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Investing in rural people

Closing Statement by President Gilbert F. Houngbo

Executive Board — 125th Session
Rome, 12-14 December 2018

For: Information

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Opening remarks

Ladies and gentlemen,

After three days of work, the 125th session of the Executive Board is drawing to a close. Please allow me to say a few words on our deliberations and what we have been able to achieve together. The official records and formal minutes of the session will be made available to you in due course.

Let me start by thanking the members for their active engagement in the subsidiary bodies and working groups of the Board. My appreciation to Mr George Lantu and Mr Alberto Cogliati for their leadership of the Evaluation and Audit Committees. I also thank Ambassador Yaya Olaniran and Ambassador Maria Boldorini for their tireless efforts in guiding the Working Groups on the Performance-based Allocation System (PBAS) and the Transition Framework, respectively.

Corporate issues

The update on the Operational Excellence for Results (OpEx) Exercise since the last Executive Board highlighted the progress made in the key areas of: (i) decentralization; (ii) revisions to delegation of authority; and (iii) streamlining non-operations areas to be fit for purpose. The first "lessons learned" during missions to the hubs have given Management an indication of how the newly deployed staff are settling in. These will assist us in improving on our efforts.

On the Update on IFAD's Engagement in the Reform of the United Nations Development System, we considered important issues related to the budget implications of the 1 per cent levy and the plan to pay IFAD's contribution of US\$1.4 million by the end of March. We also discussed plans for greater participation at country level to ensure the alignment of our country strategic opportunities programmes (COSOPs) to government priorities and the United Nations Development Assistance Frameworks (UNDAFs). We agreed that subsequent updates will be a tabular representation of the key expected actions and the status of achievement.

In our discussion on the Review of the Debt Sustainability Framework (DSF), while being unanimous on the fact that the current DSF mechanism was not sustainable and therefore needed to be reviewed, you called for a process of consultation with capitals towards reaching a final decision. In view of this, we agreed that, as a first step, we will use the Audit Committee meeting on 15 April to build consensus on a possible way forward ahead of the 126th session of the Executive Board, where we will table a proposal for decision. We also agreed that, pursuant to this, each List will provide their proposal to the Audit Committee by mid-March.

On the 2019 Budget, we built on our earlier discussion and your guidance during the September Board to compile the final proposal. The proposal reflects zero real growth and a 9 per cent efficiency ratio of programme of loans and grants to administrative budget, the lowest IFAD has ever achieved.

The Executive Board approved for submission to the forty-second session of the Governing Council the programme of work for 2019 at a level of SDR 1,265 million (US\$1,759 million), which comprises a lending programme of SDR 1,223 million (US\$1,701 million) and a gross grant programme of US\$58 million.

We also approved the Eleventh Replenishment of IFAD's Resources (IFAD11) allocations using the PBAS formula and agreed that, for DSF-eligible countries, the financing terms will be decided together with the broader issue of the DSF.

The Executive Board approved the IFAD Transition Framework and the proposed process post phase-II as endorsed by the Working Group on the Transition Framework to continue to carry out its tasks as included in the terms of reference.

The Board approved the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

On IFAD's Cofinancing Strategy and Action Plan, the Board approved the revised document.

The Board took note of the Update on IFAD's Approach to Address the United Nations Strategy to Prevent and Respond to Sexual Harassment, Sexual Exploitation and Abuse, commending IFAD for promoting zero tolerance in this regard.

Following a very informative debate, the Board approved the IFAD Rural Youth Action Plan 2019-2021, taking into account the valuable contributions of members. Aspects of special importance were harnessing the synergies in the initiatives undertaken by identified youth groups, the need for complementarity with the AgriBusiness Capital Fund and working further on the proposal for a Youth Council. Management demonstrated its commitment to mainstreaming youth by announcing ongoing efforts to invite young people engaged in agribusiness to participate in the Governing Council.

We discussed the IFAD Strategy and Action Plan on Environment and Climate Change 2019-2025, bearing in mind its importance to our projects and programmes. The Board approved the strategy with the exception of the results framework, taking into account comments made, and revising the text as contained in the conference room paper presented. The results framework will be presented to the 126th session of the Board.

To facilitate IFAD's engagement with the private sector to enhance support for smallholder farmers, we approved the proposed amendments to the basic legal texts of IFAD for onward transmission of a resolution to the forty-second session of the Governing Council in February 2019 for adoption, with the agreement that the resolution will become effective only after the Board's approval of the related strategy. The Board requested Management to present a high-level summary followed by an informal seminar not later than the end of January 2019 in preparation for the Governing Council.

Governance matters

The Board agreed actions to strengthen the governance role of subsidiary bodies of the Executive Board, and the Matrix of issues and actions to strengthen IFAD's governance, and recommended that Management, working with the chairs of the Audit and Evaluation Committees, prepare proposals on the functions of the committees for discussion at the retreat and subsequent presentation to the Executive Board for approval.

The Board considered the Proposal for an Automated Voting System at IFAD to expedite ballot-counting during the appointment process of the President, as requested at the forty-first session of the Governing Council, and will recommend to the Governing Council at its forty-second session that the process of identification of potential systems, request for proposals and evaluation, as well as consideration of options for renting where possible, continues.

The Board also endorsed the Proposed Dates for the 126th Session of the Executive Board and Fifth Executive Board Retreat and for the Sessions of the Executive Board to be held in 2020.

Financial matters

The Board considered and reviewed the External Independent Assessment of IFAD's Financial Risk Management and Corporate-level Evaluation on IFAD's Financial Architecture: Management Appraisal and Action Plan as part of the Update on IFAD's Financial Architecture Transformation.

The Board also considered and approved an Update of Financing Terms and the accompanying Governing Council draft resolution for transmission to the forty-second session.

The Board further approved the Non-Concessional Borrowing Policy and the accompanying Governing Council draft resolution for transmission to the forty-second session.

Additionally, the Board approved IFAD's Investment Policy Statement, confirmed the Workplan for IFAD's Office of Audit and Oversight for 2019, and took note of the Report on the Status of Contributions to IFAD11 as well as the oral update on the implementation of the impairment section of International Financial Reporting Standard 9.

The Board approved the Resources Available for Commitment by IFAD and the request for the use of commitment authority for the year 2019 based on the sustainable cash flow approach to cover commitments for the 2019 programme of loans and grants.

Evaluation

The Executive Board took note of the reports of the Chairperson of the Evaluation Committee. The discussion also highlighted the importance of the independence of the evaluation function and the need for real-time monitoring and early warning systems in project implementation.

Operational matters

The Board discussed the PBAS formula and considered the review process and its main features for IFAD11. The Board also considered the next steps and tentative timeline for the review of the formula planned for the IFAD12 cycle.

The Board discussed the Revised Guidelines and Procedures for Results-based Country Strategic Opportunities Programmes, taking into account key parameters including their alignment to the UNDAFs. Management took note of the comments of members and will factor them into implementing the guidelines and procedures.

The Board reviewed the COSOPs for Angola, Cabo Verde, Egypt, Georgia and Peru with their respective country strategy and programme evaluations (CSPEs), in line with the proposal to present CSPEs for the Board's review in conjunction with the related COSOPs, when available.

The Board was updated on lapse-of-time proposals since its last session and approved programmes for Indonesia, Kenya and Nigeria and a project for Burundi. Management was requested to take note of the valuable comments made during the discussion and respond to the questions put forward by members.

The Board approved the IFAD Policy on Project Restructuring, which is aimed at enhancing resource utilization and operational efficiency during project implementation.

Against the background of the need for faster implementation of project start-up, the Board approved a proposal for the establishment of the two faster implementation of project start-up instruments presented.

The Board approved the amendments to the General Conditions for Agricultural Development Financing in accordance with its authority under the Agreement Establishing IFAD and delegated authority to the President to approve deviations from the General Conditions for specific project purposes.

The discussion on reimbursable technical assistance in IFAD's operations provided Management with very important feedback. Management therefore committed to refining this instrument to ensure that it can be utilized during the IFAD11 period and undertook to provide an update to the Board.

The Board was updated on IFAD's South-South and Triangular Cooperation and also received an update on collaboration among Rome-based agencies in 2018 prepared jointly by the three agencies.

The Board authorized the President to negotiate and finalize supplementary fund agreements from the Rockefeller Foundation, in accordance with the terms presented in the document tabled.

Touching on our resource mobilization efforts, I would like to express my gratitude to the Government of Finland for the provision of a concessional partner loan and an additional core contribution towards IFAD11.

In conclusion, ladies and gentlemen, I wish to express appreciation for your patience – and endurance – during these long three days. This brings me to the point I mentioned at the beginning of the session, which was echoed at various times by members, that we need to work together to streamline our agenda and consider options for focusing on strategic issues, including a possible fourth Executive Board session and additional committees. I believe your initial proposals on these will be worth considering in the governance discussion during the Board retreat to be held in May 2019, with the objective of making proposals during the subsequent Board session.

As we approach the festive period, I want to take the opportunity to wish you all season's greetings and to thank you once again for your continued support.

I hereby declare the 125th session of the Executive Board closed.

Thank you.