



Consultation on the 11<sup>th</sup> Replenishment  
of IFAD's Resources  
Third Session

Opening Statement by  
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IFAD Headquarters

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Allow me to begin by extending a warm welcome to all of you attending this third session, particularly those of you who have come from your capitals and are suffering from jet lag. We trust that you have had the time to rest after your travels.

When last we met, specifically at the Executive Board session in September, I announced several appointments to IFAD Management: Mr Mousset as Chief of Staff; Mr Lario as Associate Vice-President and Chief Financial Officer; Ms Katherine Meighan as General Counsel; and Ms Sylvie Martin as Director of the Ethics Office.

I am pleased today to announce three new appointments. Ms Cornelia Richter will take office on 1 February as the new Vice-President. Ms Richter is currently Managing Director of the GIZ. Mr Marco Marzano will take up the post of Secretary of IFAD on 1 December, just a few weeks from now. At present Marco is Secretary-General of the World Farmers' Organization. And lastly, Ms Wei Wang – who unfortunately is not with us today – has been appointed as Chief, Asia and Pacific Liaison Office in the Partnership and Resource Mobilization Office, and Special Adviser to the President. Currently, she is the Financial Director in the Department of International Economic and Financial Cooperation of the Ministry of Finance of China.

We are gathered here today to take a decisive step forward. If we wish to be optimistic – and that is always my preference – the agenda before us is very straightforward. We need to resolve some final pending issues, and we need to move towards the announcement of contributions to reflect our shared ambition for great success in this replenishment consultation exercise.

We have a number of issues to discuss, but individual issues should not make us lose sight of our overall vision in this shared undertaking.

Resources are a tool; the portfolio is a tool and, in the final analysis, IFAD itself is a tool. But what do we want to do with these tools? What is our motivation, the life-giving breath that animates everything that we do? Our aim is to have an impact on food security, on nutrition and on reducing poverty. We need to make a contribution to bringing rampant poverty to an end. We want to contribute to the dignity of all human beings, without exception. I do not think that is too lofty a statement. On the contrary, I believe it is useful to take the time to think about this at every point in the discussions ahead.

I would like first to thank you for taking an active part in these important discussions, for having the patience to attend all of these meetings, and for sharing responsibility for defining the future of IFAD. I am genuinely looking forward to hearing the views of the Lists on the issues still outstanding. It is this process that will enable us to reach a consensus.

On behalf of my team I would like to applaud the stages that are now complete, one of which is the adoption of the performance-based allocation system – the PBAS – last September.

We have done a great deal of hard work to figure out how to expand the range of resources that IFAD can mobilize, improve the resource allocation system and strengthen our implementation capacity. As we look at how to mobilize more resources, our basic hypothesis must be clear. The contribution of Member States to official development assistance – contributions made in the context of this Replenishment – must remain the keystone of IFAD. For our part, we are convinced that they will always remain the keystone of IFAD. IFAD will make every effort not only to ensure that you obtain the best value for money but also to maximize the leverage effect of your contributions as we work towards our shared goal of rural transformation.

The condition for our success is your support, as the starting point of everything we do. Your support makes everything possible.

Let us be clear: IFAD's resource requirements are well beyond what IFAD alone can provide. Data indicate that the borrowing countries could absorb global financing amounting to US\$6 billion in loans and grants from IFAD, and we need to talk further about this. This year's SOFI report, as you well know, painted a very gloomy picture. At this moment, as we speak, hunger is continuing to make headway in the world. If we are to help your governments meet their international commitments, IFAD must stand alongside you and offer solutions. It is imperative that IFAD step up its support for rural transformation. We need to do better: that is my personal commitment. We need to do more – and this, I would venture to say, could be your commitment. We cannot do less. Considering the context we live in, as I have described, that would send the wrong signal. IFAD11 cannot end up at a level below IFAD10; the outcome of IFAD11 cannot be less than that achieved by IFAD10.

Certainly, we know that we need to reinforce our mobilization efforts. We know that we have to strengthen the way we allocate resources and strengthen our capacity to use resources better. This is the reason why we have drawn up a plan based on a programme of loans and grants of US\$3.5 billion, and within this plan IFAD11 will be a transition phase towards operations of a new type.

By a new type I mean a broader operational range using basic resources; I mean a heightened implementation capacity; I mean greater cooperation with the global development community, especially the other IFIs, the Rome-based agencies and the other specialized agencies of the United Nations. In brief, our ambition, our aim is to have a heightened impact and we have already embarked upon that journey.

As I pointed out, your contributions to the replenishment of IFAD's resources are our beating heart. They provide powerful leverage for providing more support to poor countries and rural people. They are our first line of defence to meet increasing demand.

The framework for CPLs, concessional partner loans, will be submitted to the Executive Board for approval on 30 October once we have approved it during the course of this session. Ideally, interested countries should begin to make announcements regarding CPLs at the next replenishment meeting in December. Once adopted by the Executive Board, the CPL framework will be annexed to the IFAD11 Report, which will then be submitted to the Governing Council.

At this point I would like to give you this assurance: as IFAD moves towards using this new kind of finance, we will build our capacity for risk analysis and management of these new resources. Our in-house control system, no matter how robust, will have to be adjusted to meet new requirements and, naturally, will have to conform to prevailing international norms and standards.

In the same spirit, because this is a requirement coming from you but also because we agree with it, we have to continue fine-tuning the roadmap towards market borrowing. As of today, the roadmap contains all the key steps, including presentation to the Governing Council and the Executive Board. The roadmap will be annexed to the IFAD11 Report in advance of the December session.

A feasibility study on market borrowing will be submitted to the Executive Board. An independent audit, I repeat, an independent audit of the risk management framework will be launched during the first six months of 2018. The evaluation of IFAD's financial structure by IOE, the Independent Evaluation Office, is scheduled for September 2018. A peer review of IFAD's state of preparation for market borrowing will be undertaken at

the end of 2018 or beginning of 2019. With your support we plan to formally launch the credit rating process in 2019.

We intend to prepare a summary of all of this preparatory work for submission to the IFAD12 Consultation in 2020. Accordingly, we plan to ensure that the outcomes of all these individual steps are included in the file for review during the IFAD12 Consultation process, for final recommendation and approval by the Governing Council in 2021.

Above and beyond the question of financing, the definition and pursuance of the 2030 Agenda is something that pertains to the countries themselves. IFAD has always been very careful to work in direct partnership with governments, the governments that we serve. Believe me, I will always respect that rule. Now, the target of cofinancing has been increased. It has gone from 1:1.2 to a ratio of 1:1.4. The targets will be agreed upon with you, with the governments we serve, at the time when concept notes are prepared. They will be set at levels calculated according to each country's income level. In parallel to the mobilization of resources, we need to support borrowing countries to enable them to better absorb financing. This includes strategic collaboration and, even more so, South-South and Triangular Cooperation.

Regarding the allocation of resources, we agreed that IFAD should concentrate 90 per cent of its resources under the heading of official development assistance to LICs and LMICs. We propose to select 80 countries on the basis of clear and transparent criteria. All low-income countries will have an opportunity to access new resources. We have also agreed on the fact that IFAD must never lose its fundamental feature of universality. This is why IFAD will continue to maintain its commitment to the UMICs. A revised transition framework will be submitted to the Executive Board next year so that IFAD can do an even better job in supporting countries in the course of their development and giving due consideration to each national context.

Now, if our level of implementation in the field is not up to what it should be, then all our words about resources are academic. We have planned a number of endeavours, some of which are already under way, to speed up and improve our ability to implement. Let me give you as an example the Operational Excellence for Results exercise, the OpEx plan that we discussed at the Executive Board meeting in September. In this connection, an informal seminar is scheduled for 24 October and I hope that as many of you as possible will be able to attend.

Allow me to recall once again that IFAD is currently performing well, and the evaluations state this quite clearly. So it is important that our message to you and your colleagues in your respective capitals be that our objective is not to solve problems, not to say that IFAD is doing things wrong and has to be corrected; our objective is to enhance the excellence of our performance and to learn from the recommendations and advice of IOE and others. It is a question of doing what we do even better.

Considering the demand coming from the countries and the problems faced by the world's people, we cannot be satisfied with the status quo. On the contrary, we have to increase our effectiveness in the field and move up to a higher impact level. This means that we have to boost the Fund's ability to mobilize resources, foster ownership by the borrowing countries, and increasingly engage in dialogue with national authorities and other development stakeholders nationally and internationally – without of course neglecting our own ability to forge multiple partnerships.

We also know that IFAD's physical presence in countries where we invest improves project outcomes. This is a matter of crucial importance in our decentralization plan. I am aware that there are concerns about the need to properly manage risks and keep costs under control. Approximately 15 per cent of IFAD staff are now based in the field, and our immediate objective is to get that 15 per cent up to 25 per cent. Reinforcing our

regional hubs with a critical mass of people and technical skills, taking into consideration the reforms begun by the Secretary-General of the United Nations and especially the coordination of field operations by all agencies within the United Nations system, helps us keep from being spread too thinly. The aim is to bring resources together rather than scattering them too widely.

Lastly, implementing our development effectiveness system and upholding our commitment to transparency will enable us to systematically measure the impact of what the Fund does – and to exchange information with all stakeholders.

Yesterday evening, Sir Michael Barber paid us the honour of a visit and shared a very wise vision on how to obtain results. In turn I would like to share with you just three of the points he made. First of all, one of his points that has remained with me was this, if I can paraphrase him: nothing can replace great leadership. Without leadership there can be no vision, no renewal; without leadership, no progress. Yes, leadership comes from above, but it does not stop there. It has to be open, and it has to reach every level if it is to lead to the desired results.

Second, a vision must be translated into objectives and be in line with reality. The decisive stage is implementation. The condition is the adoption of targets that can be measured on the basis of quantitative, objective criteria.

Third, Sir Michael pointed out that in many cases the heightened need for results calls for a change in culture, and I believe this is true. That is why this point is at the very heart of our discussions not only within IFAD Management but also with you.

At the beginning of this process I said that IFAD had to move up to a higher level, and I will reiterate that. But I have also listened to your expressions of wisdom, and we agree that a scenario with an overly lofty hypothesis will be all too precipitous, all too hasty. I think you know very well that I do not confuse speed with haste. Thanks to this convergence of views, we now have an interim objective that we consider to be both ambitious and reasonable – an objective that will enable us to move up 10 to 20 per cent in our programme of loans and grants.

Considering the demand coming from countries and the alarming increase in hunger – just think, 815 million people suffering from hunger and malnutrition – and considering the urgency of taking action in pursuance of our development objectives – I cannot imagine that together, putting together our goodwill and a rigorous spirit, we would not be able to reach that objective.

IFAD's investments have changed the lives of millions of people, individuals who were relegated among the most forgotten and overlooked in the world. I address you today solemnly, but not more solemnly than the circumstances require. I call on you to continue supporting IFAD with determination. If you give me your support, and if I in turn can rise to the challenge, I am convinced that together we can continue to work towards a better and more sustainable future for all.