

Consultation on the 11th Replenishment
of IFAD's Resources
First Session

Closing Statement by
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IFAD Headquarters

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I. Introduction

Distinguished delegates,

1. As I mentioned at the beginning of the session, this will be my last IFAD Replenishment consultation meeting and the last opportunity I will have to address you. It comes at the end of ten years of service to IFAD – two as Vice President, which included the IFAD8 consultations, and eight as President, covering the IFAD9 and IFAD10 consultations, plus this first meeting of the IFAD11 consultations.

2. Having participated in and listened to the discussions over the past two days, and while Johannes is finalising the Chairperson's summary, I would like to take this opportunity to **reflect on some of the changes** that have taken place at IFAD during this time, because some of you may not actually be aware of them.

II. Changes in IFAD's Operating Model

3. When I joined IFAD in 2007, it was only two years after the severe critique of IFAD's operations in the 2005

independent external evaluation report. That evaluation pointed to many weaknesses in IFAD's operating model and called for fundamental changes.

4. IFAD responded. My predecessor set the foundation for that. We had to reform to perform, and to continue to serve our beneficiaries.

5. Some of the critical measures of the last decade include:

- Shifting to direct supervision of projects;
- Allocating resources through our own Performance- Based Allocation System, which is now being updated;
- Working to ensure that gender, climate change, and nutrition are mainstreamed into all operations;
- Adopting an increasingly decentralized business model, bringing us closer to our clients.

6. I believe my colleagues and I in management and staff have actually responded or at least are responding proactively to the reform. As we have seen, IFAD has emerged as a stronger and more effective organization. While recognising the

need for further improvements, we know, empirically, that IFAD is making a difference in the lives of an ever greater number of rural people.

7. And for me, personally, I feel great satisfaction when I reflect on what IFAD has achieved.

IV. Changes in the Structure and Process of the Replenishment Consultations

8. I would also like to mention some changes which have been made to the structure and process of the Replenishment Consultations themselves, starting with the IFAD9 consultation in 2011, which was the first consultation I participated in as IFAD President.

9. In IFAD9, for the first time, an External Chair was appointed - by the Governing Council - in the person of Johannes Linn. There were some apprehensions over how this would work; how would he oversee the consultations without conflict of roles and responsibilities when the President in the

past chaired replenishment consultations? To me, it was a relief, and I think we all agree it has been a success - Johannes has stayed with us through IFAD10 and now IFAD11. It is also increasingly seen as best practice amongst all IFIs - IDA introduced an external chair for the IDA18 consultations in 2016.

10. In IFAD9 we also introduced the Mid-Term Review. The First Session, previously called the Preparatory Session, became a session focused on accountability, again in line with best practice in other IFIs. This created an opportunity for IFAD Management to provide evidence of how far we were delivering on our commitments. This exercise has and is providing multiple benefits to both IFAD and its membership.

11. Another little remembered change was the increased participation of delegates from List C member countries. In IFAD9 the number of List C delegates increased from a total of 12 to 18; a 50% increase. For the IFAD11 consultations a further increase in List C members to 22 was approved and we hope that List C would make full use of this. IFAD is now far

ahead of other IFIs in terms of representation of developing countries in its replenishment consultations.

12. Furthermore by the end of the IFAD9 Consultations, and as part of our Change and Reform Agenda, we created the Partnership and Resource Mobilisation Office, at a Director level, with a permanent Replenishment Unit which supports preparation and management of the replenishment process. A Replenishment Coordination Committee (RCC) chaired by the President was also established to provide strategic guidance on IFAD replenishments. The RCC now meets regularly throughout the intervening 3-year period to monitor progress.

These changes have helped in many ways, improving how we plan and prepare for the Consultations, managing the replenishment process from the negotiations through to its effectiveness, and then following up with Member States regarding pledges, IOCs and payments, and ensuring policy commitments are implemented.

III. Key Messages to the Replenishment Consultation

Distinguished delegates,

13. Let me now turn to some key messages that I would like to share with you.

14. The transformation over the last decade has in large part been made possible by productive cooperation between IFAD's governing bodies and management, and has been driven by the strong engagement of members in the replenishment process.

15. Ahead of us lie other strategic challenges that IFAD will face, and which will be critical for the Replenishment Consultations and IFAD's Governing Bodies to address:

- The first, above all, is ***safeguarding the multilateral nature of IFAD***. This is absolutely critical if IFAD is to continue as an international financial institution. This would require that the bulk of IFAD's core resources continue to be mobilized through this replenishment exercise, that they be unrestricted, and that they be

allocated to countries through the PBAS in an objective and transparent manner by Management.

- A second, but related issue is safeguarding **the focused mandate of IFAD** – that of mobilizing resources for investments in rural people – and strengthening **the unique people-centred approach**, which IFAD takes to deploying those resources – targeting the poor and the marginalised and reaching out to their communities in the most remote and challenging rural areas.
- A third strategic issue is the importance of continued support to **IFAD's evolving operating model**. IFAD's shift to a decentralized operating model is beginning to pay high dividends in terms of policy dialogue, country strategy formulation, and implementation support. And while decentralization will entail some incremental costs, there is really no alternative if we are to enhance our effectiveness.

- A fourth strategic challenge is the ***changes to IFAD's financial resource base***. The sovereign borrowing framework is an important landmark that allows IFAD to maintain its POLG at the \$1 billion a year level. I also hope that IFAD will, in future, begin to borrow on the international capital markets. Given the relatively high cost of sovereign borrowing and the fiscal constraints that most IFAD members face, I would urge you to support these initiatives as they are critical for IFAD's future. Creating financial instruments that will allow us to tap into private finance and investment in support of smallholders and SMEs will also be vital.
- A fifth strategic imperative is ***supporting the push to make IFAD a respected centre of knowledge on rural development and transformation***. Important initiatives have been taken already, but they will need to be further developed in the future, and they will need your continued support.

16. As I mentioned before, facing up to these challenges will require the Fund to go beyond a business-as-usual approach. As a key characteristic of IFAD is its inclusive governance system, it is critical to ensure broad-based ownership of the future direction of IFAD.

17. The recommendation of the Working Group on Governance which increased participation of List C countries in replenishment discussions is already contributing to this.

18. The Working Group on Governance also recommended ensuring a more strategic focus on the key issues to be discussed during the replenishment consultations. So with this in mind I ask you in the next sessions to be strategic, and raise issues appropriate for the replenishment consultation, avoiding issues which should be dealt with by the Executive Board.

IV. Concluding remarks

Distinguished delegates,

19. It has been enormously satisfying to be a part of IFAD, a feeling that I am sure you all share. This is a unique and important institution.

20. I joined IFAD in the middle of IFAD7. The IFAD7 consultations had been held in 2005 – the year in which the UN World Summit made the commitment to significantly increase funding for the MDGs, and for rural and agricultural development, after two decades of declining ODA for agriculture.

21. The theme of IFAD7 was "IFAD's Contribution to Reaching the Millennium Development Goals". Now, 10 years later, the Impact Assessment Initiative has provided the numbers quantifying our contribution to the MDGs: 24 million people out of poverty, 43.2 million with increased agricultural revenue, 22.8 million with increased livestock assets. We have recognised that this falls short of an ambitious target of 80 million people out of poverty, and that this may not have been the ideal indicator, but these are still very significant achievements. No other development institution is in a position

to provide you with similar meticulously assessed and scientifically verified statistics.

22. I urge you to note that these impacts are becoming clear now, more than a decade after the replenishment consultations which approved the funds required to finance them. In little over a decade from now we will find ourselves in 2030, looking back at how the financing package agreed in IFAD11 contributed to the achievement of Agenda 2030.

23. With this in mind I also urge you not to underestimate the relevance of IFAD's work to Agenda 2030, and to many of the most pressing challenges facing the world today – including youth unemployment, migration, instability, climate change, nutrition and food security. Investing in agriculture stabilises and builds the resilience of rural communities, gives hope and choice to young people, and delivers a solid peace dividend in countries and regions affected by conflict.

24. IFAD will continue to be a champion of rural people and I am sure will go on to new achievements in the fight against

poverty and hunger, with the continued and strong support of its members. Because, after all, this is your institution.

25. In closing, let me again extend to you, my thanks for the support you have given me and this institution, over the last 10 years and 3 replenishment consultations. Let me also express my deep appreciation to the members of senior and middle management and, above all, to the dedicated and hard-working staff of IFAD. They are the ones that have made possible the transformation of IFAD. Let me also thank Johannes Linn, who has chaired each of the replenishments I have experienced as President, and who has served the membership of this organisation so effectively and efficiently in the process.

26. And in this regard, let me assure you that we are making arrangements **to ensure a smooth transition** when the President-elect Gilbert Houngbo assumes office on 1 April, including with regard to the Replenishment Consultation.

27. I have no doubt that the successful outcome of these Consultation will be top priority of my successor, and that the

Transition team will work to ensure that process is handled as efficiently as possible.

28. With these words, I will bring this statement to a close and hand back to the Chairman for the official Chairperson's summary.

Thank you