

Statement of Mr Henock Kifle, Associate Vice-President and Chief
of Staff, Office of the President and Vice-President and Acting
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Third Meeting of the Ad-Hoc Working Group On Governance

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CHECK AGAINST DELIVERY

Introduction

Thank you, Mr Chairman. Good afternoon Ladies and Gentlemen.

1. I would first like to thank the Working Group for giving Management an opportunity to take part in your meeting. I am representing Management as the Acting Director of our Partnership and Resources Mobilization Division (PRM). Mr Luis Jimenez-McInnis, who has been appointed as Director of the Division and who will take up his post on 1 January 2016, will represent Management in the future deliberations of the Working Group.

Proposals by the Consultant

Mr Chairman,

2. As you may recall, Management had made presentations on IFAD's replenishment at the earlier meetings of the Working Group. I will not repeat those presentations today but focus instead on the key issues raised by Mr Emmanuel Maurice in the presentation he just made.

3. In considering the extension of the replenishment period from three to four years, Mr Maurice rightly points out that the longer replenishment period may have positive, neutral, or negative effects (Slide 9).

4. Management believes it is precisely this uncertainty that has made our sister institutions, such as IDA and the AfDB, shy away from proposing an extension of their respective replenishment periods. We understand that both AfDB and IDA at their mid-term review meetings this year have again re-affirmed their intention to continue with the 3-year replenishment period for their next replenishments.

5. We agree that it is nearly impossible to predict beforehand what the impact of such an extension would be on the replenishment level for IFAD. The examples given of AsDF and EDF in the presentation, where no declines occurred because of the extension of the replenishment period, do not give us much confidence as these are rather unique institutions and different in many respects from IDA, AfDB and IFAD. The three institutions, on the other hand, have very similar objectives and nearly identical replenishment practices.

6. Regarding the impact on the provision of adequate funding for development programmes, this issue has not been a hindrance to IFAD in its current replenishment cycle mode. Admittedly, a four year cycle could allow more medium-term planning and resource allocation with governments than is perhaps the case now.

7. On the cost-efficiency of a 3 versus a 4 year replenishment period, we agree that IFAD could enjoy some cost savings over the long run. But as the presentation indicates, the annual savings are likely not high. They could also be achieved by fewer meetings during replenishments.

8. Management believes that the two other issues raised by the consultant, namely,

- o First, the impact that the extension could have on the dialogue between IFAD and its members and

- o Second, the de-linking of IFAD's replenishment from those of IDA and AfDB were IFAD to extend its replenishment period on its own

are very important issues that need to be scrutinized carefully.

9. The replenishment exercise, as you are all aware, provides an opportunity, first, between members and, second, between the members and the management of these institutions an opportunity to discuss and agree on major strategic directions. Although an extension by one year of the replenishment period may not have a major impact, the additional distance that it may create, particularly for a small institution such as IFAD, is a cause of concern.

10. The likely de-linking of IFAD's replenishment from those of IDA and AfDB, were IFAD to extend its replenishment period on its own, is another major point of concern for Management. As the presentation notes, there is currently a natural "policy diffusion" among the IDA, AfDB, and IFAD replenishments, helping all three institutions to address simultaneously issues that are on the current global agenda, even if IFAD's replenishment lags by a year from the other two.

11. In the light of Management's concerns, we would like to recommend to the Working Group that any extension of the replenishment period for IFAD should be considered in the context of a broader reform. The broader reform that we have in mind differs significantly from that proposed by the consultant in one important respect. Management believes that the broader agenda should include:

- o First, coordinating the extension of the replenishment periods of IDA, AfDB, and IFAD, with perhaps IDA taking the lead. This will minimize the chance of any one institution facing the risk of a reduction in its replenishment volume,

were it to go it alone. It would also ensure that the benefits of having similar replenishment cycles among the three institutions would be maintained.

- Second, we agree that the focus of the replenishments should be on a few strategic issues. In this regard, we believe that IFAD has made great strides during IFAD9 and IFAD10, compared to earlier replenishments but more could be done.
- Third, we also agree that fewer documents should be prepared for the replenishments but not the strict limit of five proposed by the consultant. Deputies should always have the right to request a paper on a particular contentious issue – such as the inter-sessional paper prepared by IFAD on its financial model for the IFAD9 replenishment; and
- Finally, we agree that greater use of IFAD’s digital platform as the presentation proposes can help improve efficiency of the replenishment process.

Mr Chairman,

These are, in brief, Management’s views on Mr Maurice’s presentation. I am ready to provide any further elaborations, if requested.

Thank you.