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Investing in rural people

Closing statement by President Gilbert F. Houngbo

Executive Board — 124th Session
Rome, 11-13 September 2018

For: Information

Closing Statement by President Gilbert F. Houngbo

Opening remarks

Ladies and gentlemen,

As we approach the closure of the 124th session of the Executive Board, allow me to say a few words on our deliberations. You will be receiving the official record of the session and the formal minutes in due course.

Let me start by thanking Mr George Lantu and Mr Alberto Cogliati for their comprehensive reports on behalf of the Evaluation and the Audit Committees respectively, as well as Ambassador Yaya Olaniran and – on behalf of Ambassador Boldorini – Mr Yousef Al-Bader for presenting the reports of the Working Groups on the Performance-based Allocation System and the Transition Framework respectively.

Corporate issues

Update on the Operational Excellence for Results (OpEx) exercise

We welcome your support for the work of the OpEx team to enable IFAD to deliver a comprehensive transformation within the organization with the aim of scaling up the ultimate impact of our operations on the ground. Quality assurance and alignment with the ongoing United Nations development system reforms, as well as the careful management of risks and delegation of authority will continue to remain prominent parts of the work of OpEx.

With OpEx coming to an end, a more permanent function is called for within IFAD both to ensure that the reforms we have undertaken are sustained and monitored and to embed a culture of change, of enhanced delivery and innovation through the continuous renewal of products and processes. To this end, we are working on the establishment of a small and agile Change, Delivery and Innovation unit, which will strengthen the focus on results through a combination of change management techniques, new approaches for improving service delivery, and the adoption of innovative ideas at project level and across the institution in terms of business processes.

Budget

We value your insightful feedback on the high-level previews of IFAD's 2019 budget and IOE's work programme and budget for 2019, which will help us finalize the proposals to be considered by the Executive Board in December 2018.

While operating within a zero real growth environment, we acknowledge the importance of being open-minded should any justified increase not be otherwise absorbed. We will of course exercise our best efforts to contain overall costs, encouraging greater efficiencies where possible within the limited elasticity of our cost structure, cognizant of the need not to jeopardize project delivery and the ongoing consolidation efforts.

While every effort will be made to compensate in the medium term for the higher costs of the United Nations resident coordinator system through efficiency gains, we welcome your understanding that the financial implications of United Nations General Assembly resolution 72/279 for the Fund's budget will have to be considered carefully going forward.

Draft Action Plan for Youth Mainstreaming

We had a fruitful discussion on the challenges and opportunities associated with promoting inclusive and sustainable transformation of rural areas through closer engagement with youth.

Update – United Nations Strategy to Prevent and Respond to Sexual Harassment and Sexual Exploitation and Abuse (SEA)

Let me reiterate that Management is fully committed to guaranteeing a working environment where sexual harassment, exploitation and abuse are simply not tolerated. Besides providing the Executive Board with regular updates on the work of the SEA taskforce, IFAD will propose joining the dedicated ad hoc body on harassment, sexual harassment, abuse of power and discrimination established at the World Food Programme to allow both Management and Executive Board members to consider relevant issues.

Evaluation-related matters

The Independent Office of Evaluation of IFAD reminded us yesterday that IFAD must reform its financial architecture to better address rural poverty reduction, more efficiently leverage its equity and strengthen its financial sustainability.

We are aware that the current financial architecture may not pass the test of financial sustainability. Among other issues, the low yield of IFAD loan portfolio revenues and the current unpredictable compensation arrangements for the Debt Sustainability Framework (DSF) give cause for concern.

We are well aware that opportunities and challenges requiring close oversight lie ahead as IFAD's structure as a development finance institution (DFI), rather than as an international financial institution (IFI), evolves.

The Executive Board welcomes the opportunity to consider actions to address the recommendations of the corporate-level evaluation and the findings of the external independent comprehensive review of IFAD's financial risk at its session in December 2018. Broader options to enable IFAD to pursue its future mandate in earnest will then be assessed by representatives on the occasion of the next Executive Board retreat.

We are gratified by the commitment of all interested parties to implement the recommendations of the Country Strategy and Programme Evaluation for Cameroon, aimed at increasing the impact of IFAD-financed operations in the country.

We appreciate your acknowledgement of the increasing convergence of the findings of IFAD's performance outlined in the mutually reinforcing ARRI and RIDE reports. Recognition that our performance in areas such as gender and women's empowerment, climate and the environment may have plateaued with a risk of deterioration – is a stark reminder that we need to keep exploring all avenues to increase impact.

In order to leverage the lessons we can learn from past experiences, it will be important to overcome the challenges of having access to reliable data on recent operations, based on shared assumptions. To enhance our focus on results, IFAD Management has revamped our entire self-evaluation system through the Development Effectiveness Framework. Let us use the upcoming opportunity of the evaluation peer review to ensure that all of our adjustments and the independent evaluation function deliver value for money. We believe in the transformative power of evaluation and for that reason we take seriously your suggestions to ensure more timely evaluations.

While this year's PRI SMA shows adequate follow-up on the independent evaluation recommendations, we will continue to focus on and deal with persistent issues in key strategic and technical areas frequently brought up by evaluations.

Financial matters

We had a rich discussion around our financing terms and how these fit into the Fund's general strategy, and particularly into the transition framework discussions, with the aim of enhancing the competitiveness of IFAD's offering of financial options to our diverse borrowers. The particular nature of IFAD as a development finance institution and its

focus on the poorest of the poor will remain the main drivers of any changes to the financing terms in the context of the transformation of our financial architecture.

Our discussion on the Eleventh Replenishment of IFAD's Resources benefited from your extensive input encouraging us to pursue cofinancing options to increase our impact on the ground and to work on a strategy to partner more closely with the private sector. As regards core funding, we are of course heartened by the number and timeliness of pledges received thus far for IFAD11, and appreciate the call for those Member States that have not pledged to do so, to enable IFAD to reach the US\$1.2 billion target.

COSOPs and projects

This morning we reviewed the country strategic opportunities programmes for India, Cuba, Armenia and Republic of Moldova, as well as the country strategy and programme evaluations for India and Republic of Moldova.

Cognizant of the changing nature of IFAD's business model to serve the needs of countries in transition, we acknowledge your priorities, such as targeting, capacity-building, engagement with youth, partnership with the Rome-based agencies and beyond, as well as policy dialogue and non-lending activities. These, and the reservations you raised, will be borne in mind as the design and implementation of the projects envisioned under each COSOP get under way.

We also had fruitful exchanges on the project and programme proposals for Benin, Chad, China and Pakistan and on the proposal under the private sector grants window to Delivery Associates that you approved. We are strongly encouraged by your support, and will ensure that your specific comments are adequately addressed.

Enterprise risk management

We acknowledge that the risk dashboard will remain a living document relevant for decision-making and oversight throughout the course of IFAD11 and beyond. Let me reassure you that Management will consider the Independent Assessment of IFAD's Strategic and Operational Risks as well as the financial risk review cohesively, in order to strengthen the Fund's overall enterprise risk management in a holistic and sustainable manner.

We appreciate your constructive guidance on the draft proposal for Faster Implementation of Project Start-up Instruments, which was tabled for your review in response to a commitment made under IFAD11 to make our operations more agile.

Other matters

We also touched upon the next steps to meet the launch date of 1 January 2019 of the Agribusiness Capital Fund, which will support our drive to work more closely with the private sector, smallholders and youth going forward.

Finally, Management cherishes the Board's advice for our engagement in the latest reforms of the United Nations development system.

Conclusions

Distinguished delegates,

I look forward to the opportunity of further engaging with you on issues of corporate relevance at the next retreat of the Executive Board in 2019, the dates of which will be determined with you in the near future.

As we reach the conclusion of this session of the Board, my very special thanks go to our departing representatives, Her Excellency Martha Elena Federica Bárcena Coqui, Ambassador and Permanent Representative of the United Mexican States to IFAD and Dr Abdelbaset Ahmed Aly Shalaby, Agricultural Counsellor, Deputy Permanent Representative of the Arab Republic of Egypt to IFAD for their invaluable contributions to so many of our Executive Board sessions, informal seminars and other events. On behalf

of all members of this Executive Board allow me to convey to you both our very best wishes for your future endeavours.

Allow me also to extend my gratitude to the Acting Secretary, Andreina Mauro, for her support and active engagement in the past months, and to all IFAD staff – our interpreters, our messengers, ICT colleagues and security staff – who have worked hard to ensure the success of this gathering.

With this, I declare the 124th session of the Executive Board closed.