

Permanent Representatives Annual Meeting

14 September 2012

REMARKS BY THE PRESIDENT

1. Welcome to the 2012 Permanent Representatives Annual Meeting. We have started these annual meetings in 2010 and usually hold these during the first half of the year. While this year our meeting comes late due to scheduling challenges among the many events of the Rome-based agencies; next year, we will make sure that the meeting is organized in April or May.
2. It is my hope that this meeting will serve as an opportunity to hear from you on the issues that impact IFAD as well as the poor rural people that we seek to lift out of poverty.
3. While our Board members will meet next week and we have also held our regular Convenors' and Friends meetings, this gathering gives us an opportunity to have an exchange among our larger membership -- the Permanent Representatives -- on recent developments at IFAD.
4. I will only make few introductory remarks to share with you salient aspects of our core business, and particularly five key points, namely IFAD9 replenishment, global advocacy, transforming IFAD, and new memberships and Rome-based agency collaboration.
5. Later in the meeting, Kevin Cleaver, our Associate Vice President for Programmes, will present to you highlights from our portfolio performance to stimulate further discussion from the membership.

6. First, an update on IFAD's Ninth Replenishment: As IFAD's brand is becoming increasingly known and appreciated, so has demand for its services for rural poverty reduction in developing countries. This was truly recognized by our members, as you made IFAD9 – in the context of very difficult economic times – a great success. Last month we exceeded the 85% threshold, enabling IFAD to retain its programme at the total level of \$3.0 billion for the three year period of 2013-2015. I would like to thank all those member states that pledged and would like to encourage those that are still in the process of doing so.

7. In terms of the pledges, I am pleased to inform you that we are at 93.58% of the target of \$1.5 billion, with the contributions to-date totalling \$1.403 billion.

8. I would like to make a special reference to the IFAD9 complementary contributions to the Adaptation of Smallholder Agriculture Programme (ASAP), which focuses on building smallholder resilience to climate change. ASAP has received support from Canada, Belgium and the UK. The UK's commitment of £150 million was announced at the Rio+20 summit. With an additional €60 million to be confirmed by the Netherlands, ASAP promises to be a flagship initiative of \$243 million at start-up and we urge other members to be associated with this multi-donor trust fund.

9. This brings me to my second point. On the global arena, IFAD is thriving. We are not immune to the global financial turmoil around the world today, but there is a recognition – with higher food prices and drought in the headlines -- that our services are needed now more than ever. In the past year and half, IFAD has scored well in international and bilateral donor assessments and received acclaim particularly for the results it has achieved on the ground as well as for the monitoring of these results. In terms of its global advocacy, we have seen a strong

growth in demand for IFAD's role in globally important events, in part propelled by the launch of the Rural Poverty Report in 2010.

10. For the past couple of years, IFAD has been a regular player in the World Economic Forum in Davos. IFAD has also been invited to provide leadership and contribute to the G8 and G20 groupings on discussions on food security.

11. In May, at the pre-G8 Chicago Council Conference on Food Security with U.S. President Obama, IFAD participated in the launch of the New Alliance for Food Security and Nutrition. This new initiative commits to increasing responsible private investments in African agriculture, take innovations that can enhance agricultural productivity to scale, and reduce risks to vulnerable communities. IFAD has now been invited to participate in the Leadership Council, which will guide the implementation of this new initiative.

12. We have worked in coordination with our Rome-based sister agencies with regard to the G8 and G20 presenting a common position in Los Cabos. IFAD continues to participate in G20 initiatives from 2011, including the Platform for Agricultural Risk Management (PARM) and the Secretariat of the Agricultural Market Information System (AMIS) initiative – which, as you may have seen in the recent joint Rome-based agencies statements, is critically helping the three agencies to advise on food price developments.

13. In June at the Rio+20 event on the United Nations Conference on Sustainable Development, IFAD led and participated in some 20 events, including the four, which were supported jointly by IFAD and the other Rome-based agencies, FAO and WFP.

14. Let me now turn to my third point regarding IFAD's Change and Reform agenda, which we are bringing to a close by the end of the year -- the conclusion of IFAD8. These changes and your support for IFAD's transformation have led to a vote of confidence for IFAD from our membership:

15. As you would recall, in 2009 we launched a comprehensive and modular transformation programme for IFAD to become both a premier rural development partner and a more agile, effective and efficient institution. We accomplished a lot in 2010 and 2011. Most importantly we have expanded our country presence to the current 38 country offices, which underpin our operations with stronger client orientation and quality control of project implementation. As a result, IFAD has been able to deliver a much larger programme of loans and grants, extending its reach to more people. In tandem with Human Resources Reforms, these changes have led to a transformation in how IFAD does business, how it generates results, and how it resources its priorities.

16. Aware of the external economic conditions, IFAD is moving toward greater efficiency. For 2013, we are proposing a zero-nominal growth budget. The proposed 2013 budget would enable us to mainstream some of the costs, which in the past were funded from ad hoc sources, such as the recurrent costs stemming from ICT investments, Governing Council costs, adjusting staff costs from supplementary fund fees to administrative budget, where appropriate.

17. At the same time, we are striving at achieving IFAD9 efficiency goals and:

- (i) we are revamping our budgeting processes to improve efficiency and resource alignment;

- (ii) we have concluded a rigorous mid-year budget review, which allowed us to reallocate resources, where they are most needed;
- (iii) we have concluded a job-audit and are now incorporating the results into a strategic workforce plan, which will be part of the Medium Term Plan – bringing all planning instruments a consolidated corporate platform.

18. However, we have not only limited ourselves to this. We have embarked upon many processes to improve automation of our systems, including the way travel and HR contracts are administered. These software optimization processes will release staff time to more complex functions which, in turn, will generate greater value added. In sum, IFAD will deliver more, to more people and it will continue to deliver it better.

19. Through these measures we have embarked upon creating a culture of efficiency.

20. Our participation in the proceedings of the International Civil Service Commission (ICSC) has also led to important developments. You may recall our 2010 study of the human resources remuneration, which the IFAD8 replenishment consultation requested the Management to undertake. As a result of this, the UN Secretary General Ban Ki-moon, has acknowledged IFAD in prompting a wider general service staff salary survey in Rome. The recommendations of this survey are out and will result in savings for all the three Rome-based agencies.

21. Fourthly, I have good news on the membership front. Russia is in advanced stages of preparing its application to IFAD and, to familiarize Russia with our work, we are organizing an event in Moscow in early October on smallholder agriculture.

22. Following the visit of the Deputy Director General of the Australian Agency for International Development (AusAID, Ewen McDonald) in July, Australia is currently going through parliamentary consultations, and the Treaties Committee has supported an agreement that would result in Australia's readmission to IFAD. It has also been reported that Australia will make an additional contribution up to \$120 million over 4 years on joining the Fund.

23. We would be keen to add Australia and Russia to our current 167 members, which includes those that have recently joined: Hungary, Uzbekistan, and South Sudan.

24. Finally, to keep you abreast of Rome-based agency collaboration and partnership, we are progressing and have added to the collaboration agenda a common hotel programme for frequently visited cities. We are also exploring preferred airline programme for frequently used routes; a common procurement review committee; and a common contract document. Early November, we hope to organize a Senior Officials' meeting among the three agencies, in which we will discuss collaboration and alignment opportunities in the on-going strategy work of the three organizations.

25. Recently, you would have seen our joint statement on the high food prices; and similarly, we are working jointly on implementation response to the ICSC recommendations from the salary survey, which has recommended a cut in general service staff salaries.

24. Before Kevin makes his presentation, I would very much like to hear your comments, views, or questions.