

## Notes on the Sixth meeting of Convenors and Friends

23 November 2018

1. The sixth 2018 meeting between Convenors and Friends and the IFAD President was held on Friday, 23 November in room C-600, at 1.30 p.m.

Item 1: Opening remarks by the President and adoption of the agenda

2. The President welcomed Convenors, and Ms Cynthia Colaiacovo, IFAD Deputy General Counsel.
3. He thanked Convenors for their support in reaching Board consensus on the proposed dates for EB126 and the Fifth Board retreat<sup>1</sup>, which would be formally approved by the Board at the forthcoming December session.
4. The agenda for the meeting was approved, including the President's proposal to postpone consideration of item 4, Matters pertaining to the Forty-second session of the Governing Council, in view of the meeting that the Secretariat would hold with the GC Bureau in a few days.

Item 2: 125<sup>th</sup> Executive Board session

- a) Budget for 2019
  - b) Transition Framework
  - c) Financial matters
5. The President reiterated his wish to focus the discussion on hearing Convenors' views and concerns, with the aim of streamlining the discussion at the forthcoming Board session to the extent possible. To this end, three main items were considered, covering the Budget for 2019, the Transition Framework, and Financial matters. The main points of the discussion are captured below.
  6. Budget for 2019. Convenors welcomed the update provided by the Director, BOD on the key elements contained in the proposed budget document. Management noted the main differences between the preview and the current version, which reflected feedback provided by Board representatives on the initial draft. Convenors appreciated in particular Management's efforts to maintain a zero real growth while ensuring enough funding for key areas, and, more specifically:
    - Expressed some concerns about how to support the ambitious programme of work with a zero real growth.

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<sup>1</sup> EB126: Thursday, 2 and Friday, 3 May; EB Retreat: Monday, 6 to Wednesday, 8 (half-day) May 2019.

- Enquired about staff levels and how the envisaged reduction would take place. One Convenor specifically hoped this would not affect the country offices or hubs, where on the contrary it would be desirable to have facilitators in each country.
  - Appreciated how the decentralization was taking place and stressed the importance of monitoring the process and learn from experience.
  - Hoped that Management could further improve processes connected with strengthened internal controls in view of credit rating.
  - Referring to the capital budget, one Convenor expressed support to the proposal to implement electronic voting at IFAD.
7. In response, Management clarified that the quality of operations was a top priority for the institution and would not be compromised. Budget growth levels would be linked to other parameters such as priorities, key performance indicators and the growth in programme delivery.
  8. Some of the reduction in staff costs emanated from the early separation programme and the harmonization of the front offices at headquarters. Regarding the regional hubs, the President recognized that although hubs could represent a cost-saving measure, in the longer terms a presence in specific countries may be needed, and this would depend on the level of delivery.
  9. Preliminary lessons were being gathered from the decentralization process, and some benefits may already be possible by the end of 2019 or during the budget cycle in 2020
  10. Transition Framework. Convenors welcomed the update by the Associate Vice-President, Programmes, on the work carried out by the Working Group on the Transition Framework. The Working Group had endorsed a Transition framework for submission to the December Board, and would meet again on 10 December to agree on a proposal for the Board recommending a suitable approach for the post-phase II and the associated topics included in the Terms of reference of the Working Group.
  11. Convenors appreciated the Transition Framework as a good document covering a crucial matter for which they trusted in a positive outcome.
  12. Financial matters. The Associate Vice-President, Financial Operations Department, shared a brief recap of the recent meeting of the Audit Committee, where members had considered an intense agenda.

13. Two main issues were addressed:

- Ñ Proposed amendment to the Basic Legal Texts of IFAD to facilitate IFAD's engagement with the private sector. Management reminded Convenors that the amendment would come into effect only subject to the Executive Board approval of the private sector strategy which was foreseen for submission to the Board in May 2019. While urging Management to treat this matter carefully, Convenors appreciated the President's assurance that due diligence would be carried out prior to defer to the Executive Board in each case.
- Ñ Debt Sustainability Framework. There was general consensus on the need to find a solution on this issue. Management welcomed Convenors proposal to look into the approach implemented by the World Bank, and confirmed the need to enhance engagement with Capitals on this matter. The List A Convenor requested that additional informal seminars on DSF be held in the near future. The President stated that Management would reflect on some proposals to share at the next Board retreat to seek the Lists' views.

Agenda item 3: Feedback on the Joint informal meeting of the Rome-based Agencies

14. Convenors expressed their appreciation for the very positive RBA informal meeting and the increased collaboration at RBA level. They looked forward to a greater and timing involvement of members in the preparation of the 2019 meeting, which would be led by WFP. The Sub-List C1 Convenor underlined the importance of having in place common RBA strategies which could reflect a shared institutional culture. In addition, the List A Convenor informed participants that at a recent Joint meeting of the Programme and Finance Committees at FAO, all the regions had supported the view that a greater engagement with members was needed also in the preparatory and follow-up activities on the meetings of the senior consultative group. While welcoming this possibility, Convenors and the President agreed that it should not entail additional burden or risk of micromanagement.
15. Finally, the President referred to his recent debrief with the Chair of the FAO Council and the President of the WFP Board, where they had discussed potential areas to be covered at the next informal joint meeting on 17 September 2019 (like a follow-up of the past two-years and the memorandum of understanding signed by the three agencies, and a review of the collaboration on the administrative area). He also raised

the possibility to seek the Board's formal endorsement to support the RBA informal joint meeting.

Agenda item 5: Other Business

a) Selection of the External Chair of the Twelfth Replenishment of IFAD's Resources (IFAD12)

16. Convenors welcomed the draft paper on the proposed procedures for the selection of the External Chair of IFAD replenishments, which had been shared by the Secretariat as agreed at the October meeting.
17. The Secretariat will reflect the following two changes requested by the List A Convenor in the paper, and move forward as per the timeline included therein:
  - Ñ Table, action 4: ensure that Management will prepare the short list together with the Convenors; and
  - Ñ Paragraph 3: delete the word "key".

b) Dates of the next Convenors and Friends meetings in November 2019

18. Convenors confirmed their agreement with the proposed dates for the Convenors and Friends meetings in 2019, namely:
  - Ñ First meeting: Wednesday, 6 February
  - Ñ Second meeting: Tuesday, 2 April
  - Ñ Third meeting: Tuesday, 18 June 2019
  - Ñ Fourth meeting: Monday, 9 September
  - Ñ Fifth meeting: Tuesday, 26 November

c) Acting Chairperson of the Executive Board

19. As proposed by the President, before closing the meeting Convenors considered an item related to the Acting Chairperson of the Executive Board. This matter had been raised by a Friend from Sub-List C1 at a recent meeting, who had sought clarification on the procedure for designating an Acting Chairperson in the absence of the President during an Executive Board session.
20. The Deputy General Counsel recalled the procedure in place as provided for under Rule 10 of the Rules of Procedure of the Executive Board, specifically that: "In the absence of the President, the Board shall elect a representative of a member to act as Chairman for that meeting. The representative, acting as Chairman, shall participate in

the Board meeting in that capacity and not as the representative of a member; nevertheless, he may exercise his right to vote."

21. As additional background, she referred to a benchmarking exercise that had been suggested by Convenors and conducted by the Office of the Secretary of other comparable IFIs. The results, which had been shared at an informal meeting with Convenors, showed that in all cases the surveyed IFIs had their Vice-President or a member of the Senior Management serving as Chair in the absence of the President.
22. Convenors welcomed the clarification and considered the matter addressed for the time being.