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Opening Statement by
President Gilbert F. Houngbo

Executive Board — 124th Session
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For: Information

Opening statement

Now that we have achieved a quorum, let me welcome you to this 124th session of IFAD's Executive Board. I know that we have all come back from the summer with renewed energies.

I would like to extend a special welcome to Alexandra Bugailiskis, Ambassador and Permanent Representative for Canada, and to Eric Hilberink, Deputy Permanent Representative for the Netherlands, both of whom are participating in the Executive Board for the first time.

I would also like to welcome the newly accredited representatives who are taking part in their first Executive Board session: Annette Seidel of Germany, Ambassador Frank Carruet of Belgium, Elizabeth Lien of the United States, Satu Lassila of Finland, Prashant Goyal of India and Syukur Iwantoro of Indonesia, Akeel Hatoor of Qatar and Ambassador Nadeem Riyaz of Pakistan.

We also recognize the presence of our colleagues from FAO and WFP as observers.

I would like now to introduce Guoqi Wu, who joined us in July as the new Associate Vice-President, Corporate Services Department.

And I am pleased to announce that we have just appointed a new Secretary, who will be coming on board on 15 October: Atsuko Hirose of Japan.

We have also appointed several new directors, some of whom you already know: Nigel Brett for the Asia and Pacific Division, Lisandro Martin for the West and Central Africa Division and Sara Savastano for the Research and Impact Assessment Division, who comes to us from Italy.

This morning most of us were at FAO where the three Rome-based agencies, WHO and UNICEF presented the most recent reports on food insecurity and nutrition in the world. It is a regrettable fact that in 2017, 821 million people were still suffering from hunger.

Therefore we absolutely must redouble our efforts and find ways to be more effective and more innovative to make our impact more significant – to use the resources entrusted to us more effectively and more efficiently.

I know that we can continue to count on your determination and support in this common cause.

On the subject of the Eleventh Replenishment of IFAD's Resources (IFAD11), I am happy to share my optimism that we will reach the replenishment target of US\$1.2 billion. IFAD11 became effective on 14 August 2018, a clear improvement over IFAD9 and IFAD10.

For me, this is an indication of your unwavering support, and I am sincerely thankful.

But we are also aware that we still have a way to go to achieve the target of US\$1.2 billion. We are working very hard and very actively to mobilize the remainder, which we estimate at around US\$100 or US\$150 million. We are focusing above all on unrestricted complementary contributions, particularly in the areas of nutrition, climate, gender equality and youth.

If 2018 is an important year for replenishing our funds, it is also a fundamental year for transforming IFAD.

In this regard, we have made enormous progress on the decentralization and strengthening our operational capacities. I am sure that we will have an opportunity to discuss this in the context of the Operational Excellence for Results (OpEx) exercise. By the end of the year we will have strengthened our firepower on the ground considerably.

We have implemented a far-reaching reassignment exercise of 114 positions, 90 of them in the country offices. The proportion of positions in the field rose from 18 per cent to 30 per cent in 2018.

Of the 90 positions in the country offices, 46 staff members will be transferred from headquarters to the field. Nearly all of the staff members to be transferred to a country office will have taken up their new positions by the end of the year.

But it is also clear that in specific cases our Human Resources Division has had to work to make accommodations to the specific circumstances of some of our colleagues. It is essential that the teams in the field be able to deal with the changes under way calmly, and that they have the skills necessary to perform their new duties and to strengthen our operations. We are supporting them in many different ways. We are also planning for a multisector team to visit each regional hub between now and November to draw lessons learned from the first few months of assignments and reassignments as part of the decentralization.

Following this realignment of the operations divisions, OpEx is now focusing on the other departments and support services at headquarters. The review now under way will seek opportunities for streamlining to make our organization more effective and more efficient.

One of the lessons that we can already draw from the OpEx exercise is the need to institutionalize change management. Change should not be considered a transitory exercise. Everything in this world, including ourselves, is constantly changing. But we need to do this with an eye to efficiency and effectiveness. We must also continue to work to entrench the spirit of a culture of results, a culture of continuous innovation. Unless we take on board the idea of continuous innovation, the medium-term effectiveness of this institution will be in danger. Against this backdrop, we have decided to create an agile unit – a maximum of two or three professionals plus a secretariat – a unit that will be dedicated to change, to monitoring results, and to innovation. This unit will monitor the reforms under way and will be a centre of excellence, a laboratory for ideas and initiatives to help departments integrate the results culture and become more effective, and to continue to seek out ways and means to innovate in our operations and our business model.

The budget is, naturally, a very important item on our agenda today.

As promised last year, the budget for 2019 does not entail any significant increase. We are putting forward, on an indicative basis, an overall increase of 2.4 per cent, consisting of price escalation of 1.7 per cent and a real increase of 0.7 per cent.

Our ambition is to continue to pursue our current efforts to achieve savings. I hope to close fiscal 2018 with a savings of around 5 per cent, just over the traditional 3 per cent carry-forward.

Our intention is to ask the Governing Council for special authorization to use these additional savings next year, thereby exceeding slightly and on an exceptional basis the authorized carry-forward of 3 per cent. This would be an exceptional request. We are not asking for a permanent change to the 3 per cent rule. This request for special authorization is essentially to enable us to prepare for the implementation of the mandatory age of separation of 65 years, planned for 1 January 2020.

I would like to thank you for your cooperation in the work being done on the Transition Framework. I am happy to see that the Working Group is making good progress.

You also know, without a doubt, that the independent evaluation work on financial risk is progressing and that the resulting report is to be presented at the next session of the Executive Board.

I also welcome the presentation today of the results of the evaluation of IFAD's financial architecture conducted by the Independent Office of Evaluation of IFAD.

In December 2017, our Executive Board approved the creation of the ABC Fund. It is now being operationalized and is expected to enter into effect at the beginning of 2019.

We are also exploring the possibility of setting up a facility, in partnership with the Government of the Netherlands and Rabobank from the private sector: a financial facility to invest in agrifood value chains to reduce food loss and food waste, linked directly to Sustainable Development Goal 12.3.

As an indication of IFAD's commitment to these initiatives and to align our interests with those of other investors, we may decide to invest our own funds, if only on a notional basis. To this end, we are considering the need to amend the Agreement Establishing IFAD, and we may be coming to the Executive Board in December in order to do so.

I know that we have a long list of items on our agenda to cover – as some of you have pointed out. I propose therefore that we get down to business. With your permission, I hereby declare the 124th session of the Executive Board now open, and thus end my introductory remarks.