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Opening Statement by President Gilbert F. Houngbo

Executive Board — 126th Session
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For: Information

Opening Statement

Let me welcome you to this 126th session of the IFAD Executive Board. As is customary, I would like to extend a special welcome to our new representatives: Ms Laura Torrebruno, Economic Counsellor for the Embassy of France, and Ms Kang Hyo Joo, First Secretary, Alternate Permanent Representative of the Republic of Korea to the Rome-based agencies (RBAs).

I would also like to extend a warm welcome to delegates and observers attending the Executive Board for the first time and to those in the *salle d'écoute*.

As per the Board-approved procedure for attendance of observers, we sent a communication to members on 15 April seeking their no objection to inviting the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the European Union (EU) to this session. I would like, therefore, to welcome our colleagues from FAO, WFP and the EU. I see here our dear colleague, Stephanie Hochstetter from WFP, and Ambassador Tombi ski from the European Union. Thank you for coming.

In the same communication, we suggested that in the spirit of RBA collaboration, invitations to FAO and WFP be henceforth extended on a regular basis without requiring further approval from the Board.

As the Board has no objection to said proposal, appropriate reference will therefore be included in the revised version of document EB 2018/124/R.38 and in footnote 3 of the Rules of Procedures of the Executive Board in order to invite WFP and FAO to sessions without the need for further Board approval.

Turning to our representatives who will be leaving Rome after this Executive Board session: Ms Karen Garner, Counsellor, Deputy Permanent Representative of Canada to the United Nations Food and Agriculture Agencies in Rome. Ms Garner has served on the Executive Board of IFAD for Canada since her arrival in Rome in August 2015. Since then, she has attended all sessions of the Governing Council, five sessions of the Executive Board, numerous Executive Board seminars and two sessions of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), and participated in the Working Group on the Performance-Based Allocation System (PBAS). We wish to extend, through the Ambassador, our sincere appreciation and thanks to Karen.

For Norway, Ambassador Nordang, Permanent Representative of Norway to the Rome-based agencies. Ambassador Nordang has served as Norway's Executive Board representative since he began his mission in Rome in August 2015. Prior to that he covered IFAD's work from the capital for many years. In his numerous years of working with IFAD, he attended eight sessions of the Governing Council, 17 sessions of the Executive Board, 14 sessions of Replenishment Consultations, and countless working groups, technical sessions, seminars and events. Ambassador Nordang, your gentle but wise counsel at all times, and your patience – especially in dicey situations – and knowledge of IFAD will be greatly missed by all of us here.

For Switzerland, Ms Liliane Ortega, Counsellor, Deputy Permanent Representative of the Swiss Confederation to FAO, IFAD and WFP. Ms Ortega arrived in Rome in September 2015 and was appointed as the IFAD Executive Board representative shortly thereafter. Since then, she has been a very active participant in IFAD's governing body events. She has attended 11 sessions of the Executive Board and over 30 Board-related seminars and events, 14 sessions of the Evaluation Committee, four sessions of the Governing Council and all sessions of IFAD11.

Ms Ortega also attended many meetings of the PBAS, Transition Framework and Governance working groups and many other technical meetings. In addition, she served as a List A co-Convenor from November 2015 until July 2016 and has served as Alternate IFAD Staff Pension Committee representative since 2016. Allow me to say a

big thank you, not only for your role as an Executive Board representative but also for your knowledge of the field and for always reminding Management of the importance of making sure that the work of the Board and that of Management are in sync with the true needs at the field level. Ms Ortega, merci.

We have a busy programme ahead of us, at both the Board session and the retreat next week. This will offer an opportunity to take stock of where we are and where we are going. In other words, this is a chance not only to discuss the state of IFAD's current operations but also to shape a strategic direction for IFAD's future. We all know that official development assistance (ODA) to agriculture has increased by 30 per cent over the past five years. However, in percentage terms, it still represents only 5 per cent of total ODA. Progress towards ending poverty and hunger has stalled while growing food insecurity, linked to fragility and climate change, threatens our ability to achieve the SDGs by 2030. We believe that it is imperative to make major changes to the global food security architecture, and I believe that includes IFAD. So, the question is, where does IFAD stand? What is the state of the institution?

Although we were recently pleased by the results of the assessment undertaken by the Multilateral Organisation Performance Assessment Network (MOPAN), we know that we must not rest on these achievements. We must continue to address current challenges. In particular, we must consolidate ongoing reform and continue to improve the quality of our delivery by working on our activities – be it at the concept note level or at the project collaboration or supervision level or at any other major step. We must also continue improving our impact on hunger and poverty. For that, it is important for us to continue improving our tools to measure these impacts and, at the same time, step up efforts to address staff-related matters.

I sincerely believe that today IFAD is at a crossroads. As you know, we moved very swiftly to implement a reform process that will allow IFAD to mobilize and deploy resources more strategically and more effectively. Now it is time to stabilize those reforms. It is time to learn lessons from this early implementation. I hope that after two full years of decentralization at work, we will be able to have IOE or the Officer of Audit and Oversight carry out an independent assessment in 2021. The overall staffing level and skills mix, quite frankly, are clearly posing serious issues. We have striven to do more with what we have. Our staff is stretched to maximum capacity, if not beyond, given the high level of the current workload. IFAD's future depends not only on having the right size workforce to meet demand, but also on ensuring that staff have the right skills set to make the most of future opportunities.

With this in mind our immediate priority, in addition to the quality of delivery, is our ability to improve impact and measure that impact, and to have the human resources that will allow us to be ready to face the challenges ahead from a strategic viewpoint. Also of key importance are the IFAD11 commitments, including rural transformation and mainstreaming gender, nutrition, climate change and youth. It is also of key importance for us to strengthen IFAD's overall compliance framework, which we started a few months ago, including the Social, Environmental and Climate Assessment Procedures (SECAP) and – obviously – our financial, operational and reputational risk management. I am really looking forward to hearing from you on this and other issues over the coming days and during the retreat. In a nutshell, while I am happy to report that we have reached some important milestones, my message is that it is critical that we do not underestimate the challenges.

The work done and the results achieved by IFAD are being increasingly recognized. This has translated into higher demand and expectations from development partners at all levels. IFAD's comparative advantage – namely our focus on rural people at the bottom of the pyramid and our small size and agility – is resonating more than ever. Externally speaking, there is also a growing consensus that special measures are needed to address SDG 2 (zero hunger and rural transformation), in particular SDGs 2.3 and 2.4. At the same time, the international development community is very concerned about the level

of indebtedness of some borrowing countries and the risk of the need for another Heavily Indebted Poor Countries process. The pressure to provide grants instead of loans is mounting, particularly for DSF-eligible countries, yet there is no indication that ODA will grow sufficiently over the next five years to make replacing loans with grants financially viable for institutions such as IFAD.

Despite our collective efforts, contributions to IFAD11 may barely reach US\$1.1 billion of the US\$1.2 billion target. And if the trend continues the next replenishment, which starts in 2020, is likely to be challenging. IFAD will also be entering into that replenishment cycle at the same time as other institutions, including the Global Agriculture and Food Security Program (GAFSP) and Gavi (the Vaccine Alliance). And as we all know, in this current year, institutions such as the International Development Association (IDA) and the African Development Bank are also going through their replenishment processes. Responding to these developments will test our ingenuity, our creativity and our capacity for innovation. There is a huge gap between needs and expectations and what can actually be delivered under the existing architecture and funding structure.

Let me pose the one question that needs to guide our discussions over the coming days. What kind of institution do we want IFAD to be for the next 10 years? What do we want for this institution? With that in mind, I believe we also need to ask ourselves: do we continue with business as usual, which might be challenging given stalling ODA and increasing pressure for DSF and which will imply a reduction in the programme of loans and grants? Or do we seriously consider how best to leverage our existing core resources in a way that goes beyond technical or mathematical considerations, i.e. leveraging resources and our comparative advantages for borrowing in a way that also attracts non-state actors: the private sector, foundations and so forth.

Let me reiterate that IFAD's mission has always been and will always be to drive investment towards rural communities in order to end poverty and hunger. Clearly these initiatives must contribute to our mission and we must be on our guard to prevent any mission drift. We do not expect that all the proposals in the IFAD 2.0 document – to be debated at the retreat – will be accepted or rubber-stamped. Nor do we expect all of those proposals to take off at the same time or level in one year. Let us remind ourselves that Rome was not built in a day. However, I truly believe that if we want IFAD to be bigger, faster and smarter in five to 10 years from now, we must start today by taking baby steps, starting with IFAD12, which will be implemented from 2022.

I realize that we have a big agenda ahead of us for the next two days. I would like to thank you in advance for approving the proposed solution for the DSF in the context of IFAD11. Going forward, I also know that we are all conscious of the need to find a long-term solution to the DSF. In doing so, we must be cognizant of how core development funding underpins the very concept of the DSF. The solution must avoid making IFAD contribute to worsening a country's indebtedness; at the same time, it is important that the fiscal space freed up by the DSF is used wisely.

I would like to thank you for your flexibility in testing a new process to deal with regular agenda items such as COSOPs and project approvals ahead of time, clearing space on the Executive Board agenda for discussion of more substantive and strategic items. We are confident that with your usual constructive engagement and continuous strong support that our future is in the making.