comments will be reflected in the revised draft to be presented at the October session.

We also had the opportunity to hear from the delegate from the State of Qatar, who reaffirmed his Government's commitment to hosting the Fourth Session of the Consultation in October 2005. Members very much appreciated the Government of Qatar's offer to ensure the success of the Doha Consultation, and noted that it will both provide logistic support and meet the secretariat expenses involved in holding the session outside headquarters. Delegates raised the issue of the cost of participating in the Doha session. The Consultation welcomed the representative of Qatar's assurance that he would explore the possibility of reducing for all participants the accommodation costs and defraying the full costs of participation for Members from developing countries. An indication from the Government of Qatar in this regard is expected to be provided within three weeks so that we can finalize the arrangements for the October session.

As you know, the first item on the agenda of the Doha session will be the replenishment level. This of course is at the centre of the Consultation's work. You will recall that the level of

USD 800 million has been discussed as the target level for the Seventh Replenishment. In this regard, I would urge that Member States be in a position to make announcements regarding their pledges to the Seventh Replenishment in Doha, so that the Consultation can complete its work according to the agreed schedule, that is, by December 2005.

I would like to thank you all for your active participation. And I would also like to thank IFAD's managers and staff for their hard work in the preparation and effective organization of this session.

I wish you a safe journey home.

