

Document:	EB 2019/128/INF.7
Date:	13 December 2019
Distribution:	Public
Original:	English

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Investing in rural people

Closing Statement by President Gilbert F. Houngbo

Executive Board — 128th Session
Rome, 10-12 December 2019

For: **Information**

Closing Statement

Ladies and gentlemen,

Our deliberations have ended and I take this opportunity to thank you all for your active engagement during these past three days and for the usual constructive and frank discussions.

The session has been intense but I believe you will agree that we have spent time profitably, deliberating on items of great importance to the future of IFAD.

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

Strategic discussion with the President of IFAD

I thank you for this initiative and for your engaging discussions, from which we have drawn lessons to guide us for the next Board session. Your interventions have been very rich and have provided pointers that will help shape the next step of the human resources study. While we will take some of the issues up during the Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12), we recognize that some – such as the vertical fund approach, dealing with the resurfacing debt stress of countries and the implications, the need to ease pressure on official development assistance and to forge more partnerships, and IFAD's position in the global development architecture – could still be under consideration well beyond the Consultation.

On corporate issues

Budget

Let me thank you for your constant engagement – with each other and with Management – towards attaining the best outcome from our very difficult discussion on the budget. I believe our commitment to ensure that IFAD is in the best position to deliver on its mandate has been paramount. In approving the submission of the budget to the forty-third session of the Governing Council, you supported a number of important considerations that will ensure prioritized funding for the targeted delivery of the programme of loans and grants (PoLG), enhanced quality of projects and support for the path of ambitious reforms on which IFAD has embarked. In relation to the targeted capacity investment (TCI), we are pleased that you agreed to a set-aside reserve budget of up to US\$12 million. I would like to reiterate our commitment to promptly providing a detailed two-year implementation plan for your approval during the April session of the Board in 2020. During the session we shared our plans with you and we heard your clear condition that we must separate the recurrent cost from TCI activities. The plan of action will provide a detailed description of how this will be done and your guidance will be sought accordingly. We will also delineate actions by year and ensure that we focus on those to be implemented in 2020; these could include the scaling up of the business process reengineering and staff skills improvement initiative.

Policies and strategies

Your approval of the ICT4D strategy is greatly appreciated and we take on board your rich input. We will ensure that the strategy contributes in a synergetic way to improving the livelihoods of farmers.

In reviewing the integrated framework for implementing transformational approaches to the four mainstreaming themes, you provided valuable feedback that we will use to improve the document and our work. As indicated, Management will update the Board on the status of implementation and related operational guidelines at the 131st session in December 2020.

Similarly, the insights shared on the economic activities of persons with disabilities in rural settings will help us further improve our work with this group in our operations.

I thank you for the work done over the last year to move forward on risk management issues. In reviewing the framework and the dashboard, you touched on key areas such as the governance structure and the risk posed by replenishment contributions received as against what is pledged. We are mindful of the governance dimension and we intend to take a holistic view on this when the consultants complete their work in early 2020. We will then allocate both regular budget resources and resources from the TCI where appropriate to support the process. The risk posed by the replenishment contributions received as opposed to what is expected from pledges is a major issue that will need re-examination.

Evaluation-related matters

The report of the Chairperson on the 107th session of the Evaluation Committee highlighted some key points and noted the joint work being done by the Independent Office of Evaluation of IFAD (IOE) and Management to address the recommendations of the Action Plan for Follow-up on the External Peer Review of IFAD's Evaluation Function. This demonstrates the commitment on the part of both parties to strengthen the evaluation function of IFAD.

On operational matters

Thank you for the lively discussion leading to the approval of the Framework for Operational Feedback from Stakeholders. Our shared commitment to improving transparency, governance and accountability in IFAD-supported country operations through the meaningful participation of stakeholders in project formulation and implementation is evident.

The consultations on country strategic opportunities programmes (COSOPs) and the related country strategy and programme evaluations continue to deliver benefits for both the Board and Management in terms of enhancing time management and the efficiency of our deliberations. Your extensive feedback during the consultations contributed to the review and finalization of the COSOPs for Central Africa Republic, Congo, Ghana, Liberia and Lesotho, and the Kenya COSOP considered during this session.

Similarly, the consultations on projects allowed for a more in-depth discussion on IFAD operations and freed up time on the Board's agenda. However, we still need to work on the time saving objective during Board sessions. The Board's approval of 14 project proposals for the Asia and Pacific, East and Southern Africa, the Latin America and the Caribbean, Near East, North Africa and Europe, and the West and Central Africa regions, moves us further towards delivering on the high target set for the IFAD11 PoLG.

On financial matters

I thank Canada for the Sovereign Borrowing Framework loan of CAD 150 million (denominated in United States dollars) on very favourable terms to support IFAD's operations, especially in the areas of climate-focused activities and gender transformative projects to enhance IFAD's mission. I also thank the Board for approving the proposal for IFAD Management to enter into a non-legally binding arrangement for the loan, subject to Parliament appropriation, with the Department of Foreign Affairs, Trade and Development of Canada. With this loan, we edge closer to meeting our PoLG target for IFAD11.

I thank also Spain for the payment of the EUR 600,000 pledge for IFAD11 and look forward to a continued engagement with IFAD.

This Board has been crucial in pushing forward key strategic items that are fundamental to strengthening IFAD's financial architecture as we approach the IFAD12 Consultation. The Debt Sustainability Framework (DSF), the credit rating process and the capital adequacy framework are essential and mutually reinforcing pillars to ensure IFAD's financial sustainability and maximize its impact.

The approval of the DSF is a key milestone towards a long-term solution that can preserve IFAD's focus on low-income countries (LICs) and red LICs without undermining our financial sustainability. As we approach the IFAD12 Consultation, we will develop for

your consideration several sets of scenarios that will take into account both financial implications and the impact on performance-based allocation system (PBAS) allocations. In this process, it will be essential that beyond the numbers, we do not lose sight of the development impact that we are striving to achieve.

Equally important is your decision to allow IFAD to pursue a formal credit rating exercise. This is a major step in preparing the institution for a more diversified and efficient funding strategy that allows it to mobilize resources more cost-effectively from sovereign lenders and through private placements while preserving the integrity of its mandate. Thanks to your approval, Management will be able to start the negotiation and assessment of the most appropriate timing to initiate this important process during 2020. Let me reassure you that the decision to initiate the full exercise will be taken jointly with the Executive Board. Management will provide regular feedback and updates on the process and will advise on the result of the formal evaluation, which may be available during 2020. This will be done bearing in mind the need to ensure the complete confidentiality of the process.

The capital adequacy policy is another pillar of the reform of IFAD's financial management and architecture. By enabling IFAD to transition from a liquidity management approach to a capital and liquidity management approach, this framework will become a key financial risk management tool to support IFAD's sustainability, risk management, PoLG growth as well as the potential introduction of new financial instruments in the context of IFAD's private sector strategy.

Let me highlight that all these elements are strongly interrelated and that your continuous guidance will be key in the coming months to further strengthen IFAD's financial model in preparation for IFAD12.

On governance matters

Thank you also for providing the composition of the membership for the establishment of the IFAD12 Consultation. We look forward to receiving additional details from the Lists to finalize the process.

On the proposal for an automated voting system at IFAD, Management will proceed as per the update provided.

On progress reports

We value your feedback on 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 in our efforts to ensure a zero-tolerance culture in the organization.

With regard to Rome-based agency (RBA) collaboration, you reviewed the progress report on the collaboration and engagement in the reform of the United Nations Development System, and approved the recommendations made to the Board, which seek coherence with recent similar decisions taken by the governing bodies of the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP).

Other business

The Board approved IFAD's continued hosting of the secretariat of the International Land Coalition and signature of the extension of the agreement until 2030.

Departures

Our Executive Board representative for Argentina, Her Excellency Boldorini has come to the end of her term of office in Rome. I would like to acknowledge her great contribution to IFAD as a member of the Board, her leadership as Chairperson of the Working Group on the Transition Framework and her work as Vice-Chairperson of the Governing Council Bureau. We wish Ambassador Boldorini all the best in her future endeavours.

Let me also take this opportunity to bid farewell to an IFAD colleague who will be leaving us before the next Board session. I wish to thank Andreina Mauro, Chief of Conference and Language Services, who has been a pillar of the Secretariat for a long time. Actually, this is her 108th Board session! I want to express my appreciation to her for the dedication and commitment she has always shown and wish her all the best for the future.

Conclusion

In concluding, let me extend my sincere thanks to you all for your continued engagement during this Board session. The session has resolved one of our long-standing challenges: DSF reform. This, combined with the approval of the credit rating process and the capital adequacy policy, has set us on the road to readjust and align our work for the benefit of the people we serve. Our ability to reach consensus on the budget amid the many challenges is a testament of our resolve to work together for the greater good of the Fund, and for that, Management is very grateful.

Finally, I would like to extend my sincere thanks to Management and staff, the Secretariat, the interpreters, conference messengers and technicians, all of whom have worked hard to make this session successful.

With the holiday season and year-end celebrations approaching, I take this opportunity to wish you the very best in all you do. To those of you travelling back home, I wish you a safe journey.

I hereby declare the 128th session of the Executive Board closed.

Thank you.