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Investing in rural people

Closing statement by President Gilbert F. Houngbo

Executive Board — 123rd Session
Rome, 16-17 April 2018

For: **Information**

Closing statement

Distinguished Members of the Executive Board,

Allow me now to summarize the highlights of our deliberations. This is not an exhaustive summary, as you will receive the formal minutes in due course.

Let me start by thanking the Board for the fruitful interaction and, in particular, Mr Singh and Mr Cogliati for their comprehensive reports on behalf of the Evaluation and Audit Committees respectively.

Substantive matters

Yesterday we considered the update on the Operational Excellence for Results (OpEx) exercise. You provided your insights on this timely process, which is taking place in the context of the ongoing repositioning of the United Nations development system.

Management is committed to closely engaging the Executive Board in the implementation of OpEx, and in the issues related to delegation of authority. Accountability systems and controls will be prominent in our future analysis, as will the mechanisms to ensure the quality of our operations.

Projects and programmes

Turning now to our country operations, we are gratified by your warm reception of the country strategic opportunities programmes (COSOPs) for Mozambique, Benin, Mauritania and Kyrgyzstan. In designing new projects that respond to the COSOPs, we will take into account the lessons learned from our previous investments in these countries, the recommendations of the Independent Office of Evaluation of IFAD as well as the suggestions you have made to enhance the role of the agriculture so as to improve production systems and increase the incomes and resilience of rural populations; and to partner with the private sector and other stakeholders.

We are also grateful for your approval of the innovative project proposals.

While noting the abstentions of Denmark, Spain, Sweden and the United States of America, and the comments conveyed on behalf of Austria by Italy, we welcome your approval of the Uganda National Oil Palm Project (NOPP) which has benefited from your guidance to ensure that the risks associated with this operation are better monitored and managed.

Let me reiterate how greatly we value your feedback on the proposed projects. Management will regularly update the Executive Board on implementation of NOPP, and we will arrange informal seminars on the other issues raised, namely the Social, Environmental and Climate Assessment Procedures, our engagement in countries affected by debt distress, and delegation of authority.

Financial matters

The session resumed this morning with the announcement of the United Kingdom's pledge to the Eleventh Replenishment of IFAD's Resources (IFAD11). Allow me again to express appreciation for the generous pledge, on behalf of both Management and the entire Board.

The Board welcomed the summary of the Reports of the Chairperson on the 147th and 148th meetings of the Audit Committee, noting the detailed information contained therein. A presentation will be arranged by the Office of Audit and Oversight on the process for access to audit reports by Executive Board representatives.

The Board noted that IFAD's external auditors had provided an unqualified opinion on the 2017 Consolidated Financial Statements and that these, together with related documents, would be submitted to the Governing Council for approval in February 2019.

We are grateful for your endorsement of the Revision to the Charter of the Office of Audit and Oversight and for your approval of the drawdown of the remaining balance of IFAD10 contributions in 2018 to meet loan and grant disbursements in the current year.

We engaged in a fruitful exchange on the Terms of Reference for a Comprehensive Independent Financial Risk Assessment, and on the Timeline for the Review, Update and Strengthening of IFAD's Enterprise Risk Management. Management is conscious of the need for a clear understanding of interrelated risk dimensions – including the financial risks related to the Fund's balance sheet, the non-financial risks (ethical, fraud and corruption, etc.) associated with the enterprise risk management and the incremental risks associated with IFAD having access to capital markets, should this be pursued – and of the implications of these going forward.

Management will, of course, be guided by the forthcoming recommendations contained in the corporate-level evaluation on IFAD's financial architecture, and aims to work closely with the Audit Committee as we push through this important agenda.

A highlight of this Board session was the discussion on the Report on the Status of Contributions to the Eleventh Replenishment of IFAD's Resources. We are aware that the increased demand for our services requires continued efforts, and Management is committed to securing the US\$1.2 billion target set by the IFAD11 Consultation.

We are grateful to the Audit Committee for suggesting that compensation for the Debt Sustainability Framework (DSF) be tabled for discussion at the Board session. An informal seminar will be organized by Management in May 2018 to better clarify the implications of forgone reflows for grants provided under the DSF.

The discussion on the Terms of Reference of the Working Group on the Transition Framework underlined the importance that our members attach to this framework. We are confident that the scope of the work to be undertaken in phase II will enable us to have the Framework in place for the start of the IFAD11 period. We also acknowledge the relevance of our continued engagement with members as IFAD's financial architecture evolves and the importance of allowing the Working Group to submit to the Executive Board in December 2018 the draft Transition Framework and proposals on how to proceed under paragraph 8 of conference room paper EB 2018/123/C.R.P.1 for approval.

Other business

Business resumed in closed session this afternoon, as we considered the item on the mandatory age of separation (MAS65) item.

We are heartened by your warm reception of IFAD's approach with respect to preventing and responding to sexual harassment, sexual exploitation and abuse as outlined in the paper.

The Board further endorsed the appointment of members to the Audit and Evaluation Committees, and to the Working Groups on the Performance-based Allocation System and the Transition Framework, as presented in the addendum tabled for the Board's consideration, on the understanding that Indonesia would replace Nigeria in the Transition Framework Working Group.

The Executive Board approved Egypt as its destination for the 2020 visit and acknowledged that the dates of its visit to Cameroon in 2019 would be assessed with Convenors and Friends before being approved through a vote by correspondence.

Closing

In closing, let me express my appreciation to the Associate Vice-President, Programme Management Department, P erin Saint-Ange, who will be retiring at the end of April. P erin's corporate vision and genuine dedication to this institution have been commendable.

My gratitude also goes to the staff who prepared the papers for this meeting and to the colleagues from the Secretary's office, in particular William Skinner who will be returning

to the International Monetary Fund in June this year. Bill has been instrumental in managing the Office of the Secretary during this transition period.

Many thanks also to our messengers, to the interpreters, ICT, the caterers and security staff and to all others who have ensured the success of this session.

I look forward to continuing the discussions during the Executive Board retreat later this week.

I hereby declare the 123rd session of the Executive Board closed.