

## **Third Session, IFAD10 Consultation Closing remarks**

**President Kanayo Nwanze**

**Mr Chairman, distinguished delegates,**

I am sure you would agree with me that we have had a very fruitful, and also very intense, Third Session of the IFAD10 Replenishment Consultations. I wish to thank you all profusely for your exceptional level of engagement. You have clearly come extremely well prepared. This is extremely encouraging for my team and for me. It shows that all our internal preparations ahead of these Sessions do pay off.

In fact, as I have told some of you in bilateral meetings that I have had with your delegations on the margins of the Consultation, a second pair of eyes – namely, yours – is very helpful in drawing our attention to ambiguities in certain documents that Management needs to further refine. We will indeed be further refining many documents as a result of this meeting.

As usual, Ladies and gentlemen, in my closing remarks, I do not attempt to sum up the achievements of the Session nor its conclusions, since that is the role of our very able Chairman, but I share with you my "take aways" from the meeting. I share with you the key elements that Management has retained. So let me begin.

I believe that Management has gone to great lengths at this meeting to clarify the level of the Program of Loans and Grants (PoLG) that it is asking you to finance and the level of core replenishment contributions that would be required to make it possible.

That level, in brief, is the level that would allow us to sustain the current level of activity of a PoLG of USD 3 billion. This requires core contributions in IFAD10 to the tune of USD 1.44 billion.

I believe that we have also had an extremely fruitful discussion in these Consultations on financing options for 2015 and beyond. Mr Homi Kharas' speech fed quite nicely I thought into that discussion. He

certainly sensitized us to the much wider horizons that are out there for development finance.

Management made very clear to Members in this discussion that while *sovereign borrowing* is an activity that IFAD would engage in, subject to the successful conclusion of the Borrowing Framework that is currently being negotiated in the Audit Committee, it does not see *market borrowing* as a viable course of action in the near term.

In addition, our very able Interim Legal Counsel responded to the questions that some of you posed on the legal steps needed to endorse the Borrowing Framework. He explained that it is the Executive Board which needs to endorse it, and indeed it is Management's intention to submit it to the April 2015 Board meeting.

Allow me to quote from the Resolution of the Ninth Replenishment of IFAD's Resources, which stated that: "in determining the level at which the resources of the Fund should be replenished by additional contributions from Members, account has been taken of .....the

President's undertaking to make every effort to explore the scope for increasing financing from alternative sources and to submit any resulting proposals to the EB for approval."

Our discussions yesterday quickly turned to a much greater level of detail. The following question, whether explicitly or implicitly, was raised. What would happen if the Replenishment were to fall short of the required USD1.44 billion? What would Management then do?

Management made clear that it envisages two courses of action were such a scenario to materialize, although my colleagues and I remain optimistic that it can be achieved.

One course of action would be the acceptance of unrestricted complementary contributions for climate finance, for the scaling up of our Public-Private-Producer Partnerships (the 4Ps as we now call it), or for South-South Triangular Cooperation. The suggestion was also made by Members that attention be given to nutrition-sensitive agriculture.

Another course of action would be to engage in sovereign borrowing while abiding by the rules of the Borrowing Framework. These options would allow IFAD to maintain its current size; reaching as many rural poor.

Management also clarified what it means by the term "unrestricted" complementary contributions. It means resources that can be on-lent by IFAD, rather than given out as grants, so they can generate reflows for the Fund. It also means resources from which any IFAD client can benefit, and which are not earmarked to a particular type of IFAD borrower.

Management explained that the imposition of any restriction, other than a thematic one, would require contributions to be treated as Supplementary Funds that would not count towards the Replenishment.

Another question also arose in this Consultation. Could IFAD borrow to exceed its current size PoLG of USD 3 billion; i.e. could it borrow not just to *complete*

a programme of such a size, that is, to expand the PoLG?

I believe that my response to that question too has been clear. Yes, IFAD could, subject to the rules of the Borrowing Framework and subject to the submission of Loan Agreements to the Executive Board for approval with an explanation of why the borrowing would take place, for what it would be used and where.

One Member, Italy, requested that an "indicative figure" be set on this type of borrowing and was supported by others. We, in Management, have reflected on Italy's suggestion last night and agreed that we should come back to you with a proposal.

Today I shared with you three scenarios on what a lower than a USD 1.44 billion core Replenishment would mean for the Programme of Loans and Grants, and what that would translate into in terms of the size of future borrowing.

As I myself indicated to you yesterday and today, I do not foresee, under any circumstance, an IFAD PoLG

of 4.5 billion in IFAD10. We must remain below that figure; we must remain at a reasonable and considered amount.

The key word throughout these IFAD10 Consultations has been "consolidation." We must deliver not only quantitatively but also qualitatively, effectively and efficiently. What I mean by this is simple: It is not only the size of the pie but also the quality of the pie that we deliver that matters. So please allow us the time to carefully reflect on this matter and to revert to you.

This brings me to another issue raised multiple times during the IFAD10 Consultations: What would IFAD's approach be to country selectivity and, in particular, to Middle Income Countries – the MICs? While the issue of country selectivity is a far bigger topic than just the MICs issue, one that goes beyond the income level of the recipient country and into many other considerations, I would like to reassure the Consultation that Management is looking at this matter carefully.

At the 112<sup>th</sup> Executive Board meeting, held from 17 to 18 September, in which a paper on Country and Thematic Selectivity was discussed, Management indicated that the issues of country focus, engagement with the MICs, the Performance-Based Allocation System, and IFAD's financing, were all interlinked. Management promised to revert to the Executive Board this December on these interconnected issues.

These issues, I am certain you would agree with me, are delicate and cannot be dealt with simplistically. Management is in the process of developing a roadmap for how to tackle them in 2015 and during the IFAD10 period. Part of that roadmap will be to create a space within which Members can themselves debate these issues, since these are not issues that can or that should be resolved by Management alone. I hasten to add that divisions on these issues exist not just across Lists, but within them.

The Third Consultation also held extensive discussions on IFAD's Results Measurement Framework. The depth of the discussion is indicative of the extent to which we have succeeded in building a

results-based management culture in IFAD, and of that, my colleagues and I are very proud.

Immediately prior to the official meeting, Management had organized an informal technical seminar for you on the Special Impact Evaluations that IFAD is piloting. We want to continue to remain ahead of the curve relative to other IFIs/UN agencies on the measurement of results and impact, and wish to reassure you that all the feedback you gave us today, and which you will continue to give us, will receive our utmost attention.

Extensive discussions were also held on the Draft Consultation Report; this is a critical document in the IFAD10 Replenishment process. It represents our contract with you, the Membership. You have provided us with incredibly valuable feedback and we intend to post the document online once again for your comments, ahead of the final December Session.

Ladies and gentlemen, to close, allow me to cast the IFAD10 Replenishment in the context of the Zero Hunger Challenge and the post-2015 development

agenda. The world's 1 billion poor and hungry live in developing countries and 70% of them live in rural towns, villages and communes. They are the most marginalized, neglected, under-privileged sector of our human race.

We cannot lose sight of the indigenous peoples, the rural communities in Africa, Asia and Latin America that are often landless and lacking in access to very basic services.

If we are to achieve the Zero Hunger Challenge, if we are to achieve the world's new Sustainable Development Goals, if we are to achieve leaving no one behind, it is by the improvement in the livelihood and wellbeing of these communities that we must measure our success. It is to them that we must be held accountable.

IFAD is the only institution in the global development assistance landscape that focuses 100% of its work, and 100% of its investment, on this segment of society.

You will have heard me say before that an IFAD project starts where every other development project ends, and those of you who have been to the field can corroborate that.

Respected delegates, ladies and gentlemen, IFAD is your institution. I ask you - do you want IFAD to remain relevant, to be successful, to continue to invest in our humankind in 2016 and beyond, as per the post-2015 agenda?

I promise you that I will continue to steer this institution - your institution - in the next 30 months in that direction. But to do that I need your support; your moral and financial backing. Show us that you agree with our vision for IFAD in the post-2015 development landscape. Let your vote of confidence be loud and clear. All I ask of you is to sustain a PoLG of no less than USD 3 billion funded through your generous contribution of core resources of USD 1.44 billion, or through other types of financial instruments.

Ladies and gentlemen, in conclusion, and on a lighter note, IFAD will never become IBAD – the

International Bank for Agricultural Development that was referred to yesterday. The reason is simple, we are a UN-IFI; we have a human heart for people. That attribute is in our DNA; and a Bank is not what we want to become. IFAD's ultimate goal is to be recognized as the global fund for agriculture and rural development for the purposes of achieving rural transformation.

I count on your support. Thank you.