

Document:	EB 2019/127/INF.9
Date:	16 September 2019
Distribution:	Public
Original:	English

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Closing Statement by
President Gilbert F. Houngbo

Executive Board — 127th Session
Rome, 10-12 September 2019

For: Information

Closing Statement by President Gilbert F. Houngbo

Ladies and gentlemen,

As our deliberations come to a close, let me take this opportunity to thank you all for your dynamic engagement during these past three days and for the constructive and frank discussions.

Despite a very dense session and its time management implications, I hope you agree with me that the Board has spent quality time on several substantive items.

During this session, we addressed an extensive range of issues. Let me note some key highlights.

On corporate issues

Budget

We value your insightful feedback on the high-level previews of IFAD's 2020 budget and IOE's work programme and budget for 2020, which will help us finalize the document to be considered by the Executive Board in December 2019.

This is a crossroads/transitional budget. It serves to consolidate the reforms that started in 2018 and at the same time prepare for IFAD 2.0. with the aim of a zero real growth budget. Let me reiterate that the special one-off allocation will be instrumental in helping us achieve optimal staff capability, which is necessary to tackle current and future challenges (quality of delivery, private sector engagement, financial and risk management). Once the HR study being prepared by McKinsey is ready, a formal discussion with the Board will be organized to agree on a way forward based on the merits of the proposed recommendations – and their financial implications.

Let me also thank you for approving the Private Sector Engagement Strategy, which allows the Amendments to the Basic Legal Texts of IFAD to Facilitate the Fund's Engagement with the Private Sector, adopted by the Governing Council in February 2019, to become effective. This is key to developing new instruments and tools to step up our engagement with and for the private sector, particularly micro, small and medium-sized enterprises. As we develop the key financial instruments, policies and systems related to the strategy step by step, they will be submitted to the Board. We will report regularly and transparently about progress and results achieved.

The review of the Revised Operational Guidelines on Targeting has been another important milestone. The guidelines will enable IFAD to have a more coherent and inclusive approach to targeting and will form the basis for developing a comprehensive and holistic policy to improve IFAD's capacity to leave no one behind.

Similarly, with the Board's approval of the Partnership Framework, Management will be in a better position to build more strategic partnerships in support of our future agenda. Once again, your valuable inputs will assist us in fine-tuning this "living document".

The review of IFAD's Enterprise Risk Management (ERM) Framework and the Corporate Risk Dashboard will greatly assist Management in enhancing IFAD's risk culture and function in a holistic manner. One major pending decision for me relates to the most appropriate ERM governance structure. I will take related decisions on this in the coming months.

Evaluation-related matters

The review of the country strategy and programme evaluation for Cameroon and the Democratic Republic of the Congo provided valuable inputs to guide our future programming in these countries.

Similarly, your feedback on the final report of the IFAD10 impact assessments encourages us to do more and better to measure corporate impact and improve accountability. The IFAD impact assessments represent a unique approach to reporting corporate results, assessing the effectiveness of development assistance and improving the design of future operations. Moving forward, we will build on the lessons learned from this exercise to further enhance our approach and methodology to assess the impact of IFAD operations, including a stronger focus on the mainstreaming themes. This will provide IFAD with a more powerful and rigorous tool to demonstrate how your support is being translated into development results.

The review of the corporate-level evaluation on IFAD's engagement in pro-poor value chain development will help us enhance our approach and support to value chain financing in the context of the Private Sector Engagement Strategy.

We appreciate your acknowledgement of the increasing convergence of the findings on IFAD's performance in the mutually reinforcing ARRI and RIDE reports. The Report on IFAD's Development Effectiveness presents a wide range of data demonstrating that IFAD performed well during IFAD10, meeting or exceeding targets for impact and outreach, and achieving a large number of output targets. Projects made a significant contribution to IFAD's impact on rural poverty, environment and natural resource management, and climate change adaptation. Nonetheless, both the Annual Report on the Results and Impact of IFAD Operations and the RIDE point to the need to consolidate IFAD's ongoing reforms and improve the quality of project and programme delivery, especially as it relates to efficiency and sustainability. To this end, we are already putting in place and will further strengthen measures to respond to the ARRI's recommendations – including through differentiated approaches at the portfolio level and the faster implementation at project start-up instrument – to enhance the capacity of governments in order for IFAD projects to have significant and lasting impact.

We believe in the transformative power of evaluation and for this reason we take seriously the recommendations of the external peer review to uphold IOE's independence and enhance its relevance and value for money in the context of IFAD's evolving business model and financial architecture. Moving forward, Management and IOE will work together to develop an action plan to implement the peer review's recommendations. In this regard (particularly with regard to recommendation 2), a clear mandate has been given to the Evaluation Committee to review such action plan before submission to the Board.

On operational matters

The consultation on country strategic opportunities programmes (COSOPs) (and the related country strategy and programme evaluations), introduced at the previous session of the Board, proved to be effective in enhancing time management and the efficiency of our deliberations. The outcome of the consultation and the rich feedback received enabled the review and finalization of the COSOPs for Cameroon, the Democratic Republic of the Congo and Viet Nam.

The Executive Board's approval of the project proposals for Bangladesh, Cambodia, Angola, Ethiopia, Mozambique, Sudan, Burkina Faso, Cameroon, Liberia, Niger and Senegal represents another important step towards delivering our target programme of loans and grants for the Eleventh Replenishment of IFAD's Resources.

Under the Voices from the field item, we heard from our subregional directors (hub heads) on the progress made with regard to decentralization, including the challenges encountered and lessons learned. This conversation was a very helpful way of looking at

where we stand and identifying areas for further improvement. I look forward to an ongoing dialogue with the Board on this important matter.

On financial matters

We all agree that IFAD is at a crossroads and there is a need to collectively agree on the best path forward.

I thank you for all your work with Management in the past months to find a long-term solution to the Debt Sustainability Framework (DSF). Let me reiterate that the DSF issue is not just a financial matter; it is about finding a consensus on the type of institution we want IFAD to be in the future. It cannot be tackled in isolation. It must be part of a comprehensive approach aimed at ensuring the sustainability of our operations and increasing their impact.

The establishment of a prefunded mechanism for new DSF approvals, the adoption of the Capital Adequacy Policy, the concept of a minimum or basic replenishment target, the leveraging strategy are all part and parcel of an integrated package designed to preserve the long-term sustainability of the Fund and avoid the progressive erosion of its capital base, while preventing mission drift.

Your sustained engagement will be critical to reaching a consensus on the way forward on these resources.

On governance matters

The Board agreed on the Establishment of the Consultation on the Twelfth Replenishment of IFAD's Resources and took note of the proposal for an automated voting system.

On progress reports

We really appreciate your feedback and advice with regard to the progress report on IFAD's Approach to Address the United Nations Strategy to Prevent and Respond to Sexual Harassment, and Sexual Exploitation and Abuse. We will continue stepping up our efforts to make zero-tolerance a living reality both at headquarters and in the field. As part of these efforts, we will conduct an in-depth survey in early 2020.

Other business

The Board discussed the statement for information by Brazil requesting consideration of an amendment to the Agreement Establishing IFAD to allow IFAD to lend to political subdivisions of Member States, national development banks and regional banks. Management will provide the Board with a paper on a proposed way forward in April 2020.

Conclusion

In concluding, I wish to extend my sincere thanks to you all for yet another productive Board session. This session has laid the ground for our forthcoming discussions on the future direction of the Fund, both at the Board retreat on 24 and 25 October and at the pre-Consultation session in November. Your sustained engagement and support will be key in shaping together the future strategic direction of IFAD.

I would also like to sincerely thank Management and staff, the Secretariat, as well as the interpreters, conference messengers and technicians, all of whom have worked hard to make this session successful.

I hereby declare the 127th session of the Executive Board closed.

To those of you travelling back home, I wish you a safe journey.

Thank you.