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CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Twenty-First Session of the Governing Council of IFAD was held in Rome on 11 and 12 February 1998. The list of participants is attached as Annex I.

2. The Council held a total of four meetings, the Summary Records of which are contained in Chapter 3, Part A.

A. Opening of the Session

3. The Session was opened by His Excellency Pedro Paúl Bello, Ambassador of the Republic of Venezuela to Italy and outgoing Chairman of the Governing Council.

B. Agenda and Documentation

4. The Governing Council adopted the Agenda shown in Annex II. The documents placed before the Council are listed in Annex III.

C. Election of the Bureau

5. In accordance with Rule 12 of the Rules of Procedure of the Governing Council, an election was held by the Council for a new Bureau from among its Governors, for a term of office of two years, with results as follows:

Chairman	His Excellency Shah A.M.S. Kibria Minister for Finance of the People's Republic of Bangladesh
Vice-Chairmen	Ms Kirsti Lintonen Under-Secretary of State for International Development Cooperation Ministry of Foreign Affairs of the Republic of Finland
	The Honourable Malami Buwai Federal Minister for Agriculture and Natural Resources of the Federal Republic of Nigeria

6. Mr Oloche Anebi Edache, Director of the Federal Department of Agriculture at the Federal Ministry of Agriculture and Natural Resources of Nigeria, served as Vice-Chairman in substitution for The Honourable Malami Buwai.

D. Inaugural Meeting of the Session

7. The Inaugural Meeting of the Session was chaired by His Excellency Shah A.M.S. Kibria, Minister for Finance of the People's Republic of Bangladesh. The Session, which marked the Twentieth Anniversary of the Fund, was inaugurated by His Excellency Oscar Luigi Scalfaro, President of the Italian Republic. Keynote addresses were delivered by His Excellency Alpha Oumar Konaré, President of the Republic of Mali, and Mr Raymond Barre, former Prime Minister of the French Republic. A special message was delivered on behalf of His Holiness Pope John Paul II by the Permanent Observer of the Holy See to IFAD, His Excellency Archbishop Alois Wagner, and a message from His Excellency Kofi Annan, Secretary-General of the United Nations, was delivered on his behalf by Mr Vladimir Petrovsky, Under-Secretary-General and Director-General of the United Nations Office in Geneva. Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations, and Mrs Catherine Bertini, Executive Director of the World Food Programme, both delivered statements.

8. Other guest speakers included the two former Presidents of the Fund, Mr Abdelmuhsin Al-Sudeary and Mr Idriss Jazairy; the First Lady of the Republic of Ghana, Mrs Nana Konadu Agyeman Rawlings, who addressed the Council in her capacity as President of the 31st December Women's Movement; and the Director-General of the OPEC Fund for International Development, Mr Yesufu Seyyid M. Abdulai, who spoke on behalf of the OPEC Member States of the Fund. A message was also delivered by Mr Alex McCalla, Director of the Agriculture and Natural Resources Department of the World Bank, on behalf of Mr James Wolfensohn, President of the World Bank. These statements are reproduced in Chapter 4 Part A.

E. Statement of the President of IFAD

9. The full text of President Al-Sultan's statement appears in Chapter 4 Part A, pages 115 -120.

F. General Statements

10. The General Statements delivered by the Governors are summarized in the Summary Records contained in Chapter 3, Part A. Those General Statements submitted in writing by Member State Representatives and Observers who did not make oral interventions are reproduced in full in Chapter 3, Part B.

G. Closure of the Session

11. The statement by the Chairman, His Excellency Shah A.M.S. Kibria, summarizing the results of the Council's main deliberations and closing the Twenty-First Session of the Governing Council, is reproduced in Chapter 4, Part A, pages 145 - 147.

CHAPTER 2

DECISIONS OF THE GOVERNING COUNCIL

A. Approval of Applications for Non-Original Membership

12. The Governing Council considered document GC 21/L.2 and, on 11 February 1998, adopted the following resolution by acclamation:

Resolution 103/XXI

Approval of Non-Original Members of the Fund

The Governing Council of IFAD,

Taking into account Articles 3.2(b), 4.2(b) and 13.1(c) of the Agreement Establishing the International Fund for Agricultural Development and Section 10 of the By-laws for the Conduct of Business;

Having considered the application for non-original membership by the Republic of Kazakhstan, transmitted to the Council in document GC 21/L.2, and the recommendation of the Executive Board as to the List in which this applicant State is to be classified;

Approves the membership of the Republic of Kazakhstan;

Agrees that this State is to be classified in IFAD's List C Sub-List C2 group of Member States.

B. Progress Report on the Fourth Replenishment of IFAD's Resources

13. The Governing Council took note of the Progress Report on the Fourth Replenishment of IFAD's Resources contained in document GC 21/L.3 and its addendum. It particularly welcomed the unprecedented records set with respect to the effectiveness of the Fourth Replenishment which was accomplished in only six months - well within the target date - and the fact that, within ten months of the Replenishment's completion, the Fund had received Instruments of Contribution totalling more than 80% of total pledges. In order to maintain this momentum, Member States that had not yet deposited their Instruments of Contribution or that had not followed their Instrument with a first payment instalment, were urged to do so at the earliest.

C. Audited Financial Statements of IFAD - 31 December 1996

14. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 1996 and the results of its operations for the year ending on that date, as contained in Appendixes A to G inclusive of document GC 21/L.4 and the Report of the External Auditor thereon.

D. Proposed Budget of IFAD for 1998

15. After considering the proposed Budget for IFAD for 1998, as presented in documents GC 21/L.5 and GC 21/L.5/Add.1 (contained in Annex IV of this Report), the Governing Council adopted, on 11 February 1998, the following resolution:

Resolution 104/XXI

Budget of IFAD for 1998

The Governing Council of IFAD,

1. Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;
2. Noting that, at its Sixty-Second Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1998 in the amount of SDR 336.2 million;
3. Having considered the review of the Sixty-Second Session of the Executive Board concerning the proposed Budget of IFAD for 1998;
4. Approves the Budget of IFAD for 1998, as contained in document GC 21/L.5 and its Addendum, in the amount of USD 51 137 000 determined on the basis of a rate of exchange of ITL 1 788/USD 1.00, plus contingency items of USD 400 000;
5. Decides that in the event that the average value of the United States Dollar in 1998 should change against the Italian Lire rate of exchange used to calculate the Budget, the total United States Dollar equivalent of the Lira expenditures in the Budget shall be adjusted in proportion that the actual exchange rate in 1998 bears to the Budget exchange rate.

E. Establishment of an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund

16. The Governing Council, after considering IFAD's operational policy framework for participating in the Heavily-Indebted Poor Countries Debt Initiative, as outlined in document GC 21/L.6, adopted, on 11 February 1998, the following resolution:

Resolution 105/XXI

The Establishment of an IFAD Trust Fund for the Heavily-Indebted Poor Countries Debt Initiative

The Governing Council of IFAD,

Recalling its Resolution 101/XX on IFAD's Participation in the Debt Initiative for Heavily-Indebted Poor Countries (HIPC DI), adopted on 21 February 1997;

Further recalling its Resolution 16/IV on the Establishment of a General Reserve, adopted on 11 December 1980, of which one of the objectives is to cover possible delinquencies in the receipt of loan service payments;

Noting the establishment of the HIPC DI Trust Fund by the World Bank and noting the full support of all other international financial institutions therefor;

Having considered document GC 21/L.6 on the Establishment of an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund and the draft Resolution contained therein;

Decides that:

1. For the purpose of paragraph 3(ii) of Resolution 101/XX, a trust fund for the HIPC DI shall be established ("the IFAD HIPC DI Trust Fund").
2. IFAD is hereby appointed the administrator of the IFAD HIPC DI Trust Fund.
3. The IFAD HIPC DI Trust Fund is authorized to receive the following resources:
 - (a) subject to the approval of the President of IFAD, contributions made in a freely-convertible currency by non-Member States of IFAD, other entities and private individuals;
 - (b) funds, in such amounts as it shall specify, that the Executive Board may, from time to time, decide to transfer from the resources of IFAD, including the General Reserve of IFAD;
 - (c) contributions made in a freely-convertible currency directly by Member States of IFAD;
 - (d) the investment income received on the resources of the IFAD HIPC DI Trust Fund; and
 - (e) funds from other resources, subject to the approval of the Executive Board.
4. The adequacy of the resources of the IFAD HIPC DI Trust Fund shall be reviewed periodically by the Executive Board. In that context, the Executive Board shall decide, from time to time, the maximum amount of resources that may be held by the IFAD HIPC DI Trust Fund.
5. IFAD shall invest the resources of the IFAD HIPC DI Trust Fund in a prudent and non-speculative manner according to the same rules, guidelines and criteria as may apply to its regular resources.
6. The IFAD HIPC DI Trust Fund shall be used to reduce the debt burden of Member States declared eligible under the HIPC DI to a sustainable level, through a Debt Relief Package relative to the debt of each Member State to IFAD.
7. Upon the eligible Member State receiving approval at Completion Point for its Debt Relief Package from the World Bank, IMF and other participating multilateral creditors, the Trust Fund administrator shall establish a sub-account for that Member State and pay into such sub-account the agreed amount of the Debt Relief Package to be provided by IFAD from the resources of the IFAD HIPC DI Trust Fund. All payments made under that Member State's Debt Relief Package by IFAD shall be made thereafter from the said sub-account.

8. Withdrawals from the IFAD HIPC DI Trust Fund for the purposes stated in paragraph 6 above shall be made by the President of IFAD, in accordance with the Debt Relief Package approved by the Executive Board for each Member State, in the following manner and in accordance with an agreement to be entered into by IFAD and the Member State concerned: (a) either the IFAD HIPC DI Trust Fund shall make to IFAD payments or repayments on behalf of the borrowing Member State every six months until the full amount of the IFAD Debt Relief Package for that country shall have been disbursed; or (b) the IFAD HIPC DI Trust Fund shall pay to IFAD the NPV-loss incurred in adjusting that Member State's repayment schedule for one or more loans received from IFAD.
9. The incremental administrative expenditures directly incurred by IFAD in administering the IFAD HIPC DI Trust Fund shall be paid to IFAD from the resources of the IFAD HIPC DI Trust Fund.
10. The Executive Board shall terminate the IFAD HIPC DI Trust Fund upon a proposal from the President of IFAD at an appropriate time. At that time, the Executive Board shall decide upon the arrangements for the termination of the IFAD HIPC DI Trust Fund and the disposal of the resources of the IFAD HIPC DI Trust Fund.
11. The President of IFAD shall report periodically to the Executive Board on the operations of the IFAD HIPC DI Trust Fund and the resources held by the IFAD HIPC DI Trust Fund, as well as providing the Executive Board with financial statements thereon for each year.

F. IFAD's Policy Framework for Managing Partnerships with Countries in Arrears

17. Having reviewed the decisions taken by the Executive Board at its Sixty-First Session in September 1997 on IFAD's Policy Framework for Managing Partnerships with Countries in Arrears, the Governing Council approved that the policy be put into immediate effect for all arrears, current and future, and adopted, on 12 February 1998, the following resolution:

Resolution 106/XXI

IFAD's Policy Framework for Managing Partnerships with Countries in Arrears

The Governing Council of IFAD,

Recalling its Resolution 83/XVII on IFAD's Lending Terms and Conditions, adopted on 28 January 1994, its Resolution 89/XVIII on the Amendment of the Lending Policies and Criteria, adopted on 26 January 1995, its Resolution 94/XIX on the Amendment of the Lending Policies and Criteria, adopted on 18 January 1996, and its Resolution 101/XX on IFAD's Participation in the Debt Initiative for Heavily-Indebted Poor Countries, adopted on 21 February 1997, all of which amended the Lending Policies and Criteria;

Reiterating the desirability of holding a periodic review of IFAD's Lending Policies and Criteria in the light of the experience gained in implementing them;

Concerned by the increase in the number of borrowers currently in arrears to the Fund and in the amount of such arrears;

Further concerned by the effect that a high level of indebtedness has upon the rural poor of the countries in such a position and on the sustainability of a country's poverty eradication efforts;

Having considered document GC 21/L.7 on IFAD's Policy Framework for Managing Partnerships with Countries in Arrears and the draft resolution contained therein;

Decides that:

1. The Lending Policies and Criteria (document IFAD 8/Rev.2) shall be amended as follows (the text to be added is underlined):

(a) In Paragraph 31 add a new sub-paragraph to read as follows:

"(e) In determining the lending terms to apply to a country, the Executive Board shall also take into account an assessment by the President of IFAD of that country's debt sustainability and its debt-servicing capacity."; and

(b) In Paragraph 32 add the following text after sub-paragraph (e) thereof:

"(f) The Executive Board may vary the grace period and the amount of each instalment for the repayments of loans received on intermediate terms and ordinary terms. In so doing, the Executive Board, on information provided by the President of IFAD, shall take into account a country's debt sustainability and debt-servicing capacity. In submitting a proposal for the lending terms to apply to a country for a loan to the Executive Board, the President of IFAD shall ensure that: (i) the grace period for the loan, which shall be established in relation to the date on which a loan becomes effective and the date upon which disbursement of the loan is to cease, shall not exceed six years; and (ii) the net present value in SDR of the intermediate terms and ordinary terms specified in (b) and (c) above is maintained.

(g) For the purposes of resolving arrears that may arise from time to time in the payment of interest/service charges and the repayment of the proceeds of loans, the Executive Board may amend the terms upon which an approved loan is provided to a country, including the grace period, the maturity date and the amount of each instalment for the repayment of Loans, while securing the original Net Present Value."

2. The President of IFAD shall report periodically to the Executive Board on the arrears of borrowers to the Fund.

G. IFAD Policy on the Disclosure of Documents

18. The Governing Council considered the IFAD Policy on the Disclosure of Documents as set out in Attachment I of document GC 21/L.8; the Executive Board's review of the cost implications of a disclosure policy; and its recommendations on an interim phase, as outlined in Attachment II of the

same document. In agreeing to the principle of having a disclosure policy, the Governing Council:

- (a) approved an 18-month interim phase, from July 1998 to December 1999, during which governing body documents will be made available on IFAD's Website in the four official languages of the Fund. In this connection, only the main report, and not the appendixes to the President's Reports, will be made available, as the latter are not completely available in electronic form; and
- (b) requested the Executive Board to review the disclosure policy and procedures at its Sixty-Ninth Session in April 2000 (subsequent to the end of the interim phase) and authorized it to adopt a final disclosure policy.

19. In line with the provision whereby the Fund's Governing Bodies maintain the prerogative of deciding on the disclosure of documents for any particular session, the Governing Council approved that all the documents produced for the Twenty-First Session of the Governing Council be disclosed and made available on the Internet.

H. The Establishment of an IFAD Fund for Gaza and the West Bank

20. The Governing Council considered the request for assistance made by the Palestinian Authority and the Palestine Liberation Organization and the proposal put forward in document GC 21/L.9, and adopted, on 12 February 1998, the following resolution:

Resolution 107/XXI

The Establishment of an IFAD Fund for Gaza and the West Bank

The Governing Council of IFAD,

Recalling the provisions of the Agreement Establishing IFAD and, in particular, Article 7, Section 1 (b), thereof;

Further recalling the Israeli-Palestinian agreements providing, *inter alia*, for the Palestinian Authority to exercise jurisdiction over various areas, sectors and activities in Gaza and the West Bank;

Noting the request to IFAD by the Palestinian Authority and the Palestine Liberation Organization for financial assistance to support agricultural development in Gaza and the West Bank;

Further Noting that the World Bank and other international financial institutions have already provided loans and other financial assistance to Gaza and the West Bank and that the World Bank has, for that purpose, established a Trust Fund for Gaza and the West Bank with the International Development Association as Trustee;

Believing it desirable to promote the purposes of the Fund in Gaza and the West Bank by establishing a fund therefor in order to finance agricultural development projects and programmes in Gaza and the West Bank;

Having considered document GC 21/L.9 on the Establishment of an IFAD Fund for Gaza and the West Bank and the draft Resolution contained therein;

Decides that:

1. An IFAD Fund for Gaza and the West Bank (hereinafter called "FGWB") shall be established, constituted of the funds which shall from time to time be contributed in accordance with the provisions of this Resolution, and any other assets and receipts of the FGWB.
2. IFAD is hereby appointed the administrator of the FGWB.
3. The FGWB shall be authorized to receive the following resources for the general purposes of the FGWB or for specific projects or programmes supported by the FGWB:
 - (a) subject to the approval of the President of IFAD, contributions made in a freely-convertible currency by non-Member States of IFAD, other entities and private individuals;
 - (b) contributions made in a freely-convertible currency directly by Member States of IFAD;
 - (c) funds, in such amounts as it shall specify, that the Executive Board may, from time to time, decide to transfer from the resources of IFAD that are or may be available under the IFAD Programme of Work and Budget approved for each year; and
 - (d) funds from other resources, subject to the approval of the Executive Board.
4. The adequacy of the resources of the FGWB shall be reviewed periodically by the Executive Board. In that context, the Executive Board shall decide, from time to time, the maximum amount of resources that may be held by the FGWB.
5. IFAD shall invest the resources of the FGWB together with, and in the same manner as it applies to, its regular resources.
6. The privileges and immunities accorded to IFAD shall apply to the property, assets, archives, income, operations and transactions of the FGWB. In this context, IFAD, through the President of IFAD, may enter into such agreements and arrangements as may be required to ensure the said privileges and immunities and the achievement of the purposes of the FGWB.
7. Notwithstanding Article 7, Section 1 (b) of the Agreement Establishing IFAD, IFAD shall use the resources of the FGWB to provide financial assistance for projects and programmes in the form of loans and grants for Gaza and for such areas, sectors and activities in the West Bank which are or will be under the jurisdiction of the Palestinian Authority pursuant to the relevant Israeli-Palestinian agreements consistent with the purposes of IFAD.
8. Loans and grants provided by the FGWB shall be in accordance with the terms, conditions, rules, regulations, guidelines and procedures applicable to loans and grants provided by IFAD from its regular resources save for any limitation that may apply thereon requiring the recipient to be a Member State of IFAD. Repayments of such loans and payments of interest/service charges thereon shall accrue to IFAD as part of its regular resources.

9. IFAD, as administrator, shall enter into agreements with the appropriate public or private entities in Gaza and in the West Bank - in the latter case for such areas, sectors and activities which are or will be under the jurisdiction of the Palestinian Authority pursuant to the relevant Israeli-Palestinian agreements - to be identified as the recipients of loans and grants, pursuant to such terms and conditions as provided in this Resolution.
 10. IFAD shall maintain separate records and accounts to identify the resources of the FGWB, the commitments and the reimbursement of expenditures to be financed out of the FGWB, and the receipts and disbursements of funds in the FGWB.
 11. (a) The President of IFAD shall, as soon as practicable after the end of each fiscal year of IFAD, furnish to the Executive Board: (i) a report on projects and programmes financed from the FGWB; and (ii) as part of its annual financial statement, a financial statement for the FGWB.

(b) After all commitments from the FGWB shall have been fully disbursed, the President of IFAD shall, as soon as practicable, furnish to the Executive Board and other contributors to the FGWB, if any, a report on the operations financed from the FGWB.
 12. The incremental administrative expenditures directly incurred by IFAD in administering the FGWB and the expenditures directly incurred by IFAD in preparing and appraising projects and programmes in Gaza and the West Bank for presentation to the Executive Board and, subsequently, in administering them or ensuring their administration by Cooperating Institutions shall be paid by IFAD from its regular resources, within the limits established in the IFAD Programme of Work and Budget approved for each year.
 13. The Executive Board shall terminate the FGWB upon either Gaza and the West Bank attaining Membership in IFAD or upon a proposal from the President of IFAD at an appropriate time, whichever shall occur earlier. At that time, the Executive Board shall decide upon the arrangements for the termination of the FGWB and the disposal of the resources of the FGWB.
- I. Housing of the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

21. In welcoming the decision taken by the first Conference of Parties to choose IFAD to house the Global Mechanism of the United Nations Convention to Combat Desertification, as outlined in document GC 21/L.10 and its addendum, the Governing Council adopted, on 12 February 1998, the following resolution:

Resolution 108/XXI

The Housing of the Global Mechanism of the United Nations Convention to Combat Desertification

The Governing Council of IFAD,

Noting the decision of the Conference of the Parties (COP) to the United Nations Convention to Combat Desertification (CCD), at its First Session, to invite IFAD to house the Global Mechanism of the CCD (Decision 24/COP.1);

Further noting the important role played by IFAD in the first twenty years of its existence in combatting desertification;

Welcoming the collaborative institutional arrangement among IFAD, UNDP and the World Bank to support the effective implementation of the Global Mechanism;

Having considered document GC 21/L.10 and its Addendum on the Housing of the Global Mechanism of the CCD, the recommendations of the Executive Board thereon and the draft Resolution contained in the said documents;

Decides that:

1. IFAD shall accept the decision of the Conference of the Parties (COP) of the CCD at its First Session to select IFAD to house the Global Mechanism thereof.
2. The Executive Board is authorized to approve the modalities, procedures and administrative arrangements to be contained in a Memorandum of Understanding between the COP and IFAD for the housing of the Global Mechanism by IFAD.
3. The President of IFAD is authorized to sign a Memorandum of Understanding between COP and IFAD, containing such arrangements as the Executive Board may approve for the housing of the Global Mechanism.
4. The President of IFAD is requested to report periodically to the Executive Board on the administrative arrangements for the housing of the said Global Mechanism in IFAD and on such activities as IFAD may undertake in support of the Global Mechanism, while also keeping the Executive Board informed of the activities of the Global Mechanism.

J. Membership of the Executive Board

22. The Governing Council welcomed the return to the Executive Board of Nigeria, which had acquired its eligibility to sit on the Board in September 1997.

23. In accordance with the decisions taken at its Twentieth Session, the Governing Council endorsed the agreements reached by the Sub-Lists C1 and C2 groups of Member States with regard to the exchange of seats on the Executive Board for 1998, as outlined in document GC 20/L.11. In Sub-List C1, the United Republic of Tanzania and Cameroon were replaced by, respectively, Kenya and Chad. In Sub-List C2, Turkey and the Democratic People's Republic of Korea were replaced by, respectively, Pakistan and Jordan.

24. Accordingly, the composition of the Executive Board for 1998 is as follows:

Executive Board Composition for 1998

<u>List A</u>	<u>Member</u>	<u>Alternate Member</u>
	Canada	Finland
	France	Belgium
	Germany	Switzerland
	Italy	Austria
	Japan	Denmark
	Sweden	Norway
	United Kingdom	Netherlands
	United States	Australia
<u>List B</u>	<u>Member</u>	<u>Alternate Member</u>
	Kuwait	United Arab Emirates
	Nigeria	Libyan Arab Jamahiriya
	Saudi Arabia	Indonesia
	Venezuela	Algeria
<u>List C</u>	<u>Member</u>	<u>Alternate Member</u>
Sub-List C1	Egypt	Côte d'Ivoire
	Kenya	Chad
Sub-List C2	China	Pakistan
	India	Jordan
Sub-List C3	Brazil	Panama
	Mexico	Argentina

(Mexico and Argentina will alternate seats on 21 August 1998)

K. IFAD's Follow-up to the Conference on Hunger and Poverty

25. The Governing Council took note of document GC 21/L.12 which reported on the progress and results achieved to date by the Popular Coalition to Eradicate Hunger and Poverty, which was established upon the recommendation of the Conference on Hunger and Poverty.

L. IFAD's Follow-up to the World Food Summit

26. The Governing Council noted the information contained in document GC 21/L.13 which provided an update on IFAD's follow-up to the World Food Summit since the Council's Twentieth Session.

27. It also decided that future reporting on IFAD's follow-up to the World Food Summit would be provided in the Fund's Annual Report.

M. Report on the Commemoration of the Twentieth Anniversary of IFAD

28. The Governing Council took note of both the written report on the series of activities being undertaken in 1998 to commemorate IFAD's Twentieth Anniversary, as outlined in document GC 21/L.14, and the oral report given by Mr Alan Prien, Secretary of IFAD, regarding the 20-year service awards to long-standing IFAD staff.

N. Report on the Status of the Headquarters Agreement

29. The Governing Council took note of the oral report presented by Mr Alan Prien, Secretary of IFAD, and welcomed the Italian Government's proposal to provide the Fund, in 1998, with the seventh and eighth floors of the building located on Via del Serafico, 200. It also noted that this was an additional temporary measure, pending the availability of the building immediately adjacent to IFAD's current premises and to the final provision of permanent Headquarters facilities.

CHAPTER 3

A. SUMMARY RECORDS

(Including a Summary of General Statements Delivered Orally
by Governors and Observers)

- (i) Summary Record of the First Meeting of the
Twenty-First Session held on Wednesday,
11 February 1998, at 10.00 hours in Rome, Italy

Outgoing Chairman : Pedro PAUL BELLO (Venezuela)
Chairman : Shah A.M.S. KIBRIA (Bangladesh)

	<u>Paragraphs</u>
<u>Opening of the Session (Agenda Item 1)</u>	31
<u>Adoption of the Agenda (Agenda Item 2)</u>	32
<u>Election of the Chairman and Vice-Chairmen of the Governing Council (Agenda Item 3)</u>	33-39
<u>Applications for Non-original Membership (Agenda Item 4)</u>	40-42
<u>Inaugural Address by His Excellency Oscar Luigi Scalfaro, President of the Italian Republic</u>	43-46
<u>Message of His Holiness Pope John Paul II</u>	47-50
<u>Statement of the Secretary-General of the United Nations</u>	51-53
<u>Keynote Address by His Excellency Alpha Oumar Konaré, President of the Republic of Mali</u>	54-57
<u>Statement of the President of IFAD (Agenda Item 5)</u>	58-59
<u>Address by His Excellency Raymond Barre, Former Prime Minister of the French Republic</u>	60-62
<u>Statement of the Director-General of the Food and Agriculture Organization of the United Nations</u>	63-64
<u>Statement of the Executive Director of the World Food Programme</u>	65-66
30. <u>The meeting was called to order at 10.10 hours.</u>	

OPENING OF THE SESSION (Agenda Item 1)

31. The Outgoing CHAIRMAN declared open the Twenty-First Session of the Governing Council which was taking place on the occasion of the Twentieth Anniversary of IFAD's creation. In that connection, he wished to draw special attention to the interest shown by the Italian Government in acting as host to the Fund in the beautiful city of Rome. He welcomed the participants and the many eminent personalities who were honouring IFAD with their presence.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 21/L.1/Rev.1)

32. The Agenda (GC 21/L.1/Rev.1) was adopted.

ELECTION OF THE CHAIRMAN AND VICE-CHAIRMEN OF THE GOVERNING COUNCIL (Agenda Item 3)

33. The Outgoing CHAIRMAN announced that, according to Rule 12 of the Rules of Procedure, the Council should elect a Bureau consisting of a Chairman and two Vice-Chairmen to serve for a period of two years. He had been informed of the nomination of Shah A.M.S. Kibria of Bangladesh for the office of Chairman.

34. Shah A.M.S. Kibria (Bangladesh) was elected Chairman of the Governing Council by acclamation.

35. The Outgoing CHAIRMAN said that he had been informed of the nomination of Ms Kirsti Lintonen of Finland and Mr Malami Buwai of Nigeria for the offices of Vice-Chairmen.

36. Ms Lintonen (Finland) and Mr Buwai (Nigeria) were elected Vice-Chairmen of the Governing Council by acclamation.

37. The Outgoing CHAIRMAN, speaking on behalf of the former Bureau, thanked the Council and the staff of IFAD for their cooperation and support over the past two years.

38. Shah A.M.S. Kibria took the Chair.

39. The CHAIRMAN expressed his appreciation to the Governing Council for his election, which he regarded as recognition of the role Bangladesh had played in the common struggle against poverty, food insecurity, malnutrition and illiteracy. After commending the outgoing Chairman on his excellent work and expressing his appreciation to Mr Al-Sultan for his leadership, he pointed out that, on its Twentieth Anniversary, the Fund stood at the forefront of the global fight against hunger and poverty. If it was to fulfil its mandate, it must not only maintain its commitments at the current level in real terms, but gradually raise their level. In that respect, he felt sure that IFAD could continue to rely on the support of its Member States.

APPLICATIONS FOR NON-ORIGINAL MEMBERSHIP (Agenda Item 4) (GC 21/L.2)

40. The CHAIRMAN invited the Council to adopt the draft resolution in document GC 21/L.2.

41. Resolution 103/XXI was adopted by acclamation.

42. The CHAIRMAN welcomed the Republic of Kazakhstan to membership of IFAD.

INAUGURAL ADDRESS BY HIS EXCELLENCY OSCAR LUIGI SCALFARO, PRESIDENT OF THE ITALIAN REPUBLIC

43. Mr AL-SULTAN (President of the Fund) said it was an honour to welcome the President of Italy to the Twenty-First Session of the Governing Council, which marked the Fund's Twentieth Anniversary. In an address to the Seventeenth Session, President Scalfaro had described the Fund's objective as being "to enable people to live in human dignity". Tragically, however, despite many initiatives, 800 million people throughout the world were still suffering from chronic hunger. Over the years Italy had played an important part in global efforts to eradicate hunger, and IFAD deeply appreciated the strong support which it had always received from Italy both as the Host Country and as a patron Member State.

44. Mr SCALFARO (President of the Italian Republic) delivered an inaugural address, the full text of which is reproduced in Chapter 4, Part A.

45. The CHAIRMAN, on behalf of the Governing Council, thanked Mr Scalfaro for his inspiring address and for Italy's support of the Fund over the past twenty years.

46. Mr TANG (China) expressed the deep appreciation of all Member States of IFAD to the President of the Italian Republic, which had always been at the forefront of efforts to alleviate hunger and an exemplary supporter of the Fund's work. Mr Scalfaro's inspiring words once again highlighted Italy's status in the international community and its role in the future of the Fund.

MESSAGE OF HIS HOLINESS POPE JOHN PAUL II

47. The CHAIRMAN invited His Excellency Archbishop Alois Wagner, Permanent Observer of the Holy See to IFAD, to deliver a message on behalf of His Holiness the Pope.

48. Archbishop WAGNER (Permanent Observer of the Holy See to IFAD) said that he was gratified to note the progress made by IFAD over the past twenty years and recalled that, as the Holy Father had reminded President Al-Sultan in a recent audience, Pope Paul VI had offered his active support to the Fund at the time of its creation. He had personally seen a lot of the Fund's effective work; nevertheless, a great deal still remained to be done in a world where social inequality still resulted in oppression. Governments had to be persuaded to do more to change the social situation, bringing hope to the poor. In that connection, the Pope, in the course of his visits to many different countries, had been encouraged by the evidence he had seen of cooperation in favour of social development, education, liberation and the struggle against racism, nationalism and war.

49. He read out a message from His Holiness Pope John Paul II, the full text of which is reproduced in Chapter 4, Part A.

50. The CHAIRMAN requested Archbishop Wagner to convey the gratitude of the Member States to Pope John Paul II, whose words touched everyone's conscience. There should, indeed, be trust between the developed and the developing countries and a real will to achieve social and human development.

STATEMENT OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

51. The CHAIRMAN informed the Council that Mr Kofi Annan, Secretary-General of the United Nations, was unable to attend the Twentieth Anniversary Session as planned since pressing world events required his presence elsewhere. He invited Mr Vladimir Petrovsky, Under-Secretary-General, Director-General of the United Nations Office at Geneva, to deliver the statement on the Secretary-General's behalf.

52. Mr PETROVSKY (Under-Secretary-General of the United Nations) read out the Secretary-General's statement, the full text of which is reproduced in Chapter 4, Part A.

53. The CHAIRMAN expressed the Governing Council's deep appreciation of the Secretary-General's enlightening statement, which was a renewed sign of solidarity within the United Nations family and gave due recognition to IFAD's role in combating hunger and rural poverty. He asked Mr Petrovsky to convey the heartfelt thanks of the Member States to the Secretary-General.

KEYNOTE ADDRESS BY HIS EXCELLENCY ALPHA OUMAR KONARE, PRESIDENT OF THE REPUBLIC OF MALI

54. Mr AL-SULTAN (President of the Fund) said it was a privilege to welcome the President of the Republic of Mali, a country which was an original Member of the Fund, to the Session commemorating IFAD's Twentieth Anniversary. President Konaré had delivered an inspiring address to the Conference on Hunger and Poverty which IFAD had helped to organize in 1995 and had shown remarkable leadership in addressing Mali's development problems. It was IFAD's intention to continue to contribute to Mali's efforts to put an end to hunger and poverty.

55. Mr KONARE (President of the Republic of Mali) gave a keynote address, the full text of which is reproduced in Chapter 4, Part A.

56. Mr CART (Switzerland) expressed the deep appreciation of all Member States to the President of the Republic of Mali for honouring them with his presence. In his address, President Konaré had described with exemplary clarity the problems connected with poverty and drought that beset his own and other African countries. His words were an encouragement to all who wished to work together to relieve the world from hunger.

57. The CHAIRMAN, speaking on behalf of the Governing Council, thanked President Konaré for his thought-provoking address.

STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 5)

58. Mr AL-SULTAN (President of the Fund) delivered a statement to the Twenty-First Session of the Governing Council, the full text of which is reproduced in Chapter 4, Part A.

59. The CHAIRMAN thanked the President for his informative statement which ably summarized the Fund's past achievements and its goals for the future. Under the President's judicious guidance, the Fund's leading role in the fight to eradicate rural poverty and hunger had been widely recognized and its staff was more than ever committed to meeting the challenges inherent in its mandate.

ADDRESS BY HIS EXCELLENCY RAYMOND BARRE, FORMER PRIME MINISTER OF THE FRENCH REPUBLIC

60. The CHAIRMAN said that the Council was honoured by the presence of Mr Raymond Barre, former Prime Minister of France, who had taken a keen interest in IFAD since its foundation.

61. Mr BARRE (former Prime Minister of the French Republic) gave an address, the full text of which is reproduced in Chapter 4, Part A.

62. The CHAIRMAN thanked Mr Barre for the strong support he had expressed for the Fund's activities in which France had always played an important part.

STATEMENT OF THE DIRECTOR-GENERAL OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

63. Mr DIOUF (Director-General, Food and Agriculture Organization of the United Nations) made a statement, the full text of which is reproduced in Chapter 4, Part A.

64. The CHAIRMAN thanked Mr Diouf for his statement and expressed his appreciation for the increased spirit of cooperation prevailing among the United Nations agencies dealing with food and agriculture.

STATEMENT OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

65. Ms BERTINI (Executive Director, World Food Programme) made a statement, the full text of which is reproduced in Chapter 4, Part A.

66. The CHAIRMAN expressed his thanks to Ms Bertini for her statement. The World Food Programme (WFP) was playing a key role in combating famine and had made food aid into a resource for development through its food-for-work programmes. He welcomed the strong cooperation between WFP and the Fund and thanked Ms Bertini for her contribution to it.

67. The meeting rose at 12.50 hours.

- (ii) Summary Record of the Second Meeting of the
Twenty-First Session held on Wednesday,
11 February 1998, at 15.00 hours in Rome, Italy

Chairmen : Shah A.M.S. KIBRIA (Bangladesh)
: Kirsti LINTONEN (Finland)
: Oloche Anebi EDACHE (Nigeria)

	<u>Paragraphs</u>
<u>Special Address by Mr Abdelmuhsin M. Al-Sudeary, Founding President of IFAD</u>	69-70
<u>Special Address by Mr Idriss Jazairy, Second President of IFAD</u>	72-73
<u>Statement by the First Lady of the Republic of Ghana, Mrs Nana Konadu Agyeman Rawlings, in her capacity as President of the 31st December Women's Movement</u>	74-75
<u>Statement by Mr Yesufu M. Seyyid Abdulai, Director-General, OPEC Fund for International Development</u>	76-77
<u>Statement on Behalf of the President of the World Bank</u>	78-79
<u>Progress Report on the Fourth Replenishment of IFAD's Resources (Agenda Item 6)</u>	81-83
<u>Audited Financial Statements of IFAD - 31 December 1996 (Agenda Item 8)</u>	84-92
<u>Proposed Budget of IFAD for 1998 (Agenda Item 9)</u>	93-101
<u>Establishment of an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund (Agenda Item 10)</u>	102-106
<u>General Statements (Agenda Item 7)</u>	107-155
- China	107-110
- France	111-114
- Zimbabwe	115-116
- Saudi Arabia	117-121
- Norway (on behalf of the Nordic Countries)	122-130
- Mexico	131-135
- Sudan	137-140
- Cuba	141-144
- Tunisia	145-147
- Swaziland	148-150
- Canada	151-155

68. The meeting was called to order at 15.15 hours.

SPECIAL ADDRESS BY MR ABDELMUHSIN M. AL-SUDEARY, FOUNDING PRESIDENT OF IFAD

69. Mr AL-SUDEARY (Founding President of IFAD) delivered a special address, the full text of which is reproduced in Chapter 4, Part A.

70. The CHAIRMAN thanked Mr Al-Sudeary, on behalf of the Council, for his address.

71. Ms Lintonen (Finland) took the Chair.

SPECIAL ADDRESS BY MR IDRIS JAZAIRY, SECOND PRESIDENT OF IFAD

72. Mr JAZAIRY (Second President of IFAD) delivered a special address, the full text of which is reproduced in Chapter 4, Part A.

73. The CHAIRMAN thanked Mr Jazairy, on behalf of the Council, for his address. It was encouraging to note the abiding commitment of the Fund's two former Presidents to its goals and work.

STATEMENT BY THE FIRST LADY OF THE REPUBLIC OF GHANA, MRS NANA KONADU AGYEMAN RAWLINGS, IN HER CAPACITY AS PRESIDENT OF THE 31ST WOMEN'S MOVEMENT

74. The CHAIRMAN said that the First Lady of the Republic of Ghana, Mrs Nana Konadu Agyeman Rawlings, would address the Governing Council in her capacity as President of the 31st December Women's Movement, a very active non-governmental organization (NGO) which had collaborated with IFAD on numerous occasions.

75. Mrs RAWLINGS (President, 31st December Women's Movement), after conveying greetings and thanks from the President and people of the Republic of Ghana, delivered a statement, the full text of which is reproduced in Chapter 4, Part A.

STATEMENT BY MR YESUFU M. SEYYID ABDULAI, DIRECTOR-GENERAL, OPEC FUND FOR INTERNATIONAL DEVELOPMENT

76. The CHAIRMAN said that, on the occasion of its Twentieth Anniversary, it was only fitting that IFAD should recall the major role that the Organization of the Petroleum Exporting Countries (OPEC) had played in its establishment and its formative years. The next speaker would therefore be Mr Yesufu Seyyid M. Abdulai, Director-General of the OPEC Fund for International Development.

77. Mr ABDULAI (Director-General, OPEC Fund for International Development) in recalling the efforts invested in the establishment of IFAD by the OPEC Member States and the institution he represented made a statement, the full text of which is reproduced in Chapter 4, Part A.

STATEMENT ON BEHALF OF THE PRESIDENT OF THE WORLD BANK

78. The CHAIRMAN invited Mr Alex McCalla, Director of the Agriculture and Natural Resources Department, World Bank, to make a statement on behalf of Mr James Wolfensohn, President of the World Bank.

79. Mr McCALLA (Director, World Bank) made a statement, the full text of which is reproduced in Chapter 4, Part A.

80. The CHAIRMAN thanked Mr McCalla and asked him to convey the Governing Council's appreciation to Mr Wolfensohn. The Fund enjoyed a long-standing relationship with the World Bank which was one of IFAD's most important partners.

PROGRESS REPORT ON THE FOURTH REPLENISHMENT OF IFAD'S RESOURCES
(Agenda Item 6) (GC 21/L.3 and GC 21/L.3/Add.1)

81. Mr MOODY (Vice-President of the Fund) drew attention to document GC 21/L.3 which contained details of contributions to the Fourth Replenishment received as of 31 December 1997. The Replenishment, with pledges totalling nearly USD 420 million, had been completed under Resolution 87/XVIII at the Twentieth Session of the Governing Council and had come into effect on 29 August 1997, the date on which the aggregate amount of Instruments of Contribution deposited and direct payments in cash and promissory notes had reached USD 216.4 million equivalent or 51.6% of total pledges. The fact that effectiveness was accomplished in only six months and that this date had preceded the target date established in the resolution by a full month set a record in IFAD's twenty-year history. By the end of December 1997, the combined total of Instruments of Contribution deposited and direct payments in cash and promissory notes had risen to USD 337 million equivalent, or over 80% of total pledges - another record. Since 31 December 1997, a further USD 11.8 million and an Instrument of Contribution of USD 2 million had been received, as reported in document GC 21/L.3/Add.1.

82. He urged countries which had not yet deposited their Instruments of Contribution or, with reference to paragraphs I.6(b) and I.8(a)(i) of Resolution 87/XVIII, had not followed up the deposit of such instruments by the payment of a first instalment, to do so as soon as possible.

83. The Governing Council took note of the Progress Report on the Fourth Replenishment of IFAD's Resources.

AUDITED FINANCIAL STATEMENTS OF IFAD - 31 DECEMBER 1996 (Agenda Item 8)
(GC 21/L.4)

84. The CHAIRMAN said that the Executive Board had reviewed the Audited Financial Statements of IFAD for 1996 at its Sixtieth Session and had recommended that they be submitted to the Governing Council for approval.

85. Mr MOODY (Vice-President of the Fund), after drawing attention to the conclusions of the External Auditor's report attached to document GC 21/L.4, referred to the arrears on loan repayments set out in Appendix G to the Audited Financial Statements. The situation with respect to repayments more than three months overdue had deteriorated somewhat, from USD 38.8 million at the end of 1995 to USD 41.3 million twelve months later. During the same period, total arrears had increased by USD 5.9 million to some USD 50 million. The Africa region accounted for 56% of arrears and a number of loans had been suspended as a consequence. One country in the Caribbean region accounted for 22% of arrears. Follow-up action was being taken with the governments concerned to obtain settlement of those obligations. In 1997, total arrears had fallen slightly, to USD 49.5 million, representing a non-repayment rate of only 4% - i.e., a repayment rate of 96% - a figure which compared very favourably with the situation in other international lending institutions. If the especially difficult situations in Cuba, Liberia and Somalia were excluded, the non-repayment rate fell to 1.6%, or a repayment rate of over 98% for the remaining 111 countries.

86. Arrears on donor contributions, particularly in payments against promissory notes, meant that a total of USD 202.2 million was withheld from the Fund's committable resource base. He urged the

countries concerned, which were listed in Appendix G, to fulfil their commitments promptly in the interest of the Fund's beneficiaries.

87. Turning to investment earnings, he reported that 29% of committable resources net of administrative costs had been earned in the bond market in 1996. The fact that earnings from government-issued bonds and time deposits, at USD 148.9 million, had been 47% less than in 1995 underscored the point that even investment income derived almost solely from government bonds was subject to considerable market volatility.

88. Administrative expenses for 1996 had amounted to USD 50.7 million, a saving of 1.36% on the approved budget of USD 51.4 million.

89. The Financial Statements for 1997 had been completed in record time. Investment income had amounted to USD 163.9 million, a return of 7.54% on investment, compared with 6.67% in 1996. As part of the investment diversification exercise begun in 1997, a sum of USD 100 million equivalent had been invested in Japanese securities, which had lost some ground in late 1997 but had subsequently recovered. On the bond side of the portfolio, gains had predominated as a result of a bond rally late in the year. Administrative expenses for 1997 had amounted to USD 50.2 million, again slightly below the approved budget. Supervision costs to cooperating institutions had been contained within the budget despite large mid-year price increases by the World Bank, thanks to an amicable agreement negotiated between IFAD and the Bank.

90. The 1997 Financial Statements would be reviewed by the Audit Committee and then by the Executive Board, before being submitted to the Governing Council for approval at its next session.

91. The CHAIRMAN invited the Council to adopt the draft decision in paragraph 5 of document GC 21/L.4.

92. It was so decided.

PROPOSED BUDGET OF IFAD FOR 1998 (Agenda Item 9) (GC 21/L.5 and GC 21/L.5/Add.1)

93. The CHAIRMAN said that the Executive Board had reviewed the proposed budget for 1998 in detail at its Sixty-Second Session and had recommended that it be submitted to the Governing Council for approval.

94. Mr MOODY (Vice-President of the Fund) recalled that the Executive Board had approved the Programme of Work for 1998 at its Sixty-Second Session in an amount of USD 459 million or SDR 336.2 million. In real USD terms, the programme remained at the same level as in 1997, having been adjusted only for the projected inflation rate of 2%.

95. After three consecutive annual reductions in the administrative budget during the period 1994-1996, followed by zero real growth in 1997, a figure slightly below zero real growth was proposed for 1998. Based on the exchange rate of ITL 1 695/USD 1.00 prevailing at the time of preparation of the document, the proposed budget of USD 52.99 million included provisions for contingencies and up-front costs relating to re-engineering but no provision for early retirement.

96. Continued management emphasis on resources for project implementation and portfolio management had necessitated some reductions in the resources allocated to developing new projects. The budget document also outlined the intensive review of the human resources action plan to be undertaken by the Fund's Human Resources Management Strategy Team in 1998.

97. As usual, the proposed budget had been recalculated at the current exchange rate, which stood at ITL 1 788/USD 1.00. The first figure in paragraph 4 of the draft resolution approving the budget should therefore be amended to read "USD 51.1 million", bringing the total, with the addition of the contingency item, to USD 51.5 million.

98. Mr CHOWDHURY (Bangladesh) welcomed IFAD's intention to maintain a credible level of lending in real terms, which would enable it to pursue core activities aimed at alleviating rural poverty in developing Member States. With the introduction of direct supervision of projects, he urged that budget neutrality should be achieved not only in accounting terms but also in reality, by maintaining the quality of supervision without incurring direct or indirect cost increases. IFAD should constantly look for new ways of achieving cost savings and efficiency gains, while guarding against any impairment of the quality of programme management.

99. Mr WURIE (Sierra Leone), after expressing general support for the proposed budget, noted that while the Council had approved a loan programme of SDR 115.28 million for sub-Saharan Africa in 1997, only 43% of that amount had actually found its way to the countries concerned and the balance had been reallocated to other regions. IFAD management had indicated that the performance in Africa had been affected by emergencies and the debt situation in the region. An allocation of SDR 103.13 million was proposed for 1998 despite growing needs. He urged IFAD to ensure that the whole of that amount was made available and that, if obstacles were encountered, the unused funds should not be diverted to other regions but carried forward for use in the 1999 loan programme. Unspent funds that were reallocated prematurely to other regions, as in 1997, would deprive countries emerging from current crises of urgently needed funds.

100. Mr VAN DE SAND (Assistant President, Programme Management Department) said he fully shared the concern of the representative of Sierra Leone regarding the share of sub-Saharan Africa in the overall lending programme. Difficulties in meeting the 40% target in 1997 had stemmed in some cases from civil strife and in others from problems relating to governance and absorptive capacity. A major effort was being made to speed up project preparation and there were plans to submit 15 projects for Africa to the Executive Board by the end of 1998, or about 50% of the proposed project portfolio for the year. He trusted that, by the end of 1999 at the latest, the target level would again be reached and maintained.

101. Resolution 104/XXI was adopted.

ESTABLISHMENT OF AN IFAD HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE TRUST FUND (Agenda Item 10) (GC 21/L.6)

102. The CHAIRMAN said that the Executive Board, at its Sixty-Second Session, had approved the operational policy framework for IFAD's participation in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and recommended that the Council establish an IFAD HIPC DI Trust Fund as the mechanism for provision of debt relief on a country-by-country basis. The Executive Board's recommended policy framework and draft resolution thereon were submitted to the Council for a final decision at its current session.

103. Mr WURIE (Sierra Leone) expressed full support for an initiative that was designed to assist the poorest of the poor.

104. Resolution 105/XXI was adopted.

105. Mr VORNIS (The Netherlands) recalled his Government's intention to contribute the equivalent of approximately USD 15.5 million to the Trust Fund. In that connection, he pointed out that some sections of document GC 21/L.6, particularly paragraphs 32 and 33, were somewhat ambiguous in that

they seemed to offer IFAD's management wider scope than envisaged in the World Bank/International Monetary Fund (IMF) procedures for establishing its own conditionalities to the participation in any particular HIPC DI scheme. It was his understanding that the text of the resolution just adopted offered guidance to all participants in the HIPC DI, including IFAD.

106. The CHAIRMAN assured the representative of The Netherlands that the Executive Board would be asked to look carefully at that issue when next discussing the HIPC DI.

GENERAL STATEMENTS (Agenda Item 7)

107. Mr QI (China), after congratulating IFAD on its Twentieth Anniversary and welcoming Kazakhstan to membership of IFAD, commended the Fund's contribution to helping the developing countries to eradicate poverty and develop their rural economies. He drew attention to the publication entitled IFAD in China, which summed up the experience gained from the Fund's projects in his country, and assured the Governing Council of the assistance that would be provided for the Asia and Pacific Regional Workshop on Financial Administration for IFAD's Loans and Grants to be held in China in May 1998.

108. His Government had launched a large-scale poverty alleviation campaign in the mid-1980s, which had substantially reduced poverty in rural areas. As a result, the number of rural poor had dropped from 250 million in 1978 to 50 million at present. China's poverty alleviation programme had now entered the most difficult phase of feeding and clothing the remaining poor population, and a formal decision to that effect, with strategic objectives to be achieved by the end of the century, had been taken in October 1996. He sincerely hoped that all international organizations, including IFAD, and all governments could work together with China to carry out that task.

109. Since the number of people suffering from hunger and poverty in the world was still increasing, IFAD's role should be further strengthened. It was therefore gratifying to note that the Fourth Replenishment had become effective as planned. While appreciating the progress made in cutting administrative costs and increasing loans for several consecutive years, he hoped that IFAD would be able to improve its efficiency and the quality of its projects so as to make a greater impact on poverty and agricultural development in the developing countries.

110. The Government and people of China hoped that their cooperation with IFAD, its Member States, other international organizations and NGOs working for poverty alleviation and agricultural development would be further strengthened.

111. Mr MAYER (France) said that, with the persistence of hunger and malnutrition in the world, IFAD's mission and objectives, notably improving the nutritional level of the poorest populations in developing countries and the conditions of their lives, were still relevant today. France had shown its support for the Fund's mandate by maintaining its contributions to the Fourth Replenishment at the same level as in the past. Its concern for sustained financial efforts was shared by its partners in the

European Union which, currently at a historic stage in its own integration, maintained its policy of openness, solidarity and responsiveness to the needs of the poorest and now contributed practically half of IFAD's new resources.

112. The success of any development project depended upon a sound macroeconomic environment, which included appropriate exchange and interest rates, judicial and fiscal security and stability and rigorous budgetary policies that determined real priorities, namely education and health in the poorest countries. France welcomed IFAD's participation in the HIPC DI and invited the Fund to give concrete support to eligible countries. That IFAD should have been selected to house the Global Mechanism of the United Nations Convention to Combat Desertification (CCD) was in line with the position of his Government. France was furthermore committed to implementing the conclusions of the 1996 World Food Summit, and supported cooperation between IFAD, FAO and WFP in that context.

113. He expressed concern about the unduly small share of loans for the countries of sub-Saharan Africa in 1997 and the very cautious approach of the Programme of Work for 1998. That concern was undoubtedly shared by other countries, including the members of the European Union, and he hoped that IFAD would propose ways of reversing that trend, without of course endangering its own financial integrity.

114. Regarding the management of the Fund, the key concerns should be professionalism, prudence in the light of the new risks resulting from the policy of diversification of the investment portfolio, and rigour in order to maintain a budget level with zero real growth. Management rigour, efficiency and generosity were by no means incompatible.

115. Mr KANGAI (Zimbabwe), after congratulating IFAD on its Twentieth Anniversary, recalled several of the projects benefiting the rural poor on which IFAD had cooperated with his country. They included the National Agricultural Extension and Research Project, whose initial focus of research and extension had been shifted to communal areas, including adaptation of commercial farmers' technologies to the needs of smallholders. IFAD's direct support to the alleviation of poverty in Zimbabwe through the Agriculture Credit and Export Promotion Project had resulted in the strengthening of the capacity of the Agricultural Finance Corporation in serving the poorest smallholders, the boosting of individual agricultural credit to targeted smallholder farmers and the introduction of a pilot group credit scheme which, *inter alia*, had enabled women farmers to have access to credit. Other important projects were the Smallholder Dry Areas Resource Management Project, initiated after severe droughts in 1991-1992, and the Smallholder Irrigation Support Programme, for which IFAD and his Government were now finalizing the formulation report. Zimbabwe was most grateful to IFAD for its assistance in implementing projects and programmes aimed at increasing access to productive resources and enhancing food security through sustainable smallholder development. It was gratifying to note that sub-Saharan Africa was a major focus of IFAD's operations.

116. He welcomed IFAD's participation in the HIPC DI and endorsed the proposed establishment of an IFAD Trust Fund under that scheme. His Government also endorsed the selection of IFAD to house the Global Mechanism of the CCD.

117. Mr AL MUDBIL (Saudi Arabia) congratulated IFAD on its remarkable achievements over the past twenty years, which had won for it the confidence and trust of all those concerned with the alleviation of hunger and poverty and with agricultural development. He expressed his special thanks to those who had been the pioneers in the task of developing the Fund's activities.

118. Despite its limited natural resources, Saudi Arabia had achieved self-sufficiency in many basic foodstuffs through the implementation of ambitious agricultural development policies and plans. As a result, a country which had previously been an importer of most foodstuffs was currently an exporter of certain agricultural commodities. The agricultural sector had recorded an annual average growth rate of 8.4% between 1969 and 1995 and currently accounted for 10.4% of gross domestic product (GDP). The area of cultivated land had been increased from 600 000 to 1.6 million hectares, with corresponding increases in animal husbandry and crop production. The benefits of the Kingdom's immense investment of energy and resources in agriculture had also produced secondary gains in the form of economic diversification, job creation at all levels, increased self-confidence of national producers and investors, and enhanced food security.

119. At the same time, the Kingdom had extended material and financial assistance to needy countries and those contending with natural disasters and other emergencies, and had provided grants and loans to friendly countries and international institutions. Total assistance under those headings amounted to over USD 70 billion. Saudi Arabia had also contributed USD 598 million to WFP since its establishment and USD 367 million to IFAD.

120. His delegation had carefully studied the Programme of Work and Budget for 1998 and was pleased that they had been adopted by consensus. He welcomed in particular the proposed establishment of an IFAD Fund for Gaza and the West Bank and the proposed decision to house the Global Mechanism of the CCD.

121. He welcomed Kazakhstan to the IFAD family of Member States and assured it of his country's strong support.

122. Mr KOLBERG (Norway), speaking on behalf of the Nordic countries, congratulated IFAD on its Twentieth Anniversary. IFAD's ability to respond flexibly to changes affecting rural development was an important comparative advantage and its willingness to question conventional wisdom was a key factor in its success. IFAD had often been one step ahead of new trends in international development, such as increased emphasis on client ownership and participation, creation of partnerships with other development actors, and cooperation with NGOs and grass-roots organizations. The five main corporate thrusts presented in the Programme of Work showed that the Fund's management was determined to continue searching for ways of improving results on the ground.

123. The Nordic countries strongly supported the focus on beneficiary participation and implementation, particularly the planned establishment of portfolio management systems that ensured the desired results at field level. In that context, an independent evaluation system was essential for purposes of feedback, development of knowledge networks and sharing of information with external partners. Real change at field level called for internalization of the Fund's objectives and policies by the staff. The Nordic countries therefore fully supported the development of human resources and management systems.

124. Despite the key role played by women in socio-economic development in rural areas, gender issues had not yet been properly reflected at the operational level in development cooperation. The Nordic countries urged IFAD to explore ways of remedying that shortcoming, to review its policies and strategies for women in development and to prepare a plan of action to follow up the recommendations of the Beijing World Conference on Women.

125. The Nordic countries were seriously concerned about the decline in lending to sub-Saharan Africa and urged IFAD to keep Africa at the top of its agenda. They welcomed the Fund's intention to achieve the set target for lending in Africa and supported the proposed policy of partnerships with countries in arrears.

126. The HIPC DI should lead to a sustainable solution of the debt crisis in eligible countries. Donors, particularly the Group of Seven countries, must ensure that the financial envelope was sufficient, debtor countries must undertake economic and social reforms, and creditors must act in a coordinated way. Participation by any creditor on a selective basis would seriously undermine the initiative. IFAD's contribution of its proportional share as a multilateral creditor was to be welcomed.

127. Member States had a joint responsibility to ensure that the Fund's resource base enabled it to continue serving the needs of the poorest countries through concessional funding. The Nordic countries supported the resource strategy presented in the Programme of Work and agreed that a review of the replenishment process was necessary.

128. In pursuance of system-wide United Nations reform, IFAD should devote particular attention to closer cooperation and coordination among the Rome-based institutions. It should also seek to become an active member of the United Nations Development Group, work closely at country level with the resident coordinator and endeavour to integrate its operational activities into the United Nations Development Assistance Framework. In housing the Global Mechanism of the CCD, IFAD would have a special responsibility to ensure coordinated follow-up to the Convention by all United Nations bodies concerned, including the World Bank. IFAD also had a central role to play in the follow-up to the World Food Summit. It was regrettable that the document on follow-up (GC 21/L.13) presented an overview of IFAD-related activities rather than a strategy for implementing the Plan of Action.

129. Since food security was a matter not only of increased production but also of distribution and allocation of resources, more emphasis should be placed on action to enable the rural poor to raise themselves out of poverty, including the promotion of off-farm activities.

130. Impressed by the professionalism of the President and staff of IFAD, the Nordic countries were prepared to strengthen their cooperation and pledged continued strong commitment to the Fund.

131. Ms TERAN (Mexico), speaking on behalf of the countries of Latin America and the Caribbean, welcomed Kazakhstan to membership of IFAD and congratulated the Fund on the productive work it had accomplished in its twenty-year existence. Persistent and in many cases worsening poverty and inequality demonstrated the validity of the mandate assigned to the Fund twenty years previously. IFAD stood apart as an institution that supported defenceless social groups which were ignored by other bodies. The funding of international cooperation had declined in recent years although the socio-economic gap between rich and poor called for greater international solidarity. Justice was unfortunately absent from the processes of economic globalization and liberalization.

132. The Latin America and the Caribbean region, convinced of the important role of multilateralism in development, was engaged in an unprecedented effort to promote economic and social recovery, focusing on the most disadvantaged sectors of the population, especially in rural areas. The success of that effort called for support from international organizations such as IFAD, which should maintain a proper balance between developing regions in terms of resource mobilization. The Fund's work on

behalf of peasants, small landowners, women and indigenous communities had helped them to obtain access to the goods and services that were a prerequisite for productive activity.

133. The World Food Summit had demonstrated the scale of the task to be accomplished in order to meet the needs of highly vulnerable social groups. IFAD had an important role to play in that connection, especially on behalf of rural population groups which were particularly hard hit by poverty and malnutrition.

134. Speaking on behalf of Mexico, she recalled that the establishment of IFAD had formed part of a proposal for a "world energy plan" submitted by her country to the United Nations General Assembly in the 1970s and based on cooperation between the industrialized and the oil-producing countries. Mexico had benefited from IFAD through successful projects such as those on behalf of the Ixtlera region and the indigenous communities of the State of Puebla and the Yucatan Peninsula. By virtue of the integrated and catalytic approach adopted, the impact of the IFAD-sponsored projects extended beyond their immediate objectives.

135. The recent negotiations leading to a reform of IFAD's governing bodies had shown that the Fund could rely on the staunch support of all Member States at a time when multilateral cooperation was under attack. In a global economy, all development efforts had an international dimension: hence the need for all countries in every region to attain an adequate level of progress and development. In that context, Mexico reaffirmed its ongoing and wholehearted support for the Fund.

136. Mr Edache (Nigeria) took the Chair.

137. Mr ALI NAFIE (The Sudan) welcomed Kazakhstan as a new Member of IFAD, which he congratulated on its Twentieth Anniversary. He commended the Fund on its financing of a number of projects in The Sudan and looked forward to further collaboration on new projects in the near future.

138. The Sudanese economy had been performing well despite an unfavourable international economic climate with dwindling foreign aid and worsening terms of trade. Gross domestic product had increased by 5.5% in 1997, largely owing to the performance of the agricultural sector, which continued to account for about half of GDP and brought in valuable export earnings. The average inflation rate had fallen from 165% in August 1996 to about 26% in November 1997, thereby strengthening the national currency.

139. He welcomed the establishment of an IFAD HIPC DI Trust Fund, which would alleviate the debt burden on developing countries and release resources for economic reform and expenditure on health and education. He also supported the establishment of an IFAD Fund for Gaza and the West Bank which would help to alleviate the sufferings of the Palestinian people.

140. Lastly, he condemned the imposition of economic sanctions for political ends, which caused untold suffering and was irreconcilable with the aim of creating a world free from hunger and malnutrition.

141. Mr NUIRY SANCHEZ (Cuba) pointed to IFAD's unique role in combating hunger and alleviating rural poverty. One of the Fund's major achievements in the twenty years of its existence had been to have stood firm against the pressures brought to bear upon it to move away from the objectives for which it had been created, and in so doing to have accomplished the work which had won it the support of all Member States.

142. Food security in Latin America and the Caribbean was threatened by the developing countries' debt-servicing burden. The words of the President of Cuba, Fidel Castro, at the commemoration of IFAD's Tenth Anniversary, referring to the Fund's major contribution to combating the scourge of hunger and malnutrition and to the need to pursue its original policies, were still topical today.

143. Cuba, a small island state that was struggling to overcome underdevelopment and was one of the founding Members of IFAD, was now faced with difficulties in paying its contribution. Could its willingness to pay be in doubt? Its circumstances, subjected as it was to an unjust blockade and extra-territorial measures which violated international law and had been widely condemned by the United Nations General Assembly, were well known. That food should not be used as an instrument of political and economic pressure had been unanimously agreed by the World Food Summit in 1996 and indeed was a matter of universal consensus. Cuba, whose people's determination and courage in overcoming adversity would never flag, had never refused dialogue based on full respect for the principles of independence, sovereignty and non-interference.

144. It was generally agreed that IFAD was fulfilling its mandate and that its presence was essential. At the same time, it needed to adapt to changing circumstances, strengthen its administration and expand its objectives. All those issues were on the drawing board and the Twentieth Anniversary should provide an opportunity for further reflection. Since time was short and needs were great, the emphasis should be on deeds and not just words.

145. Mr HORCHANI (Tunisia), after stressing the particular importance of the current Session and welcoming Kazakhstan to membership of IFAD, said that seven agricultural and rural development projects implemented in Tunisia with the cooperation of IFAD had contributed to the promotion of areas in difficulty, with a positive impact on disadvantaged rural populations, to integrated regional development, and to the involvement of beneficiaries, particularly women, and of local NGOs. It was hoped that such cooperation would be further strengthened in the coming years. Tunisia was making its own contribution to the commemoration of IFAD's Twentieth Anniversary by organizing a special day on IFAD's work in Tunisia, presenting current projects. A review of two completed projects had highlighted their positive results and provided lessons for the future.

146. Although IFAD's policies and mandate had led to progress in promoting disadvantaged areas and populations, the interest rates on loans were in some cases dissuasive and should be reconsidered. Such a review should be conducted in conjunction with efforts to reduce operating costs, to improve investment income and to introduce new financial products. Current efforts to reduce administrative and operating costs should be continued, special attention should be given to investments in order to improve the Fund's cash flow position, which might make it possible to reduce interest rates, and new financial products should be identified so as to offer a wider choice to the beneficiary countries.

147. Tunisia had been among the first Member States to have announced its contribution of USD 500 000 to the Fourth Replenishment, which was of vital importance for the future of the Fund and its activities. His Government supported the establishment of an IFAD Fund for Gaza and the

West Bank, the proposal to house the Global Mechanism of the CCD, and the establishment of an IFAD HIPC DI Trust Fund. It hoped that the regional programme for the training of managers of projects and programmes currently being developed in conjunction with AfDB and the Economic Development Institute (EDI) would soon be launched. It further reiterated its proposal for a technical cooperation programme among developing countries to enable those countries' human resources and expertise to be used in IFAD-cofinanced projects.

148. Mr Dambuza II LUKHELE (Swaziland), after welcoming Kazakhstan to membership of the Fund, drew attention to the challenges that lay ahead and called for a redefinition of programmes and projects to support poverty eradication policies that involved not only assistance but investment.

149. The implementation of the Smallholder Agricultural Development Project in association with IFAD had resulted in the active involvement of smallholder farmers in irrigated agriculture, and beef and dairy production, which demonstrated the sector's potential for generating income and employment, achieving greater productivity in the formal and non-formal sectors and providing for the country's food security. Agriculture had been identified as the main thrust of the national development strategy, which had now been finalized and had prompted the Ministry of Agriculture and Cooperatives to re-embark on the Agricultural Sector Investment Programme, which he hoped would continue to receive the support it so badly needed.

150. He was pleased to note that follow-up to the Conference on Hunger and Poverty and to the World Food Summit now featured prominently on the Governing Council's agenda. There was still cause for concern that, although global agricultural production had kept up with population growth in recent years, access to food at the national and household levels was still problematic. Recent increases in grain prices had substantially added to the import bills of the low-income food-deficit countries. He welcomed the establishment of an IFAD HIPC DI Trust Fund, which should help to alleviate the debt burden of the poor countries. Furthermore, his Government was satisfied with the Programme of Work and Budget for 1998 and urged increased support by all Member States. It commended the efforts being made to mobilize contributions to the Fourth Replenishment and was pleased to have played its part despite financial constraints. He reaffirmed his country's continuing commitment to IFAD's ideals and objectives.

151. Ms McASKIE (Canada), after welcoming Kazakhstan to membership of IFAD, extended Canada's appreciation for the twenty years of dedicated and pioneering efforts to combat hunger and poverty. At the same time, it was necessary to consider what could be done to strengthen action to eradicate those scourges over the next twenty years.

152. Recent crises in financial markets, whose potentially devastating impact on the poor IFAD had rightly pointed out, were a stark reminder of the crucial role that development institutions such as IFAD could and must play. The forces of globalization and liberalization were not always benign and necessitated more collective and coordinated action to ensure the global stability that was so vital to sustainable development. She applauded IFAD's concept of the enabling microenvironment for the poor. The key to success in poverty eradication lay in strategic partnerships and continued cooperation within the international community. Canada was fully committed to attaining international objectives based on the goals of international conferences and highlighted by the Development Assistance Committee (DAC) strategy entitled "Shaping the 21st Century", together with the commitments made at the World Food Summit. She stressed the importance of multilateral cooperation and consultation as the cornerstones of all efforts to achieve those objectives, with shared responsibility as the central concept. IFAD could be proud of its endeavours to involve its clients in those processes through the redesign of its project development cycle and its dialogue with grass-roots organizations. It had also made great progress towards becoming a knowledge organization, and her Government was pleased that the Fund had joined Canada and the World Bank in co-sponsoring the Global Conference on Knowledge for Development in the Information Age held in June 1997 in Toronto.

153. Concrete results, demonstrated effectiveness, and accountability to stakeholders in all countries, donors and clients alike, were needed to ensure that IFAD's commitment to poverty eradication was translated into effective action, and as a guarantee of continued public support. Canada therefore applauded IFAD's plans to introduce a "corporate scorecard" in 1998, aware as it was from its own experience of the merits of results-based management.

154. With regard to future policies, the focus on Africa should be increased and IFAD's work on food production should be linked to the role of micronutrients in improving the quality of life and reducing disease and mortality.

155. As the development community built on its successes and learned from its mistakes, it now had more of a concerted agenda than in the past. IFAD shared Canada's vision that flexibility, consultation, partnership, accountability and a focus on results would be the building blocks of future development efforts and it could thus be assured of continued success in the future.

156. The meeting rose at 18.30 hours.

- (iii) Summary Record of the Third Meeting of the
Twenty-First Session held on Thursday,
12 February 1998, at 09.30 hours in Rome, Italy

Chairmen : Kirsti LINTONEN (Finland)
: Oloche Anebi EDACHE (Nigeria)
: Shah A.M.S. KIBRIA (Bangladesh)

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157. The meeting was called to order at 09.40 hours.

IFAD'S POLICY FRAMEWORK FOR MANAGING PARTNERSHIPS WITH COUNTRIES IN ARREARS (Agenda Item 11) (GC 21/L.7)

158. The CHAIRMAN said that at its Sixty-First Session the Executive Board had endorsed the policy framework set forth in document GC 21/L.7 and had recommended to the Governing Council that the policy be put into immediate effect for all arrears, current and future, and that the Lending Policies and Criteria should be amended as stipulated in the draft resolution annexed to the document.

159. Mr FAINT (United Kingdom), referring to the proposed amendments to the Lending Policies and Criteria, sought clarification of how the eligibility criteria would be changed, and in particular what levels of indebtedness would trigger those changes, and what would be the terms and conditions to which each type of debtor was entitled. Furthermore, he believed that, in modifying the existing arrears policy, IFAD should focus on the poorest countries, aligning its policy on the principles of the HIPC DI. Extending eligibility for highly concessional terms was not really of any central relevance to the problem.

160. Mr ELHAUT (Lead Economist, Programme Management Department), referring first to highly concessional borrowers, said that the Fund wanted to ensure that, when settling arrears, it did not give undue privileges to those countries that had fallen into arrears and therefore the policy aims at relating their settlement package to the original net present value (NPV). At present there was a fixed ten-year grace period included in a forty-year repayment period. When arrears were settled, the whole concept of grace period and repayment period changed, which amounted to an *ex post* amendment of the lending terms and conditions. The changes proposed in the lending terms and conditions for intermediate and ordinary loans consisted in aligning the grace periods with the expected flow of resources during project implementation. The current grace periods were three years and five years respectively, which often led to reimbursements equivalent to or greater than disbursements. The aim was to ensure a positive flow of resources from IFAD to the borrowing countries, with the grace period starting when the loan becomes effective but not exceeding the period of project implementation, which was approximately six years. The admission of a significant number of additional countries to the highly concessional category was apparent only, since the criteria currently applied were based on per capita GNP figures and countries hover around the cut-off point, moving between the two categories from one period to the next. So there was a grey area, and the Governing Council was being asked to approve that the Executive Board would come to a decision on the basis of the information presented to it at the time of project approval, with the criteria developed under the HIPC DI playing a guiding role.

161. The intention of the new policy was to keep IFAD's focus on the poorest countries, reversing the present situation in which dialogue on new project development and project implementation came to a halt when countries ran into serious arrears. The proposed amendment represented the proactive part of the arrears policy which was directly linked to the policy framework for the HIPC DI.

162. Mr FAINT (United Kingdom) said that he had some difficulty in accepting the principle that intermediate and ordinary terms borrowers would always receive a positive cash flow from IFAD, since the additional resourcing required was likely to be at the expense of the poor countries. The underlying value of a project should enable an intermediate or ordinary terms borrower to reimburse the Fund without reference to new flows. He was pleased to note the HIPC DI principles in the arrears policy and agreed that borderline cases should be dealt with by the Executive Board on a case-by-case basis.

163. Mr ELHAUT (Lead Economist, Programme Management Department) explained that the objective was not so much to ensure systematic positive cash flows to ordinary and intermediate terms borrowers as to avoid negative cash flows.

164. Mr JALANGO (Kenya), referring to paragraph 22 of document GC 21/L.7, asked for clarification of the reference to "collaboration with the IMF and the World Bank", both of which had conditionalities based on criteria totally different from those of IFAD. He hoped that the level of collaboration would not result in additional burdens being placed on the heavily-indebted countries.

165. Mr ELHAUT (Lead Economist, Programme Management Department) said that the collaboration envisaged with IMF and the World Bank was at three levels. First, IFAD wished to make sure that it was involved in any arrears settlement negotiations undertaken by IMF and the World Bank with countries emerging from crisis so that its own lending programme was taken into account. Secondly, it was proposed that limited resources should be made available for debt management capacity-building purposes, on a case-by-case basis approved by the Executive Board, provided that those efforts were coordinated with the macroeconomic efforts of IMF and the World Bank. Thirdly - and this was the level of collaboration to which the representative of Kenya had referred - IFAD wished to make sure that it participated in any dialogue on arrears and debt-settlement problems initiated by IMF and the World Bank in order to ensure that the conditionalities imposed would not bring projects to a halt or interfere with national poverty eradication programmes.

166. Mr MEJBAHUDDIN (Bangladesh) welcomed the timely initiative taken by IFAD in tackling the emerging problem of arrears in loan repayments. Measures should be taken to reduce the accumulation of arrears in the future, while giving special consideration to countries whose arrears were due to circumstances beyond their control. There was a need to assess the situation on a case-by-case basis and he agreed with the measures proposed in paragraphs 21 and 24 of document GC 21/L.7. However, he expressed concern over the automatic transfers referred to in paragraph 23, which could siphon off resources needed for meeting national emergencies. He approved the corrective measures proposed in paragraphs 35 to 41 but, while not objecting to the principle that the NPV of arrears settlement packages should equal the NPV of the original lending terms and conditions, he strongly felt that it should not run counter to the purposes for which IFAD offered assistance to its poor Member Countries. The system should be flexible enough to enable those countries to negotiate the length of the repayment period, interest rates, the grace period and the level of instalments which constituted the NPV of the debt. His delegation also supported the decisions outlined in paragraphs 44 and 45 and agreed that the proposed policy should apply to both current and future arrears.

167. Mr ELHAUT (Lead Economist, Programme Management Department) explained that the proposal concerning automatic transfers in paragraph 23 was aimed at ensuring that situations no longer arose, as they had in the past, in which small arrears just exceeding the *de minimis* level, often due to administrative oversights, led to projects being brought to a halt. The representative of Bangladesh had correctly identified the elements involved in maintaining the NPV of loans before and after arrears. In effect, flexibility was built in through those elements, but procedures and guidelines were needed in order to ensure that such flexibility was properly managed, which address the aspect of accountability.

168. Resolution 106/XXI was adopted.

IFAD POLICY ON THE DISCLOSURE OF DOCUMENTS (Agenda Item 12) (GC 21/L.8)

169. The CHAIRMAN informed the Council that the Executive Board had twice reviewed the IFAD Policy on the Disclosure of Documents. At its Sixty-Second Session, the Executive Board had invited the Governing Council to consider an IFAD Policy on the Disclosure of Documents, to approve an eighteen-month interim phase during which governing body documents would be made available on the Internet, and to authorize the Executive Board to review the policy at the end of the interim phase and to adopt a final policy.

170. Mr WURIE (Sierra Leone) considered that disclosure, if approved, should not be retroactive because of the costs involved. He was also concerned by the fact that few Third World countries had access to the Internet. In his view, the management could be left to decide which documents should be released and which should remain confidential, since the information contained in some of them was sensitive.

171. Ms PANUCCIO (Manager, Documents and Publications Service) said that hard copies of all the documents available on the Internet would still be distributed to the governing bodies and Member States. Ways of giving the public greater access to documents through means other than the Internet were being explored. With regard to confidentiality, Executive Board and Governing Council documents would not be made available automatically to the public, but only by decision of the Board or the Council themselves, thus leaving the possibility of keeping some documents confidential.

172. The CHAIRMAN invited the Council to adopt the decisions contained in paragraph 3 of document GC 21/L.8 which included authorizing the Executive Board of IFAD to adopt a final Disclosure Policy at the end of the approved interim phase.

173. It was so decided.

174. The CHAIRMAN, referring to the provision for the disclosure of governing body documents on page 10 of Attachment I to document GC 21/L.8, invited the Council to agree that all the documents submitted to the current Session should be disclosed and made available on the Internet.

175. It was so agreed.

THE ESTABLISHMENT OF AN IFAD FUND FOR GAZA AND THE WEST BANK
(Agenda Item 13) (GC 21/L.9)

176. The CHAIRMAN said that, at its Sixty-Second Session, the Executive Board had reviewed the proposal to establish an IFAD Fund for Gaza and the West Bank. Recognizing the importance of responding to the agricultural development needs of the region, the Board had considered how best to provide such assistance within the constraints of Article 7, Section 1, of the Agreement Establishing IFAD. After examining the options available and recognizing the mechanisms utilized by the World Bank, the Board had recommended that the Council adopt the draft resolution in document GC 21/L.9.

177. Resolution 107/XXI was adopted.

GENERAL STATEMENTS (Agenda Item 7) (continued)

178. Mr PAREDES PORTELLA (Peru), after congratulating IFAD on its Twentieth Anniversary, thanked the Fund for its loan to Peru for the Development of the Puno-Cuzco Corridor Project which would assist in the development of a large depressed area of the country. He trusted that the Fund would continue to give favourable consideration to new projects at a time when Peru, like many other countries, was suffering the adverse impact of the "El Niño" phenomenon.

179. He urged IFAD to focus on the implementation of the Plan of Action adopted at the World Food Summit. In the light of the strategy guiding the Programme of Work and Budget for 1998, it was justifiable to channel funds mostly into food security projects aimed not only at reducing dependence on food imports but also at enabling beneficiary countries to market and export their produce in conditions of free trade.

180. With regard to IFAD's operational strategy, he recommended that regional project implementation strategies should be formulated in the context of the follow-up to the Conference on Hunger and Poverty, focusing on the rural poor and on the vast depressed areas in many countries, including Peru, where people still lived in poverty or extreme poverty. In the prevailing climate of globalization, IFAD should continue to pursue an innovative policy involving direct project supervision and orientation of projects towards the achievement of a direct social and economic impact. To that end, agricultural development strategies could be developed for individual countries. IFAD and beneficiary countries should work jointly for an improvement in the Fund's project portfolio in terms of efficiency and economic impact, setting up a permanent technical coordination mechanism that would draw on the experience of other multilateral development agencies.

181. It was logical that IFAD should play a more active role on behalf of the heavily-indebted poor countries since, by virtue of its mandate, the Fund should be even more attentive to their needs than bodies such as IMF and the World Bank. He therefore supported document GC 21/L.6 on the establishment of an IFAD HIPC DI Trust Fund, particularly the parameters for debt relief.

182. IFAD should explore the possibility of giving Member Countries more opportunities to participate in its work, for example in the Executive Board, especially when they had a special interest in particular themes or projects.

183. Within the multilateral system, some organizations were uneasy with globalization, instant communication and potentially beneficial forms of multipolarity, whereas others, through efficient management and resource utilization, had succeeded in adjusting to a changing and more competitive world. He was convinced that IFAD would always belong to the second group. The Fund must be a development-oriented financial institution with management criteria that would ensure its continuing relevance in the twenty-first century. To that end, the Council should seek, on the basis of a broad consensus, to ensure the excellence of its future work.

184. Mr PURRYAG (Mauritius) encouraged IFAD to pursue collaboration with FAO, the United Nations Development Programme (UNDP), the World Bank and other bodies in combating problems such as drought, desertification, water shortage and land degradation in Africa.

185. Stable revenue from agriculture had enabled the Mauritian Government to undertake important development programmes on behalf of vulnerable sections of the population. IFAD financial assistance since the early 1980s had been used to enable small farmers to develop their own farm enterprises, to strengthen the institutional framework for rural development and to improve amenities at the village

level. Although results in some areas had fallen short of expectations owing to lack of technical skill and insufficient monitoring and evaluation capacity, corrective measures had been taken and a reform and structural adjustment programme was being implemented to meet both local requirements and those of the new international order instituted by the World Trade Organization (WTO). Like many other small island developing States, Mauritius was dependent on imports of chemical inputs and agricultural implements. IFAD support was particularly necessary to meet the specific needs arising from those circumstances, as reflected in the Plan of Action of the World Food Summit.

186. Internationally, Mauritius was playing a prominent role within the Southern African Development Community (SADC) and the Indian Ocean Rim and also in the negotiations for a successor arrangement to Lomé Convention IV.

187. After outlining a series of measures taken to revitalize the agricultural sector, he reported that an inception mission from IFAD had visited Mauritius in June 1997 to discuss the Rural Diversification Programme. A team of IFAD consultants was currently drawing up the details of the programme prior to consideration of the funding possibilities. The Mauritian authorities would see to it that the programme beneficiaries were fully involved and that an implementation and monitoring strategy was put in place to ensure sustainability and financial viability.

188. In conclusion, he congratulated IFAD on its Twentieth Anniversary and affirmed his Government's unstinting support for the Fund's Programme of Work.

189. Mr LALIKA (Pakistan) congratulated IFAD on twenty remarkable years during which it had brought hope to the rural poor throughout the world.

190. On assuming power, the current Government of Pakistan had launched an elaborate programme of fiscal and economic restructuring to revive an ailing economy. Pakistan was basically an agrarian economy and it was a matter of great concern that, despite its many natural assets and a sturdy work force, the country was faced with periodic shortages of basic foodstuffs owing to such factors as high population growth, poor use of water, soil degradation, low public-sector investment and insufficient agricultural credit. The Government was focusing on the needs of small farmers, in particular by improving access to credit, and a National Agricultural Commission had been established to promote national self-sufficiency in essential commodities. A major rural industrialization programme would provide employment opportunities in rural areas. Furthermore, an effort had been made to stem the outflow of resources from the agricultural sector to other sectors by ensuring that farmers received fair prices for their produce.

191. Pakistan was proud to be one of the founder Members of IFAD and its farmers had benefited from numerous project loans. It had contributed in its modest way to the Fund's resources and had always responded to the calls for replenishment. He reaffirmed his country's commitment to revitalizing the agricultural sector; to improving the quality of life of the rural poor; and to further collaboration with IFAD.

192. Mr SEKI (Japan) congratulated IFAD on its Twentieth Anniversary and welcomed Kazakhstan to membership of the Fund.

193. By virtue of its unique position as an international financial institution in the field of agricultural development, IFAD was active in areas closely related to the basic needs of everyday life and formulated projects designed to promote self-help through beneficiary participation. In recent

years, it had focused on the crucial environmental issue of desertification of agricultural land. IFAD had fully merited the consensus reached at the First Conference of Parties that it should house the Global Mechanism of the CCD.

194. It had taken four years to conclude the negotiations on the Fourth Replenishment so that IFAD could become broadly self-sustaining and maintain its activities under the guidance of the Governing Council. In view of its high opinion of the Fund's achievements and expectations for the future, Japan had contributed some USD 38 million, the largest single amount of any Member State. It would also continue to provide a special contribution for women in development.

195. Japan urged IFAD, in the interests of preserving its reputation and the standard of its achievements, to exercise the professionalism befitting a technical international development organization in the formulation and implementation of projects. Under those circumstances, Japan hoped to maintain its long-standing and mutually beneficial relationship with the Fund.

196. Mr ABDEL LATIF (Egypt), after congratulating IFAD on its Twentieth Anniversary and welcoming Kazakhstan as a new Member, said that the progress made by the Fund in structural adjustment, management reform and optimum utilization of programme and operational resources augured well for the future.

197. As the new millennium approached, it was essential to develop a vision of the rural poor as a vital human resource whose productive potential must be unleashed through IFAD technical assistance rather than as a problem to be solved. In that context, the Fund had a key role to play in furthering the aims of the Plan of Action adopted at the World Food Summit, which set specific targets, including a 50% reduction in the number of persons suffering from hunger and chronic malnutrition by the year 2015.

198. Egypt supported the Programme of Work and Budget for 1998 and hoped that the Fund would continue to focus its assistance on the poorest and most deprived countries in Africa. It also welcomed the decisions to establish an IFAD HIPC DI Trust Fund and an IFAD Fund for Gaza and the West Bank as well as the agreement to house the Global Mechanism of the CCD at IFAD. He encouraged the Fund to collaborate with FAO, UNDP, the United Nations Environment Programme (UNEP) and other bodies in promoting the effective implementation of the Convention.

199. Under a comprehensive development plan, Egypt had formulated an agricultural development strategy covering the twenty-year period up to 2017, which focused on sustainable management of natural and human resources, overall development of the southern part of the country and the Sinai region, integrated rural development with special emphasis on the role of women, raising of farm income and rural living standards, development of the private sector and preservation of ecological balance. In pursuance of its structural adjustment programme, Egypt had opened up its economy to more foreign investment.

200. He trusted that Egypt and IFAD would continue to cooperate closely on various agricultural projects whose ultimate beneficiaries were the men and women of Egypt.

201. Mr EDACHE (Nigeria) said that a good example of IFAD's leadership in poverty alleviation efforts was the establishment of an IFAD HIPC DI Trust Fund, one of whose principles was to assist countries which had undertaken economic policy and structural reform and were committed to poverty eradication. His delegation also supported IFAD's Policy Framework for Managing Partnerships with Countries in Arrears. In that context, he outlined the pragmatic poverty alleviation measures taken by his Government, whose 1998 budget was primarily designed to stimulate production. The agricultural sector was accorded the highest priority, with an increased budgetary allocation of some 26%. Strategies had been anchored in private-sector investment and the liberalization and commercialization

of input distribution. Inflation had fallen to 29% in 1996 and was projected to drop below 9% in 1998. In general, the policy measures taken had resulted in a favourable investment climate. A notable feature of efforts to improve the rural economy and the socio-economic well-being of the people was the Family Economic Advancement Programme, whose patron was the First Lady of Nigeria.

202. His delegation supported Resolution 104/XXI approving the Budget of IFAD for 1998, although it had expected a higher budget level. It commended the continuing focus on Africa in the Fund's lending portfolio but stressed the need for greater IFAD investment in sub-Saharan Africa. It supported the request by the Palestinian Authority and the Palestine Liberation Organization (PLO) for assistance to agricultural development in Gaza and the West Bank.

203. Nigeria was pleased that IFAD had been chosen to house the Global Mechanism of the CCD and was glad to see that direct supervision of projects would become a reality in 1998, a proposal that the Nigerian delegation had consistently supported.

204. Nigeria had fully paid the arrears outstanding from pledges to previous replenishments of IFAD's resources and had cleared all arrears on loan repayments. It had pledged the sum of USD 5 million to the Fourth Replenishment, despite its economic difficulties, and its Instrument of Contribution would be deposited with IFAD in due course. He reiterated Nigeria's unequivocal commitment to IFAD's objectives and recommended that the Fund should play a full part in the follow-up to the Conference on Hunger and Poverty and the World Food Summit.

205. Mr APOSTOIU (Romania) conveyed the good wishes of Romania on the occasion of IFAD's Twentieth Anniversary and reiterated the continued support of his country, a founder Member of IFAD, to the Fund. The risk of marginalization of certain countries and regions in the current globalization process called for solidarity on the part of the international community. In that context, his delegation welcomed IFAD's new approach to supporting government action to promote economic growth and improve living conditions in underdeveloped or temporarily affected regions, in particular in Central and Eastern Europe. Romania would itself soon benefit from an IFAD integrated rural development project for mountain areas. He was pleased to note that the Fourth Replenishment was now effective and to report that Romania was again joining the family of donors and had deposited its Instrument of Contribution.

206. In 1995, the value of agricultural production in Romania had accounted for some 5% of the total figure for the European Union (EU) and 20% of Romanian GDP, with agriculture employing about 35% of the total population. Agricultural reforms introduced at the beginning of 1997, with the liberalization and simplification of the price system and low-interest credit and other forms of support for farmers, had strengthened agricultural production and made it possible for Romania to export cereals. The main thrust of agricultural policy was to ensure a significant increase in the competitiveness of Romanian products and agricultural producers on domestic and international markets, which in turn would facilitate the accomplishment of other objectives such as ensuring food security, raising the income of agricultural producers and creating conditions conducive to Romania's admission to membership of the EU. As a country in transition, the success of Romania's reform efforts depended also on available financial resources and, in particular, on investments. Cooperation with IFAD would undoubtedly be highly beneficial for Romania's future.

207. Mr Edache (Nigeria) took the Chair.

208. Mr JAGUARIBE (Brazil), after welcoming Kazakhstan to membership of the Fund, said that IFAD's Twentieth Anniversary provided an opportunity for reflection on its accomplishments and future challenges in a world which had witnessed formidable changes. Against a background of globalization and liberalization, and notwithstanding progress in economic policies, market stability and economic growth, the gap between rich and poor continued to widen and called for both national and international action specifically directed towards poverty alleviation. Multilateral development institutions had attempted project, programme and policy-oriented approaches, which had proved useful, but their effectiveness was contingent on flexibility in project design, ownership in the preparation and execution of projects, and relevance to local economic, social and cultural conditions. IFAD was to be commended for focusing its actions on the most vulnerable target groups.

209. The completion of the Fourth Replenishment of IFAD's Resources and the concomitant institutional, administrative and operational changes, making for greater flexibility and adaptation of the Fund to a more complex international environment, were a significant achievement. Effectiveness and efficiency meant increased interaction with other multilateral development institutions and financing agencies; IFAD should accordingly strengthen its relationship with borrowing Member Countries, donor countries, other institutions, NGOs and the private sector. It also meant providing reliable service at reduced cost, and he therefore welcomed the adoption once again of a zero real growth budget. He was pleased that IFAD had been chosen as host to the Global Mechanism of the CCD, but urged that a reasonable balance should be maintained between regions and subregions in the distribution of resources.

210. Brazil, as a founding Member of IFAD and a beneficiary of IFAD-financed projects, saw the Fund as a necessary institution with a clear and irreplaceable role. In conclusion, he stressed the fundamental importance of concerted international action and the need to avoid the misconception that efficiency and solidarity were contradictory.

211. Mr MOSTAFA (Syria) welcomed Kazakhstan as a new Member of IFAD and commended the Fund on its achievements over the past two decades. It had developed new approaches in the light of experience, reflected, for example, in its policy of concentrating on the poorest regions, turning the rural poor, particularly women, into generators of development rather than beneficiaries, cooperating with international and regional agricultural development institutions and adopting a flexible approach to project formulation and implementation. IFAD's recent achievements were all the more commendable in that they had taken place in a difficult international environment involving curtailment of the resources available to international organizations. He congratulated the Fund on its Twentieth Anniversary and wished it every success in the future under the able stewardship of its President.

212. Syria endorsed all the proposals contained in the documents submitted to the Governing Council, particularly the proposal that IFAD should house the Global Mechanism of the CCD.

213. Under the guidance of President Hafiz Al-Assad, Syria assigned high priority to integrated agricultural development, focusing on the poorest areas and involving rural women in the development process. Under a particularly successful IFAD-sponsored project, extensive tracts of non-agricultural land in the southern region had been turned into top-quality farmland. However, agricultural development was still hampered by a lack of infrastructure and the need for technological development, particularly through the transfer of appropriate technology. Syrian development efforts were also impeded by the need to defend its territory, which had been occupied since 1967: the Israeli occupation of the Golan Heights was a continual drain on its resources and a major obstacle to progress. Syria had opted for a just and comprehensive peace based on international legitimacy, the relevant Security

Council resolutions and the criteria established at the Madrid Conference. But there could be no security, peace or development while occupation persisted.

214. In addition to IFAD, he thanked the other Rome-based organizations and the Arab Fund for Economic and Social Development (AFESD) for their assistance to Syria and commended the Italian Government on its support for the international organizations concerned with agricultural development.

215. Shah A.M.S. Kibria (Bangladesh) took the Chair.

216. Mr VORNIS (Netherlands), after congratulating IFAD on its Twentieth Anniversary and welcoming Kazakhstan to membership, said that the period that had elapsed since the Fund's inception had seen it develop into a valuable instrument of international cooperation, with strong financial foundations, a diversified portfolio of loans and grants, and a level of activities that could certainly be maintained, if not further expanded. Other promising assets were its new policy instruments relating to the Advance Commitment Authority and investment diversification, and the expected enhancement of its role as a centre of excellence through its policy on the disclosure of documents.

217. Looking to the future, he was in favour of increasing the share of IFAD's activities in Africa. He welcomed the Fund's involvement in the World Food Summit and the HIPC DI, with the establishment of a Trust Fund. In line with the need for IFAD to adapt to new demands, he encouraged it to consider ways of participating in the realization of the targets set in the DAC strategy entitled "Shaping the 21st Century", while not losing sight of its prime mission of alleviating poverty. When designing activities, particularly in new areas, the Fund should maintain its high technical standards. Credit was due to IFAD for its use of appropriate instruments to accomplish its unique mission, with emphasis on a high degree of participation, ownership and involvement of local organizations, a small-scale approach and the inclusion of gender, social and environmental issues in all projects. IFAD's move towards supervising its own projects faced it with new challenges.

218. IFAD could take a number of steps to improve further the quality and impact of its activities. First, by embedding individual projects in an overall country and policy-based framework, the Fund could target problems more effectively and enhance the impact and sustainability of its lending. He therefore recommended the preparation of specific country and policy documents, reflecting a common strategy of IFAD and borrowing Member States, for discussion in the Executive Board. Second, there was a need for better coordination with the Fund's multilateral and bilateral donor partners in order to avoid duplication or even competition with other institutions. IFAD had a clear comparative advantage in the field of rural poverty alleviation. Third, as the share of official development assistance diminished, there should be stronger cooperation between donors and donor agencies. Development organizations should team up and, if possible, attract private capital to needy sectors and countries.

219. Mr BELHOUADJEB (Algeria) congratulated IFAD on its Twentieth Anniversary and recalled that the idea of setting up the Fund had first been mooted at the Conference of the Movement of Non-Aligned Countries held in Algeria. His country had been a staunch supporter of IFAD ever since.

220. The existence of food surpluses in some regions and chronic shortages in others demonstrated the importance of IFAD's role in reducing the marginalization of millions of people throughout the world. The Fourth Replenishment completed in 1997 had been an overall success insofar as it had enabled IFAD to maintain the level of its development programmes. Whatever the new trends in the world economy and whatever means were used to control financial resources, IFAD's action called for ongoing and effective commitments so that it could attend to the needs of the most vulnerable sections of developing societies.

221. His country endorsed all initiatives aimed at promoting development of the countries of the South based on mutual respect and partnership, in particular the participation of IFAD in the HIPC DI, the establishment of an IFAD Fund for Gaza and the West Bank, and the housing of the Global Mechanism of the CCD at IFAD. Algeria also supported all efforts to strengthen production capacity in rural areas of Africa affected by drought and desertification. His country was committed to promoting food security on the basis of the recommendations of the World Food Summit and therefore supported all regional and international activities and programmes designed to eradicate hunger and poverty.

222. Lastly, he paid tribute to the able leadership of the former Presidents of IFAD, Mr Al-Sudeary and his own compatriot Mr Jazairy, and of the current President, Mr Al-Sultan.

223. Mr WURIE (Sierra Leone) described the dire consequences for his country of the conflict which had started in 1991 and the drastic increase in poverty and food insecurity, particularly in the rural areas, resulting from the military coup of 1997. In view of those circumstances, his country welcomed the establishment of the IFAD HIPC DI Trust Fund and hoped that the ongoing rural rehabilitation programme in Sierra Leone would be continued and its closing date extended to allow for the time lost during the crisis. He trusted that the mission which was shortly to leave for Sierra Leone in order to appraise the situation would look into the possibility of initiating new programmes and called upon United Nations agencies and bilateral donors to support IFAD's efforts.

224. He had been deeply concerned to note that less than half the loan programme approved for sub-Saharan Africa for 1997 had been spent in the region and the remainder reallocated to other regions. Since the funds allocated for 1998 had been cut, he strongly urged that the whole amount should be made available and not reallocated to other regions, if unused.

225. If development in Africa was to materialize, Africans themselves must be given the opportunity to participate actively in the process. By way of example, he cited the Magbosi Integrated Agricultural Development Project, the first to be managed by Sierra Leoneans, which had been an outstanding success and had laid the foundations for development throughout the region.

226. Finally, he urged IFAD to seek further collaboration with AfDB in the cofinancing of projects in the region and hoped that AfDB - the regional financial institution - would allocate additional resources to food production. The need for AfDB and IFAD to work together could not be overemphasized.

REPORT ON THE COMMEMORATION OF THE TWENTIETH ANNIVERSARY OF IFAD (Agenda Item 18) (GC 21/L.14)

227. The CHAIRMAN drew the Council's attention to document GC 21/L.14 which contained a report on the activities being undertaken during the current year to commemorate IFAD's Twentieth Anniversary.

228. Mr PRIEN (Secretary of IFAD) informed the Council that President Al-Sultan had the previous evening presented awards to those staff members who had worked for the Fund for twenty years. He

felt certain that the Council would wish to thank them for their loyal service and read out the names of those concerned:

Renato Angeloni	Karen Gimona
Ahmed Bashir	Pauline Kelly
Maria Biagini	Bahman Mansuri
Maria Braca	John McGhie
Daniela Capitani	Cristina Moro
Sidi Cherif	Tor Myrvang
Carla Dellanave	Susana Palacios
Viviane Di Majo	Jean-Claude Scalavino
Elizabeth Farmosi-Maga	Christine Schwarz
Maria-Claudia Fontana	Alex Simansky
Antonella Foti	Jessie Sisto
Nicola Gentile	Vincenzo Valentini
Worke Gerressu	

229. The Governing Council took note of document GC 21/L.14.

UNEP/IFAD "SAVING THE DRYLANDS" AWARD CEREMONY

230. Mr AL-SULTAN (President of the Fund) said it was a great pleasure to present the UNEP/IFAD "Saving the Drylands" certificate awards to the three meritorious winners. After welcoming Mr Till Darnhofer, representing the Executive Director of UNEP, and Mr Hama Diallo, Executive Secretary of the CCD, he recalled that the award had been instituted by UNEP in 1993 and that IFAD had joined the initiative in 1997, hoping that it would help to establish a drylands knowledge network. The award recognized the work of rural communities engaged in combating land degradation and desertification and went to projects judged to represent best practices in sustainable land use, institutional innovations at the local community level or policy interventions at the grass roots. It was intended to serve as an incentive to local communities to undertake practical and innovative action in pursuit of the goals of the CCD.

231. He called first upon Ms Maria Aleluia Andrade from the Desertification Control Project, Sao Jao Baptista Valley, Cape Verde. The highlight of the project, funded by Norway through the United Nations Office to Combat Desertification and Drought, had been community participation in erosion control and irrigation management leading to increased year-round cultivation of farm land, and to raising and stabilizing farm incomes.

232. Ms Andrade received the "Saving the Drylands" award.

233. Ms ANDRADE (Desertification Control Project, Sao Jao Baptista Valley, Cape Verde) said it was an honour to accept the award on behalf of all involved in the project, whose aim was to improve living conditions for the population of the valley and to contribute to the development of Cape Verde. She expressed her gratitude to UNEP and IFAD, and to UNDP for its support in implementing the project.

234. Mr AL-SULTAN (President of the Fund) called upon Ms Vera Varalakshmi from the National Joint Forest Management Project, Haryana, India. The main achievement of the project, financed by local resources and Ford Foundation grants, had been the creation of community-based institutions for sustainable management of natural resources. It had promoted sustainable use of fodder and fuel wood, and had ensured the equitable distribution of water. The project could serve as a model for replication elsewhere.

235. Ms Varalakshmi received the "Saving the Drylands" award.

236. Ms VARALAKSHMI (National Joint Forest Management Project, Haryana, India) thanked UNEP and IFAD for the award on behalf of the people of the project, who had put in more than two decades of work on the sustainable management of hill resources.

237. Mr AL-SULTAN (President of the Fund) called upon Mr Peter Papka from the Afforestation Project in the Kano/Jigawa States in Nigeria. The project, financed by the World Bank and national resources, had helped to strengthen community organizations in their efforts to promote sustainable forest management. It had also provided poor groups with credit for income-generating activities, and had brought about a policy to empower local communities.

238. Mr Papka received the "Saving the Drylands" award.

239. Mr PAPKA (Afforestation Project in the Kano/Jigawa States in Nigeria) said it was an honour to accept the award on behalf of his colleagues. He thanked the Nigerian Government and the World Bank for providing the resources, and UNEP and IFAD for judging the project worthy of the award.

240. Mr AL-SULTAN (President of the Fund) expressed his appreciation of the Fund's collaboration with UNEP and extended his best wishes to its new Executive Director, Mr Klaus Töpfer.

241. Mr DARNHOFER (Deputy Director, Land Programme, UNEP), speaking on behalf of the new Executive Director of UNEP, congratulated IFAD on its Twentieth Anniversary and the successes it had achieved since its inception. UNEP highly appreciated the collaborative agreement concluded in 1997 in support of the "Saving the Drylands" initiative. The establishment of a drylands knowledge network would contribute to the priority programme of work of the Committee on Science and Technology of the CCD, for which UNEP, together with other institutions, was about to conduct a networks survey. UNEP looked forward to other joint ventures with IFAD in support of the Convention and in other areas of common interest.

HOUSING THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION IN THOSE COUNTRIES EXPERIENCING SERIOUS DROUGHT AND/OR DESERTIFICATION, PARTICULARLY IN AFRICA
(Agenda Item 14) (GC 21/L.10 and GC 21/L.10/Add.1)

242. The CHAIRMAN, introducing document GC 21/L.10, said that it detailed the events leading to the decision by the first Conference of Parties of the CCD to select IFAD to house the Global Mechanism. The draft resolution in document GC 21/L.10/Add.1 set out the Executive Board's recommendations that the Council accept this decision, including, *inter alia*, a provision authorizing the Board to approve the modalities, procedures and administrative arrangements to be contained in the Memorandum of Understanding between IFAD and CCD for the housing of the Global Mechanism by IFAD.

243. Resolution 108/XXI was adopted.

GENERAL STATEMENTS (Agenda Item 7) (continued)

244. Mr HASSAN (Iraq) expressed support for the establishment of an IFAD HIPC DI Trust Fund and welcomed the policy of easing the burden on countries in arrears by adopting criteria that took account of the circumstances prevailing in the countries concerned, particularly when those circumstances were beyond their control, such as economic sanctions, natural disasters and the impact of developments in foreign markets. In addition, Iraq supported the establishment of an IFAD Fund for Gaza and the West Bank and urged the donor community to contribute generously to it. He welcomed the selection of IFAD to house the Global Mechanism of the CCD and congratulated the management on the success of the Fourth Replenishment. Unfortunately, Iraq had been unable to participate because of the unjust embargo imposed on it over seven years previously. It would be recalled, however, that during the 1970s Iraq had provided large-scale grants and concessionary loans to developing countries and to regional and international development institutions to an amount equivalent to 4.2% of its GDP at that time.

245. Iraq had recorded considerable economic progress in recent years, particularly in the building of infrastructure, land reclamation and the mechanization of agriculture. But the military aggression against his country and the subsequent economic sanctions had led to a major setback. International organizations such as FAO and WFP had reported, *inter alia*, a serious lack of agricultural implements, seed, vaccines and pesticides. Joint FAO and WFP missions in 1993, 1995 and 1997 had reported an alarming deterioration in the nutritional status of most of the Iraqi population as well as widespread disease, especially among children.

246. Despite the successful conclusion of negotiations between Iraq and the United Nations on an "oil for food and medicine" agreement in 1996 and although FAO had stated that the food allocation would meet only about 50% of the country's requirements, a major Power persistently impeded the implementation of the agreement. By virtue of its commitment to the ideal of a hunger-free world, IFAD bore a historic responsibility to adopt a just and impartial decision in favour of the lifting of economic sanctions so that Iraq could export its produce and meet its urgent requirements for food and medicine.

247. Mr THAPLIYA (Nepal), after congratulating IFAD on its Twentieth Anniversary and welcoming Kazakhstan to membership, said that it was disheartening to note that more than one billion people were still living below the poverty line and nearly as many were suffering from hunger and malnutrition. In response to that situation, the international community had given greater attention to the issues of food security and poverty alleviation, as witnessed by the recent World Food Summit and the proclamation of the First United Nations Decade for the Eradication of Poverty. To address those issues, an atmosphere of generous international cooperation was vital, so he wished to reiterate the concern expressed by His Majesty the King of Nepal over the decline in official development assistance: the commitment of 0.7% of GNP by the industrialized countries had remained unfulfilled by a large margin.

248. Since the early 1990s, Nepal had adopted a liberal policy aimed at rapid economic development, relying on the private sector for productive activities while the state created an enabling environment. Believing that agriculture held the key to growth, his Government was strongly committed to implementing a twenty-year Agriculture Perspective Plan whose major aims were to accelerate growth, increase employment opportunities, reduce poverty and transform a subsistence-based system into a commercial one. The Ministry of Agriculture had recently adopted a "pocket-

package approach" which consisted in providing essential inputs and infrastructures in the form of a complete package. Measures were also being taken to raise the level of fertilizer use in order to increase food production.

249. Between 1978 and 1994 IFAD had provided Nepal with loans amounting to SDR 71.1 million for the implementation of eight projects. A project on poverty alleviation in western Nepal had recently been signed with loan assistance of SDR 8.87 million. Nevertheless, he was concerned to note that the level of IFAD assistance had declined from SDR 53.7 million in the 1980s to SDR 15.87 million in the 1990s. His Government wished to collaborate with IFAD in improving project design and supervision during implementation. An effort was being made to strengthen coordination among the various agencies involved in projects and to integrate monitoring and evaluation into the system. His Government intended to request IFAD to provide support for a Line of Credit programme in agriculture, constituting a pool of financial resources that could be disbursed, even without collateral, to farmer groups and cooperatives, thereby allowing greater flexibility than in the project mode of financing.

250. His delegation fully endorsed the Programme of Work and Budget for 1998 and assured the Council that Nepal would do all in its power to promote food security and poverty eradication in line with the commitment made by its Prime Minister to implement the Plan of Action adopted at the World Food Summit.

251. Mr KUTESA (Uganda) said that poverty eradication was a top priority in Uganda's policies and every government project or programme was geared to that objective. The Modernization of Agriculture Plan for the next five years focused on the provision of production credit for farmers to encourage progress towards a commercially oriented system. The major problem of the lack of efficient credit delivery mechanisms was currently being addressed by the Government. Credit delivery to the rural poor had been, and continued to be, one of the regular components of IFAD-funded projects in Uganda, and it was expected that experience from those projects would provide useful input into government efforts. For example, under the ongoing Cotton Sub-Sector Development Project, the experience gained was to be used for a capacity-building programme for rural financial intermediaries to channel credit to rural areas on a sustainable basis.

252. Uganda appreciated IFAD's participation in the HIPC DI, of which Uganda, having implemented the necessary economic reforms, had been one of the first beneficiaries, and welcomed the establishment of the Trust Fund.

253. He drew attention to the disastrous effects of recent severe weather conditions in East and Central African countries, caused partly by the "El Niño" phenomenon, notably floods, waterborne diseases, destruction of infrastructure and homes, and adverse effects on agricultural production. In Uganda, the destruction of infrastructure, especially feeder roads largely constructed with IFAD assistance, had affected the movement of agricultural products and also the fisheries subsector. Because of the expected longer-term impact of "El Niño", urgent action was required, failing which food security, foreign exchange earnings and rural incomes would suffer. Since the developing countries, including Uganda, lacked the capacity to deal with emergencies of that kind, he proposed that the Governing Council should consider the urgent establishment of an emergency fund to assist the affected Member States in rehabilitating their infrastructure, especially feeder roads.

254. In conclusion, he announced that Uganda was making preparations for the celebration of IFAD's Twentieth Anniversary and hoped that the President of IFAD would be able to attend.

255. Mr ROUSHIAS (Cyprus), after welcoming Kazakhstan to IFAD, said that his country's confidence in the Fund's future had been strengthened by three successive events: the World Food Summit, the First Conference of Parties of the CCD and, now, IFAD's Twentieth Anniversary. IFAD had made significant progress in reforming its own governing structures and managerial processes in order to minimize administrative costs and maximize programme and operational resources. He noted with satisfaction the commitment to maintaining a credible level of lending, to containing the administrative budget at zero real growth and to commencing direct supervision of projects with neutral budget effect.

256. However, the relatively significant build-up of arrears over recent years highlighted the implied risks for the future and, to this effect, Cyprus welcomed IFAD's participation in the HIPC DI and its broader Policy Framework for Managing Partnerships with Countries in Arrears. Having itself experienced uncertainty and insecurity over the past thirty-five years, Cyprus was very sensitive to peace initiatives and therefore strongly supported the establishment of an IFAD Fund for Gaza and the West Bank.

257. The completion of the Fourth Replenishment demonstrated the political will of Member States to support the Fund with the necessary resources and removed doubts about IFAD's future. Through reflows and better liquidity, the injection of new money combined with the measures taken by the President would, he felt sure, enable IFAD to continue its lending at a level comparable to that of the past. His country's contribution to the Fourth Replenishment, despite its budget deficit and political problems, reflected its continued strong support for the Fund.

258. The meeting rose at 13.00 hours.

- (iv) Summary Record of the Fourth Meeting of the
Twenty-First Session held on Thursday,
12 February 1998, at 15.00 hours in Rome, Italy

Chairmen : Shah A.M.S. KIBRIA (Bangladesh)
: Kirsti LINTONEN (Finland)

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259. <u>The meeting was called to order at 15.10 hours.</u>	

MEMBERSHIP OF THE EXECUTIVE BOARD (Agenda Item 15) (GC 21/L.11)

260. The CHAIRMAN drew attention to document GC 21/L.11, in which the Governing Council was invited to note that since the elections of Members and Alternate Members of the Executive Board at the Governing Council's previous Session, the Federal Republic of Nigeria had acquired eligibility for membership of the Board. He had been informed that Nigeria had participated in both the September and December 1997 Sessions of the Executive Board and expressed the Council's welcome to Nigeria.

261. In accordance with the decisions of the Governing Council at its Twentieth Session, the Council was also invited to endorse the agreements reached by the Sub-Lists C1 and C2 Member States with regard to the exchange of seats on the Executive Board. Specifically, Kenya was to replace the United Republic of Tanzania as a Member, and Chad was to replace Cameroon as an Alternate Member of the African Group of Member States. Those exchanges would be valid for the remainder of the term of office.

262. Similarly, in the Europe, Asia and the Pacific Group of Member States, Pakistan was to replace Turkey and Jordan was to replace the Democratic People's Republic of Korea as Alternate Members for 1998. Accordingly, with the endorsement of the Governing Council, the representation on the Executive Board for 1998 for Sub-Lists C1 and C2 would be the following: Sub-List C1 - Egypt and Kenya as Members, with Côte d'Ivoire and Chad as Alternate Members; Sub-List C2 - China and India as Members, with Pakistan and Jordan as alternate Members. There being no objections, he declared the new Members and Alternate Members elected to their respective positions on the Executive Board.

263. The seat exchanges were endorsed.

IFAD'S FOLLOW-UP TO THE CONFERENCE ON HUNGER AND POVERTY (Agenda Item 16) (GC 21/L.12)

264. The CHAIRMAN recalled that the Twentieth Session of the Governing Council had been presented with an oral progress report on the Popular Coalition to Eradicate Hunger and Poverty which had been established on the recommendation of the Conference on Hunger and Poverty held in 1995. He drew attention to the updated progress report on the Coalition in document GC 21/L.12.

265. The Governing Council noted the Progress Report on the Popular Coalition to Eradicate Hunger and Poverty.

IFAD'S FOLLOW-UP TO THE WORLD FOOD SUMMIT (Agenda Item 17) (GC 21/L.13)

266. The CHAIRMAN invited the Council to note the information on IFAD's follow-up to the World Food Summit since the Twentieth Session, as outlined in document GC 21/L.13, and to approve the proposal that, in future, information on the Fund's follow-up to the World Food Summit should be included in the Annual Report of IFAD.

267. It was so decided.

REPORT ON THE STATUS OF THE HEADQUARTERS AGREEMENT (Agenda Item 19)

268. Mr PRIEN (Secretary of IFAD), after expressing IFAD's appreciation for its fruitful cooperation with the Italian Government and Italy's renewed affirmations of commitment to the Fund, informed the Council that as a short-term, temporary measure pending the finalization of the issue of IFAD's permanent Headquarters, it had been agreed that the seventh and eighth floors of the building located at Via del Serafico 200, about 300 metres from the present main building, would be rented for use by IFAD. The Fund had received the Italian Government's authorization to that effect and had signed the contract with the owner of the building, now under renovation. The arrangement would relieve the present space constraints at the IFAD Headquarters building and enable its proprietor to carry out much-needed repairs. IFAD was in constant contact with the Italian authorities to find a permanent and final solution acceptable to both the host country and the Fund.

269. Mr DIANA (Italy) reiterated Italy's support for the Fund, as reflected in the statement by the President of the Italian Republic to the current Session. He hoped that appropriate premises would be found so that the Fund could be housed in a single Headquarters building. Proximity to the other Rome-based organizations would undoubtedly be an advantage. Meanwhile, renovation work on the seventh and eighth floors of Via del Serafico 200 had already been approved by the competent technical authorities, and although renting the new space would place an additional financial burden on his Government at a time of financial constraint, it was a further demonstration of Italy's commitment to the Fund.

270. The CHAIRMAN said that he took it that the Council wished to note the oral report given by Mr Prien on the status of the Headquarters Agreement.

271. It was so agreed.

GENERAL STATEMENTS (Agenda Item 7) (continued)

272. Ms GINWALA (South Africa) and speaking also in her capacity as Chairperson of the Africa Group in Rome, said that the Twentieth Anniversary was an auspicious occasion, coming as it did at a time when IFAD was well positioned to move forward with confidence into the future. Her Government's appreciation of IFAD was underscored by the close match between its mission and policies and Africa's needs, and the fact that the largest share of its lending went to Africa. She looked forward to the day, however, when African governments and the people they represented would be able to cater to their own needs and deal together with any short-term crises that arose.

273. Her Government congratulated IFAD on its success in doing more with less, a policy that presented particular challenges for a lending institution that had to maintain the right balance between a credible level of lending, sound project formulation and investment, and advocacy of policies policies that benefited the poor. It was essential to narrow the ever-widening gap between "modern" and "traditional" production and marketing systems if an equitable and sustainable world order was to be maintained.

274. Because of their particular relevance to Africa, her Government endorsed IFAD's emphasis on approaches and strategies conducive to improved project design and sound implementation, focusing on research, technology transfer, capacity-building, networking and alliance-building, and based on closer cooperation and partnerships with other development institutions, including NGOs.

275. Her Government appreciated IFAD's assistance in restructuring the agricultural sector in South Africa for the benefit of previously disadvantaged rural communities and groups, such as women, and renewed its commitment to supporting the Fund in its mission. It also welcomed Kazakhstan to membership of IFAD.

276. Mr KONAN (Côte d'Ivoire) congratulated IFAD on its twenty-year record of committed action in support of the cause of eradicating hunger and poverty. The fact that Africa had been the main beneficiary of the Fund's assistance was to be welcomed in view of the continent's immense and as yet not fully met needs. The Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme for Africa) was of particular importance in that regard, as was IFAD's participation in the HIPC DI, which had already had a tangible impact in a number of countries. The benefits of the Debt Initiative, which seemed to offer a sound solution to the sensitive and recurrent problem of arrears, should be extended to the largest possible number of countries, particularly in Africa, provided, of course, that the general conditions established by the international financial institutions and other donors were met.

277. In the Rome Declaration, the participants in the World Food Summit had pledged to work for food security for all and had committed themselves, in particular, to the goal of reducing the number of undernourished persons by half by the year 2015. While governments bore the prime responsibility for implementing the associated Plan of Action, civil society and the international community must also be fully involved. IFAD had already launched or planned a number of highly pertinent initiatives, in cooperation with its sister development agencies, in pursuance of the commitments set forth in the Plan of Action.

278. Thanking IFAD for its special attention to his country's needs, particularly those of the rural population of the savannah regions, he assured the Fund of his Government's full support and cooperation in the future.

279. Mr SHIN (Republic of Korea), after welcoming Kazakhstan to membership of IFAD and congratulating the Fund on its Twentieth Anniversary, said that the recent decline in world agricultural output due to desertification and other environmental factors presented IFAD with a major challenge which it must address through more active and efficient implementation of its mandate. The Fund should ensure more careful supervision of its projects and pursue a lending policy conducive to a reduction in the net present value of the debt of heavily-indebted poor countries to a level that would not compromise their ongoing efforts to achieve economic reform and to eradicate poverty. To that end, partnership relationships with the other international funding and development agencies should be strengthened.

280. He was pleased to note that the Fourth Replenishment had been declared effective and viewed the Budget for 1998, which was based on zero real growth, as a highly commendable achievement. At the same time, he proposed that IFAD should increase its transparency as a contribution to greater efficiency and accountability for the benefit of all Member States.

281. Mr CART (Switzerland) said that the Fund, having achieved the objectives of the Fourth Replenishment, should guard against resting on its laurels. The challenges of hunger and poverty had not gone away. The President of Mali and Professor Raymond Barre had delivered two strong and clear messages, the former concerning the determination of the poor to assume control of their own destiny and the latter concerning the dangers of excessive economic liberalism. In the fight against poverty, the initiative must come from the populations concerned but solidarity was vital to ensure that they had the material and financial means to achieve their purpose. Experience had shown that societies in which the distribution of wealth was starkly unequal needed an unattainably high growth rate to reduce poverty. Poverty reduction was therefore essentially a political issue.

282. IFAD's strategic framework seemed to promise enhanced efficiency and he welcomed its five main objectives. Participation by beneficiaries, for example rural communities or women's groups, was essential; indeed it would be preferable if the initiatives came from the communities, with IFAD in the role of participant instead of engaging in a public relations exercise to sell its projects.

283. Management systems geared to local capabilities and forms of society would ensure sustainability. The training of managers was important but emphasis should also be placed on democratic and transparent community decision-making machinery and on supervisory functions. Changes in IFAD's management methods should promote more flexible project and programme implementation, taking account of experience while abiding by major objectives. A whole new enterprise culture was required. IFAD must move closer to the field, not by opening costly local offices but by cultivating alliances with other international organizations, bilateral agencies, NGOs and local consultants. Switzerland also supported IFAD's plan to become a "recognized knowledge organization" on rural poverty. The initial performance of the Evaluation Knowledge System (EKSYST) was promising.

284. He commended such recent publications as the Annual Report, IFAD's Strategic Framework for 1998-2000, Partners in Success and the IFAD Updates, which were informative and well presented.

285. Lastly, he proposed that preparations for the Fifth Replenishment should get under way as soon as possible since IFAD had not yet attained the requisite lending level.

286. Mr RIEDEL (Austria) congratulated IFAD on its Twentieth Anniversary and assured the Fund of his country's continued support. The entry into force of the Fourth Replenishment before the envisaged deadline had been a strong demonstration of support by IFAD's Members. He endorsed the Programme of Work for 1998 and commended the Fund for submitting a zero growth budget. It was to be hoped that direct Fund supervision of certain projects would have a positive impact in terms of reduced costs and acquisition of expertise. Austria would therefore study with great interest the results of the evaluation of the trial period.

287. The motive for the Council's decision at the Twentieth Session to authorize diversification of IFAD's portfolio investments into equity had been the generation of higher capital income and hence greater financial flexibility and less dependence on donors' contributions. It was also, however, a venture that entailed greater risk and such risks must be minimized when taxpayers' money was involved. External fund managers and markets must be carefully selected and financial developments in relevant markets closely monitored. Management would be applauded for high yields and held accountable for losses.

288. Austria supported the establishment of an IFAD HIPC DI Trust Fund. Although his country participated in the Debt Initiative bilaterally on a country-by-country basis, it felt it was appropriate to remind the Fund that the scale of its participation should be in line with its scarce resources.

289. The establishment of an IFAD Fund for Gaza and the West Bank was a step in the right direction. Economic development and poverty reduction in the Palestinian territories were an essential prerequisite for progress in the Middle East peace process.

290. Ms Lintonen (Finland) took the Chair.

291. Mr KAMMERER (United States) delivered President Clinton's message, which is reproduced in Chapter 4, Part B, and a brief summary of his own statement, the full text of which is reproduced in Chapter 3, Part B.

292. Shah A.M.S. KIBRIA (Bangladesh), after welcoming Kazakhstan to membership of IFAD, said that the theme of the Fund's Twentieth Anniversary commemoration rightly highlighted the potential of smallholders and the rural poor as key actors in the development process. Bangladesh had drawn up a programme to mark the anniversary which focused on IFAD's assistance to his country in the areas of poverty alleviation and rural development. On a recent visit to Bangladesh, the President of the Fund had seen for himself the progress of IFAD-assisted projects.

293. Rural poverty was a complex phenomenon that varied considerably between and within countries. It was generally associated with inadequate access to land, improved seed and particularly credit, and was often exacerbated by natural disasters, climate change and environmental degradation.

294. Food security was of crucial importance for political stability. Bangladesh had prepared a national food security strategy and a plan of action to follow up the World Food Summit. His country's record in raising food production was impressive, rice and wheat production having more than doubled in the past 25 years. The Government would welcome increased IFAD support in such areas as supplementary irrigation and access to certified seed and credit. Bangladesh had played a pioneering role in poverty alleviation through the provision of microcredit and hoped that IFAD would expand its microcredit programmes in the country. The major option available for poverty alleviation programmes seemed to be off-farm activities and diversification of cropping systems with high-value crops. IFAD might consider those options when designing projects and develop long-term project portfolios for countries like Bangladesh focusing on the broad objectives he had outlined.

295. Ms SEMEDO (Cape Verde), after welcoming Kazakhstan to membership of IFAD, commended the Fund on its intersectoral and regional activities designed to address the dramatic problems of poverty, hunger and malnutrition. In that context, she supported the proposed Programme of Work and Budget for 1998. As an island country itself, Cape Verde welcomed the Executive Board's recommendation to give priority to loans and technical assistance grants for small and island economies. The establishment of an IFAD HIPC DI Trust Fund would undoubtedly be welcomed by countries experiencing serious economic difficulties. She was also pleased to note that IFAD was to house the Global Mechanism of the CCD and intended to adopt measures to mobilize and channel financial resources, create a network of partners and make available specific services to the Parties.

296. A founder Member of IFAD, Cape Verde had benefited and continued to benefit from support for its efforts to promote food security among the poorest sectors of the rural population. The ongoing activities should be continued within the framework of the new strategic guidelines of the Programme of Work and on the basis of improved management methods.

297. Mr GIJSEN (Belgium), after welcoming Kazakhstan to IFAD, pointed out that the considerable sum of USD 470 million pledged under the Fourth Replenishment to help poor rural populations was the product of voluntary contributions by all Members of the Fund according to their capacities or their confidence in the institution. It was important that this joint effort, first in the form of pledges, then as formal commitments, should involve all Members and remain proportionate to

commitments. Actual contributions were becoming less proportionate, not only as a result of temporary financial difficulties but because of diverging views regarding the cash position of the Fund. The practice of voluntary drawdowns on promissory notes would accentuate such divergences.

298. The Programme of Work for 1998 involved choices that would inevitably vary from country to country. Accordingly, the Programme Management Department should develop a targeted cooperation strategy for each country, focusing on a very limited number of development levers likely to produce sustainable increases in productivity and income. In that context, he welcomed the intention to set up development partnerships with other international organizations. It was up to IFAD to find promising production lines in agriculture and to organize their exploitation upstream and downstream in partnership with rural men and women and in collaboration with the authorities.

299. Loans contracted for such productive investment should not turn into debts that inhibited development. The current indebtedness of the developing countries was a result of the deficiencies of the investment policies practised from the 1970s onwards. Believing that money would create development, financiers had been more concerned about the volume of flows than judicious use of them. There was a danger today that debt forgiveness, while offering welcome relief, might open the door to new financing for activities that would not promote development.

300. Africa, where the poor distribution of land clearly raised political problems that would have to be resolved, was the continent posing the greatest development challenge today. Nevertheless, he was convinced that a partial solution could be found through the use of scientific know-how and technology to exploit land hitherto considered non-arable because of its aridity. He earnestly hoped that the Global Mechanism of the CCD would be a source of new ideas for that purpose. Belgium was awaiting the outcome of the evaluation of the Special Programme for Africa, to which it had contributed generously. Since 1984, the Belgian Survival Fund had cofinanced 22 projects with IFAD, with an annual financial flow of USD 8 to 10 million. His country was happy to combine its efforts with those of IFAD and hoped to mount the Twentieth Anniversary exhibition in Brussels.

301. Shah A.M.S. Kibria resumed the Chair.

302. Mr PAUL BELLO (Venezuela), after congratulating Kazakhstan on its admission to membership, said that the Twentieth Anniversary provided an opportunity to reflect on IFAD's achievements and devise new ways of eradicating poverty. As the second largest List B contributor and the fifth largest among the membership as a whole, Venezuela would like to be suitably represented within the Secretariat in order to make its contribution to the cause of social justice throughout the world.

303. At the present time, the whole of humanity was facing the challenge of globalization, which had many positive aspects, but, if taken only in its economic dimension, could have the effect of compounding the evil effects of mercantilism, under which the advanced countries, which were in a minority, would be the winners, and the others - the great majority - would be the losers. In that connection, he subscribed to the words of Mr Jazairy, the second President of the Fund, who had called upon IFAD to work for globalization based on solidarity.

304. He welcomed the efforts made to commemorate the Twentieth Anniversary in the host country and throughout the world, and outlined the actions planned by Venezuela, including an international seminar on rural poverty and development, use of the logo on mail, field visits and media coverage.

305. His country supported the Programme of Work and Budget for 1998 and welcomed the choice of IFAD to house the Global Mechanism of the CCD. He applauded the establishment of the IFAD HIPC DI Trust Fund and hoped that the heavily-indebted poor countries in Latin America and the Caribbean would benefit from it. He also supported the Policy Framework for Managing Partnerships with Countries in Arrears and stressed that priority should be given to the continuation of projects. His Government attached great importance to following up the World Food Summit and was working actively to fulfil the commitments contained in the Plan of Action. He trusted that IFAD and FAO would continue to cooperate closely on the tasks assigned to the international organizations. It was gratifying to note the entry into effect of the Fourth Replenishment and he reported that his Government had taken all the necessary legislative steps to pay its contribution, despite steep cuts in the national budget. Although traditionally a donor country, Venezuela needed the support of IFAD in dealing with pockets of severe rural poverty still persisting in certain remote areas.

306. Mr STEELE (Australia) said that the improvements in overall standards of living in the developing countries owed much to the efforts of international organizations like IFAD, although with over 1.2 billion people still living in absolute poverty, helping to meet the needs of the rural poor and promoting food security remained fundamental challenges. IFAD's mission was as relevant today as it had been twenty years previously, but it now had to adopt an integrated and coordinated approach towards improving food production, marketing systems and sustainable production practices. He welcomed the strategic directions outlined in the Programme of Work and Budget for 1998, such as beneficiary participation in the design and implementation of projects, direct impact at the field level, and a systematic approach to performance measurement and evaluation. The proposal for a "scorecard" would be useful in providing outcomes-based reporting.

307. Australia welcomed IFAD's efforts to respond to the complex environment in which it was operating, particularly in the light of declining official development assistance. Its intention to collaborate with the private sector and to expand and diversify supplementary funds was evidence of a strategic approach. A more reliable process for the replenishment of its funds was needed, as well as continuing efforts to ensure efficient administration. Australia would continue to support a well-focused IFAD, as demonstrated by its contribution to the Fourth Replenishment and active participation in the work of the Executive Board.

308. He commended IFAD's lending strategies for the Asia-Pacific Region, which should focus on helping poor rural households in marginal areas to secure control over local resources. Australia's aid programme had agriculture and rural development as one of its five priority sectors and thus complemented IFAD's efforts. In 1996-1997 it had provided over AUD 90 million for agricultural projects and agricultural research.

309. Mr SARR (Guinea), after welcoming Kazakhstan to membership of IFAD, thanked the President for his official visit to Guinea, during which he had seen for himself the impact which the IFAD project was having on the standard of living of the rural population. Thanks to local production, imports of rice, the staple foodstuff, had fallen by 31% in 1997.

310. His country welcomed the levels reached by payments to the Fourth Replenishment and hoped that Members and donors would spare no effort to strengthen IFAD's financial capacity. It also endorsed the establishment of an IFAD HIPC DI Trust Fund and was glad to note that Guinea was one of the eligible countries.

311. Guinea supported the Programme of Work and Budget for 1998 but noted that the level of loans for sub-Saharan Africa was far lower than for other regions and hoped that this temporary situation would be corrected in the years to come. In that context, he invited the major donors to increase their contributions for it was only through international solidarity that the poor countries would be able to improve the standard of living of their people.

312. Guinea set great store by IFAD and would continue to honour its commitments to it. He also hoped that the commitment entered into at the World Food Summit to halve the number of people suffering from chronic malnutrition by the year 2015 would be fulfilled through effective cooperation among all United Nations institutions.

313. Mr TAVARTKILADZE (Georgia), after extending President Shevardnadze's congratulations to IFAD on its Twentieth Anniversary (the text of which is reproduced in Chapter 4, Part B), said that the results of the Fund's activities in Georgia had been most successful. His country had highly appreciated Mr Al-Sultan's recent visit and hoped to derive great benefit from the joint IFAD/World Bank project for the establishment and operation of credit unions in Georgia, 42 of which had already been set up. IFAD's strategic document for Georgia and the Caucasian region as a whole was at present being drawn up and his country was participating actively in the process.

314. IFAD's current activities in Georgia directly reflected the Government's priorities and were contributing to the recovery of the Georgian economy. In that connection, he drew attention to the need to establish small rural banks in the various regions of his country, since their absence was holding back agricultural development.

315. Georgia supported the establishment of an IFAD Fund for Gaza and the West Bank and hoped that a similar initiative could be extended to Eastern Europe for low-income food-deficit countries. It welcomed the selection of IFAD to house the Global Mechanism of the CCD and fully supported the Fund's strategic priorities for creating a world without hunger.

316. Mr SOBIR (Maldives), after welcoming Kazakhstan to membership of IFAD, said that his Government greatly respected the part played by the Fund in the struggle to overcome poverty and hunger, although, as the World Food Summit had noted, 800 million people throughout the world still suffered from hunger. IFAD was better equipped today than in the past to stimulate rural development through social mobilization. Its reorganization had led to substantial gains in efficiency, while the completion of the Fourth Replenishment had dispelled doubts about its future. Administrative costs continued to decline, making the Fund more cost-effective in its operations.

317. Since 1990, a microcredit scheme for the atolls, laying the foundation for development banking in the Maldives, had been successfully completed. The programme had broken new ground by extending credit assistance to areas where no such facilities existed, targeting women in particular. A considerable portion of the credit had been used to improve living standards, leading to a multiplier effect. The success of the programme, according to the supervision mission, had been largely due to the Government's supporting role. Another credit project had recently been launched for the southern atolls.

318. His country endorsed the establishment of an IFAD Fund for Gaza and the West Bank. It believed that, with increasing restraints on resources, the management should seek more innovative initiatives and keep a watchful eye on loan arrears. The developing countries had made a remarkable financial commitment to IFAD under the Fourth Replenishment, thus illustrating the impressive role played by IFAD in generating internal resources. While self-help was the best way of overcoming adversity, the developed countries could not afford to overlook the needs of the developing countries, since poverty anywhere was a threat to all.

319. Mr NTIRANYIBAGIRA (Burundi) paid tribute to IFAD for having stood by his country during the period of unprecedented difficulty it had undergone and thanked the President for his visit in July 1997. His Government hoped that the current IFAD-funded agricultural development projects in Burundi would be reinforced and that the projects could be extended to other areas, particularly reconstruction and rural credit.

320. His Government supported the establishment of an IFAD HIPC DI Trust Fund. It welcomed the completion of the Fourth Replenishment and encouraged States which had not yet contributed to do so. With regard to IFAD's Policy Framework for Managing Partnerships with Countries in Arrears, he hoped that IFAD would consider the specific economic circumstances prevailing in each State.

321. Prior to the crisis in 1993, Burundi had enjoyed relative self-sufficiency with regard to food production, but the events had had devastating effects, notably massive displacement of the population and insecurity, with a consequent sharp fall in agricultural output. Government action to restore peace and security, its reconstruction and resettlement programmes and its efforts to relaunch the national economy had, however, been obstructed by the economic sanctions imposed on Burundi by neighbouring countries and the international community. Those who suffered most from the effects of the embargo were the most vulnerable and poorest sectors of society and he consequently appealed to those who had imposed economic sanctions to lift them completely. The negative effects of the crisis and the embargo had been further compounded by droughts and torrential rain, which had damaged most crops in the first cropping season of 1998, leading to a major deficit in agricultural output and food availability.

322. Mr BOEHMER (Germany) delivered a brief summary of his statement, the full text of which is reproduced in Chapter 3, Part B.

323. Mr RABE (Madagascar) expressed his Government's appreciation of IFAD's work - entirely in line with Madagascar's own priorities - on the occasion of the Twentieth Anniversary and hoped that cooperation with his country would be stepped up in the years to come. The international community's confidence in IFAD was justified by such factors as the entry into effect of the Fourth Replenishment, the choice of IFAD to house the Global Mechanism of the CCD, the approval by the Executive Board of projects that were decisive for economic recovery in the developing countries, the obvious willingness of other United Nations bodies to cooperate closely with the Fund and the establishment of an IFAD HIPC DI Trust Fund. Commending the Fund on its performance, he said that exhibitions like From Hope to Harvest and other events to make IFAD's activities more widely known, for instance through the mass media, were to be encouraged.

324. With regard to the Programme of Work and Budget for 1998, it was gratifying to note that funds for Africa had been restored to their normal level. He encouraged IFAD to intensify its cooperation with other United Nations agencies, including FAO and WFP, for the effective implementation of the Plan of Action adopted at the World Food Summit. In conclusion, he welcomed Kazakhstan to membership of IFAD.

325. Mr ADJEI (Ghana) congratulated IFAD on its Twentieth Anniversary on behalf of the Government and people of Ghana. Successes in the management and implementation of IFAD-funded projects in Ghana included the effective operation of water users' associations to run and manage water development schemes and recourse to NGOs for the management and implementation of the credit and group mobilization components of IFAD projects. There was now a growing demand for increased IFAD assistance. Since of necessity such assistance was limited to selected communities, he

recommended that the Executive Board should consider the possibility of providing for a communication component in IFAD projects in order to enhance the impact of its projects country-wide.

326. Also in the light of increasing demand, his delegation called for the development of new initiatives in the Fund's resource mobilization efforts in order to guarantee an expanded and more secure funding base to carry out its mandate. It shared the concern about the reduced lending level proposed for sub-Saharan Africa in 1998. Now that peace and stability were returning to most parts of the region, more investment was needed to rehabilitate displaced persons and restore permanent peace. His delegation noted with satisfaction, however, the continued budgetary increase in the IFAD/NGO ECP scheme and in agricultural research and training. It supported the proposed zero real growth budget for 1998 and the ongoing restructuring process within IFAD. Ghana would continue to cooperate with the Fund to develop more effective and targeted programmes at less cost to the rural poor and to design projects consistent with the needs of clients as they themselves perceived them.

327. Ghana supported the Fund's participation in the HIPC DI and the establishment of an IFAD Trust Fund. While endorsing IFAD's Policy Framework for Managing Partnerships with Countries in Arrears, it urged that in determining lending terms and eligibility of countries in arrears for a loan facility, the foremost consideration should be concern for the rural poor and the country's ongoing economic reform and poverty reduction efforts. Ghana was grateful for the Fund's assistance and looked forward to continued partnership. IFAD-sponsored activities had a strong chance of being sustained because they were designed with the participation of all stakeholders.

328. Mr ELIAS (Saint Lucia) after welcoming Kazakhstan to membership of IFAD, commended IFAD's achievements over twenty years. Saint Lucia had recently enacted its own poverty alleviation bill and had benefited from two IFAD-assisted projects. He highlighted the special irrigation needs of Saint Lucia's poor small farmers and urged IFAD to continue to give priority to such projects. In order to derive maximum benefits from new and improved seed varieties, water for irrigation should be given the same priority as drinking water. Adequate water supplies could open up new opportunities for poor small farmers, as the richer consumers of the world continued to demand organically produced foods for which they were prepared to pay higher prices.

329. He drew attention to the effects of drought and other natural disasters on Saint Lucia's impoverished economy, further depressed by market competition. Saint Lucia, a very small island State which relied heavily on banana exports, had witnessed a sharp decline in production in 1996 and 1997 as a result of drought and would experience an even greater shortfall in the 1998-1999 season on account of the lack of irrigation and the exodus of small farmers from that sector in the wake of WTO's decision against his country's traditional access to a meagre 2% share of the EU market. While Saint Lucia subscribed to the spirit of globalization and free trade, it solicited the help of IFAD and other financing and research institutions to ensure that fairness prevailed and that large developed states or power blocs did not use their economic strength to marginalize the efforts of small island States, such as his own and three others in the Windward group, to sustain their social and economic self-reliance. He agreed with the representative of Canada that the reality of globalization was not always benign, as more powerful producing nations maintained their right to flood markets with cheap and sub-standard goods and services while small states, deprived of their market share, found it difficult, if not impossible, to compete. In conclusion, he pledged his Government's continued support for the work of IFAD.

330. Mr MATHAS (Gabon), after congratulating Kazakhstan on its accession to membership of IFAD, said that Gabon, a founder Member of the Fund, had organized an IFAD Day to celebrate the Twentieth Anniversary and to show its appreciation of the financial assistance it had received for two rural development projects.

331. A recent World Bank report on poverty in Gabon had drawn attention to the discrepancy between the country's high gross domestic product and the real living standard of the population. Although Gabon had long been a member of OPEC, the number of persons living below the poverty line had been estimated by the World Bank at about 75% in 1994, with major imbalances in income distribution between urban and rural areas. Access to drinking water was a crucial problem; life expectancy was low and the infant mortality rate very high. The Government had recently launched a poverty eradication programme designed to promote a growth model oriented towards the poor. However, budgetary problems meant that funds for rural development were limited and the country would continue to depend for some time on funding by foreign donors on concessional terms. Long-term investment in converting traditional production systems should be financed by grants and more immediately profitable investment by loans. To prevent its efforts at economic recovery and reform from being jeopardized, the Gabonese Government requested the Governing Council to approve the transfer of Gabon from List B to List C.

332. Mr FAINT (United Kingdom) welcomed the vision for the future outlined on the occasion of the Twentieth Anniversary by the President of IFAD. His Government had recently published a White Paper on the elimination of world poverty and was refocusing its entire international development effort on that challenge. One of the key themes of the White Paper was the strengthening of partnerships with developing countries, multilateral agencies, and the private and voluntary sectors, particularly with a view to halving the proportion of people living in extreme poverty by the year 2015. His Government was also committed to a reversal of the downward trend in development assistance as a proportion of gross national product and to supporting the United Nations and other agencies, particularly the Secretary-General's Track II reforms - evidenced by the United Kingdom's rejoining Unesco and its decision not to leave UNIDO.

333. A lesson to be learned from the painful Fourth Replenishment process was that budgetary stringency was an ongoing fact of life: contributors and recipients alike would continue to seek efficiency savings and there would always be competing demands from multilateral agencies and bilateral programmes. In such a highly competitive environment, IFAD must resist spreading its efforts too thinly and must concentrate on activities in which it had a clear comparative advantage, building on three favourable factors: its unique partnership between developing countries, oil-producing countries and traditional donors; its capacity to develop genuinely innovative ways of helping poor food producers to improve their income; and its continued commitment to sound management and accountability. A cornerstone of that approach was a stringent, indeed austere, approach to the budget, keeping within the confines of zero real growth or going even further.

334. His country's Secretary of State for International Development had informed IFAD on a recent visit that the United Kingdom was interested in more direct cooperation with the Fund, including a certain amount of cofinancing, motivated by its view of IFAD as a tightly run organization operating at the grass-roots level on behalf of the poor.

335. Mr WOROU (Benin), after congratulating IFAD on its Twentieth Anniversary, thanked the Fund on behalf of the Government and people of Benin for its untiring efforts to promote social justice and sustainable economic development in his country. He commended in particular the Special Programme for Africa and FAO's Special Programme for Food Security.

336. Economic reform in response to globalization was a long-term process which called for ongoing support from institutions such as IFAD. In Benin, the IFAD-sponsored Income-Generating Activities Project had produced tangible results in four of the country's six regions, addressing the problem of access by deprived communities to funding for rural activities, which was a major constraint on economic development.

337. Agriculture was the main activity of over 70% of the Beninese population, accounting for almost 40% of gross domestic product and making the country self-sufficient in food. A survey would be carried out in 1998, leading to the establishment of an agricultural bank to be run by private business interests and producers. The potential of IFAD's Income-Generating Activities Project and the microfinancing project currently in the pipeline would be exploited to that end. He felt sure that IFAD would continue to assist his country in developing its agriculture and improving the access of the poorest section of the population to agricultural inputs and credit.

338. Mr MASSAQUOI (Liberia) extended the greetings of President Taylor on the occasion of IFAD's Twentieth Anniversary and expressed his country's appreciation at attending the Twenty-First Session after an absence of nine years. He described the IFAD-supported Smallholder Rice Seed Project launched in the early 1980s, which had significantly increased the average yield of rice per hectare. Liberia had a very high per capita consumption of rice, but its production capability had continued to dwindle and did not meet the country's needs. The problem had been compounded by seven or eight years of civil strife, as a result of which agricultural production was down to no more than 25% of its pre-war performance. The situation of small farmers was critical, most of them being either externally or internally displaced, having lost everything, including their seed stock, breeding stock and tools. All facilities and infrastructure had been destroyed, including roads and bridges. In order to repatriate, resettle and rehabilitate Liberia's displaced population, support was needed from the international community. IFAD's assistance would be required to enable the Government to embark on its proposed massive seed multiplication programme.

339. The Liberian delegation was aware of Liberia's obligation to settle its outstanding arrears in contributions, but drew attention to the country's devastated economy and the dire consequences for the 70% of its people who were directly or indirectly involved in the agro-based sector. It recommended that Liberia's case be given special consideration until such time as realistic terms of payment could be worked out as the economy improved. The country was in a very weak position and needed international goodwill and support to help it regain its strength and consolidate the new-found peace. Support was needed, in particular, for newly repatriated and resettled Liberians. It was hoped that, with the help of a technical cooperation team from IFAD, a realistic Liberia-IFAD focus could be developed for the short, medium and long term and that assistance to a country with a war-torn economy would not be conditional on payment of its debt. Given his Government's commitment to food security and hunger and poverty alleviation, he urged that Liberia should be considered under IFAD's technical assistance grant programme.

340. Mr JALANGO (Kenya) said that Kenya's support for IFAD over the years had been demonstrated by its contribution of USD 1 million to the Third Replenishment and a pledge of a further USD 1 million to the Fourth Replenishment, for which the deposit of its Instrument of Contribution was now being finalized. Kenya's partnership with IFAD since 1980 covered eight ongoing and new projects, which had helped the rural poor, especially in arid and semi-arid lands, to increase their food production and conserve their economic resource base. Funding for projects in the current year amounted to the equivalent of some USD 9 million.

341. Kenya congratulated IFAD on its Twentieth Anniversary and would participate fully in the activities planned to mark that occasion. Its support for IFAD's mandate would be strengthened by its membership of the Executive Board in the next two years.

342. Kenya supported the establishment of an IFAD HIPC DI Trust Fund and welcomed the choice of IFAD to house the Global Mechanism of the CCD and the collaborative arrangements among IFAD, UNDP and the World Bank in that connection. He hoped that experience gained during the implementation of the Special Programme for Africa would be replicated. With regard to the follow-up

to the Conference on Hunger and Poverty and the World Food Summit, Kenya had identified a number of poverty alleviation programmes, some of which were now being implemented.

343. Mr XHUVELI (Albania), hailing IFAD's achievements on the occasion of its Twentieth Anniversary, said that agriculture, which represented 50% of gross domestic product in his country, was a priority in the Government's economic development programme, for which a medium and long-term strategy was now being prepared. Its components included wider involvement of human resources and local businesses, investment in rural areas, particularly for infrastructure, agricultural development, job creation, the establishment and consolidation of farmers' associations and the rehabilitation of small-scale irrigation schemes, in conformity with IFAD poverty alleviation goals. Albania was taking all necessary measures to create favourable conditions for foreign investment.

344. Two IFAD-funded projects were currently being implemented in Albania, with significant results. His Government fully agreed with the IFAD development philosophy concerning the involvement of the direct beneficiaries. He assured IFAD of his Government's commitment to fulfilling the terms of the project agreements and guaranteeing the successful outcome of the projects. Albania would appreciate further expansion of its cooperation with IFAD, specifically through the extension of the ongoing IFAD-funded project for poor farmers in mountain areas to other mountainous regions of central and southern Albania, and through a third project in a field still to be determined. His Government was willing to collaborate with the Fund in carrying out studies for medium and long-term cooperation.

345. Mr VILLAMBROSA (Argentina) said that a major challenge facing IFAD on the Twentieth Anniversary of its establishment was to seek to spread the benefits of globalization of the world economy to all nations and peoples. According to the latest report of the United Nations Conference on Trade and Development (UNCTAD), average per capita income in Latin America had dropped from one third of levels in the North in the late 1970s to one quarter, a trend accentuated by rapid economic liberalization. Other associated trends were a global decline in industrial employment opportunities for unskilled workers, growing returns on capital in the business sector, and financial liberalization leading to a rapid expansion of public and private debt, particularly in developing countries. The South must find ways of converting rising profits into investment aimed at reducing inequalities and increasing incomes and living standards.

346. The present situation called for a movement of solidarity to achieve food security for those suffering from hunger. In terms of a global economy, the goal of food security required action to ensure a growing food supply and trade liberalization as the driving force of development and economic growth. A further challenge consisted in eliminating barriers to access to food: persistent trade barriers, hygienic and health restrictions used as a means of compensating for productive inefficiency, and economic restrictions which left a large proportion of the world's population without an adequate food supply. IFAD had a fundamental role to play in that context.

347. The timely entry into force of the Fourth Replenishment was an important achievement and he felt that the proposal by the representative of Switzerland to initiate talks and preparatory work for the Fifth Replenishment as soon as possible was reasonable. The selection of IFAD to house the Global Mechanism of the CCD was a tribute to the Fund's prestige and efficient management.

348. Mr DIANA (Italy), after welcoming Kazakhstan to membership of IFAD, expressed his Government's appreciation of the work done by the Fund over the past twenty years on behalf of the rural poor and confirmed Italy's continuing support. The provision of concessional loans and technical assistance grants was essential to achieving the objectives of the Plan of Action of the World Food Summit. He also wished to stress the importance of the IFAD HIPC DI Trust Fund and the Popular Coalition to Eradicate Hunger and Poverty, set up upon the recommendation of the Conference on Hunger and Poverty.

349. The Italian Government had made a significant contribution of USD 29 million to the Fourth Replenishment, which in 1997 had reached the satisfactory level of USD 465 million. It welcomed the estimated resources for 1998, amounting to some USD 459 million, which could be regarded as a realistic objective since loan repayments were proceeding normally, investment income was satisfactory, and IFAD had received payments in cash equivalent to 80% of the pledges made by Member States to the Fourth Replenishment. IFAD had now advanced towards greater financial equilibrium and should be able to fund a considerable proportion of its commitments towards the poor countries. It had coped with the reduction in contributions from governments by increasing the flow of private capital. Despite the elimination of the rigid division of Members into three categories, the restructuring carried out had allowed the Fund to preserve the partnership between the industrialized countries, the oil-producing countries and the developing countries.

350. Italy had a prominent role in the First Conference of Parties of the CCD during which IFAD was selected to house the Global Mechanism. It had also made a major contribution to combating desertification through the method devised by Mr Vallerani, which was highly appreciated by the countries suffering from that problem. He felt sure that IFAD would be able to fulfil its new responsibilities, in cooperation with the relevant United Nations bodies, NGOs and civil-society institutions. The Italian Government would do all it could to help the Global Mechanism to begin operations rapidly and effectively.

351. His Government supported the five strategic thrusts selected for the Fund, the new system of direct supervision of certain projects and the zero real growth Administrative Budget. In the wider context of the reform of the United Nations, it appreciated the rationalization of procedures, and particularly of administrative costs, and the effort to make the best possible use of human resources. The Country Strategic Opportunities Paper and the Project Portfolio Management System should help to improve the effectiveness of the Fund's activities and of its cooperation with beneficiary countries and other United Nations institutions. He welcomed the new approach to human resources management which was in line with the results-based approach advocated by the United Nations Secretary-General. The Italian Government also supported the establishment of an IFAD Fund for Gaza and the West Bank.

352. Finally, he announced that Italy would shortly be bringing out a new five-hundred lire coin with a logo commemorating the Twentieth Anniversary of IFAD.

353. Mr KIM (D.P.R. Korea), after congratulating IFAD on the occasion of its Twentieth Anniversary, drew attention to its successes in streamlining its operations and management, completing the Fourth Replenishment, diversifying the investment portfolio, taking action to follow-up the World Food Summit and establishing an IFAD HIPC DI Trust Fund.

354. Under the guidance of President Kim Il Sung, his country had become self-sufficient in food, but unprecedented natural disasters in recent years had seriously affected the agricultural sector and caused a food shortage. Under the wise leadership of Kim Jong Il, the Government and people were working energetically to restore and develop the agriculture and livestock sectors by improving infrastructure, rehabilitating affected areas, promoting appropriate land use, introducing dual cropping, extending arable land and increasing the use of fertilizers. His Government was most grateful to the countries and international organizations, including IFAD, which had provided humanitarian and emergency aid and rehabilitation and development assistance. IFAD's Sericulture Development Project and the Crop and Livestock Rehabilitation Project would raise the living standards of farmers in mountain areas and increase food production. The two projects would be implemented effectively in keeping with IFAD's mandate and procedures. After stressing the vital importance of food security for all, he expressed his support for the constructive Programme of Work and Budget for 1998 and looked forward to strengthened cooperation with the Fund.

355. Mr BEN RAMADAN (Libyan Arab Jamahiriya) commended the achievements of IFAD and its staff on the occasion of the Twentieth Anniversary of the Fund. He trusted that cooperation between IFAD's three constituent categories of Member States would continue in the wake of the restructuring process and that no single category would exploit the new situation to gain ascendancy over the others. His country had always generously supported the Fund, both materially and morally, but the unjust sanctions imposed in recent years had impeded all its efforts to promote international solidarity in the interests of development and progress.

356. He supported the Programme of Work and Budget for 1998 but was concerned at the proposed level of lending for Africa and urged IFAD's management to increase its technical and administrative assistance to that continent. He welcomed the selection of IFAD to house the Global Mechanism of the CCD but hoped that it would not have any adverse budgetary implications. The management should take steps to set the Mechanism in motion as soon as possible. Lastly, he welcomed Kazakhstan as a new Member of the Fund.

CLOSURE OF THE SESSION

357. The CHAIRMAN said that the Twenty-First Session had been of special significance, marking as it did the Twentieth Anniversary of the Fund. It had been honoured by the presence of many distinguished guests. The thought-provoking address by the President of the Italian Republic, His Excellency Oscar Luigi Scalfaro, had been a reminder of the international community's moral and political duty to work towards food security. The words of the President of the Republic of Mali, His Excellency Alpha Oumar Konaré, had brought home the plight of so many, not least that of children. The Council had welcomed the message of His Holiness Pope John Paul II which reconfirmed the Holy See's support of the Fund, and the message of the Secretary-General of the United Nations, Mr Kofi Annan, exhorting all members of the United Nations family to work as one. The statements by the Director-General of FAO and the Executive Director of WFP had demonstrated the laudable commitment of those two agencies to join the Fund in the fight to alleviate hunger and poverty. The Council had also welcomed the address of the former Prime Minister of the French Republic, His Excellency Raymond Barre, whose interest in IFAD had spanned the twenty years of its existence. Mr Abdelmuhsin Al-Sudeary and Mr Idriss Jazairy, whose dedication as Presidents of the Fund had laid the foundation for the organization as it was today, had also joined the Council in commemorating IFAD's Twentieth Anniversary. The various statements delivered during the Session had been a reconfirmation on the part of Member States of their sincere intent to unite in the battle against hunger.

358. An encouraging sign of the worldwide recognition of the Fund and its mandate had been the admission of the Republic of Kazakhstan to membership, bringing the number of Member States to 161.

Another gratifying sign of confidence was the importance Member States had attached to the timely effectiveness of the Fourth Replenishment of the Fund's Resources. Not only had the Fourth Replenishment become effective within a mere six months after its completion, but Instruments of Contribution amounting to just over 80% of total pledges had been received only ten months after completion.

359. The Council had approved the Budget for 1998 at a level of USD 51 137 000 plus a contingency of USD 400 000. Once again, management was to be commended for keeping the Fund's administrative budget at a constant level. The Council very much welcomed the fact that after three consecutive years of budget reduction, followed by another of zero real growth, the 1998 budget figure represented a real growth slightly below zero, amounting to five years of laudable efforts to keep IFAD a trim organization.

360. The Council had taken two important steps regarding arrears: it had established a Trust Fund for the HIPC DI and had amended the Fund's Lending Policies and Criteria, thus paving the way towards managing partnerships with countries in arrears through both proactive and corrective measures. It had also established a Fund for Gaza and the West Bank, a territory that was not a Member State of IFAD, thus reaching out to people, not to boundaries. With a view to IFAD becoming a knowledge organization, it had considered a policy for the disclosure of IFAD documents and authorized an 18-month interim phase as a trial period.

361. Speakers had highlighted the complexity of the problems of hunger and rural poverty and had pointed out that the solutions were equally complex. Consequently the Fund had to work with various partners and it was in this spirit that the Council had accepted the decision of the First Conference of Parties of the CCD to house the Global Mechanism. The Council had also reviewed the progress report on the Popular Coalition to Eradicate Hunger and Poverty and had taken note of the report on activities relating to the objectives of the World Food Summit.

362. All anniversaries were a time for remembrance and a time for reflection. The first twenty years of the Fund's existence had been marked by dedication, growth, learning and struggle. The Fund could be proud of its past, confident of its future and, most importantly, confident of bettering the future of mankind. It was an honour to have presided over the Twenty-First Session of the Governing Council and he would return to Bangladesh fortified in the belief that there was one funding agency, IFAD, with the precise mandate of helping countries like his own.

363. He declared the Twenty-First Session of the Governing Council closed.

364. The meeting rose at 19.20 hours.

CHAPTER 3

B. OTHER GENERAL STATEMENTS BY GOVERNORS AND OBSERVERS

Statement of the Acting Governor for the Republic of Angola

Mr Chairman,
Distinguished Governors and Delegates,
Ladies and Gentlemen,

It is a great honour for me and for my delegation to address this Twenty-First Session of IFAD's Governing Council.

I should like to take this opportunity to congratulate the Chairman and his Bureau on their re-election. I am convinced that your wealth of experience in this field, Mr Chairman, will ensure that our deliberations will be crowned with success.

May I also offer the congratulations of the Government of Angola to the President of IFAD, Mr Fawzi H. Al-Sultan, for the dedication with which he has taken on the duties entrusted to him and with such a high sense of responsibility.

IFAD's prestige is not only due to its lofty objectives and its working methods, but also to the skill of its personnel of whom several already have been congratulated for their loyal service.

Mr Chairman,

One of the great challenges we have to take up on the threshold of the twenty-first century is knowing whether we shall be able to produce enough food to feed a population which is permanently short of food, and able to reduce their numbers from the presently estimated 800 million people.

This is a particularly important issue, mainly for the developing countries in which most of the world's population will be living, to reach an estimated six billion people by the year 2000.

This is an alarming state of affairs, and it should be noted that according to existing information and forecasts, the economic and social plight of most of the African countries shows no signs of improvement - in some cases the situation is actually worsening.

We therefore appeal to the international community to continue deploying every effort to help the needy countries by implementing the recommendations adopted by the World Food Summit to minimize this phenomenon.

Mr Chairman,

Within the framework of the implementation of the Lusaka Agreement, my Government has taken on the responsibility to focus all its attention and energy to restoring peace to the country and developing the rural environment where the majority of our people live in order to raise their living standards and their nutritional status.

The revival of agriculture and the economy as a whole is a challenge both to Angola and to the international community, without forgetting the multilateral institutions by virtue of the contribution they are making to stability throughout the world. These efforts, coupled with the favourable climate towards which Angola is now moving must be backed by financial and other resources. It is our hope that this positive development will be given the full attention it deserves because it will contribute to the well-being of the Angolan people.

We should also like, Mr Chairman, to emphasize the enormous difficulties we are facing as a result of landmines and other explosive devices. Angola is one of the countries most severely affected by the problem of these explosive devices. Some 12 million landmines have been sown all over our country, particularly in the rural areas on which the development of the agricultural sector essentially depends. We are extremely satisfied at the recent signature by the international community of the Treaty banning the production and use of landmines. We trust that such treaties will be rigorously implemented.

Mr Chairman,

At this particular juncture, we cannot fail to offer our thanks to IFAD for its heightened attention to my country. I will mention three projects. The first has been held up because the war that broke out after the announcement of the election results prevented it from proceeding. The second is the Northern Region Foodcrops Development Project covering three of the country's provinces. This project, which is just beginning, is designed to intensify agricultural output and bring about social rehabilitation in the aftermath of the war, for the benefit of the smallholders in the project area. The third project, for which the loan agreement was signed on 24 December 1997, is the Northern Fishing Communities Development Programme. IFAD is also involved in a fourth food security project in the Uige Province, financed by the Italian Government, to which we wish to extend our most sincere thanks. This is a new experience involving the three Rome-based United Nations agencies, FAO, IFAD and WFP, who will be working together hand-in-hand on the same project and at the same time.

Mr Chairman,

After all these general remarks, may I be permitted to make a few specific comments referring to some of the items on the agenda of this Twenty-First Governing Council.

My delegation is delighted that the Fourth Replenishment of IFAD's Resources has now become effective, and with the important task being performed by the Belgian Survival Fund in backstopping the objectives and operations of the Fund's lending programme. We also endorse the consultation report on the Fourth Replenishment of IFAD's Resources and urge all Member States to make an effort to achieve the level of USD 600 million by increasing their supplementary contributions.

As far as Angola's legal instrument for the Fourth Replenishment is concerned, I am pleased to announce that the administrative formalities are currently being expedited. I wish to assure you that our contribution, as indicated in document GC 21/L.3, will be transferred within a matter of days.

My Government has approved the financial statements for 1996 and the results of the operations as set out in document GC 21/L.4 and the Auditor's Report.

One further point on the agenda of this Council concerns IFAD's activities as a follow-up to the World Food Summit. The document which the Secretariat has prepared for us contains some interesting information. IFAD played an active part in the preparation of that important Summit. As stipulated in Commitment 7 of the World Food Summit Plan of Action, my Government agrees that IFAD should submit a regular report on the follow-up activities to the Summit at our Council meetings.

Mr Chairman,

I would like to conclude by congratulating IFAD for having been chosen last year to host the Global Mechanism for the International Convention to Combat Desertification. My Government believes that as the host institution of the Global Mechanism IFAD will make an active contribution towards mobilizing supplementary resources to combat desertification through projects and other activities designed specially to fulfil the ambitious objectives of the Convention.

Another point on our agenda relates to the establishment of a trust fund to resolve the debt situation of the highly-indebted poor countries. My Government congratulates IFAD on taking this initiative, and appeals to the international community to follow its example.

Today, IFAD has existed for 20 years. The activities which IFAD has performed since its inception require no comment whatsoever, for they are palpably visible to all. My Government urges IFAD to continue with the same fervour to ensure both that its ideals win through and that poverty throughout the world will be vanquished.

Thank you, Mr Chairman.

Statement of the Representative of the Arab Organization
for Agricultural Development (AOAD)

Mr Chairman,
Heads and Members of Delegations,
Mr President,
Ladies and Gentlemen,

I am glad to join my colleagues who spoke before in congratulating Shah A.M.S. Kibria for his election as Chairman of the Council, and his deputies and members of the Bureau. I wish them all success in their great task of driving the leading role of IFAD and its Council in supporting agricultural and rural development and eliminating hunger and poverty, especially in the least developed countries, following a unique method of striking a balance between natural resources and human activities in the most deprived and vulnerable rural areas.

We in AOAD highly appreciate the valuable efforts of IFAD in dealing with issues of agricultural development and confronting the problem of poverty and undernutrition. We believe that such efforts deserve maximum support and appreciation from all Member States in order to assist IFAD in its role as a specialized agency whose first responsibilities are to fight hunger and poverty in the most vulnerable countries, set the basis of food security and achieve sustainable development.

Mr Chairman,

AOAD has the honour to be a partner of IFAD in the Arab region, working with it since its inception in all aspects of economic and agricultural development, particularly in the field of formulating agricultural policies and programmes, carrying out human development activities and pursuing major agricultural policies relevant to the agricultural development efforts of Arab States. Such cooperation has had a positive impact on the development process in the region.

Mr Chairman,

IFAD has its own preference in several areas. The most important may be the success of its professional staff led by my friend Mr Fawzi Al-Sultan in achieving a balance between alleviating hunger and poverty, and protection of the environment. Such balance has enabled most of the countries receiving loans and technical assistance from IFAD to succeed to varying degrees in their efforts to realize economic and social development and to secure increasing rates of food security for their people.

As you are well aware, AOAD gives great importance to issues related to agricultural development and sustainability of natural resources, in order to maintain food security for the Arab region. Hence the main objectives of AOAD concentrate on raising agricultural productivity, supporting and activating efforts to achieve agricultural integration in Member States with the aim of increasing agricultural production, and realizing self-sufficiency.

In order to achieve all these goals, AOAD has been concerned, since it began working in 1972, to develop natural resources, rehabilitate human resources, study and analyse problems and constraints facing agricultural development in member states, and to draw plans and policies for sustainable agricultural development at both national and regional levels.

Following new developments in international and regional fields, AOAD formulated a new strategy for its activities in the 1990s, a strategy to increase its effectiveness against constraints facing agricultural development in the Arab region.

The new strategy set the future work programmes of AOAD in five main areas:

- Programme for environmental protection and development of natural resources.
- Programme for human resources development.
- Programme for food security.
- Programme for scientific research and new technologies.
- Programme for monitoring and analysing regional and international changes and their impact on the Arab world.

All AOAD activities have seen considerable development as a result of applying this new strategy in a way which enabled it to attain perfectly its objectives, utilizing its available resources and cooperating closely with similar Arab regional and international organizations.

The coming years carry - as you know - great challenges to the activities of the regional and international organizations and institutions, in both development and financing fields, including AOAD and IFAD. Surely the best way to overcome these challenges, increase effectiveness and reduce shortcomings is to improve cooperation and coordination among such organizations and institutions to enable them to realize their own objectives and the objectives of their projects and programmes, and in order to save efforts and funds.

In this regard, AOAD declares its firm desire and willingness to continue constructive cooperation with IFAD, and hopes - within mutual understanding and experience gained from such cooperation - that such efforts shall increase, and such cooperation shall intensify and expand to the benefit of Member States in both organizations.

In conclusion, I wish to seize this opportunity to express our deepest appreciation for the invaluable support you extend to development issues and for the assistance you give to the poor and disadvantaged people. In this regard, we assure you that AOAD is very much determined to continue cooperation with your organization.

Thank you very much.

Statement of the Acting Governor for
Burkina Faso

Mr President,
Distinguished Governors,
Distinguished Guests,

The Twenty-First IFAD Governing Council gives me the opportunity to extend to you, Mr Chairman, and the members of the Bureau, the most sincere congratulations of the delegation of Burkina Faso on your election to this office of great responsibility.

I would also like to express to Mr Fawzi Al-Sultan our satisfaction and support for the very positive work that IFAD has performed under his far-sighted direction to combat hunger and poverty in the world, and particularly in my own country, Burkina Faso.

This Twenty-First Governing Council, which is special this year because it is also a celebration of IFAD's Twentieth Anniversary, should enable us to look critically at the activities of our institution and of the member countries in order to better target our actions to achieve our set objectives as perfectly as possible.

Our delegation would also like to take this opportunity to pay tribute to IFAD, to all the institutions and organizations and everyone else who has worked by IFAD's side to raise the living standards of the people, and achieve food self-sufficiency in the developing countries.

Mr Chairman,

The food situation and poverty continue to curb development work in our countries. This is something which challenges all of us, and we must pool our efforts in order to relieve thousands of men, women and children from this state of suffering.

The agricultural season 1997-1998, which was not very satisfactory in the Sahel, has further dampened the hopes of the rural populations in the countries in our region.

Over the past 20 years of its existence, IFAD has provided financing for projects and various forms of support to enable a large number of countries to work in the rural environment in order to try to improve the working conditions for producers and enhance their productivity.

For this reason, IFAD, which has been appointed by the CCD to act as the lead organization for the Global Mechanism, knows the degree to which desertification is the main scourge afflicting the countries of Africa, particularly in the arid zones.

In Burkina Faso, IFAD is one of our main partners in combating desertification, and has been for a number of years now. The satisfactory progress that IFAD has made in Burkina Faso is evidenced by the financing that the country has received for projects whose main beneficiaries have been the people living in the rural environment, women and young people.

The authorities of Burkina Faso and all the people are particularly grateful to IFAD for taking part in the scheme to reduce multilateral indebtedness, which was decided at the December 1997 Session of the Executive Board.

I am also happy, Mr Chairman, to be able to reassure IFAD once again that His Excellency, Blaise Compaore, President of Burkina Faso, offers the Fund his full encouragement in its determination to foster the cause of millions of poor people in Burkina Faso and in the rest of the world.

Taken as a whole, the achievements over these 20 years of activities have been positive, but the situation still remains critical in a number of countries whose relations with IFAD have in some cases been frozen because of debt arrears or failure to repay loans.

This situation is rather troublesome for the whole of the institution and its Members. No doubt efforts will have to be made for the greater good of those people who are waiting for the support that is vital for their labours.

One of the items on the agenda for this Twenty-First Session of the Governing Council is IFAD's policy for managing partnerships with countries in arrears. We hope that following this session there will be encouraging prospects regarding the accessibility of the less advanced countries to financing for their rural development projects.

In conclusion, Mr Chairman, may I renew to the President of IFAD our confidence and trust, offering him our encouragement in the performance of his great mission.

I wish IFAD a very happy anniversary.

Statement of the Acting Governor for
the Republic of The Gambia

Mr Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

The Republic of The Gambia congratulates the President and management of IFAD upon its attainment of 20 years of existence as a vibrant agricultural development institution. IFAD has, over the years, progressively increased its intervention in the agricultural and rural development sectors of national economies, particularly in the developing world. My Government wishes the organization a continued and sustained success and development in the best interest of its entire membership.

Mr Chairman,

IFAD's unflinching commitment as a specialized multilateral financial institution has been further exemplified by its determination to be a participant in the implementation of the Lyon Initiative on Heavily-Indebted Poor Countries (HIPC). The draft resolutions relating to the establishment of a trust fund for the purpose (Resolution 105/XXI), and IFAD's participation in the initiative (Resolution 101/XX), demonstrate the level of aggressiveness of IFAD's management to creating, in partnership with other international financial institutions, bilateral partners and donors, sustainable debt levels for HIPCs which meet the set criteria for relief in order not to compromise their ongoing macroeconomic reform efforts. I would hope that, in concert with its partners in the initiative, IFAD may consider the widening of the initiative net to include other poor and highly vulnerable developing countries which, although regularly servicing their external debts, are facing difficulties in maintaining the momentum. This is particularly important since it will serve as a preventive measure to ensure that the countries concerned do not have to enter into an absolute distress zone before action is taken to assist in bailing them out.

I wish to express my Government's deep appreciation to those Member States of the Fund that have pledged or committed funds to the trust fund. This is a manifestation of the commitment of these States to the ideal of IFAD and to this noble initiative, and it is a genuine pointer that the States concerned do, indeed, want to assist towards eradicating poverty and its miseries in the developing world.

Cooperation between IFAD and The Gambia has, demonstrably, uplifted the local capacity to produce more food in the country. IFAD's activities in The Gambia, well acknowledged by the ordinary citizenry because of their tremendous impact on the poor, have been immensely helpful in charting the best course of future action and strategy towards the national objective of eradicating rural poverty. The recently implemented IFAD-funded Lowlands Agricultural Development Programme (LADEP) is not only a most important and pertinent programme aimed at enhancing food security for The Gambia, but is one that will meet the specific demands of the country's farming community - a community that is increasingly willing to take up more challenges in improving its food production potential. Another most important project that IFAD is currently promoting in The Gambia is "rural finance and income diversification". With this project, when implemented, the vast rural community in The Gambia, whose livelihood depends largely on agriculture, will be able to acquire the means to support their diversification ploy and thus enhance their food production capacity. This is a basic means approach aimed at providing the requisite low-cost financing capacity at rural farmers' levels with a view to eradicating the inherent poverty that characterizes the lives of the rural farming community. With the cost of finance from traditional sources beyond the reach of most rural peasants, this form of assistance once again underscores the very vital role that IFAD continues to play, even after 20 years of existence,

in relieving the miseries of the disadvantaged in the developing world. The Gambia therefore reaffirms its commitment to, and support for, the ideals of IFAD since they are synonymous with the objectives and goals of The Gambia's agricultural development plans.

A reinforcing factor in IFAD's activities is the creation of "ownership" to the beneficiaries of the programmes and projects they participate in. Without creating the participation of beneficiaries and the sense of belonging at the grass-roots level during project initiation, implementation and post-implementation appraisals, IFAD's undisputed success would have been marred.

Finally, I would seize this opportunity at the Twentieth Anniversary of IFAD's existence to urge for increased participation of indigenous consultants, practitioners, and managers in IFAD's country programmes in order to allow local expertise to bear on the effective and efficient operation of programmes and projects.

I thank you all.

Statement of the Governor for
the Federal Republic of Germany

Mr Chairman,
Mr President,
Fellow Governors,
Ladies and Gentlemen,

Many words have been said on the Twentieth Anniversary of IFAD which we are celebrating this year. We can look back with pride on IFAD's achievements during this period. IFAD has proved to be an efficient institution. It has found its niche in the field of the international financial institutions by focusing on the rural poor. Among all IFIs, IFAD is the institution with the strongest poverty focus. We expect IFAD to continue on this track and I will later enter into some details. But before doing so, let me emphasize that IFAD's performance and achievements are the result of the commitment and the determined work of you, Mr President, of the management as a whole and of all staff. We congratulate you on this and encourage you to continue with the same commitment.

Last year we concluded the Fourth Replenishment of IFAD. I am glad that IFAD IV has become effective only six months after the final negotiations. The resources thereby committed will contribute to ensuring that IFAD can continue to fulfil its mission.

However, in times of shrinking public budgets, IFAD's own funds will become more important than ever. We think that, in the long run, IFAD has to become self-financing. IFAD's substantial assets should enable it to become independent from donors' contributions. The diversification of the investment portfolio which is under way, can be an important step towards higher financial self-sufficiency. However, especially on the background of the current financial turmoil in Asia, we expect a cautious approach, taking due account of the recommendations of carefully selected independent investment managers and relevant counselling of the Executive Board. We look forward, Mr President, to your report on the implementation.

We support the proposed budget for 1998. The zero real growth budget is part of the efforts to preserve IFAD's assets. Wherever reductions to the administrative budget remain possible in the future, without negative impact on IFAD's efficiency, we would appreciate them.

We also support the proposed 1998 Programme of Work. Let me make, however, some remarks on the concentration of resources. In the beginning, I expressed my appreciation for IFAD's clear orientation towards poverty alleviation. The specialization on improving the life of the rural poor is the main purpose of IFAD's existence. This is why I look with some concern at the Programme of Work and the low share of lending to sub-Saharan Africa. The loans to West and Central Africa will only amount to 13.6% while the Governing Council had established a regional lending target of nearly 20%. Everything should be done to increase this share in the future and to ensure that IFAD's assistance reaches the poorest people in the poorer low-income food-deficit countries. This would be a sensible contribution by IFAD as a follow-up to the World Food Summit. For this purpose, regional or country strategies should be developed in close cooperation with FAO and WFP, and could include new partnerships with civil society or the private sector.

The proposed policy framework for managing partnerships with countries in arrears will help to overcome formal problems that have impeded IFAD to assist certain countries, especially African countries. The new framework strikes a good balance between the needs of those countries and our guiding principle that IFAD's assets must be preserved and not exposed to unreasonable risks. Flexibility in determining the lending terms while maintaining the value of the funds is the appropriate solution.

Regarding other policy items considered over the past year, we welcome the objectives of the proposed policy on the disclosure of documents and expect that no obstacles will impede its fast implementation. This will not only increase transparency and establish IFAD as a knowledge institution, but it will also be an important contribution to improving donor coordination and cooperation.

We appreciate the start of IFAD's participation in the Heavily-Indebted Poor Countries Debt Initiative (HIPC). The establishment of the IFAD HIPC Trust Fund will allow IFAD to pursue this process in an efficient way.

We also welcome the establishment of an IFAD Fund for Gaza and the West Bank. Improving the working and living conditions of the Palestinians is the key for peace in that region. This is why we particularly appreciate that, following the establishment of the Fund, IFAD will be able to contribute to the rural development of the region.

Before concluding, let me also congratulate IFAD on housing the Global Mechanism of the UN Convention to Combat Desertification. With its know-how in the fight against desertification, IFAD will be a very useful host for the Global Mechanism. As you all know, the German city of Bonn has been chosen to host the Secretariat of the Convention. So I am looking forward to even closer cooperation between Bonn and the Rome-based institutions. I have the pleasure to announce on this occasion that the Government of Germany has decided to support the start of the Global Mechanism by a voluntary contribution of USD 100 000 for 1998. I hope that this contribution will serve as "seed money" and that other Member States will also consider making a contribution in order to enable the Global Mechanism to begin its operations early this year.

To conclude, I can assure you, Mr President, of Germany's full support of IFAD's work. I wish IFAD that the next 20 years will be at least as successful as the first 20 years.

Statement of the Acting Governor for
the Republic of India

Mr Chairman,

Right at the outset, our warmest felicitations and best wishes on your eminently deserved election. That you are from Bangladesh, a neighbour with whom we have the privilege and good fortune to entertain exceptionally close and cordial relations makes us rejoice even more. You shall have our support and cooperation in full measure.

An anniversary provides a logical opportunity for reflection upon what has been accomplished so far and what remains to be accomplished. IFAD was conceived at the World Food Conference in Rome in 1974, but it was delivered only in 1978. We all can look back upon the last 20 years with legitimate pride. But we cannot rest on our laurels. Let us recall that in the same year, 1974, Professor Henry Kissinger, representing the United States, had said that within the next 10 years no child should be going hungry to bed and the assembled representatives of the international community had then applauded in agreement. We all know that 24 years later more than 800 million human beings still do go hungry to bed and they will wake up hungry into the dawn of the new millennium. As the President of the Italian Republic said, we all have a responsibility to discharge and responsibility is always personal.

Compared to some of its sisters in the United Nations family, IFAD is in a better position as far as financial resources are concerned. But, as the Indian delegation pointed out at the Fifteenth Session of the Governing Council, IFAD deserves a higher level of funding.

We have noted with deep appreciation the President of IFAD's innovative and imaginative approach balanced by sound pragmatism. Contemplating the human condition and the philosophy which has inspired IFAD, I am reminded of the words spoken by Mahatma Gandhi, the fiftieth anniversary of whose martyrdom fell on the 30th of January this year, words meant to assist anyone who is in charge of public policy.

"Recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore to him a control over his own life and destiny? In other words, will it lead to self-reliance for the hungry and spiritually starving millions? Then you will find your doubts and your self melting away."

My Government will continue to provide strong support to IFAD in its mission to eliminate poverty and hunger with specific focus on the rural sector.

Statement of the Acting Governor for
the Republic of Indonesia

Mr Chairman,
Mr President,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

On behalf of the Indonesian delegation, may I extend my delegation's congratulations to IFAD, its staff and leadership, for 20 years of productive and innovative efforts that have so ably served mankind.

This is a historic meeting for IFAD since it has completed 20 years of work and has fulfilled the mandate of its founders to improve "... the nutritional level of the poorest populations in developing countries". Let us recall that 20 years ago, when this institution was established, developing nations had faced economic disruptions that had threatened to undo the progress they had made in improving the lot of their peoples. Today, we again confront a major economic upheaval that threatens the well-being of the poorest segments of our population. The financial crisis which has swept through Asia, but which has also affected other parts of our global economy, is likely to reduce growth in many economies and will require governments to adopt fiscal policies that could restrict the very programmes put in place to help the poor. Although many developing nations have made progress in reducing the levels of poverty and in raising agricultural production, it is clear that the role set for IFAD remains as relevant today as it did in 1978.

Indonesia has had a long and successful record of poverty alleviation. It has used innovative and effective programmes to raise agricultural production and the incomes of the poor. One of IFAD's projects in Indonesia, P4K or the Income-Generating Project for Marginal Farmers and Landless, begun in 1988, has developed into a highly successful, cost-effective project which I believe can be replicated on a larger scale. The objective of the P4K project is to increase the income of rural families living below the poverty line by means of credit-supported farm and non-farm activities. Under this project, the extension services of the Ministry of Agriculture have established over 48 000 small farmer groups. Let me also note that some 38% of these groups are made up exclusively of women, while another 25% involve men and women working together for their betterment. We have estimated that the income of families participating in the P4K project has risen, on average by around 50%. Some 38 000 groups have received at least one loan through the Unit Desa Program of Bank Rakyat Indonesia. The Unit Desa Program is the successful, entirely self-supporting, microfinance programme that is becoming widely known and increasingly adopted for use in many other countries. We take great pride of our achievements in the field of poverty alleviation and agricultural development and are ready to share our experience with other countries.

As many of you are aware, the proportion of Indonesia's population living below the poverty line has declined from 40% in 1970 to about 11% in 1996. This progress could be threatened by the financial crisis which has swept through parts of Asia, including Indonesia. It is precisely in this period that efforts to strengthen social protection for the poor become critically important. Since economic recovery will take time, and a period of slower growth is inevitable, protecting the poor has been given the highest priority by the Government of Indonesia. To ensure that the poor do not suffer additional hardships during the period of economic restructure, our efforts will focus on two related aspects: first, to ensure that all people will be able to have access to adequate food and nutrition. This must mean not

only programmes to ensure adequate supplies but efforts to ensure that even the poor can afford to buy essential foodstuff; and second, the introduction of job programmes in the rural and urban areas, which will provide a cushion against unemployment. Rural public works programmes can be an effective instrument for improving rural infrastructures which will not only provide employment in times of need but also increase the productivity of the agriculture sector. The possibility of extending the P4K methodology to all of Indonesia's 27 provinces will help support our poverty-alleviation programmes in these economically precarious times.

The Indonesian Government is therefore pleased that Phase III of the P4K project, which now takes on even greater importance, was approved at the Sixty-Second Session of the Executive Board. On this occasion, I would like to express the gratitude and thanks of the Government of Indonesia to IFAD for its invaluable support.

The Sixty-Second Session of the Executive Board reported that 80% of the total pledges to the Fourth Replenishment of IFAD had been recorded. We are pleased at the progress made but urge that further efforts be made to complete the Replenishment as soon as possible. With regard to Indonesia's pledge, I am pleased to inform you that Indonesia has deposited its Instrument of Contribution to the Fourth Replenishment and has fulfilled her obligation to the first instalment which was made on 1 December 1997. The Indonesian delegation would like to express its highest appreciation to the member countries, from all categories, that have met their pledges. I hope that those Member States that have not yet deposited their Instruments of Contribution will do so without further delay.

Let me briefly comment on two related issues on our agenda. The first deals with the policy framework for managing partnerships with countries in arrears. This is an issue of great importance but its resolution also presents great difficulties. It would clearly serve no humanitarian purpose, or even a useful economic purpose, to impose penalties on countries unable to repay IFAD loans because their economies have suffered severe setbacks due to external causes. Yet, at the same time, any programme to achieve some debt relief should take full account of the possibility that the loan recipients may have failed to invest the loan funds wisely or failed to provide adequate project supervision. In such instances, IFAD should first seek assurances that the appropriate safeguards have been put in place. Once this has been done, we could be reasonably certain that the funds made available for poverty alleviation will indeed be used effectively. My delegation supports the proposed policy framework developed by IFAD since it deals with these concerns. It focuses on the need to improve economic policy formulation and project implementation in order that funds from IFAD and other donors will be effectively used; but it also seeks to reduce the debt burden of heavily-indebted countries while taking steps to ensure that original repayment flows are eventually forthcoming. Second, Indonesia also supports IFAD's participation in the IMF/World Bank Debt Initiative for the Heavily-Indebted Poor Countries. Indonesia has contributed USD 10 million to the HIPC Trust Fund because it believes that long-term debt relief is required if the severely-indebted countries are to regain their economic health. The HIPC Trust Fund will make it possible to ease the debt burden of the heavily-indebted countries, a necessary first step in the process of raising their growth rates and allowing them to raise their citizens out of poverty.

In conclusion, IFAD has lived up to its mandate by remaining a learning organization, which has allowed it to develop tools that have proved useful in improving food security and in reducing rural poverty. The Fund has helped its principal beneficiaries achieve a better life. Although the task has been well started, much remains to be done. Indonesia looks forward to further productive engagement with IFAD in its multiple programmes.

Statement of the Governor for Ireland

Mr Chairman,
Distinguished Governors,

I take this opportunity on behalf of the Government of Ireland to congratulate IFAD on the Twentieth Anniversary of its operations. It is a tribute to the Agency that, in a much changed world, IFAD continues to be considered very effective in channelling funds to combat rural poverty and improve nutrition. "From Hope to Harvest", the very appropriate name given to the impressive expo on technological and institutional innovations to alleviate hunger and poverty in the world, mounted by IFAD to mark its first 20 years, gives us a vivid picture of the work and achievements of the Agency. Ireland is pleased to be one of the four countries that made a financial contribution towards that expo.

Ireland welcomes in particular IFAD's emphasis on local ownership in its programmes, the emphasis on food security and close cooperation with civil society, other donors and local governments.

IFAD's mandate to increase food production, reduce malnutrition and alleviate rural poverty is very much consistent with Ireland's approach in its bilateral cooperation programme. Our focus is on combating poverty and on helping our priority countries improve the management of available resources in a sustainable way. In 1998, the Irish Government will spend USD 200 million on its aid programme. This represents the highest ever spending by Ireland on official development assistance and an increase of more than 150% over the past five years. It is the latest step towards our goal of achieving the United Nations recommended target of spending at 0.7% of GNP.

Support for IFAD is an important element in Ireland's aid programme. Recognizing the synergy between our aid objectives and the effective work of IFAD, Ireland made its commitment to the Fourth Replenishment of IFAD's Resources. In addition, Ireland has provided support of USD 1.4 million in 1997 for the IFAD country programmes in Ethiopia and Zambia, two of our priority countries. In 1998, further support of USD 1.4 million will be provided for the IFAD country programmes.

This additional support reflects our confidence in the work of this organization in improving food security for the poorest sectors of society in the developing world. We welcome the efforts that IFAD is continuously making to fine-tune its operations and management. We share the vision of unleashing the capacities of poor rural people towards self-development and will continue to work closely with IFAD in the future. We wish the organization continuing success in its very important work in the years ahead.

Statement of the Representative of the
Islamic Educational, Scientific and Cultural Organization (ISESCO)

Mr Chairman,
Excellencies,
Ladies and Gentleman,

I wish to start by thanking His Excellency Fawzi Hamad Al-Sultan, President of IFAD, for his kind invitation to ISESCO to attend this important session as an observer. I wish also to convey to this honourable gathering the greetings of Dr Abdulaziz Altwajri, the Director-General of ISESCO, and his best wishes for this session.

Mr Chairman,
Excellencies,
Ladies and Gentlemen,

ISESCO was established in 1982, by resolution of the Third Islamic Summit Conference held in Mecca in 1981. It is one of the Islamic organizations working within the Organization of the Islamic Conference. It is the international Islamic body specialized in the field of education, science, culture and communications. ISESCO has the following objectives:

- Strengthen, encourage and intensify cooperation among member countries in the fields of education, science, culture and communications.
- Develop applied sciences and utilize advanced technologies within the framework of established Islamic ideals and values.
- Support mutual understanding among Islamic people and contribute to the establishment of peace and security in the world by various means, especially through education, science, culture and communications.
- Support integration between specialized institutions affiliated to the Organization and member states in the Organization of the Islamic Conference and arrange for co-ordination among them in the fields of education, science, culture and solidarity.
- Put Islamic culture in the hub of education syllabus at all stages and levels.
- Support Islamic culture, protect the independence of Islamic thinking against cultural invasion and distortion and maintain the characteristics of the Islamic culture and its particularities.
- Protect the Islamic identity of Muslims in non-Islamic countries.

In order to achieve these goals, ISESCO started since its establishment in 1982 to implement - through successive work plans - activities and programmes in member states, for the benefit of Islamic societies and minorities in non-Islamic countries. These activities were diversified and distributed among various activities including the arrangement of training courses, workshops, meetings, symposia and seminars, the provision of material and technical support, grants and fellowships, and preparation, translation and publication of text books and syllabuses. It also prepared three important strategies: the

cultural strategy for the Islamic world, approved by the Sixth Islamic Conference held in Dakar in 1991; the Strategy for the Development of Education in Islamic Countries; and the Strategy for the Development of Science and Technology in Islamic Countries approved by the last Islamic Summit Conference held in Tehran. ISESCO also prepared some cultural projects, including the Project of Primary Education and Training for the Development of Human Resources, the Project for Eradication of Illiteracy and Basic Education for All in Islamic States and Societies, the Project for Standard Arabic Letters and the Project for the Establishment of an Audio-visual Production Centre.

Mr Chairman,
Excellencies,
Ladies and Gentlemen,

The Islamic Organization in acknowledging the importance of cooperation with other national regional and international organizations and institutions of common interest and benefit, and member countries, has endeavoured to establish and strengthen cooperative relations with many UN organizations including UNHCR, Unesco, UNFPA, UNICEF, UNEP, IFAD, WHO, and WIPO; other national institutions such as ALESCO, ABEDA, IIRA, AEBGS, IAO, RLICS, EWO, Francophone Agency, etc.; institutions of the Organization of the Islamic Conference, a number of scientific and academic institutions and cultural centres abroad, and national information centres. By the end of 1997, ISESCO had concluded 87 agreements and protocols with other partners. It executed more than a hundred activities during 1996 within the cooperative programme with contributions of participants exceeding USD 2 800 000, and its activities increased in 1997 to 864 with contributions of more than USD 7 500 000.

Integrated development which improves the livelihood of humankind, is by no means the ultimate goal of any international and/or regional organization and institution whether within the UN system, the Organization of the Islamic Conference, or regional and sub-regional blocs. Hence it was the desire of ISESCO to strengthen cooperative relations with these organizations and institutions in order to achieve this goal. The concern of the organization with developing applied sciences and utilization of advanced technologies coincided with the concern of IFAD to contribute to agricultural development in developing countries, and to increase food production in order to enhance the nutritional status and the living standards in these countries, since both institutions endeavour to achieve the same noble goal of supplying man's needs, each in its own field of work. In the agreement concluded between the two institutions on 3 July 1995, both expressed their belief that cooperation between them will assist in realization of their common goals. This agreement also specified areas of cooperation in matters relevant to agricultural and rural development.

Under the framework of this agreement, ISESCO and IFAD cooperated in arranging a regional workshop on management of water resources in Mali in May 1997. In its new work plan for 1998-2000 ISESCO has several programmes and activities, which it will propose to implement jointly with IFAD for the benefit of member states in the developing world.

The invaluable efforts of IFAD are intended to encourage rural communities in developing countries to increase food production and improve nutritional status through formulating and financing projects to raise incomes of these communities. Such efforts constitute only a small part of larger efforts to develop human resources and improve the standard of living. IFAD's contribution goes beyond this, to mobilize the whole world and attract attention to the issue of poverty and hunger as evidenced during the International Conference on Poverty and Hunger, held in Brussels in November 1995. This Conference was the point of departure for several measures to establish a world free from poverty and hunger. ISESCO hereby congratulates IFAD for these efforts, and hopes to be able to

participate in transforming the recommendations of the Brussels Conference into a reality, for the benefit of its member states, particularly since most of its members are developing countries interested in the recommendations of this important Conference.

Mr Chairman,
Excellencies,
Ladies and Gentlemen,

In conclusion, I wish - on behalf of the Director-General of ISESCO - to thank his Excellency Fawzi Hamad Al-Sultan, President of IFAD, for his kind invitation, the staff, and everyone contributing to the success of this meeting. I wish also to congratulate IFAD on the occasion of its Twentieth Anniversary, wishing it all success in its activities and in the accomplishment of its noble goals.

Thank you very much.

Statement of the Alternate Governor for
the Hashemite Kingdom of Jordan

Mr Chairman,
Mr President,
Ladies and Gentlemen,

In my own name and on behalf of the delegation of the Hashemite Kingdom of Jordan, I wish to congratulate His Excellency Shah Kibria who has been elected as Chairman of the Governing Council, as well as his assistants, wishing them all success. I wish also to congratulate the representative of Kazakhstan on his membership in IFAD. I may finally seize this opportunity and congratulate the President and staff of IFAD on its Twentieth Anniversary.

Jordan is continuing the mobilization of its own capacities and the development of its agricultural sector, while considering all social aspects resulting from international economic policies which directly affect poor and low-income people, especially in rural areas.

The agricultural sector in Jordan faces major constraints affecting its growth and limiting the potential increase in farm productivity. The scarcity of arable land and water resources are the major challenges facing agricultural policies which strive to overcome such challenges. In order to raise agricultural productivity and the standard of living of farmers and their households, agricultural development projects aim at increasing the area of arable land, increasing water reserves and water harvesting, and introducing rural development and activating the role of women therein.

Our cooperation with IFAD is the cornerstone for achieving a number of the objectives of Jordan's agricultural policy. The valuable assistance provided by IFAD to Jordan, such as financing several rural development and agricultural infrastructure projects, in addition to the preparation of documentation for such projects which aim at the alleviation of poverty and increasing the standard of living of the rural poor, is in conformity with the Jordanian agricultural policy.

In my own name and on behalf of my Government, I wish to express my deepest appreciation for the assistance provided by IFAD to Jordan. I may also express my deepest gratitude to the President of IFAD, His Excellency Mr Fawzi Hamad Al-Sultan, who exerts his utmost efforts to assist member countries.

My Government looks forward to seeing IFAD directly supervising the projects it is financing now, since this will expedite the response to any developments which may arise during the implementation of projects and will save time and efforts spent in procedural matters.

My Government appreciates the decision taken this morning to establish a special fund in IFAD to support the rural development and poverty alleviation activities in Gaza and the West Bank.

Finally, I wish IFAD all success and prosperity.

Thank you very much.

Statement of the Governor for
the Kingdom of Lesotho

Mr Chairman,
The President of IFAD,
Honourable Governors,
Your Excellencies,
Ladies and Gentlemen,

On behalf of my delegation and on my own behalf, it is my honour and privilege to convey to you warm greetings and good wishes from the Government and the people of Lesotho. I also wish to express our profound gratitude for the excellent arrangements that have been made here in Rome for holding this Twenty-First Session of IFAD's Governing Council. Our special thanks go to Italy, the host country, and to the Secretariat of IFAD.

We wish to welcome and congratulate Kazakhstan on joining IFAD and look forward to its active and positive participation in the affairs of the Fund.

The International Fund for Agricultural Development has evolved and grown in strength as a result of the good intentions of its Member States.

We should rededicate and recommit ourselves to the noble goals and objectives of IFAD as we celebrate the 20 years of its existence.

In order to see an even stronger IFAD, we should genuinely and objectively assess its past performance, weighing its successes, failures, strengths and weaknesses.

We believe that, as IFAD grew over the years, it embarked upon a process of refining its mandate of targeting its assistance to the poorest of the poor, particularly in the needy regions of the world.

We are grateful that we have enjoyed IFAD's assistance in Lesotho. IFAD's projects were designed in such a way as to build sustainability of the programmes initiated by it; they have been implemented for a medium-term period of about seven years which gave them time to build capacity for the implementing institutions. Since agriculture is a long-term undertaking, such duration allowed trials to be tested and replicated to a wider spectrum of beneficiaries.

For over 20 years we have observed IFAD's performance in implementing its mandate of funding agriculture. Despite this fact, malnutrition and hunger are still common phenomena in the developing world. I therefore wish to observe that the Fund still has a lot of ground to cover in order to achieve its objective of assisting in feeding the 800 million people in the developing countries who are hungry and malnourished.

My delegation welcomes the wise move by this organization of establishing a Debt Initiative Trust Fund for Heavily-Indebted Poor Countries. This initiative will assist poor countries to systematically settle their debts. A policy framework for managing partnerships with countries in arrears will go a long way to providing guidelines and direction and to working in harmony with the Debt Initiative Trust Fund. Our support to this programme does not mean that we condone the non-payment of our contributions. We should all contribute what is due and our prompt payment of contributions helps the organization to get funds needed to help the poor.

More than a year ago, world leaders met here in Rome to renew their commitment to eradicating poverty, hunger and malnutrition. As a follow-up to the World Food Summit, Lesotho has developed a comprehensive agriculture sector investment programme, the first phase of which will be appraised during the first week of April 1998. We are inviting all partners in development, including IFAD, to join hands with us in financing the World Food Summit Plan of Action. This first phase will concentrate mainly on policy reform and capacity-building in the agriculture sector. We are proud that stakeholders have been involved and consultations with them are continuing in the development of this programme. With the envisaged creation of decentralized government systems and with the establishment of local government institutions, we are confident that our programme will be successfully implemented.

We would like to register our support to IFAD's programmes in the follow-up to the Conference on Hunger and Poverty.

It would be remiss of us not to congratulate the new members of IFAD's Executive Board on their election, and we hope that they will carry out their mandate with determination and diligence to help the Fund achieve its objectives.

I would like to conclude by thanking the IFAD Secretariat for the well-prepared and informative documents and by expressing our appreciation for the hospitality extended to us.

Statement of the Acting Governor for
the Republic of Malawi

The Chairman,
The President of IFAD, Mr Fawzi Al-Sultan,
Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

Twenty years ago today, the International Fund for Agricultural Development was established with the main mission of increasing food and agricultural production targeted at resource-poor smallholder farmers of the world. Judging from country presentations during this Governing Council meeting, it is evident that IFAD has done a commendable job in its 20 years of existence. Several countries represented here have reported that they have benefited a lot from IFAD's assistance during the period, and Malawi is no exception. For this reason, we join IFAD and the rest of the international community in celebrating the Twentieth Anniversary of IFAD's successful existence.

Malawi attaches great importance to the relationship which exists between our country and IFAD. This is because, out of the 12 million people estimated to be the population of Malawi in 1997, 85% live in the rural areas and derive their livelihood from agriculture in one way or another. In addition 40% of Malawi's Gross Domestic Product and 90% of export earnings come from the agricultural sector. As can be appreciated, the agricultural sector will remain the main engine of the country's economic growth for many years to come.

There are about 1.8 million smallholder farmers living in the rural areas of our country, with an average holding size of less than one hectare. In absolute terms, this represents about nine million people and, unfortunately, most of the resource-poor people are found among these communities and in the urban squatters. The thrust of the present government on poverty alleviation is targeted at uplifting the lives of these people. Malawi has an annual population growth rate of about 3.2%, which is among the highest in the world.

The high population growth rate and small holdings are perhaps the major constraints frustrating the Government's efforts of not only achieving increased agricultural production but also those of other development endeavours. The Government of Malawi is, therefore, very grateful to the current assistance it is receiving from IFAD through the Smallholder Food Security Sub-Project because it aims at improving the welfare of the poorer smallholder.

The Smallholder Food Security Sub-Project is part of a larger project known as the Agricultural Services Project (ASP) cofinanced with the World Bank. The World Bank's portion of ASP aims at enhancing the capacity-building of the Ministry of Agriculture and Irrigation through the provision of funds for staff in-service training programmes, overseas and locally; construction of houses and offices in the rural areas; and provision of vehicles to improve staff mobility and supervision.

The other part of ASP is the Smallholder Food Security Sub-Project (SFSP) which is funded by IFAD. SFSP targets resource-poor smallholder farmers by assisting them in the following activities:

1. Formation of farmer clubs and at the same time provide training to farmers and extension staff in principles of group mobilization, dynamics, accountability, transparency and simple bookkeeping to ensure that the clubs are sustainable.

2. Provide seasonal credit facilities for farmers to obtain inputs such as fertilizer, seed and agrochemicals. Farmers are also issued small ruminants, e.g., goats and sheep, on credit to be repaid over a two-to-three-year period.
3. Develop small-scale irrigation systems for smallholders under which new shallow wells are dug and old ones rehabilitated. Also along the low-lying areas of the country, especially along Lake Malawi, tubewells are sunk. Agricultural productivity has more than doubled in areas where small-scale irrigation programmes are being implemented.
4. Land management is an integral part of the SFSP's activities. Because of population pressure on land, soil erosion is very severe in Malawi. Farmers are advised to conserve their fields by making ridges which are aligned along contours. Also, planting of vetiver grass at recommended intervals across slopes following contour marker ridges is encouraged. Vetiver grass has proved to be an effective tool for controlling soil and water run-off.
5. The project assists with the establishment of vetiver grass nurseries and the transportation of seedlings to farmers' fields in the project areas.

The first phase of the Smallholder Food Security Sub-Project started in the 1994/95 season and so it has been under implementation for four years. This phase is scheduled to end in the 1998/99 season. It is hoped that the second phase will follow soon thereafter. Prior to SFSP, IFAD assisted Malawi to finance a credit revolving fund and the construction of houses and offices in the Kasungu Agricultural Development Division (KADD). KADD is one of the eight agricultural regions in Malawi.

Since 1994, under the new political pluralism, the Government has worked further to deepen agricultural policy reforms with support from donors. In the past two years, the additional reform programmes have centred on three activities, namely:

- liberalization of crop marketing for the export and domestic markets;
- removal of restrictions on the production and marketing of tobacco and other crops in the smallholder subsector which were previously controlled under the Special Crops Act which has since been repealed; and
- liberalization of importation and marketing of farm inputs - fertilizer, seed and agrochemicals.

These policy reforms are aimed at removing barriers and restrictions in the area of production and marketing of agricultural commodities with a view to improving private sector involvement in agricultural business activities. To fulfil the policy objectives, it became imperative to change the legislative framework that accompanied the restrictions.

Following these reforms, the characteristics of production systems, inputs and output markets have seen tremendous changes because competition is now flourishing, although not without problems. It is important to note that for the agricultural sector to realize substantial growth, three important elements need to be addressed. These are seed, fertilizer and irrigation.

The country continues to face acute seed supply problems for the majority of the food and cash crops such as maize, groundnut, beans, cotton, cassava, cotton, sorghum, vegetable and citrus fruits.

Unfortunately, competition in the seed sector is not as much as the Government would have wished, because there are only two major seed companies in the country. These two companies multiply mainly hybrid maize seed. The uptake of improved seed is low in comparison to neighbouring countries and there has been a net reduction in the hybrid seed farmers use, partly due to high prices. The Seed Services Section of the Ministry of Agriculture and Irrigation does not have the capacity to fulfil its mandate of seed certification. The Government of Malawi is seeking assistance from donors to fund programmes that will increase seed availability for all crop types. In the long run, these programmes will improve food security at the national and household levels.

In addition to improving seed availability, the Government of Malawi is making efforts to increase the productivity of land per unit area by advising farmers to use inorganic as well as organic fertilizer. To achieve increased use of fertilizer and at the same time reduce Government subvention on fertilizers, the country has embarked on a policy of fertilizer market liberalization. The removal of subsidies on fertilizers is crucial in order to make all suppliers operate on a level playing field.

As already indicated, land for agricultural production in Malawi is limited. This factor, coupled with the erratic and inadequate rainfall and over-population, has made irrigation development of strategic importance to agricultural production in the country. Under irrigation, crops can be grown twice or more a year, depending on the crop or crops being grown. In this way, irrigation increases the food base and incomes of farmers. Malawi has an irrigation potential of more than 270 000 ha but currently only 27-30 000 ha, or 10% of the land, is under irrigation.

Once again, Malawi is grateful to IFAD for the assistance it is receiving in developing her irrigation agriculture. We appeal to the international community to assist us more in this regard.

Statement of the Acting Governor for
the Republic of Niger

Mr Chairman of the Governing Council,
Mr President of IFAD,
Governors,
Ladies and Gentlemen,

My first duty is a very pleasant one, that of conveying to you all the greetings of the people of Niger and of its President, His Excellency Ibrahim Mainassara Baré.

Ladies and Gentlemen,

The Twenty-First Session of IFAD's Governing Council, in which I am participating for the first time, gives me the opportunity to congratulate Italy, the President of IFAD and his staff for all the work they have done in organizing this session of the Council.

Let me also congratulate the Governor representing Bangladesh on the occasion of his election as Chairman of the Council; I would like to assure him of my delegation's readiness to give him every assistance to ensure that his important task will be crowned with success.

Niger welcomes the pertinence of the agenda items for this Twenty-First Session of IFAD's Governing Council. Indeed, being a landlocked, Sahelian country, Niger lives under the constant threat of food deficits due to irregular rainfall patterns.

Thus, despite our efforts, which are backed by those of our development partners, including IFAD, Niger recorded cereal deficits in 1996 and 1997 of some 118 000 and 152 000 tonnes respectively.

Given its difficult economic situation and the burden of its external debt, my country is pleased to see that this Council's agenda includes items concerning:

- the establishment of an IFAD trust fund for the reduction of the debt of the very heavily-indebted countries;
- IFAD's policy regarding partnership management with countries whose contributions are outstanding;
- the hosting of the World Mechanism of the UN Convention to Combat Desertification in the countries that are badly affected by drought and/or desertification, particularly in Africa;
- IFAD's follow-up to the Conference on Hunger and Poverty;
- IFAD's follow-up to the World Food Summit.

Niger and IFAD have come a long way together. Thanks to IFAD, numerous development operations have been carried out in Niger. Let me just touch briefly on some of the successes we have achieved through our cooperation with the Fund.

In 1988, IFAD contributed 25% of the Second Maradi Rural Development Project's total cost of USD 47.5 million. Since then, Maradi has become the most secure department in terms of production capacity. As a result of a very appropriate approach on the part of the project, Maradi farmers now feel they are true citizens, having understood how to manage their land.

In 1992, again in conjunction with IFAD, Niger started the Aguié Rural Development Project at a total cost of SDR 8 250 000. This project, which takes into account all aspects of rural socio-economic development, is fast becoming a model that is envied well beyond our borders.

Unfortunately, in 1995, IFAD suspended its operations, as Niger, because of a serious shortage of funds, was unable to keep up its outstanding loan payments. This break in our relationship lasted two years, led to a loss of SDR 2 864 076 for the first phase of the Special Country Programme and to a two-year suspension of the Aguié project.

Fortunately, for partners who share similar concerns, that is to say agricultural development for the benefit of the deprived, it is always possible to find a solution. Thus, thanks to the efforts of IFAD, the overdue payments were rescheduled and the suspension, which had been an extremely painful time for Niger, was lifted.

Today, we are happy to report that the Aguié project has resumed once again and loan agreements for the Special Country Programme - Phase II have been signed. Let me take this opportunity to thank IFAD senior authorities for the efforts they made to understand our difficulties.

In this connection, Niger would like to sincerely thank IFAD for authorizing the rescheduling of Niger's overdue payments and for starting up again projects which had been at a complete standstill.

Niger has chosen to pursue sustainable development through the promotion of agriculture. Consequently, therefore, optimum natural resource management and desertification control are two essential pillars of our policy.

IFAD-backed programmes and projects on behalf of the most deprived, being strictly in line with Niger Government priorities, are guaranteed success in Niger.

I know that we Governors representing the developing countries have a major part to play in ensuring that the resolutions taken as a result of our deliberations are fully implemented. Although there is no lack of goodwill on our part, situations very often arise which bring us to a standstill, to complete deadlock. Nevertheless, we undertake to do our utmost to adhere by these decisions in the interests of our respective peoples.

Mr President,
Ladies and Gentlemen,

I would like to conclude by sincerely thanking IFAD, its decision-makers, its staff and all those who helped prepare this Twenty-First Session of the Governing Council. Congratulations to all of you.

Statement of the Governor for
the United Republic of Tanzania

Mr Chairman,
The President of IFAD,
Distinguished Governors,
Ladies and Gentlemen,

I am greatly honoured to have the opportunity of addressing the Twenty-First Session of IFAD's Governing Council.

I will begin by congratulating IFAD's management for having steered the Fund to undertake its operations successfully for 20 years. It is not a secret that IFAD has made a significant contribution towards initiating, shaping and promoting innovative approaches to rural development and in particular to poverty alleviation. Similarly, I would like to commend member countries for having made valuable contributions, in terms of finance and direction, to the success of IFAD.

As we celebrate and commemorate the Twentieth Anniversary of IFAD, we should remember that the work before us of alleviating poverty in the developing countries, and especially the sub-Saharan African countries, is still enormous. Today, in most of these countries, poverty, hunger, malnutrition, disease and environmental degradation are widespread. Unless we devise correct methods of effecting and sustaining rural development in these countries, the hope for a better future will disappear.

IFAD's assistance to the United Republic of Tanzania has had a positive impact on the rural population, especially in areas where the Fund's projects are being implemented. To date, IFAD has supported nine projects in the United Republic of Tanzania, four of which are ongoing. The implementation progress of these projects, except for the credit component, is generally good. This was also confirmed by the IFAD Portfolio Review Mission of May 1997.

The October 1997 mission, which reviewed the credit component of three projects, concluded that two possible areas for future IFAD intervention exist in the United Republic of Tanzania. These are: (i) the development of rural financial services; and (ii) investment in participatory community irrigation schemes. While I commend IFAD's management for having organized these two missions, I would like to request that the two proposals be concluded as soon as possible so that programmes can be initiated. The demand for credit in rural Tanzania is huge, but credit availability, credit delivery mechanisms and proper loan administration are lacking. Tanzania needs a programme which will enable the poor farmers to gain access to credit. Similarly, in order to combat the problem of drought, irrigation is inevitable, especially at small-scale level.

After those remarks, let me turn to the current situation in the United Republic of Tanzania. In 1997, the country experienced severe drought resulting in serious budgetary implications and critical food shortages, and it was declared a famine year. Since October 1997, the country has been experiencing prolonged rainfall due to the El Niño effect. The rainfall has caused havoc in food and cash crop production areas and in means of communication (roads/railways), and is destroying houses and household food reserves in the rural areas. Due to continuous heavy rains, we are having the following scenarios:

- less area planted compared to last season;
- on-farm retentions swept away by floods;
- lack of seed for replanting of washed-out fields;
- water-logging and soil erosion;
- emergence of crop pests and disease, for example, rodents and armyworms;
- complete destruction of crops;
- elongation of cereal plants;
- loss of flowers on coffee and cashewnut plants; and
- loss of late-harvested crops.

In January 1998, the World Food Programme, in collaboration with FAO, USAID and the Government, concluded a field assessment exercise. The situation report is under preparation. Preliminary reports, however, indicate a very serious situation. Most activities are at a standstill due to floods and lack of communications. The Government is now assessing the impact of El Niño on infrastructure and social life. Definitely, financial year 1998/99 is going to be a difficult one for the United Republic of Tanzania.

Having examined the proposed Budget of IFAD for 1998, we have no difficulty in supporting it as endorsed by the Executive Board.

We support the proposal to establish an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund. The Trust Fund, once established, will not only provide debt relief on a country-by-country basis but will also allow these countries to make effective use of the loan facility.

My delegation also supports IFAD's policy on the disclosure of documents and its policy framework for managing partnerships with countries in arrears. Any activity which gives the Fund more transparency and accountability is highly welcome and supported. We also support IFAD's follow-up to the Conference on Hunger and Poverty and to the World Food Summit.

Given the importance of IFAD's role in financing the rural poor, the United Republic of Tanzania would not hesitate to support the celebration and commemoration of its Twentieth Anniversary. We are thus participating as a nation in these celebrations. We have appointed a national committee which is working on the details of how our country will mark this occasion.

In concluding, let me stress once more that our task is to assist the rural poor. This can be achieved through many ways, including the provision of adequate resources to the target beneficiaries and the involvement of rural populations in the development process.

Statement of the Acting Governor for
the Togolese Republic

Mr Chairman,
Distinguished Governors,
Distinguished Guests,
Ladies and Gentlemen

The Delegation of Togo is delighted to attend this Twenty-First IFAD Governing Council, and at the same time to celebrate the Twentieth Anniversary of the organization.

Our delegation would like to address the state of cooperation between Togo and IFAD, and then the prospects for IFAD's work at both the national and sub-regional level.

Mr Chairman,

The Government of Togo, through me, wishes to congratulate IFAD for the very complex but fruitful path it has taken over 20 years in the developing countries. It wishes to extend to the Fund its deep gratitude for stepping up its efforts in Togo to help the most disadvantaged sections of society, particularly at the most difficult moments in our development partnership.

While offering IFAD its very best wishes for the next two decades of dedication to poverty eradication, the Government of Togo is pleased to see the establishment of a trust fund for the most heavily-indebted countries, and supports the rapid implementation of this fund, which will certainly have a synergistic effect on establishing food security in the countries concerned.

The delegation of Togo supports the need to raise the level of funding for sub-Saharan Africa.

As for the permanent sustainability of the efforts being made to improve the economic and decision-making capacities of small farmers, in the framework of macroeconomic considerations my delegation wishes the emphasis to be placed on ensuring the sound financial management of farms by the beneficiary target groups. It is by bridging this gap, which is shared by most of the sub-Saharan African countries, that it will be possible to promote the participatory strategy for production and the diversification of production at farmer level.

Thank you, Mr Chairman.

Statement of the UNHCR Representative in Italy,
Delivered on Behalf of the United Nations High Commissioner for Refugees

Mr Chairman,

It is a pleasure for me, on behalf of the United Nations High Commissioner for Refugees (UNHCR), to address the Twenty-First Session of IFAD's Governing Council. The past year has witnessed important and positive steps aimed at furthering the collaboration between UNHCR and IFAD. I wish to refer to some of these developments but also to certain challenges facing our organizations in our endeavours in the humanitarian field.

For UNHCR, the last year has seen a decrease in the total number of refugees and other people of concern to the High Commissioner. Indeed, long-standing civil conflicts in different continents have finally been settled, thus allowing refugees to return to their countries and areas of origin. At the same time, in other regions, UNHCR has faced some of the most challenging problems in its history, particularly in the Great Lakes Region. In this respect, the High Commissioner has recently faced, and pondered upon, the dilemma of how to ensure adherence to, and encourage respect for, humanitarian principles while at the same time addressing the legitimate concerns of States.

UNHCR has also confronted the challenge of institutional reform through a changed management process started in 1996 and currently being implemented and consolidated. This process is in line with the reform programme set forth by the United Nations Secretary-General in 1997 and endorsed by the General Assembly the same year. The UN reform programme is regarded by UNHCR as a much-needed positive trend towards a rationalization of resources and an increase in the effectiveness of the UN system. We firmly believe that the process of reform will result in an improved distribution of tasks, utilization of resources and coordination. This will bring predictability into the activities and services provided by the United Nations in the various areas of its activities, including in the development and humanitarian arenas, of respective concern to IFAD and UNHCR.

The operational cooperation between UNHCR and development agencies such as IFAD receives increased importance from both sides and should be further enhanced. This collaboration has taken place both in countries of asylum and in countries of origin. The South Khorasan Rangeland Rehabilitation and Refugee Income-Generating Project in Iran combines income-generation with environmental concerns and is a good example of how UNHCR has moved away from the "traditional" approach to refugee assistance, with the assistance of specialized agencies and programmes such as IFAD. It is geared specifically to increasing the coping capacity of refugee-hosting areas. In countries of origin, UNHCR and IFAD are also collaborating in an attempt to make the reintegration of returnees a viable solution and thus contribute to the consolidation of peace there. More specifically, in northern Mali, the continuation of our linkages has been discussed at length in order to sustain the gains made by UNHCR's reintegration programme and IFAD's Food Security Programme for the Kidal Region. In the case of Mali, IFAD's programme ended in 1997 and UNHCR will be wrapping up its assistance programme for Malian returnees at the end of 1998. Only through linkages with development partners will we be able to phase-out in a timely and structured manner, without compromising the reintegration of our target populations. We therefore encourage IFAD and other development agencies to continue their efforts in areas of return in northern Mali.

Institutional cooperation between UNHCR and IFAD goes back many years. This inter-agency collaboration was formalized in 1988 when both agencies signed a cooperation agreement. In order to assess and encourage the implementation of this agreement and other collaborative ventures, annual high-level consultations began in Geneva in July 1997. During this meeting, potential areas of cooperation in countries ranging from Afghanistan to Angola and from Georgia to Mexico, were discussed. An area where both UNHCR and IFAD have great interest, the Great Lakes Region (and Rwanda in particular), was also discussed extensively. Aware of the complexity of contemporary forced population movements and in order to duly address issues related to these movements, we must move even further in identifying areas for action in a collaborative and complementary manner. This is why, at the next high-level consultation between our two agencies, expected to take place in the next month or so, more concrete cooperation opportunities will be discussed.

I believe that both UNHCR and IFAD are committed to searching for collaborative means through which we can better fulfil our respective mandates in innovative and pragmatic ways. In doing so, we can avoid duplication and overlap. More importantly, through cooperation, we can better face the challenges of the future.

I would like to echo other delegations and take this opportunity to congratulate IFAD, on behalf of the High Commissioner, on its Twentieth Anniversary.

Statement of the Acting Governor for
the United States of America

Mr Chairman,
President Al-Sultan,
Fellow Governors,
Distinguished Guests,
Ladies and Gentlemen,

I would like to share the following message to President Al-Sultan from the President of the United States:

"February 9, 1998,

On behalf of the people of the United States, I am pleased to congratulate the leadership and staff of the International Fund for Agricultural Development as you celebrate 20 years of operation.

In the past two decades, the Fund has established itself as an effective instrument for economic development and has earned wide recognition for its successful work to alleviate poverty and improve food security among the rural poor in more than 100 countries around the world. As a founding Member of the Fund, the United States is proud to be associated with your mission and achievements. We look forward to continued collaboration with the Fund and with the other agencies of the United Nations in our shared goal of reducing the poverty and food insecurity faced by so many of our fellow human beings.

Best wishes for a memorable anniversary celebration and continued success in the years ahead.

Bill Clinton (signed)"

IFAD and its Member States have much to be proud of as we reflect on IFAD's past 20 years. Certainly, the lives of many people in developing countries have been improved by IFAD's work.

The Government of the United States and the United States Agency for International Development (USAID) take considerable satisfaction in the role they played in establishing IFAD. We recall that it was one of our former USAID administrators, Mr John Hannah, who, as Executive Director of the World Food Council, presided over the drafting of IFAD's Articles of Agreement.

We also are proud to remember that the United States was the first country to announce a pledge to IFAD's original resources, which we did at the Seventh Special Session of the United Nations General Assembly in September 1975.

But today is a time to focus on IFAD's future - the challenge of rural poverty that still confronts us and the part that IFAD can and should play in meeting that challenge. At the World Food Summit in 1996, participating countries committed themselves to the goal of cutting hunger in half by 2015. My Government takes this goal very seriously. And it is not only the government - we are reaching out to businesses, educational institutions and private citizens and asking for their ideas and energy to help us.

Of course, most central to combating hunger are the governments and citizens of developing countries. Change must start from within. Leaders have to enact the democratic and free market reforms necessary to stabilize their countries, to serve the needs of their people and to strengthen their economies and infrastructures. If leaders carry out these reforms, they should expect assistance in building up their agricultural base. And along with freer agricultural trade worldwide, development will empower more countries to grow or purchase enough food for their people.

To better assist developing countries, all donors and organizations within the UN system must work for greater coherence in rural development. There is a need for better coordination in the relief - rehabilitation - development continuum. We note IFAD's interesting work in this area, such as its programmes in Central America to put former combatants back to work and to reinvigorate the productive potential of war-torn rural communities.

At the same time, we strongly believe that IFAD must remain centred on the mandate it was originally given. It can and should build bridges between the work of UN relief agencies and the work of long-term development, but it must not allow itself to become a relief agency.

Mr Chairman,

We see other important challenges ahead, as IFAD strives to continue its role in rural poverty alleviation:

First, regarding IFAD's Gaza and West Bank proposal, discussed earlier today, my Government wishes to note that, as demonstrated by our own generous assistance package, the United States supports international efforts to assist the Palestinian people, not only to improve day-to-day lives, but also to build a constituency for peace. At this time, because of US legal restrictions, our contributions and assistance cannot be used for the proposed IFAD special fund. However, we will continue to look for ways to promote development of the Palestinian economy, including the agricultural sector.

Second, finding a balance between its role as a financier of governments and its commitment to participatory processes and interaction with the private sector. Indeed, some of the activities of the Popular Coalition to Eradicate Hunger and Poverty are already established with this in mind.

Third, confronting the tension between targeting and sustainability, particularly in its rural credit programmes. The study on targeting that IFAD will undertake this year should provide some preliminary insights on this question.

In setting out some of the issues we see in IFAD's future, we do not mean to overlook the responsibility of Member States in shaping that future. On the contrary, fighting hunger in the next millennium will require creativity and flexibility from all of us.

Based on past experience, we are optimistic about the future. IFAD Members, working together, were able to successfully conclude the Fourth Replenishment and to restructure the way IFAD is governed. We succeeded because IFAD Members have the willingness, in the interest of keeping the work going, to cast off outmoded structures, to think creatively and to compromise.

The United States hopes that this spirit of compromise and commitment can continue and enable IFAD to find an acceptable alternative to the traditional replenishment procedure for securing realistic and sustainable financing in the future.

Finally, I would like to thank President Al-Sultan and IFAD staff, past and present, for all their hard work. Those who deal regularly with IFAD know that the days begin early and end late on Via del Serafico. The development professionals at IFAD represent a remarkable assembly of talent. I believe that their greatest achievements, and ours, are yet to come as we work together for a world free from hunger.

Statement of the Governor for
the Eastern Republic of Uruguay

Mr Chairman,

I am pleased to offer you my congratulations, and wish you a successful chairmanship of the Governing Council which will certainly be extremely beneficial to the Fund and its Members.

The representative of Mexico, speaking on behalf of all the countries of Latin America and the Caribbean, has already explained to the Council the Group's ideas regarding the task of the Fund and the region's position on the problems of agricultural development and the rural population. The delegation of Uruguay has nothing to add to what he has already said, but would like to emphasize two or three issues which are of particular relevance to us.

Firstly, examining the Programme of Work and Budget for 1998, which we fully support, we were happy to see that IFAD is keeping an open mind and remains sensitive to the changes taking place permanently in the panorama of worldwide poverty, and that it is consequently acting flexibly so that the necessary adjustments can be introduced into IFAD's programmes, priorities and procedures. Enabling beneficiaries of programmes to take part in drafting them, ensuring direct project supervision by IFAD itself, and enhanced cooperation with international financial institutions and other entities are but a few of the elements that we consider important in the Fund's operating strategy, as part of the process of adapting to circumstances, which we wholeheartedly support.

It is because of this flexibility that the Fund will be able to achieve the best possible results despite the setbacks which conspire against the full attainment of the objectives for which this institution was established. One of these is the very fact that the problems of rural poverty and food insecurity still persist, and in some regions are becoming even more acute. As far as the Latin American and Caribbean region is concerned, we must keep on drawing attention to the existence of many pockets of extreme poverty which is a serious problem facing all the governments in the region. We can point to the progress made in some of our countries in a number of limited and partial aspects of their development - achieved, let it not be forgotten, thanks to very harsh economic discipline which has very often demanded huge efforts and sacrifices. But this must not be allowed to conceal the fact that vast sections of the population, particularly the rural population, are still suffering from hunger, malnutrition and marginalization.

In Uruguay, where the process of trade liberalization, fiscal stabilization, and the deregulation of the commodity markets, has helped to increase the availability of food and raise agricultural production in general, there are nevertheless serious problems regarding poverty and food insecurity that particularly affect the rural people who have greater unmet basic needs than the urban population.

The National Smallholder Support Project, which is currently being executed, cofinanced by the Government of Uruguay and IFAD, is an attempt to partly tackle these problems, placing technical assistance, training and credit within the reach of small rural producers, wage-earners and rural youth and women with low resources.

Rural poverty is still a constant feature of Latin America's social geography and, as IFAD's documents have made clear, poverty is increasing as the effects of market and economic globalization begin to work their way through.

No one can doubt that, by and large, the national authorities in the countries of Latin America are making serious and determined efforts to root out, or at least reduce, these serious problems. It is equally obvious that national efforts alone cannot provide an adequate response. This is why, when the Fund's strategy is planned and when its priorities are set out and programmes formulated, the greatest possible consideration and sense of justice must be applied, seeking to objectively analyse the real situation in each country and in each region, rejecting - or at least reducing - the weight of misguided criteria which are the result of taking certain macroeconomic indicators in isolation or of making unreliable and misleading comparisons between countries and regions.

IFAD's task is complicated by the fact that the persistence and deterioration of rural poverty and food insecurity is compounded by a cut in available funding to carry out its task. It is difficult to explain, and even more difficult to justify, why official aid for agricultural development and the eradication of rural poverty is declining at a time when these phenomena are on the increase, and when their underlying causes show no sign of disappearing. And it is even more inexplicable and unjustifiable when we realize that the international community is fully aware that for every dollar that is not spent on development aid today much more will have to be spent tomorrow in humanitarian or emergency aid. The ultimate purpose for which IFAD was established must be achieved by the joint efforts of each and every one of the members of the international community, who must take on and pursue their commitments in accordance with their capacities and resources. As President Scalfaro told us when he inaugurated this session, we must realize that what is on trial in this endeavour is not some general and abstract responsibility of the international community, but the responsibility of each and every one of our countries and each and every one of us.

Having completed 20 years' operations, we believe that IFAD has good reason to celebrate the anniversary. It is an appropriate opportunity for Uruguay to reiterate its support for IFAD and its pledge to contribute to IFAD's efforts within the bounds of its possibilities.

CHAPTER 4

A. STATEMENTS AND SPECIAL ADDRESSES

Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan,
on the Occasion of the Visit of His Excellency Oscar Luigi Scalfaro,
President of the Italian Republic

Ladies and gentlemen,

It is a great privilege for IFAD, and for me personally, to welcome the President of the Italian Republic, His Excellency Oscar Luigi Scalfaro, to the Twenty-First Session of the Governing Council.

Mr President, we are honoured by your presence and for your acceptance to inaugurate this Session which marks the commemoration of the Fund's Twentieth Anniversary. In your last address to the Governing Council, at its Seventeenth Session in 1994, you said, that the Fund's objective was to enable people to live in human dignity. Hence a stern NO to hunger, to material poverty, to abject poverty. In other words, living in dignity meant saying yet again NO to everything that threatens the rights and values of all peoples. This is still the objective of the Fund.

Since then, many initiatives have been taken to strengthen the process of development. Tragically, however, 800 million people in the world still suffer from chronic hunger, emphasizing that there is more reason than ever for countries to work together to end the suffering. Over the years your Country has consistently and generously played an important part in the global efforts to eradicate the hunger that these many millions endure every day of their lives. And it is well known that Italy is host to three Organizations of the United Nations whose respective mandates, each in their own way, address the problem of alleviating hunger in the world.

Your presence here today, Mr President, is reconfirmation of your Government's constructive and invaluable involvement in the interests of the rural poor. We in IFAD are appreciative of the strong support Italy, as the Host Country and a patron Member State, has always given to the Fund to enable it to play its part in the alleviation of poverty and hunger worldwide.

Mr President, I am sure I speak on behalf of all those present when I express our gratitude for your being here today. We look forward with anticipation to your statement.

Inaugural Address
by His Excellency Oscar Luigi Scalfaro,
President of the Italian Republic

The International Fund for Agricultural Development - known in a world where it is fashionable to use slogans and acronyms, as IFAD - today celebrates its Twentieth Anniversary.

Congratulations to you, President Fawzi Al-Sultan, for whom I have great admiration and friendship; may I also congratulate the Governors representing the various world States and salute all here today.

This year, we celebrate the fiftieth anniversary of the United Nations Declaration of Human Rights. These celebrations should lead us to reflect on the role of the entire United Nations system, and especially on that of the four Rome-based organizations operating in the field of food and agriculture so that they can intensify their efforts to eradicate hunger and malnutrition and achieve food security for all the world's people.

Is it necessary that institutions operating in a single sector - each with its own specific responsibilities, it is true - but each of whose aim is to serve humanity, to serve people suffering similar hardships - is it necessary that they should be organized into four separate bodies?

Is this really necessary?

Can there be any doubt that every increase, every rise in administrative expenditure can, and indeed does, reduce the amount of resources that are actually used for the purpose for which they were intended?

Have we noticed over past decades that the international organizations have become excessively large, to the detriment of their effectiveness?

Some may find these comments ill-timed but, based on observations worthy of consideration, it is a call I feel I have to make.

It is unacceptable, because it is unbefitting to human dignity, that today more than 800 million people continue to suffer hunger and malnutrition.

The international community has a definite moral and political obligation to raise the living standards of millions of human beings above the poverty line.

I have mentioned the international community. Phrases or expressions like these worry me, because, in one sense, we are all players and, therefore, all responsible; but, in the other sense, we are onlookers without responsibility.

No! We all have a moral and political obligation toward those who suffer injustice.

We, I - yes, I, have that moral and political obligation. But when I say I, I am not referring only to myself: this "I" applies to each and every one of us. We all have the same moral and political obligation. The responsibility is incumbent upon each and every one of us.

By establishing a United Nations financial institute, whose role it is to assist the rural poor and the small farmers in the less developed countries, the World Food Conference, held in Rome in 1974, acknowledged the need to improve the living standards of the rural people in the developing countries, through the use of financial instruments, among others.

It also recognized the need to directly assist the governments of the less favoured nations whose large external debts have prevented them from channelling sufficient funds to agricultural development.

As we stand on the threshold of the third millennium, it is necessary, now more than ever, that we should renew the international community's and our own personal commitment to reduce by half the number of people suffering hunger and malnutrition by the year 2015 - a commitment solemnly reaffirmed on the occasion of the World Food Summit hosted by FAO in November 1996.

This objective can only be achieved if all the United Nations institutions and all the governments take steps to implement coherent, responsible measures designed to increase agricultural production in the developing countries and to facilitate access to basic food supplies, to farm tools and to agricultural credit.

This plan is a courageous one; it is forceful; it is bold!

But how many victims will there be before this important result is achieved in 2015?

Indeed, emergency operations and measures have been planned and anticipated in order to relieve suffering and reduce delay.

The dreadful human tragedy calls out to us, drives us, and must compel us to do our utmost before it is too late.

For these reasons, the celebration here today gives us a rare opportunity to reaffirm the value of the cooperation between United Nations organizations, governments, non-governmental organizations and civil institutions in the pursuit of food security, in accordance with the recommendations of the Conference on Hunger and Poverty, hosted by IFAD in Brussels in 1995.

What is needed is more closely coordinated efforts in order to make better use of available funds, scientific knowledge and technical and administrative capability, of which there is so much to be enhanced and developed at the United Nations' focal point here in Rome.

I have mentioned coordination. Coordination requires humility to work with others, requires the ability to renounce the idea of achieving individual success. Coordination means putting the rights of the person in need first, being convinced that what counts most is to serve the world's most disadvantaged to the best of our ability.

Such a task is neither easy nor straightforward. But it is one which IFAD, FAO and WFP, each with an equal level of commitment, must continue to pursue in order to reverse the signs of apathy which have become apparent in recent years - even among the donor countries. It is one which these institutions must continue to pursue if they are to resume, with greater enthusiasm and drive, the campaign on whose success will depend the living standards of hundreds of millions of people, the social development of numerous countries, our own security and world peace.

I have mentioned signs of apathy, so let us pause to consider this for a moment.

Donor countries are not fulfilling their pledges; they have to be asked to do so repeatedly; they have to be asked to rekindle their awareness that solidarity is a primary obligation.

Is this the stage we have reached?

What do we have to do to awaken them, to call them to order and urge them on?

I think this matter needs to be examined more closely. Is their indifference, their reluctance to fulfil their commitment, justified? Are they dissatisfied with the organizations? And if so, why? Have they said why?

Or is it that, with the passage of time, their initial enthusiasm has given way to apathy towards a commitment which they perhaps regret ever having undertaken? A sobering thought!

Solidarity needs a soul, needs a living spirit that believes, that can overcome obstacles, that does not lose sight of the purpose behind the commitment which is to relieve suffering and to bring help to those in grave and urgent need.

Solidarity needs to come alive!

The Italian Government has fulfilled its commitment with a contribution of USD 29 million to IFAD; USD 33.6 million to the Special Programme for Sub-Saharan Africa; ITR 2 billion between 1994 and 1997 to rural and agricultural projects and to irrigation development projects.

This may not be very much. But let me say that Italy has really done all it can. We would be only too pleased to do more; we would be honoured if you were to ask us for more!

However, given the importance of the problem, particularly at the human level - for it is the human suffering on which the spotlight always falls - we need to formulate basic cultural strategies. Above all, we need to have a uniform concept of the human being, of human dignity and of human rights.

Commitment to our fellow men is at the root of the very concept of civilization!

When faced with world hunger, poverty and the basic needs of entire populations, how often have scientists and politicians blamed over-population rather than the inappropriate use of agricultural resources and, in particular, the inequitable distribution of wealth?

Of course, this does not mean that there is not a problem with irresponsible population growth.

Our primary objective must be to tackle these substantive problems, otherwise the best designed and most carefully prepared operations will be hardly more than short-term palliatives.

We should not be discouraged by the magnitude of the problem - we have not been discouraged these last 20 years - nor by the fact that we still have a long way to go before we can claim any significant measure of success.

The only way forward is to adhere to the principles laid down in the United Nations Charter of Human Rights of 50 years ago. Article 1 of that Charter emphasises, with a courage and far-sightedness that is still admired today, that human beings, and I quote, should behave towards one another in a spirit of brotherhood.

Ladies and gentlemen, nowadays, we often speak of solidarity. And rightly so, for it is important. But brotherhood is a feeling that goes much deeper and is much more intense. Brotherhood is about blood relationships; it implies a family link; it is an indissoluble natural relationship. That is what brotherhood is!

What we need to do, therefore, is to take a fresh look at our way of thinking and our way of dealing with important issues. Only then will we achieve true solidarity; only then will we achieve the true brotherhood proclaimed in 1948.

This is the spirit in which I conclude, with the wish that the reform and revitalization of the United Nations system will facilitate and accelerate the similar process taking place among the Rome-based United Nations bodies.

Let me conclude by thanking you, Mr President, and all those who have worked here over the past 20 years. May I also thank those whose names will never make the headlines, but will endure in the written pages of suffering humanity.

Thank you.

Italy is proud and privileged to host these Organizations. Italy's wish, however, is the wish of all the world's peoples: that this focal point may have an ever-increasing influence on the world situation. The world's needy are waiting.

Were you to carefully re-read Article 25 of the United Nations Charter of Human Rights, you would pause, we would pause, together, to ask the question: have we responded aptly, fairly and in accordance with our consciences? Let us, in any event, undertake to do so in the coming years.

Thank you, ladies and gentlemen.

Statement of Appreciation
by the Alternate Governor for the People's Republic of China,
on Behalf of the Member States of IFAD,
for the Inaugural Address by His Excellency Oscar Luigi Scalfaro,
President of the Italian Republic

Mr President of the Italian Republic,

It is a great honour for me to be able to express, on behalf of all the Member States of IFAD, our appreciation to His Excellency Oscar Luigi Scalfaro, President of the Italian Republic. It was in Italy that the International Fund for Agricultural Development was created in 1974 and it is Italy which has not only hosted the Fund but been an exemplary supporter of its work.

IFAD has grown over the past twenty years to rightfully take its place as a leading international institution in the fight against hunger and poverty. Although much can be attributed to the Fund's leadership, commitment and expertise, due recognition must also go to the support it has received from its Member States. In this regard, Italy has always been at the forefront. It has led the way to focusing on the alleviation of hunger and has, over the years, consistently and with dedication pursued this undertaking.

Mr President, allow me to reiterate our appreciation of the honour you have bestowed on us today. Your inspiring words to the Council have once again highlighted Italy's status in the international community and reaffirmed its role in the future of the Fund. Thank you very much.

Message from His Holiness Pope John Paul II,
Delivered on his Behalf by His Excellency Archbishop Alois Wagner,
Permanent Observer of the Holy See to IFAD

Mr President Al-Sultan,

To you and to all taking part in the celebrations marking the Twentieth Anniversary of the International Fund for Agricultural Development, I send cordial greetings. Expressing once more the Holy See's support for efforts aimed at ensuring that all people have proper access to food and nutrition, I commend IFAD for its commitment to rid humanity of the spectre of famine, to help secure a just distribution of the fruits of the earth and to guarantee truly human development.

I ask almighty God to bestow his manifold blessings upon the work of this assembly and upon the directors and staff of IFAD, so that every human being may effectively share in the abundant fruits of creation. In this way, solidarity with the poorest of the poor will truly become a concrete reality of public policy at every level.

Statement of the Secretary-General of the United Nations,
His Excellency Kofi Annan,
Delivered on his Behalf by Mr Vladimir Petrovsky,
Under-Secretary-General and Director-General
of the United Nations Office at Geneva

Mr President,
Excellencies,
Ladies and Gentlemen,

Let me start by expressing my gratitude to the President of Italy and the Italian people for their strong commitment to the United Nations. Rome is an important centre of United Nations activity, host not only to IFAD but also to the World Food Programme and the Food and Agriculture Organization of the United Nations. This is yet another way in which Italy acts as a model member of the United Nations.

The work of IFAD is a fundamental part of the mission of the United Nations system, of our mission of peace and development for all the world's people. I am pleased to convey a message to this session of the Governing Council, at which IFAD celebrates its Twentieth Anniversary.

For 20 years, IFAD has been a tireless advocate on behalf of the rural poor. Rural areas are the locus of world poverty. Nearly one billion rural people live in poverty. Among them are small farmers, fishermen, nomadic shepherds and indigenous peoples. Sixty per cent are women. They have found in IFAD a friend and ally, an organization committed to combating poverty and hunger at their roots.

That struggle, I am afraid, is as urgent as ever. Despite almost four decades and billions of dollars in international cooperation for development, deprivation remains widespread. In our world of great riches, hunger, malnutrition and poverty continue to exact a devastating toll.

IFAD wages its campaign on many fronts. It promotes secure land ownership and access to credit, capital and technology. It works to improve irrigation and watershed management. It seeks to diversify rural employment through cottage industries, fisheries, light manufacturing and tourism. IFAD is also keenly aware of the links between rural poverty and environmental problems such as desertification, and so it emphasizes renewable energy sources and sustainable agricultural practices.

Perhaps, most importantly, IFAD carries out its work with the basic understanding that the rural poor are not a problem to be overcome but are instead a vital force whose productive potential must be unleashed. This is a central point. I agree with IFAD's long-held view that the rural poor must be seen as actors in development, as owners of the development process and not as objects for welfare or perpetual outside assistance.

IFAD's efforts span more than 100 countries. I am pleased to note that you are reaching beyond governments to engage additional actors on the international stage: financial and development institutions, non-governmental and other civil-society organizations, and the private sector. By now, we know that peace and prosperity cannot be achieved without such partnerships. In today's world, we depend on each other.

The private sector bears special mention. It is widely agreed that business is a key agent of prosperity; that it commands vast financial and technological resources; and that it is uniquely placed to create jobs and wealth. But just as the United Nations needs business, business has a compelling interest in the success of the organization's work: our work for political and social stability, for sustainable growth and for a predictable, rule-based environment.

Thriving markets and human security go hand in hand; without one, we will not have the other. A world of hunger, poverty and injustice is one in which markets, peace and freedom will never take root. At the recent World Economic Forum in Davos, Switzerland, and elsewhere, I have continued my efforts to get this message across. It is a message based on a broad view of human peace, security and well-being. Today, security is increasingly understood not just in military terms and as far more than the absence of conflict. It is a phenomenon that encompasses economic development, social justice, environmental protection, democratization, disarmament and respect for human rights and the rule of law. We cannot be secure amidst starvation. We cannot build peace without alleviating poverty.

These pillars of peace and security are interrelated: progress in one area generates progress in another. But no country can get there on its own and none is exempt from the risks and costs of doing without.

That is why the United Nations is such a unique and valuable forum. And that is why, since taking office as Secretary-General, I have been so committed to reform. Reform is the process through which we are laying the foundations for a more effective United Nations, an organization that is better able to meet the aspirations of the world's people, particularly in the field of development, and especially for the benefit of Africa and the least developed countries in all regions.

I know that IFAD and all other parts of the United Nations system are committed to improving their efficiency and cost-effectiveness. We must remember that the system is ultimately viewed and judged in its entirety: the future of each constituent part cannot be separated from that of its other parts. So let us - the entire United Nations system - proceed together; our actions can be mutually supportive and reinforcing.

As you know, the General Assembly has endorsed and adopted measures of historic proportions, measures that are already enhancing our performance in the economic and social fields. This, ultimately, is where the reform process will be judged: on how well the United Nations promotes development and addresses the root causes of poverty and conflict in the world. The Assembly is now discussing additional steps of a more long-term nature which are intended to have similarly far-reaching effects. I am confident about our prospects. But one of the biggest challenges still lies before us: we must revive the political will to use fully the improved tools that we are now shaping.

We are on the threshold of an era of global opportunity and hope. For perhaps the first time in recent history, we are in a position to build a free and open world economy in which all countries can participate and from which all countries can benefit. For the first time, long-cherished hopes of eradicating poverty seem attainable provided a concerted will is brought to the task. The United Nations is renewing itself, transforming itself into a renewed and resurgent institution that enjoys the confidence of the world's people and is equipped to help them face the challenges of a new era.

I am fully aware of the obstacles we face, but I am also confident that we can achieve our goals if all of us - the United Nations, its funds, programmes and specialized agencies - work together. I pledge to you my full support and wish you success in your important deliberations.

Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan,
on the Occasion of the Visit of His Excellency Alpha Oumar Konaré,
President of the Republic of Mali

Ladies and gentlemen,

We are indeed privileged to welcome His Excellency Alpha Oumar Konaré, President of the Republic of Mali, to this Session of the Governing Council. We well remember the inspiring address he delivered when he honoured us by attending the Conference on Hunger and Poverty which IFAD helped to organize in Brussels in 1995.

Mr President, your country has a long association with IFAD, having joined the Fund 20 years ago, in September 1977, as an original Member. It is therefore especially fitting that you have accepted to address this Session which marks the Twentieth Anniversary of the Fund.

The fight against poverty needs the committed efforts of all of us, the full and active participation of the people and governments of the developing countries as well as effective and imaginative external assistance. Mr President, you have yourself shown remarkable leadership and courage in addressing the development problems of your country. I have seen for myself, during my visit to Mali, the devoted efforts that you and your Government have made in support of the objectives that we both share. It is IFAD's intention to continue to contribute fully to the efforts your own country is making to achieve these goals, the end of both hunger and poverty.

Your Excellency, we are honoured by your presence here with us today and we look forward with deep interest to your statement.

Keynote Address by His Excellency Alpha Oumar Konaré,
President of the Republic of Mali

May I, first of all, thank the Italian authorities, especially the President of the Republic, for Italy's great generosity. May I also, with your permission, salute our sister who is with us here today, the wife of the President of the Republic of Ghana, who is doing so much good for Africa. And may I salute you, the Directors-General, with us here this morning.

Excellencies,
The President of the International Fund for Agricultural Development,
Distinguished representative of the Holy See,
Members of the Governing Council of IFAD,
Directors,
Distinguished Guests,
Ladies and Gentlemen,

The main reason for my accepting once again the office of Head of State of Mali is the children, the many children of Mali, so many of whom, as I have said on past occasions, line our roads and tracks to acclaim us, sometimes calling out our names with innocent, confident smiles on their faces. Many of these children have come out on empty stomachs and do not know where the next meal will come from. More and more frequently, increasing numbers of these children have left behind parents who, for reasons of dignity alone, refuse to display their poverty for all to see.

Ladies and gentlemen, I have already said that, in my country, in our country, even now, a hungry child is an indication that the father and mother, the parents, have nothing left to give. The home, the symbol of the family, of solidarity and of sharing, often remains in darkness, because there is no money. Seven out of ten Malians survive below the poverty line. More than 70% of Malians earn less than one dollar a day. One in every three Malians is denied access to drinking water. One in every three Malians is denied access to health care. Only one Malian in three has the opportunity to attend school. Two out of every three girls do not attend school. Fifty per cent of young Malians no longer have the opportunity to go to school - just three years short of the twenty-first century! Fifty per cent of Malians are under 15. Alas, such conditions are not confined to Mali; the situation is similar in many other countries. Our duty is to help these people improve their situation. And this is why, through the office I hold, I am here as their spokesperson. However, I have not come seeking charity, that, never; I have come to tell you that such a situation, as we approach the third millennium, is not inevitable. Never has the human race created so much wealth, or tried so hard to control nature; but never has the gap in living standards between rural and urban people been so wide. Whilst the most despicable signs of hunger and poverty are no longer common in most regions of the world, it is an established fact that poverty has reached proportions unmatched until now, and that this is calling into question many of our fundamental beliefs.

Ladies and gentlemen, human beings are losing their divine gift of humanity: their compassion, their sense of responsibility, their dignity. Restoring the macroeconomic balance, achieving economic growth and the accumulation of wealth nationwide seems to have had only a limited effect on reducing poverty. Some countries are literally crumbling under the weight of agricultural surpluses, while others are unable to ensure that their people have enough to eat. Can we continue to be satisfied with social models where the most humble are denied basic rights simply because they do not fulfil the requirements of effective demand?

Today, I am the spokesperson for millions of young Malians, and the message I have to convey is that world hunger is not inevitable and that it is not a production problem; it is essentially a political problem. I am here to ask that they be paid fair prices for their foodstuffs, that our economies and our societies be protected from the consequences of price fluctuations; I am here to denounce the dumping of food products by some rich countries, to denounce the arms race; I am here to say that in the same way as we denounce terrorism, we also wish to express our disapproval of repeated or permanent embargo policies, policies which reduce populations, in particular, children, to dire poverty. The embargoes do not reflect the opinion of most UN Member States or of the international community. I am here to denounce the fact that child murderers and criminals who encourage children to become soldiers go unpunished. I am the spokesperson for millions of young Malians when I express considerable scepticism about the large summit meetings that are held to discuss sensitive issues. There may well be some good resolutions contained among the kilos, if not tonnes, of reports produced, and these resolutions may well result in some restructuring and in some skilful political manoeuvring, but is it not true that they also ease the consciences of the organizers and give the impression that things are changing? The fact is that we are repeatedly having to start from square one. There has been no real change. Ladies and gentlemen, time is running out. The problem is getting worse day by day. Every year, more than six million children under five die of malnutrition, accounting for 54% of all deaths in this age group.

But, I am also here to thank you, Mr President, distinguished Governors, on behalf of millions of Malian men and women, for having paid us the honour of inviting us to the ceremonies commemorating the Fund's Twentieth Anniversary. I accepted to participate, not for reasons of propriety, but because I have been able to appreciate IFAD's patient efforts, great ability to listen and modest approach in the field. IFAD is the light at the end of the tunnel. I also agreed to participate because I know that you are capable of fair and frank self-criticism; for our countries' failure is also a reflection of the failure of cooperation policies. I agreed to participate because I know that you are capable of understanding and assisting the most needy, because I have noted your willingness to be involved in taking concrete measures to combat hunger and poverty and to promote food security in our countries, to bring about a world where every man and woman would be assured the right to a life of dignity, regardless of barriers and frontiers. I also agreed to participate because I feel that IFAD is interested in Africa, believes in Africa, can understand Africa, and because I feel sure that Africa will have an increasingly important role to play and that more and more Africans will become involved in IFAD at all levels, in order to better serve humankind in general, but African men and women in particular.

Excellencies, ladies and gentlemen, distinguished guests,

As you know, Mali is a Sahelian country battling, at the same time, against the vagaries of the weather and the effects of a worldwide economic recession - a situation made worse by unequal terms of trade within the context of a global international market. In addition to Mali being vulnerable to these imponderables and to its geographical location, its agricultural sector is characterized by a general isolation of potential production areas, relatively undeveloped product and input markets, a shortage of equipment, farmers' small borrowing capacity and low productivity. Also, despite a rate of agricultural growth that is slightly higher than the population growth rate, a number of obstacles still need to be overcome if the people's living standards are to improve significantly. At present, almost one third of the State's investment budget is channelled to agricultural revitalization and modernization. Our objectives for the next five years are: to bring 30 000 hectares fully under management, to provide two out of three farmers with basic farm tools, and to revitalize the major livestock cereal sector; to have 30 000 hectares under management; to ensure that two out of three instead of one out of three farmers have a cart and two buffalo! If we can do this within the next five years, then a large part of our food security would be assured.

Ladies and gentlemen,

However, Mali's national resources alone are not equal to this task. We also need the support of our partners to ensure sustainability of our potential. Our minimum development objective for the year 2000 is to provide every Malian village with one drinking water point, one school, one community health centre, and leisure areas; to set up a microcredit arrangement - perhaps 20 dollars or 40 dollars - through the savings and credit banks. Believe me, these small banks will enable men and women to borrow, will give them economic initiative, greater responsibility and dignity. We are happy to see that IFAD shares these objectives. The Fund is drawing on the lessons from its wide range of operations in Mali and, as part of its new strategy, is steering towards a new type of operation in an attempt to be more effective in the countryside, in the context of the State's move to decentralize and redefine its services. We understand that this new strategy extends beyond IFAD's specific mandate, which is to provide support for agricultural development in the poorest regions, and aims at achieving sustainable development, where good relations with beneficiaries, in terms of participation, quick reactions and transparent decision-making, are as important as concrete results.

The Malian Government, which has just finalized its next five-year programme - a programme geared to combating poverty and to good governance - has asked me to assure you that in its partnership with IFAD everything will be done to ensure that conditions in the sahelian region will be such that the Fund will have no difficulty in meeting its objectives.

Finally, I would like to welcome our new Member, the Republic of Kazakhstan.

Ladies and gentlemen,

May I wish you every success in your work and assure you that the Government of Mali is totally committed to stepping up the fight against hunger and poverty. May I also say once again what I said in 1996 in the same connection on the occasion of our meeting on hunger. May I say that in spite of everything, in spite of all the images and all the propaganda with which we are bombarded nowadays, how optimistic I am about Africa's future, how confident I am in the new Africa, the Africa which wants no more white elephants; the Africa which refuses to beg, the Africa which is moving forward thanks to microprojects, thanks to having a school where its own language is spoken, thanks to having wells, a bridge, a track in the countryside, new seeds; the Africa which is moving forward thanks to a successful vaccination campaign, thanks to prescriptions for essential medicines. I am confident in the new Africa, whose salvation lies in its being united, in its managing its differences; in the new Africa where goodwill reigns overall, the new democratic Africa which does not need a supreme saviour. Indeed, it is the Africans who will be their own saviours. Africa is moving forward thanks to the efforts of its young people, its schoolchildren, its students and its migrant workers. No one should imagine that success is possible without the help of others. Neither barriers nor visas will be able to stop us. Our salvation lies in solidarity, in sharing. Such solidarity and such sharing are unequivocal commitments. Human rights concern everyone, regardless of where they come from. Human rights are a question of conscience.

Ladies and gentlemen,

To be a human being, what an opportunity! What a responsibility! But what an honour! Each day, we must be worthy of that honour. People must be given every chance; for, thank God, only mankind can save itself. Thank you for your attention.

Statement of Appreciation by the Governor for Switzerland,
on Behalf of the Member States of IFAD,
for the Keynote Address by His Excellency Alpha Oumar Konaré,
President of the Republic of Mali

Mr President of the Republic of Mali,

I have the honour and privilege to express, on behalf of all the Members of the Governing Council, our deepest appreciation for Your Excellency's presence here today and for your eloquent address on this auspicious occasion.

Mr President, your perception of the problems of drought besetting not only your own country, but many other African countries in a similar situation, is exemplary. Only with the dedication and wisdom of leaders such as yourself, is it possible to strengthen the strategies that are being put into motion to eradicate hunger and rural poverty; to offer a better life to the peoples who have suffered so long.

Mr President, I am sure I speak for all present when I say that your words will be an inspiration to us to reinforce our commitment to work together and to ensure that all possible means within our power are directed towards working for a world without hunger.

In conclusion, and on behalf of all the Member States of IFAD, allow me to reiterate our gratitude for the honour you have bestowed upon us by your presence and the profound words which you have spoken. Thank you very much.

Statement by the President of IFAD,
Fawzi H. Al-Sultan, to the Twenty-First Session
of the Governing Council

Mr Chairman,
Your Excellency, President of the Republic of Mali,
Distinguished Governors,
Ladies and Gentlemen,

Today we celebrate twenty years of IFAD. This marks an important point for us -- the emergence of the Fund as a mature institution, proud of its past and confident of the future. On this historic occasion, may I welcome you all warmly to Rome to this commemorative session of the Governing Council.

We are grateful to the President of the host country, His Excellency President Oscar Luigi Scalfaro who has honoured us by inaugurating this Session.

We are further honoured by the presence among us of many distinguished guests -- the President of Mali, Mr Alpha Oumar Konaré, the Foreign Minister of Italy, Mr Lamberto Dini and the former Prime Minister of France, Mr Raymond Barre.

I am of course personally happy to have with us today the Director-General of FAO, Mr Jacques Diouf, and the Executive Director of WFP, Mrs Catherine Bertini. Their participation here symbolizes the close and mutually beneficial cooperation between our Agencies.

May I also record my appreciation for the presence today of IFAD's first two Presidents, Mr Abdelmuhsin Al-Sudeary and Mr Idriss Jazairy.

We are grateful to them and for the message they bring which will be an inspiration to all of us.

Mr Chairman,

The completion of 20 years of IFAD operations provides an opportunity to take a look at the road we have travelled together in these last two decades. It is equally a time to look ahead and consider where we would like our institution to go in the next twenty years.

IFAD's founders gave the Fund a threefold mandate: to help raise food production; to help the poorest groups to improve their nutrition levels; and to help overcome their poverty and deprivation. Thus IFAD, unique among financial institutions, was given a direct and specific focus on the hunger and deprivation afflicting poor men, women and children in rural areas.

Of course, poverty and hunger two decades ago were recognized as important issues. But many at the time thought that the benefits of economic growth would trickle down to the poor. Unfortunately, there were few policy, institutional or infrastructural linkages to make sure that the trickle down was rapid or effective. At best, marginal groups were provided some subsidies which might help temporarily but did little to overcome their basic deprivation.

In IFAD we took a different approach, looking at development as a bottom-up rather than a top-down process. At the heart of the Fund's approach was the conviction that the key to successful poverty alleviation lies in giving the poor the opportunities to help themselves rather than by treating them merely as objects of charity. We were convinced that the poor were capable of innovating and investing and responding to policy incentives to better their lives. But they needed access to credit, technology and productive services relevant to their needs. We realized that to achieve this, our programmes had to be carefully targeted to reach the poor, especially women. For us gender focus was not only a phrase but a central priority - an entry point to enhancing household food security and to providing women with equitable opportunities.

Providing targeted assistance was at the time a relatively uncharted field. We therefore had to develop, by trial and error, mechanisms to target assistance to the poor for on-farm and off-farm activities. We located our projects in the poorest areas of the countries, and within these areas we targeted groups which were among the poorest by using eligibility criteria. Beyond that, our support, especially credit, was earmarked for the activities of the poor, especially activities undertaken by women. In all of this, we found it was essential to elicit the direct and active participation of the poor in designing and implementing projects. Indeed, participation of the poor and close collaboration with community organizations and NGOs representing them have become a hallmark of our operations.

Our focus on the poor led us to the most marginalized groups, including tribal and indigenous peoples, long bypassed by development programmes. It also took us to the most ecologically vulnerable zones, semi-arid regions, hilly and upland areas and deep forests, and to countries where others were often reluctant to go. China, seventeen years ago, Viet Nam later, and today, some of the countries in transition in central and east Asia. In many of these countries IFAD was a pathbreaker, often the first international financial institution to offer support.

A key breakthrough in bringing opportunities to the poor was opening the door to credit. Starting with our support for the Grameen Bank in the late seventies, through to the P4K Programme in Indonesia now in its third phase, IFAD-supported micro-finance programmes carefully targeted poor borrowers. Many used the credit to purchase fertilizers, tools and other inputs as well as make on-farm investments to raise farm yields. Others have been able to purchase a cow, goats or chickens, take up crafts or start trading activities and microenterprises. The effective use they have made of the loans, and the excellent repayment rates, have demonstrated that the poor can indeed be "bankable", an idea that twenty years ago would have seemed farfetched to many.

Individual loans in IFAD projects are small, usually a couple of hundred dollars each. But over the twenty years, these projects have provided over four billion dollars in microcredit reaching some fifty million poor people. Listen to the voice of one of our clients, Sembayee, a 50-year-old participant of the IFAD-supported Women's Project in Tamil Nadu in India:

"I joined the savings group four years ago and I was able to receive a loan of USD 285 to open a grocery shop. I paid back the loan and the money I earn we are using to build a little house. Thanks to the project, I have learned many things, to read and write, to go to the bank and the government office. I earn money every day and am more confident. I am sure the future will be good."

Credit is a powerful tool against poverty. But it is not by itself a panacea. To have a real impact it needs to be combined with access to extension and better technology as well as fair markets.

Agricultural research 20 years ago gave priority to crops and technologies suitable for better-off and commercial farmers. Moreover, prevailing extension models tended to bypass small farmers and small-scale rural producers, concentrating instead on the larger farmers with good irrigated land and other assets. To respond to this situation, IFAD provided Technical Assistance Grants to support research devoted to food crops grown by the poor and for control of pests that pose serious dangers for poor farmers such as the cassava mealy bug, the desert locust and the screwworm fly.

We also helped to develop participative extension systems directed to the poor. In these, the extension agents often living locally, interact with groups of poor farmers, identifying the constraints they face and offering them different possibilities to overcome them. The problems facing the farmers can also be fed back to research institutions and appropriate solutions found. This approach promoted demand-driven extension systems in which poor farmers have had a decisive voice in selecting the technologies, crops and methods most suited to their conditions. Such participative extension systems have been found so useful by the farmers, that in recent projects, for example one in Paraguay, local farmers have been willing to pay a rising share of the extension workers' salaries. Such cost-sharing not only reduces the burden on government budgets but it also makes the extension systems more responsive to the needs of the farmers.

Water of course is a perennial constraint especially in semi-arid and dryland areas. Here again, IFAD has helped to turn around the prevailing approach which focused on large-scale dams and irrigation systems.

Instead IFAD concentrated on small-scale irrigation and water conservation methods that smallholder farmers themselves, working through water users' associations, could manage and maintain.

We also built on traditional techniques for water harvesting, techniques such as the demi-lunes to collect water long used in West Africa. Small-scale farmer-managed irrigation schemes have not only improved yields but have served as instruments to overcome disputes on water rights.

Our operations in marginal areas, vulnerable to desertification, highlighted the interlinkages between poverty and environmental degradation especially in sub-Saharan Africa. Rising numbers of people and animals have eroded traditional land management practices. Today, poor farmers and herders often have little alternative but to overuse vulnerable crop and rangelands accelerating the degradation of the natural resource base. This in turn deepens their poverty and adds a further twist to the spiral. This vicious cycle can only be broken by helping local communities to organize themselves into users associations and adopt sustainable technologies, often utilizing improved forms of their own traditional practices. We have seen in projects in Niger, Morocco and elsewhere that IFAD-type participative resource management, extension and credit schemes can create the conditions for such community-level initiatives. Poor farmers and herders can then help to protect, rather than erode, the resource base on which their livelihoods depend.

This operational experience helped to shape our Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, a Programme not for drought relief but for strengthening community resilience. The projects supported by the SPA have shown some of the most interesting results available anywhere for harmonizing and making mutually supportive poverty alleviation and environmental protection. IFAD's selection recently as the host for the Global Mechanism of the Desertification Convention is a recognition of the Fund's extensive experience in this field.

Mr Chairman,

Access by the poor to credit, technology and fair markets, minimum infrastructure and basic health and education services are the major elements of what we have called an Enabling Micro-Environment for the Poor. We believe this is an essential counterpart to the Enabling Macro-Policy Environment called for by the larger financial institutions.

Seeking to foster such a Micro-Environment has been a major aim of our projects which now total 489. IFAD has provided financing of USD 5.67 billion of their total cost of USD 17.5 billion. This means that every dollar IFAD has channelled to the poor has mobilized a further two dollars and ten cents from other donors and host governments. On full development, the projects will help some 30 million poor households, about 200 million people, to work their way out of hunger, poverty and deprivation.

Mr Chairman,

The conviction that the poor can be the principal actors in rural development underpins IFAD's whole approach to poverty alleviation. This perspective and the breakthroughs that have flowed from it have now been largely accepted in the mainstream development agenda. In recent years most development organizations have come to regard the eradication of poverty as a major goal. We have already built strong strategic alliances for collaboration with the World Bank, other regional banks and our sister UN Agencies. Now, there are significant new opportunities to enhance our cooperation with such organizations.

These developments are very welcome. At the same time they pose a new and strong challenge to IFAD to be even more innovative to maintain a leadership role in the struggle against poverty. In fact, the question may be raised that when so many emphasize rural poverty eradication, what should be IFAD's role in the next twenty years?

This challenge was sharply defined by the High Level Team of Experts chaired by Professor Ivan Head of Canada which carried out a Rapid External Assessment of the Fund in 1994. Recognizing the effectiveness of IFAD's operations and endorsing strongly its basic mission, the Assessment Report called on the Fund to "become the foremost agent for coherent and rational activity in rural poverty diminishment". The Report further called on IFAD to become a Knowledge Organization, a knowledge creator, storehouse and disseminator.

In our determination to meet fully this challenge, we have over the last four years undertaken major initiatives in IFAD's governance and operations. Member States of the Fund for their part have endorsed wide-ranging structural changes in IFAD's Governance to adapt it to the evolving international economic and political situation. The Fourth Replenishment was completed last year, assuring the Fund adequate resources for the next three years.

In parallel, we have undertaken a programme of re-engineering and reform of all our work processes. On the basis of suggestions from IFAD staff themselves, major changes have been introduced into the project cycle and the budgetary process as well as in areas such as information and document management.

More fundamentally we have reflected carefully on our mandate and developed a Vision Statement to guide IFAD's work on hunger and poverty. On this foundation, a Corporate Strategy has been elaborated, leading to departmental and unit strategies which now drive the budgetary allocations.

These internal reforms and our enhanced focus on poverty will enable us to play our full part in the imaginative process of UN reforms that the Secretary-General has launched over the last year. IFAD has recently been invited to join the United Nations Development Group which brings together all the organizations concerned with development issues. We look forward to working with our partners to ensure the full success of these initiatives.

Let me say here a word of appreciation for the commitment and devoted efforts of our staff. During the last few years when so much change was taking place, IFAD staff kept their sharp focus on their mission and on the needs of our clients, the poor. The depth of their knowledge and experience, is I believe what really makes the Fund such an effective instrument against poverty and hunger and which has made a success of our reform efforts.

We have already reaped some of the fruits of these reforms. It is a matter of pride for us, for example, that between 1992 and 1997 IFAD's Administrative Budget and project development costs have been reduced by more than a quarter. Over the same period, IFAD's Programme of Work - the projects we deliver - has been raised by nearly a third. "More for Less" will remain a powerful theme for us in the coming years.

Mr Chairman,

Over 1.2 billion human beings continue to live in absolute poverty, a larger number than the entire population of the world in the early nineteenth century. Increasing concern is now voiced about reducing these numbers but at the same time development assistance particularly for agriculture has weakened. Yet, the bulk of the poor, perhaps as many as 80%, live and seek livelihood in agriculture and other rural occupations. In today's context, with globalization, domestic liberalization and the increasing reliance on market-based development, a new dilemma has arisen for the poor.

Reforms are opening up fresh opportunities and space for civil society institutions and non-governmental organizations as well as private agents. But poorly developed markets do not often favour the weak. There is thus a serious risk that if poor groups are not adequately equipped with skills and have access to productive services, the reforms could further impoverish low income groups in Asia, Africa and elsewhere rather than better their lives.

I believe that the innovative approach to poverty that IFAD has fashioned in these last twenty years and the reforms that we ourselves have undertaken over the last four, place us in a good position to help address this challenge.

Our approach has always considered the rural poor as producers in a market context. The aim has throughout been to foster the conditions, what we have called the Enabling Micro-Environment for the Poor, in which they can deal on a fair basis with the market. This approach has even greater validity today as the emphasis shifts to a reliance on market processes and the associated withdrawal of state-provided services.

At the same time, it calls on us to build on and reinforce some elements of our approach to poverty and household food security.

IFAD has played a pioneering role in developing and making a reality of the concept of participation by the poor. Under our new Corporate Strategy we intend to take this further and bring about full partnerships with the poor and the community-level and other civil society institutions which represent them. We have long sought the collaboration of such organizations in the design and implementation of our projects. We are now looking to move from a process where they participate in our projects to one where our assistance will increasingly support development activities initiated by them.

Microfinance is another crucial area. We have many times helped promote credit schemes which can reach the poor cost-effectively. Our goal now must be to promote rural financial systems which are viable and can develop continuing relationships with poor borrowers and grow to meet their changing needs to support both on-farm improvements as well as microenterprise development.

The withdrawal of state-provided extension and other services makes it of critical importance to bring about markets for such services to which the poor can have fair access. In our recent projects we have found that partnerships between the poor and their organizations on the one hand and private suppliers, universities and the like on the other, can be built. Such market-based partnerships can be both financially viable and mutually beneficial. This process must become a general one in the rural areas of developing countries.

These considerations are especially important in sub-Saharan Africa which is subject to droughts and other disruptions and where market institutions in the rural areas are weak. It is the only region in the world where the proportion of the poor is rising. African countries face heavy and sometimes insupportable debt burdens. Another urgent need is to develop effective strategies in post-crisis situations to link rehabilitation with structural improvements to promote sustainable development. IFAD will continue to give these issues full attention.

As regards the Fund's role as a knowledge organization, we have taken steps to set up a database on the lessons learnt from our experience and to share these with others. We shall seek to live up fully to the External Assessment Report's call for IFAD to become the world's leading repository of information on rural development and poverty.

Mr Chairman,

In our first twenty years we learnt a great deal about the causes of poverty, of the resourcefulness of the poor and of the elements necessary for a successful attack on poverty and hunger. Millions of human beings have been helped to overcome the constraints that trap them in a cycle of deprivation from one generation to the next.

Yet an enormous task lies ahead of us. The international community has asserted its will to reduce at least by half the numbers in absolute poverty by 2015. This target is wholly achievable if all institutions and the host governments bring their energies to bear in a focused and convergent manner to build the conditions in which the poor can work their way out of poverty.

I look forward to a point when IFAD projects will not be seen as ends in themselves. Rather, they will serve as spearheads working with others to drive a wave that will end hunger and bring hope and opportunity to those millions today condemned to absolute poverty.

That, Mr Chairman, will be the goal that will inspire IFAD in the next twenty years.

Thank you.

Address by His Excellency Raymond Barre,
Former Prime Minister of the French Republic

Mr Chairman,
Excellencies,

Ladies and Gentlemen,

It is an honour for me to speak to you on the occasion of the Twentieth Anniversary of the International Fund for Agricultural Development and to pay tribute to the achievements of this specialized institution of the United Nations.

As an economist, I am aware that agriculture plays a major role in a country's economic development. The economic history of industrialization shows that an agricultural revolution preceded, promoted and sustained the Industrial Revolution of the late eighteenth century in Great Britain. More recent history clearly suggests that poor agricultural management or the abandonment of agriculture in favour of forced industrialization seriously affects a country's economic development and its people's living standards. Do I need to remind you of the harmful effects of collectivization and agricultural planning in the Soviet Union?

Algeria, once a country with a thriving agricultural sector, has been obliged to use most of the resources from its petroleum and gas activities to pay for food imports.

Agricultural development is a major factor in any economic development policy; it provides the means to feed the population - which is the primary aim of economic activity - to raise the incomes of those employed in agriculture; and, thus, to increase demand overall, boost agricultural exports and cut imports, thereby helping to maintain the balance of both trade and payments.

For the past 20 years, a number of countries, of which I shall mention only two, have provided excellent examples of agriculture's role in development.

China has always accorded top priority to agriculture and has refused to extol the virtues of forced industrialization, with its leaders ensuring that agriculture has a central role in each of its successive development plans. India has obtained very positive results through agricultural expansion, particularly with its "Green Revolution", which is an outstanding example of how technology can be used to modernize agriculture.

I would also add that agricultural development is an essential component of sustainable development that requires the integration of the economic and environmental aspects of development. The Rio de Janeiro Conference placed particular emphasis on the relationship between poverty and environmental degradation. Deprivation often compels rural people to use their natural resources until they have exhausted them, thereby further aggravating their situation.

This is why IFAD takes into account the ecological implications of rural poverty and its eradication. Some 70% of IFAD's projects clearly spell out their environmental objectives and include creative remedies based on the capabilities and outstanding ingenuity of local people.

The past three centuries of economic history have taught us that any steps taken to promote agriculture have also promoted economic development.

In this connection, IFAD's establishment, in the wake of the World Food Conference in Rome in 1974, was an excellent initiative. There were two reasons for establishing the institution:

- the wish to recycle a portion of the petroleum exporting countries' increased income following the oil price rise in 1974; and
- the developing countries' determination to compensate for FAO's powerlessness during the serious food crises of the 1970s.

However, what makes IFAD an original institution at the service of agricultural development, and not just another international body, are its simple yet precise terms of reference:

TO COMBAT HUNGER AND RURAL POVERTY IN LOW INCOME,
FOOD-DEFICIT REGIONS THROUGHOUT THE WORLD

IFAD's objective is to combat the chronic, persistent hunger which weakens and kills 40 000 people every day, week after week, and month after month.

The Fund's operations involve combating poverty - a step which economic globalization has made necessary and urgent. Thus, the overriding objective in agriculture in every country today is to combat exclusion which, in an increasingly interdependent world, affects a large part of its population.

Another original feature of IFAD's operations is the methods used - methods which illustrate what I shall call the microeconomic aspects of agricultural development. The institution's main concern is to ensure that the rural poor participate actively in their development. The Fund is not greatly interested in overall quantities - output, exports and total income. It is interested in the men and women who are battling against poverty. The philosophy is one of self-help and the approach is from the bottom up.

IFAD assists projects developed at village level by groups of farmers, craftsmen or fishermen and encourages small farming operations.

It favours the use of simple technologies that require small investments and are likely to improve productivity, thereby increasing the incomes of those involved.

IFAD's method tends to promote continuous, sustainable development, based on a definition of the requirements of individuals or small groups, on the use of their know-how and aptitudes, and on the promotion of traditional means of existence and effective resource management practices. The aim is to achieve rapid agricultural development by turning to the farmers, the men and women engaged in agriculture.

An interesting aspect of IFAD's operations is the important role accorded to women in rural community development. Women are the homemakers. It is they who are responsible for the household food security and who are a dynamic productive force. They have therefore been fully integrated into project preparation and implementation. They have greater access to social services, as a result of which their daily domestic chores and other responsibilities are alleviated. Thus, they are able to improve their social status within their communities and are encouraged to assume key roles. Good examples of efforts to promote women can be seen in the IFAD-funded project in Tamil Nadu, India, and in the integrated agricultural development project in the south-western part of Anhui Province in China.

I would also like to mention the attention IFAD has paid to developing capital structures suitable for funding the activities of the rural poor. Historically, the savings which funded the expansion of crafts and industries in what are now the developed countries derived from agriculture. IFAD is, therefore, anxious to establish appropriate savings and funding mechanisms for poor rural beneficiaries in order to increase their level of responsibility and encourage them to find profitable activities.

IFAD has put in place a lending system offering 50 and 20-year loans on highly concessional terms, in addition to loans on ordinary terms. The institution's experience has shown that the crop and livestock farmers' and fishermen's associations which benefit from these loans are creditworthy and can be relied upon to repay their loans.

Indeed, repayment rates are outstanding, surpassing by far those for agricultural credit in many industrialized countries. Thanks to such loans, the associations are able to purchase basic requirements such as seed, fertilizer, tools and nets, and food processing equipment, and to start up micro-enterprises, thereby increasing productivity and improving the people's living standards.

Although international institutions are often criticized, IFAD enjoys a well-deserved reputation for effectiveness. Between 1978 and 1995, it funded 429 projects in 106 countries on all the continents. It has established an effective partnership with 160 Member States. Management of its affairs is based on close cooperation between industrialized and developing countries, which share in the definition of policies and priorities and in the mobilization of resources for project funding.

Working methods have constantly been improved and reorganized. Between 1993 and 1996, administrative expenditure was cut by more than 20%, while provision of services increased by the same proportion.

It is not surprising that, in 1997, IFAD was chosen to host the Global Mechanism of the United Nations Convention to Combat Desertification aimed at mitigating the effects of drought in particularly affected countries, especially in Africa.

IFAD also participated in the IMF and World Bank initiative designed to roll back the debt of the very heavily-indebted poor countries. The institution is expected to mobilize about 60 million dollars through the establishment of a trust fund set aside for this initiative.

Twenty years after its establishment, IFAD can be satisfied with its results. Here, I shall mention only two:

- the creation of 3.6 million jobs through 429 projects in 106 countries. These jobs are mainly in food processing, weaving and service micro-enterprises, which help diversify economic activity in very poor regions;
- increased food production by some 40 million tonnes of wheat equivalent annually, i.e., the amount needed to feed 200 million people.

The Fund has established a successful system of cooperation between industrialized countries, developing countries and non-governmental organizations.

IFAD's Evaluation Committee, which visited several of the Fund's beneficiary countries, noted beneficiaries' enthusiasm and hoped that the institution would have sufficient funds in order to pursue its efforts. It also recommended that the Fund should remain a knowledge institution on rural poverty.

At a time when economies are characterized by the predominance and the transmission of knowledge, IFAD must not only build up a bank of knowledge on rural poverty, but manage that knowledge and assist in its dissemination.

In the pursuit of its aims, IFAD must take into account present-day world trends, rural poverty issues and food insecurity.

Geographically speaking, a new "hunger map" has had to be drawn up to take account of rising poverty in Eastern Europe, the situation of the people of the Great Lakes Region of Africa, and the persistence of numerous pockets of extreme poverty in Asia and Latin America.

At the same time, cutbacks in official assistance in favour of much more selective private sector investments have made the fight against hunger and poverty a much more difficult task.

IFAD must, therefore, be much more selective in its efforts, and it must step up its cooperation with other international organizations in order to eliminate duplication of effort and seek new partners in the private sector.

The fact remains that whatever the effectiveness of the liberal ideas that lie behind international economic activity, the need for specific measures to bring the poor into the market economy cannot be ignored. Such measures are necessary at international and national level, as market mechanisms alone are either ineffective or inapt.

The generosity of private organizations cannot compensate for the relative decline in government contributions.

My wish on this, the Twentieth Anniversary of IFAD's establishment, is for a significant public financial effort to be maintained when IFAD's periodic replenishment consultations take place.

This is all the more necessary to ensure that the fully justified expansion of the Fund's geographical area of involvement does not prevent it from according some measure of priority to the African continent. Despite some encouraging progress, prospects for development in Africa are not as good as they are on other continents. The global economy cannot tolerate unacceptable disparities between the various parties.

My wish is that IFAD's operations will continue, in the coming years, to help diminish world poverty and, by the same token, promote progress and peace.

Statement by the Director-General of the
Food and Agriculture Organization of the United Nations,
Mr Jacques Diouf

Mr Chairman,
Mr Secretary-General,
Mr President,
Madame Executive Director,
Distinguished Delegates,
Ladies and Gentlemen,

It gives me great pleasure to be here today at this Twenty-First Session of the Governing Council of the International Fund for Agricultural Development. It is an honour for me to join you in celebrating this Twentieth Anniversary of a sister agency and valued neighbour in the United Nations system, particularly of an agency whose aims have so much in common with those of FAO.

Born out of the 1974 World Food Conference, for which FAO was a major organizer, participant and contributor, IFAD was established to direct investment resources specifically to the rural poor. Then, as now, rural poverty went hand in hand with food insecurity - indeed, it is difficult to separate the two issues at national, regional or household level. IFAD's objectives therefore remain of high relevance in the quest for agricultural development and greater social equity in the rural sector. These objectives are fully shared by FAO.

In tackling this important mandate, IFAD has been notably successful and I most warmly congratulate the President and staff of the Fund for their achievements during these past two decades. During this period, the Fund has continued to strengthen its capacity to meet the challenges of food insecurity and poverty alleviation and, in particular, to build on the initiative which underlines its unique role among financing institutions - its primary focus on the rural poor.

While the world today continues to face the challenge of global food production and distribution, development assistance continues to decline in real terms, particularly so in the agricultural and rural sectors. Official external assistance in these sectors has fallen from some USD 16 billion in 1988 to under USD 10 billion in 1995, although there are now welcome signs of a change in that direction. Civil strife and food emergencies continue, the first often creating the tragically familiar conditions for the second. Food security can only be achieved where peace prevails, but it is equally true that there can be no peace for people affected by hunger.

Mr Chairman,

FAO has always considered it of highest importance to lend its strong support to IFAD. Our roles are entirely complementary. Within the field of food and agriculture, the accumulated storehouse of knowledge, expertise and experience of FAO has been made readily available to the Fund. This support has been principally achieved through the joint work with IFAD of FAO's Investment Centre Division, with the full support of the major technical divisions of the Organization. During the last twenty years, 213 projects, or 44% of IFAD-approved investments, have been prepared through this productive arrangement.

I am particularly pleased to note that fruitful cooperation between the two institutions has also expanded to cover other areas of activity where the synergy of our actions has been mobilized for the benefit of member countries. Indeed, many of these collaborative efforts have also involved another close colleague here in Rome - the World Food Programme. Post-emergency reconstruction, environment and sustainable development, gender issues, food insecurity and vulnerability, rural finance, decentralization and desertification are just some of the areas where working together has proved to be extremely valuable.

In this respect, Mr Chairman, I am pleased to mention that IFAD and FAO are considering the possibility of signing a Memorandum of Understanding detailing how they will collaborate in assisting member countries to implement the Convention to Combat Desertification, to enable populations of the countries affected by drought and desertification - particularly the poor and marginalized - to achieve household food security and sustainable livelihoods. FAO fully supports IFAD in its important role as host to the Global Mechanism of the Convention, and I look forward to our future collaboration on joint programmes and projects for sustainable agriculture, rural poverty alleviation, dryland development, combating desertification and improving food security.

Mr Chairman,

Just over a year ago, FAO organized and hosted the World Food Summit. Representatives from 186 countries, 112 of which were represented by heads of state or government, committed themselves to a Declaration and a Plan of Action to lay the foundations for achieving the goal of ensuring that all people, at all times, have sufficient, safe and nutritious food to lead active and healthy lives. A target of reducing the undernourished people to half their present level of more than 800 million people by the year 2015 was set, and concrete actions to achieve this target were initiated. A major theme highlighted by the Summit was the need for adequate private and public investment to promote food security, including increased rural investment in the poorest food-deficit developing countries. In this respect, IFAD has a key role to play, which constitutes an essential part of the World Food Summit follow-up.

I am particularly pleased to inform you that the joint proposal of FAO and IFAD, in collaboration with WFP, to establish a Network on Rural Development and Food Security, under the auspices of the UN Administrative Committee on Co-ordination, has been put into place for implementing the Summit's Plan of Action. This Network will focus on supporting coordinated country-level actions in the areas of rural development and food security. Some 20 organizations of the United Nations system, including FAO, IFAD and WFP, will be participating in the Network, in their particular technical areas of concern, in the follow-up to the World Food Summit.

FAO initiatives at country level in follow-up to the World Food Summit have been spearheaded by the Special Programme for Food Security which is testing, under real conditions through participatory approaches, more effective and sustainable ways of farming - through, for example, improved low-cost water control, crop intensification, diversification into small animal production, and artisanal fisheries. The initial phase, involving pre-investment pilot activities and assessments of socio-economic issues and constraints, is now in operation in 30 low-income food-deficit countries and under formulation in a further forty. The Programme's goal is to create an enabling economic environment and the basis for much larger-scale investment schemes, which will contribute significantly to improving food security at regional, national and household levels.

Effective partnerships under the Special Programme have been developed with multilateral financing institutions as well as bilateral agencies. In addition, an increasing number of advanced developing countries have generously agreed to contribute to the Special Programme by providing field technicians and experts at grass-roots level, under the framework of FAO's South-South Cooperation scheme, to give practical on-the-ground assistance to participating farmers and government staff of low-income food-deficit countries undertaking Special Programme activities. I am pleased to note IFAD's support to the Programme and its pilot projects in a number of member countries, and the Fund's interest in seeking enhanced modalities for further collaboration and involvement in this important undertaking on a long-term basis.

Mr Chairman,

The record shows that IFAD has played and continues to play an important part in the international community's efforts to address critical issues of rural poverty and achieve improved food security in developing countries. The record also shows that there has been close and fruitful cooperation in this effort between FAO and IFAD. FAO's skills and capacities have been, and must continue to be, effectively deployed in this collaborative effort with the Fund, especially now in the low-income food-deficit countries in connection with the Special Programme for Food Security and as follow-up to the World Food Summit's Plan of Action.

The challenge posed by the continuation of severe rural poverty, and the need to achieve better food security in those countries most at risk, cannot be underestimated. Only through active partnership, and by working closely together, can organizations like FAO and IFAD produce the synergy and concrete results which all member countries expect.

Thank you, Mr Chairman.

Statement by the Executive Director of the World Food Programme,
Mrs Catherine Bertini

Mr Chairman,
Mr President,
Mr Director-General,
Under-Secretary-General Petrovsky,
Mr Barre,
Governors and Friends,

I am honoured to speak here on the occasion of IFAD's Twentieth Anniversary. Before I begin, I want to pay tribute to President Fawzi Al-Sultan. It is a great pleasure to watch him operate, to work closely with him, and to call him a friend. In fact, it is a pleasure for all of us at WFP to work so closely and productively with all of our colleagues at IFAD.

Much emphasis is put on collaboration, so I am pleased today to emphasize the partnership shared by IFAD with the agency I represent, the World Food Programme.

The partnership between IFAD and WFP is strong in part because we reach out to the same people - the unseen poor - people left behind by traditional, large-scale development projects and loan programmes. They live outside the economic and political mainstream: some in remote rural areas where banks are not willing to invest their capital; others in densely packed slums where jobs are few and hunger is their daily companion. We share a clientele that it is easy to neglect - women, small landholders, the politically powerless.

IFAD and WFP have conducted 43 joint projects with a total value of USD 1.1 billion. Twenty-six are still ongoing. I am particularly pleased with our work together in the poor mountainous areas of Sichuan and Qinghai Provinces in China, regions that do not attract the scale of investment that communities need to struggle out of poverty. In those regions, WFP food aid supports training and building infrastructure, while IFAD provides loans for crop and animal production and income-generating activities for women. Elsewhere in China, together we provide aid to poor farmers, mostly helping women to become more self-sufficient; and we are expanding the use of vulnerability mapping, a tool we find increasingly useful in targeting food aid resources. In fact, our two agencies have reached an agreement with the Government of China to design and carry out all future projects together.

We are looking forward to growing cooperation in the Democratic People's Republic of Korea, where the expertise of our colleagues here and at FAO is so desperately needed if that country is to emerge from its food crisis. IFAD's crop and livestock rehabilitation projects, and FAO's quick action on barley seed purchase and distribution, and other agricultural inputs, are critical to help overcome the underlying structural problems in the agricultural economy, so that we will not face the need for food aid for years to come.

Hunger and Poverty

The goal of building food security in poor communities, which we three agencies share, is critical to overcoming the hunger and malnutrition that so often passes from one generation to the next. Everyone recognizes that poverty is a cause of hunger, but few see how hunger contributes to the perpetuation of poverty.

Robert Fogel, a Nobel laureate in economics, has demonstrated the impact that improved nutrition has on economic growth. He estimates, for example, that almost a third of the growth in per capita income in Britain over the last two hundred years can be attributed to improved nutrition in the workforce. Study after study in India, Sierra Leone, Brazil and Sri Lanka has shown a clear connection between nutritional status and the productivity and wage earnings of workers.

Ending the generational cycle of hunger passed from mother to child has become a major focus of our work. It is critical in our approach - a more "people-oriented" approach - to help people move on in their lives, to build a sustainable livelihood so that they do not pass their hunger and poverty on to their children.

A sustainable approach to ending the intergenerational cycle of hunger means involving women, involving mothers. Women grow more than 60% of the food in Asia and 80% in Africa, the only region where projections point to a growth in malnutrition among children in the next two decades. By targeting mothers in particular we hope to end the stunting, the susceptibility to disease, and the intellectual impairment that scars the lives of so many children and condemns them to a life of poverty.

Economic growth will help enormously, as will more agricultural research, better extension services, seeds and fertilizers. But all that is not enough. We need growth with equity and we need growth that is gender-blind. Hunger will not be overcome just by growth in GNP or in food production: poor people, and poor women in particular, must have access to food. We need to invest in people - in their good nutrition, in their health, in their education - we need to invest in ways to improve their lives.

One reason we are here today to celebrate IFAD, is because throughout the past two decades, IFAD has been one of the few institutions to fully recognize these facts, as it reached out to small farmers, women, and the rural poor, setting a powerful example with successful efforts throughout the world.

As President Al-Sultan described in his address, we have seen close up how this type of work has transformed people's lives:

A few years ago, we travelled together in rural Bangladesh with our partner JCGP Executive Heads of Agencies. We spoke with women who now had their own businesses and had improved their lives. We saw that these improvements were a direct result of support from IFAD loans, WFP food aid for training, UNICEF health centers, UNFPA family planning advice, and UNDP infrastructure improvements. Woman after woman told us how much better their lives were, and how excited they were about the future for their families and especially their children.

These transformations are possible in the lives of the unseen poor -- the poor that traditional development fails to reach.

On behalf of all of us at WFP, let me offer congratulations to IFAD:

- Congratulations to the members of this Governing Council for your vision in creating and guiding IFAD in its valuable work.
- Congratulations to President Fawzi Al-Sultan for your maturity, common sense, and the priority you give to the poorest of the poor and to women.
- Congratulations to all IFAD staff for your remarkable dedication and hard work.

And most importantly, congratulations to the millions of poor people who have used the tools that IFAD has given them to transform their lives and that of future generations to come.

Special Address by Mr Abdelmuhsin M. Al-Sudeary,
Founding President of IFAD

Mr Chairman,
Mr President,
Honourable Governors,
Distinguished Delegates and Observers,
Ladies and Gentlemen,

Addressing your session here, fourteen years after I left IFAD, and twenty-one years after I addressed the First Governing Council upon my election as first President of IFAD in December 1977, is a great honour as much as it is a unique experience. I wish to thank you, Mr President, for extending this invitation which I take as an opportunity for reflection.

In my statement to the First Governing Council I said: "The will and determination of the developed donor countries, the developing donor countries and the recipient developing countries to establish an institution more responsive to the needs of our times, has made this day a reality. It has been possible because of the spirit of compromise and cooperation required to balance different interests. This, to me, augurs extremely well for the future of the Fund".

The most urgent question on our minds then was: What could we expect of this Fund? How would its performance match expectations? Would the Fund be able to achieve its overriding objectives of growth with social justice? The answer was yes.

We envisaged that the Fund had to be concerned with, not only the capacity of the developing countries to step up their agricultural production, but also with the eradication of hunger and famine among the hundreds of millions in the world. Furthermore, we expected to be judged by the achievements of our projects at the field level, through ensuring that the project benefits intended for the poorest underprivileged groups do, in fact, reach them.

IFAD was created for the purpose of addressing the complex problem of rural poverty. It acquired a remarkable global image due to its innovative operations, directed at alleviating rural poverty and fighting hunger and malnutrition through designing and implementing appropriate projects and investments that lead to increasing food production and improving the living conditions of the rural poor. To maintain its success, IFAD should continue to explore new practical concepts and devise effective tools to reach its target groups, in order to increase their productivity and income and help them maximize their contribution to the process of sustainable development.

IFAD's unusual tripartite structure was obviously of great relevance for the future of international cooperation, both in the North-South context, and in the context of the very important relationship between the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Petroleum Exporting Countries (OPEC).

Within the Preparatory Commission, which I chaired between 1975-1977, the OPEC countries led the way in the establishment of IFAD. OECD countries agreed only after long and difficult discussions. Negotiators who backed the proposal had to work on two fronts. First, they had to convince OPEC countries to provide a large share of the Fund's resources, nearly equal to the share of OECD countries, since this would give them the right to an effective role in determining international development policies, and widen their relations with developing countries. Second, negotiators had to

convince OECD countries of the value of their effective participation in a fund where decision-making was not under their full control. When we succeeded in bringing the majority of participants to sign the Agreement Establishing IFAD, each party considered this to be their own victory. OPEC countries acquired, for the first time, a decisive role in international development. OECD countries felt that they helped secure OPEC funds to finance development operations. Developing countries discovered that the Fund would provide a role that had been denied to them in other international financial institutions.

It is regrettable that some OPEC countries did not grasp the real value of IFAD. During the First Replenishment, OECD countries agreed to contribute 60% of the resources while OPEC contributed 40%. Saudi Arabia's support made this First Replenishment possible, as its additional contribution encouraged other OPEC countries to meet their obligations. However, the problem of proportional share increased in magnitude following the Second Replenishment, and, accordingly, IFAD's resources diminished, threatening its effectiveness and continuity.

Today, many OPEC countries are concentrating on granting direct assistance through their national development funds. I do not consider this a negative factor, since the need for help is great and the presence of more development agencies and funds can accelerate development in poor countries. However, direct aid from individual countries does not eliminate the need for international development cooperation, which is essential if a positive impact on rural agricultural development in poor countries is to be made. IFAD still constitutes the best means of accomplishing this because it concentrates on helping poor groups in rural areas of developing countries and because its administrative structure allows close cooperation between developing and developed countries on policies, decision-making and implementation.

Despite the reduction of income in the OPEC countries since the establishment of IFAD, it still makes more sense for them to support the Fund than to increase their contributions to some of the other international financial agencies. This is because IFAD is still the only organization in which OPEC and other developing countries comprise the majority of the votes. IFAD remains the ideal medium through which OPEC countries can truly influence international development policies.

In order to involve OPEC countries more, it might be needed to explore some approaches that had not been considered when IFAD was established. One idea would be to offer IFAD's technical assistance and participation in projects in the OPEC countries themselves, in support of their own rural agricultural development plans.

Suggestions have been put forward that would allow IFAD to obtain loans from commercial banks. This, however, requires guarantees from member countries, posing the question of how to share those guarantees. Moreover, one could ask: what is the difference between providing a bank guarantee for a development loan and directly contributing to IFAD? An agreement on guarantee-sharing will lead to the same vicious circle of Replenishment. What is needed actually is a political agreement among countries, rather than a simple mathematical formula.

IFAD was originally founded on the basis of an agreement between OPEC and OECD countries. Gross national income of OPEC countries was at its peak then, and political conditions regulating their relations were entirely different. At that time, it was possible to reach common stands and decisions in the two categories of developing countries: oil exporting countries through OPEC, and developing countries as members of the Group of 77. When IFAD was established, votes were equally distributed among the three categories.

Agreement following the negotiation on resource requirements and related governance that required amending the Agreement Establishing IFAD seemed inevitable. What is highly important is keeping the unique character of IFAD and its concept of partnership among the OECD, OPEC-developing countries and other developing countries. Hopefully the new arrangement will provide an incentive to all member countries to increase their contribution to IFAD resources otherwise the new arrangement would be unnecessary.

In a lecture at Michigan State University in 1983, I said: "It seems that whatever happens in one country affects the others, either directly or indirectly. Whether we like it or not, we are gradually becoming a world community, for which we have to bear a common responsibility".

Indeed, we are. Yet, this transformation, as we are witnessing in the mid-1990s, does not ensure that poor countries will be freed from the vicious circle of need and hunger. The strange paradox is that, with the decline in the intensity of international conflicts and the end of the "cold war", there has been a significant decrease in the volume of development assistance for poor countries. It would regretfully seem as if the era of polarization had not provided better conditions for assistance for poor countries. This should not be allowed to happen.

Today, 21 years after the establishment of IFAD, close to one billion people still live in poverty, hunger and malnutrition in rural areas of developing countries. While urban poverty is a growing phenomenon, the rural poor still account for around 80% of the total number of poor people in these countries. Rural poverty is still a major threat to world peace. But rural people are the largest numerical superpower in the world. This is a fact that contains both enormous problems and great potential.

For all of this, the spirit of IFAD is needed today more than ever. The creation of IFAD was a significant event in international relations. It represented an international response to the prevalence of hunger and poverty in the world. IFAD is a pioneer agency that deserves not just to survive but to become stronger. When the Fund had sufficient resources, it attained a degree of efficiency rarely achieved by other development organizations. IFAD kept a limited staff, with efficient administration. Its administrative expenditure did not exceed 5% of its loans when the level of resources was appropriate. This is a very low rate compared to other development financial organizations. Ensuring efficiency while maintaining low administrative costs requires a certain minimum of resources. Unfortunately, recent negotiations on the replenishment of IFAD's resources did not yet secure that minimum level.

The need for a new covenant on international development cooperation is more urgent now than it was even when IFAD was established. This covenant will set the foundations of a new world development order based on an international partnership in abundance and wealth that goes beyond instant first-aid donations in emergencies.

As I said at the outset, IFAD's mission is a mission of hope, bringing hope of a life of greater material well-being and heightened dignity to the struggling millions of the rural poor in the developing countries, and reflecting the hope of all of us for a better tomorrow.

IFAD remains a model of international cooperation aimed at establishing a new world order based on justice and prosperity, in which equality among developing countries is attained by sharing abundance rather than partaking of poverty. IFAD deserves our full support.

Special Address by Mr Idriss Jazairy,
Second President of IFAD

Mr Chairman,
The Distinguished President of IFAD,
My eminent predecessor, President Al-Sudeary,
Your Excellencies,
Honourable Governors,

I wish to extend to the Council, the Executive Board and to President Al-Sultan, my congratulations for steering the Fund towards new successes as it celebrates its Twentieth Anniversary.

After leaving IFAD, I have been able to further indulge my urge to improve insights into poverty processes in ACORD, the international Africa-focused consortium of development NGOs I now lead.

Let me share with you some of the lessons I have learnt. These have to do with the genesis, content and social consequences of poverty and with some of their policy implications.

1. The evolving genesis of poverty

Much has been said on this (genesis of poverty). I remember that, at the first UNCTAD, emphasis was on the exogenous factors and the inter-governmental remedies.

The pendulum under neo-liberalism has now swung to engineering behavioural changes in the developing countries themselves. This is on the assumption that poverty processes are essentially home-grown and that markets need not be inimical to the poor.

The balance probably lies somewhere between these two positions but all too often selected causes are emphasized on the basis of preferred remedies.

In the context of Nation-States, we explained the genesis of poverty in terms of scarcity, access to resources and income distribution.

We now need to look urgently at the emerging dynamics of poverty in a globalized world.

Parts of Asia and, some time ago, of Latin America, have witnessed in the wake of financial crises a hollowing-out of what was a thriving middle class. Hailed achievements in poverty eradication are being reversed. The plight of the unskilled in particular is becoming dramatic. New distortions are brought about by the skewed income-distribution effect of concentrated injections of massive external financial support for bailing out the banking system. This is happening at a time when official aid for poverty eradication is shrinking.

In Africa, confronted by corporate integration in the North, a process of disintegration from the national economy is affecting the extractive sector as it is sucked into the transnational ambit. New partnerships are in the making between local elites or war-lords, the extractive sector and the corporate North. Meanwhile poverty and marginalization worsen.

2. The misconceptions about the contents of poverty:

There does not seem to be clear agreement on the contents of poverty in spite of the widespread rhetorical commitment to combating it.

Absolute poverty is not just about greenbacks. I doubt that it can be encapsulated in the definition of "less than one dollar a day". This is a too narrow demand-side approach to the poor. It has led to the policy of "going for growth" by partnering on the supply-side only those with high apparent potential. What was left for the poor were welfare "safety nets" to meet their basic survival needs. This, we said at IFAD down-played the factors that keep so many people at the bottom of the heap. It also deprived the poor of the recognition of their productive potential.

IFAD resolved at the time to initiate an increasing percentage of the projects it funded. It did so for the specific purpose of partnering the poor on the supply-side rather than to cofinance projects from other institutions where poverty alleviation was simply bolted on as an after-thought.

What the ACORD team and I now assert with no less emphasis is that the debate should be further broadened to non-material forms of poverty. These may hit people the hardest. Thus poverty is also the denial of basic rights of people to participate in decisions affecting their lives. Poverty is the denial of equality between women and men in the broadest social sense, as enunciated by the IFAD initiated Geneva Summit of 1992 on the Economic Advancement of Rural Women. Poverty is exposure to the loss of lives and trauma of those for whom natural calamities or conflicts are a near-continuous fact of life.

These non-material forms of poverty add vulnerability to destitution and lead to further impoverishment. The coping strategies of the poor collapse, the "dependency syndrome" sets in. At that stage, there may be no other option in the short term except to revert to the demand-side "dollar a day" approach to poverty. But are not the seeds of the crisis inherent in the diagnosis itself?

3. The social or should I say - the anti-social impact of poverty:

Some claim that there is no causal relationship between poverty and violence. In support of this position, it is stated, rightly, that the prevalence of abject poverty may co-exist with social peace in some cases, while in others, violence erupts though poverty is relatively less acute. But this does not invalidate the above causal relationship. To my mind the difference between the two scenarii has to do with the strength of civil society.

Vibrant civil societies tend to mitigate marginalization and to blur the edge of conflict. In a way, people in these societies are poor in dollar terms only, but have a kind of wealth that classical economists cannot capture: "social capital". This concept encompasses values of trust, solidarity, reciprocity and harmony.

Where on the other hand contemporary history has broken these time-honoured practices, where society is riven by conflicting allegiances to competing power-brokers, where as it were "verticality" replaces "horizontalty", the impact of poverty in dollar terms is compounded by deprivation of "social capital".

More likely than not violence then ensues. It offers opportunities for new forms of destabilization where chaos is manipulated by special interest groups to carve out a new political economy subservient only to themselves.

Unlike the current Asian financial crisis which elicited an amazing fund-raising capacity by OECD Governments, no such response is on offer for the least developed countries of Africa. There is it seems an under-estimation of the cross-border destabilization impact of acute poverty or of its "fall-out" to use an appropriate nuclear analogy.

4. Some policy implications:

I will cite briefly two areas worthy of further investigation.

First research on the new area of the dynamics of poverty the context of globalization is called for. For example, understanding the effect of financial crises on the poor, introducing a poverty impact assessment in policy-responses to such crises are priority areas of investigation. This might warrant an up-dating by IFAD of the State of World Rural Poverty for the Year 2000.

Second the debate on liberalization revolves around the relative importance of two stakeholders, the State and the Market. This leaves out the third and most important stakeholder group, the members of civil society, the latter being itself the depository of the social capital of a Nation.

For poverty to be eradicated, institutional change must occur involving a redefinition of the role of the State in relation to the other two actors. States should promote an enabling environment not only for the market, but also for civil society.

This they cannot do without the cooperation and support of NGOs and community-based organizations.

The UN system itself should become more people-centred in keeping with the "We the peoples of the World..." opening proclamation of the UN Charter. What is called for goes beyond the current rhetoric about cooperation with NGOs where these simply implement projects defined by the UN agency concerned.

I therefore urge Governments on the one hand to support the earmarking of official development assistance for NGO projects. The acceptance of the Government of Bangladesh that IFAD loans be put at the disposal of such successful NGO initiatives as BRAC or the Grameen Bank proves the validity of this choice.

I urge on the other hand, the UN system to fund-raise and set aside additional resources that can be channeled to the best NGO programmes initiated through grass-roots participatory procedures. IFAD with its Extended Cooperation Programme (ECP) has already made a first step in this direction.

More can be done in the light of the experience of the European Union. It has earmarked substantial funding for NGO programmes in the developing world. It has also supported civil society on the Southern shores of the Mediterranean. In spite of some administrative weaknesses, these systems have demonstrated the valuable contribution multilaterals can make to upholding civil society's efforts to combat poverty.

Perhaps once again in this domain, IFAD will lead the way.

How far and how soon we can make strides towards the elimination of poverty, one of the main causes of violence on the eve of the new millennium, depends squarely on our collective commitment to forge a strong partnership among all stakeholders. A partnership with the NGO community as its binding force.

Statement by Mrs Nana Konadu Agyeman Rawlings,
First Lady of the Republic of Ghana,
and President of the 31st December Women's Movement

Mr President of IFAD,
Madam Chairperson,
Distinguished Governors,
Your Excellencies,
Distinguished Ladies and Gentlemen,

I bring you greetings and thanks from the President of Ghana, the people of Ghana, and especially the women who are benefiting from the programmes and projects initiated by IFAD.

Your Excellencies,

The story of my country's recent history, I dare say, is fairly well known. We were concerned with pulling the country out of economic, social and political bankruptcy. We undertook well-known prescriptions of economic recovery and structural adjustment programmes by overhauling our very basic macroeconomic policies in all sectors.

To improve and strengthen the country, it was also important to achieve significant improvement in the living conditions and standards of the mass of disadvantaged and vulnerable sections of society and, indeed, to improve the lives of the women.

We realized that development requires that people at the grass-roots level should themselves be involved in the planning and execution of projects for the improvement of their lives; that they should have confidence to participate in policy-making and decision-making, and agree only to projects that enhance the quality of their lives. It is in this context that we formed the 31st December Women's Movement in May 1982.

This non-governmental organization is, first and foremost, dedicated to raising the self-confidence and political awareness of the mass of women in Ghana, empowering them to participate fully in all spheres of economic, social, political and cultural activity. Our objective has been to protect the interests of women and their children so that they take hold of the development programmes that affect their lives.

Madam Chairperson,

The Movement is dedicated to initiating those projects that enhance the entrepreneurial objectives of women and improve their financial resources. We have designed special projects that enable ordinary Ghanaian women to acquire basic managerial skills which they understand and can benefit from.

The Movement's activities include agricultural, environmental, health and population projects; education, both formal and non-formal; credit and its management; and other numerous economic activities. There are other projects which seek to educate and make women aware of their rights as human beings and encourage them to develop their capabilities and capacities; and to raise the status of women through productive activity.

In its 15 years of existence, the Movement has, through sustained and concerted efforts, lobbied decision-makers to review certain laws which oppress women and are just too inimical to their development. These include the Customary Marriage and Divorce Registration Law; the Administration of Estate Amendment Law and Head of Family Accountability Law; and also laws against female circumcision and genital mutilation, widowhood rights law, child maintenance law, and several others which are too numerous to recount. Other significant laws that have been enacted have really been in line with the Movement's objectives aimed at eliminating all forms of discrimination against females.

We are providing child-care facilities in both rural and urban areas to alleviate the burden on working mothers, thus freeing them to concentrate on the initiation and implementation of programmes in the informal economic sector, to help them maximize production and improve their standard of living so that they can also give their children a head start into educational institutions and, at the same time, give us, as members of the Movement, the opportunity to vaccinate these children against the six killer diseases. We give them one meal a day which also corrects their nutritional imbalances. To date, we have 950 day-care centres.

The Movement has undertaken a women's community development project with the African Development Bank which is aimed at training women in skills and helping them acquire expertise in project delivery and credit management. We are also helping to implement the UNFPA population education programmes.

Ladies and gentlemen,

Our fight for the emancipation and empowerment of Ghanaian women has been through a multifaceted approach which is working very well. But we still have several problems that affect us and which we come face-to-face with on a daily basis. Accessibility to credit has been a major concern of the Movement. In this regard, the Movement has been involved in providing credit in rural areas to rural women through organized groups. So far, we have been able to provide about 235 000 women and their families with credit.

The 31st December Women's Movement was invited to the June 1994 IFAD/NGO Consultation meeting. The Movement was elected member of the IFAD/NGO Advisory Group for two years, from 1994 to 1996. This period marked the beginning of a process of NGOs delivering an address at the Governing Council aimed at strengthening IFAD/NGO collaboration. It is hoped, and it is also my hope, that this arrangement will be sustained.

The Movement's membership of the Advisory Group spiralled the acceptance of the Movement's proposal for the ECP grant which was approved in 1995.

I wish to bring the recommendations adopted by the Consultation, as set out in the Appendix, for your kind consideration.

On the ECP, an amount of USD 74 000 was granted to the Movement to support a programme to rehabilitate and resettle victims of ethnic conflict in the northern region of Ghana.

The project seeks to help the victims of the conflict, especially women and children, to return to normal lives by creating employment opportunities and providing women with credit facilities, thus enabling them to see to the education of their children. The victims are, therefore, assisted financially, socially and with economic ventures.

Madam Chairperson,

There is no need to expand on the project document itself, but it is my belief that the facility offered to the beneficiaries will go a long way towards rehabilitating the victims of conflict in the ethnic northern region of Ghana.

The design of the ECP no doubt seeks to reduce the cycle of poverty, especially among women and other vulnerable groups. It is for this reason that I think it should be expanded to include other areas. The 31st December Women's Movement wishes to express its deepest appreciation to IFAD for making this facility available to the Movement, and especially to the women and children of Ghana who needed it most.

Participation of the Movement in poverty-reduction activities like the IFAD/SCIMP Programme has also helped reverse some of these imbalances in the society and more women have been able to acquire their own capital for small and medium agro-businesses.

I would like to assure IFAD that the 31st December Women's Movement will work assiduously to achieve over 90% recovery in this ECP programme. To date, we have the highest recovery group and we have reached 89%, but we are very sure that we can pass 89% and move towards 100% recovery.

Madam Chairperson,

IFAD's collaboration with the 31st December Women's Movement accelerated the Movement's poverty reduction programmes at the grass roots. Through the SCIMP vulnerable groups have been encouraged to cultivate savings habits. Data available at the Agricultural Development Bank in Ghana alone indicates that cumulative savings at the end of June 1997 amounted to 1.194 billion cedis, made up of 515.9 million cedis in savings by female beneficiaries. This data underscores the fact that the beneficiaries, who were among the poorest, have indeed improved their conditions of life through the project to make these savings possible. It is a kind of yardstick we are using to measure some of the successes that we are talking about.

Madam Chairperson,

I wish to conclude by congratulating IFAD on its Twentieth Anniversary and, as I do so, it is my hope that it will continue to give more support to women. I look forward to continued collaboration with IFAD so that indeed together we can work for a world without hunger. I thank you for your attention.

Recommendations adopted by the Seventh Annual IFAD/NGO Consultation
held on 3-4 June 1996
which need to be given special consideration by IFAD

- (a) NGOs should be able to contribute to discussions on broader policy issues within IFAD's mandate.
- (b) NGOs should contribute to how IFAD develops and implements its gender policy and develop its approaches to combating desertification.
- (c) The IFAD/NGO unit should work with the NGOs involved in the Advisory Group to facilitate an exchange with NGOs not represented at the Consultation to solicit their input into the process.
- (d) The ceiling for the extended cooperation programme should be increased to improve their potential impact.
- (e) Since component loans are IFAD's most important instrument, innovating new ways for making NGOs essential component of such loans should be considered. As a first step it is suggested that NGOs be identified at the outset to participate in the design and implementation of the loans and should also be included in the teams established to evaluate and monitor IFAD projects.
- (f) When IFAD negotiates the loan with national governments, it should establish preconditions in the loans that ensure that governments comply with agreements to involve NGOs in implementation and follow-up activities.
- (g) IFAD should establish continuous links with all past consultation participants especially Advisory Group members to keep them abreast with what is going on and also solicit their inputs where necessary.

Statement by Mr Yesufu Seyyid M. Abdulai,
Director-General of the OPEC Fund for International Development

Mr Chairman,
Excellencies,
Mr President of IFAD,
Distinguished Delegates,
Ladies and Gentlemen,

It is for me, and the institution I represent, a pleasure to be here today to join in the commemoration of the Twentieth Anniversary of IFAD, an organization we collaboratively set up to help promote the development of rural societies and, coterminously, the alleviation of poverty. These have been 20 trying years for IFAD, but also indeed 20 years of demonstrable achievements.

Mr Chairman,

Allow me to recall briefly the effort invested in the establishment of IFAD by OPEC Member Countries and the institution I represent, the OPEC Fund for International Development.

The record will show that OPEC countries, at the forefront of the campaign to bring IFAD into being, devoted massive resources to ensure an agency on solid financial footing. I am grateful to brother Al-Sudeary for placing the efforts of OPEC Member Countries on the record of today's deliberations, because we must not forget. We must remember, because any person or any institution that forgets its past, condemns its future. We at the OPEC Fund have watched, with admiration, the progressive development of IFAD and the valuable work it has done over time. We certainly are proud to be part of what the agency calls its Constituencies of Friends.

IFAD remains the primary global institution devoted to promoting agriculture and rural development in those areas of the world where poverty is extreme. The institution believes that unleashing the productive potential of the poor should be at the core of development strategies, and so emphasizes direct contact with poor people at the local level, using participatory methods attuned to local realities.

As we all know, agriculture is the most important economic activity in most of the developing world, the poorest and least developed countries in particular. A strong, well-developed agricultural base is a means to broader developmental ends. But for most of these countries, constraints persist, especially as local farmers rely on traditional methods and practices while their counterparts in the rest of the world employ precision farming and cutting-edge technology.

Mr Chairman,
Ladies and Gentlemen,

Gathered in this hall are statesmen, personalities, groups and institutions who avow a commitment to the alleviation of poverty worldwide, and the need to bring real social and economic progress to much of humanity. Almost every development finance institution and donor group expresses a devotion to the cause of human advancement.

Yes, the developing world has made progress in the last 30 years: more than 75% of the world's population can now expect to live beyond 40; child mortality rates have halved since 1960; and malnutrition has fallen by a third and adult illiteracy by half. But poverty, indeed extreme poverty, is still with us: 800 million people still do not have enough to eat; and 1.3 billion people live on less than USD 1 per day, many going to bed hungry at night.

As is common knowledge, IFAD is at the frontier of efforts to reduce such poverty and raise rural living standards. In 20 years of operations, IFAD has accumulated methodologies, technical know-how and expertise which place it in a unique position, giving it comparative and competitive advantage. IFAD looks at the dynamics of poverty, both in its quantitative and qualitative forms. The agency thus occupies space that complements those of the larger financial institutions. Unlike many others, it battles both structural and transitional poverty.

Mr Chairman,

While we welcome IFAD among the global institutions calling for greater investment in human capital development as well as increases in official development assistance levels, we also seek, on behalf of IFAD, a spirit of partnership between the agency and its Member States. We would like to see political will across the board to accord IFAD the genuine support it deserves, as it exerts itself to help improve upon rural infrastructure and credit and to develop more efficient markets in rural areas. Better market access, as we all know, is required for the exports of the poorest countries who, as IFAD asserts, should also be encouraged to focus on capacity-building strategies in order to overcome supply constraints and to diversify exports.

Let me conclude with words of salutation. We would like to place on record our undiminished appreciation of the foundation work of His Excellency Mr Abdelmuhsin Al-Sudeary, founding President of IFAD, who laboured to create an edifice upon which his successors have successfully built. We also recognize the sterling contributions of His Excellency Dr Idriss Jazairy, who continued where Mr Al-Sudeary left off and, indeed, helped bring IFAD to greater international attention.

My brother, Fawzi Hamad Al-Sultan, deserves special commendation for having taken on the baton and the torch and carried IFAD to a point where it now counts among the finest development cooperation institutions of the world.

These three gentlemen, clearly, have not only met the expectations of the global community, they have also justified the sound judgement of the founding fathers of IFAD who, early on, adjudged and determined that OPEC countries - which spearheaded the creation of the institution - should also provide the leadership.

Finally, we commend the present management and capable staff of IFAD for the outstanding work they have done over the past several years and the activities they plan for the future. It is my duty to assure them of the enduring cooperation of the OPEC Fund, committed as we are to the same aims which underline the mandate of IFAD.

We salute IFAD in its new thrust and evolving confidence. We note its redoubled efforts to seek to consolidate and enhance initiatives to make its operations more innovative, participatory, responsive and, indeed, even more cost-effective. IFAD recognizes that the dimensions of hunger and poverty in the world will remain daunting in the years ahead, with, as I said, some 1.3 billion people still living in conditions of absolute poverty. We applaud the agency's commitment to join with us at the OPEC Fund and with others to make a dent in these numbers within an acceptable time frame. We must rally round to help IFAD achieve its overarching objective of becoming a true repository of experience and best practices and a knowledge organization on poverty and rural development.

Message from Mr James Wolfensohn, President of the World Bank,
Delivered on his Behalf by Mr Alex McCalla,
Director, Agriculture and Natural Resources Department of the World Bank

President Al-Sultan,
Distinguished Governors,
Ladies and Gentlemen,

I bring you the best wishes and congratulations on your Twentieth Anniversary celebration from Jim Wolfensohn, President of the World Bank, and he wishes me to express his sincere regrets that he is unable to be here to join you in person today.

May I make some brief remarks on this occasion regarding the Bank's long and fruitful collaboration with IFAD. Their brevity should not in any way suggest a less than complete and growing sense of partnership with your organization.

IFAD is to be congratulated for the relentless pursuit of its mandate to seek ways to reduce world poverty through the promotion of appropriate technology and participatory development. IFAD can be proud of its accomplishments in establishing itself as the lead institution supporting the reduction of rural poverty amongst the poorest of the poor, and in particular in its special capacities in working with small-scale and smallholder agriculture.

The Twentieth Anniversary also corresponds to 20 years of working together with the World Bank through a formalized collaborative agreement. This relationship has strengthened over time as IFAD has developed innovative and viable ways of addressing rural poverty, and as the World Bank itself has refocused and re-emphasized its attention on comprehensive community-based rural development. That new strategy, "Rural Development From Vision to Action", is strongly endorsed by our Board of Executive Directors, and is particularly strongly endorsed by Mr Wolfensohn.

Today, we truly have the makings of an even more vibrant partnership with IFAD. As we look to the future, there are great gains to be made through more professional interaction in shared programmes. Through joint financing and support provided in project design and implementation, we work together for common purposes. Specifically, to give a few examples, we are building a much strengthened partnership in the Africa region. IFAD has been our strong partner in the establishment and governance of the Consultative Group to Assist the Poorest and we are currently working together on the Popular Coalition to Eradicate Hunger and Poverty. Just yesterday, I had the opportunity to join in the formal launching of the Knowledge Network on Civil Society Initiatives in Land Reform and Tenurial Security.

I could go on at length, but I think the best interests of this meeting and of myself is to stop here. But let me reiterate, in conclusion, our congratulations for your accomplishments in the first 20 years and we look forward to an even more productive next twenty.

Statement by the Chairman,
His Excellency Shah A.M.S. Kibria,
Closing the Twenty-First Session of the Governing Council

Mr President,
Distinguished Governors and Delegates,
Ladies and Gentlemen,

We have come to the end of the Twenty-First Session of the Governing Council. This Session, which was of special significance, as it marked the Twentieth Anniversary of the Fund, was honoured by the presence of many Distinguished guests.

The inaugural address by the President of the Italian Republic, His Excellency Oscar Luigi Scalfaro, was thought-provoking, and his stirring words were an emphatic reminder that the moral and political duty to work towards food security for the entire planet rests with each of us. We were also honoured by a keynote address by the President of the Republic of Mali, His Excellency Alpha Oumar Konaré, whose words made us so aware of the plight of so many, and not least that of the children.

The Council welcomed the message of His Holiness Pope John Paul II, which reconfirmed the Holy See's support of the Fund, commending IFAD for its commitment to rid humanity of the spectre of famine; and the message of the Secretary-General of the United Nations, Mr Kofi Annan, which was a renewed summons to all the constituent parts of the United Nations family to work as one.

This summons was recognized in the statements delivered by the Director-General of the Food and Agriculture Organization of the United Nations, Mr Jacques Diouf, and the Executive Director of the World Food Programme, Mrs Catherine Bertini. The commitment of these two agencies to join in arms with the Fund in the fight to alleviate hunger and poverty is laudable.

The Council also welcomed the address of the former Prime Minister of the French Republic, His Excellency Raymond Barre, whose interest in IFAD spans the 20 years of its existence. In commemorating our Twentieth Anniversary, we were joined by Mr Abdelmuhsin Al-Sudeary and Mr Idriss Jazairy, whose dedication during their years as Presidents of the Fund, laid the foundation for the organization we have today.

Over the past two days we have heard many eloquent speeches by Governors, affirming the importance the international community places on the Fund and its work and calling for a united effort on the part of all those who can, to eradicate once and for all the scourge that has beset man since time immemorial. I think that the statements made over the past two days are a reconfirmation on the part of our Member States of their sincere intent to unite in the battle against hunger.

Distinguished Governors,

At the time of the First Session of the Governing Council in 1977 there were but 81 Member States. At this Session the Council approved the membership application of the Republic of Kazakhstan, which will become our 161st Member State - an encouraging sign of the worldwide recognition and belief in the Fund and its mandate.

The Council noted, with extreme satisfaction, another encouraging sign - that of the importance the Member States placed on the timely effectiveness of the Fourth Replenishment of the Fund's Resources. In an unprecedented record in the 20-year history of IFAD, the Fourth Replenishment became effective within a mere six months after its completion at the Council's last session. Of equal importance was the fact that only ten months after completion, the Fund had received Instruments of Contribution totaling just over 80% of the total pledges made to this Replenishment.

Ladies and gentlemen,

In a Council Session where many congratulations were voiced, permit me now to congratulate the Member States who have made this possible and to thank them for their renewed show of confidence in the Fund.

The Council also approved the Budget of IFAD for 1998 at a level of USD 51 137 000, plus a contingency of USD 400 000. Yet once again the President and his staff must be commended for their unfaltering commitment to keeping the Fund's Administrative Budget at a constant level. Indeed the Council very much welcomed the fact that after three consecutive years of budget reduction, followed by another year of zero real growth, the 1998 budget figure represented a real growth slightly below zero - hence five years of laudable efforts at keeping IFAD a trim organization.

This Session of the Council took a particular look at the problem of arrears - a problem many international financial institutions are facing - and took two important steps to address the need to contain it. Ironically it is precisely those to whom IFAD stretches out - the poorest of countries - that succumb to this constraint. While being most in need of development aid, those countries falling in arrears are those who, in turn, risk being ineligible to receive it.

In an attempt to break this vicious cycle, the last session of the Governing Council authorized the Fund's participation in the Debt Initiative for Heavily-Indebted Poor Countries. At this Session we have, by establishing an IFAD Trust Fund for the Heavily-Indebted Poor Countries Debt Initiative, furnished the Fund with a further mechanism to provide debt relief on a country-by-country basis. The second step forward was taken by amending the Fund's Lending Policies and Criteria. In this way we have also paved the way towards managing partnerships with our countries in arrears through a policy based on both proactive and corrective measures.

Distinguished Governors,

The long arms of hunger and poverty know no legal or political boundaries, yet development aid very often faces constraints that limit its outreach. During this Session we have overcome just such a constraint by establishing a Fund for Gaza and the West Bank, a territory that is not a Member State of IFAD. There is indeed satisfaction in overcoming bounds and in reaching out to PEOPLE not to boundaries.

Other types of barriers have rapidly been overcome this century. One such example is the marked diffusion of knowledge. With a view to keeping abreast of the times and in line with the Fund's vision of IFAD becoming a knowledge organization, this Council considered a policy for the disclosure of IFAD documents and authorized an 18-month interim phase to allow the Fund to examine how best to implement a definitive policy.

In reviewing 20 years of the Fund's operations, much has been said in the Session by delegates and special guests alike, on the problems of hunger and of rural poverty. It has been particularly highlighted that these problems have many ramifications and that the solution is equally complex and multifaceted. The Fund, in order for its work to be completely effective, must branch out to encompass these numerous aspects and work with various partners. It was in this spirit and in view of the complementary mandates of IFAD and the United Nations Convention to Combat Desertification, that the Fund had submitted a preliminary statement of interest and capacity to host the Global Mechanism of the Convention to Combat Desertification. This Council accepted the decision of the Conference of Parties to select IFAD to house the Global Mechanism.

It also reviewed the Progress Report on the Popular Coalition to Eradicate Hunger and Poverty, which has established a number of such collaborative programmes. Finally, the Council took note of the report on the activities the Fund is undertaking that are correlated to the objectives of the World Food Summit.

Distinguished Governors,

I consider it an honour to have presided over this important Session of the Governing Council. I wish to thank my colleagues on the Bureau who have assisted me in this. I would also voice the Council's thanks to the staff of IFAD who have, with their usual competence, assured the smooth running of this conference. Of course, no conference would be possible without those who help us to communicate; the interpreters, technical staff, and last, but not least, the conference messengers. A special thanks to you all.

Ladies and gentlemen,

All anniversaries are a time for remembrance and a time of reflection. As we draw ever closer to the new millennium, IFAD must reflect - as indeed must the entire world - on how best to eliminate the pangs of hunger and the oppression of rural poverty. During this Council Session we have looked back over the Fund's first 20 years - 20 years of dedication, growth, learning and, yes, struggle, which have given us today a Fund proud of its past; confident of its future, and most importantly, confident of bettering the future of mankind.

When I go back to Bangladesh and face a whole range of problems - in agriculture, food security, rural infrastructure and related issues - I will be fortified in the belief that there is one funding agency, IFAD, which has the precise mandate to help countries like mine in dealing with these problems.

On this thought I hereby close the Twenty-First Session of the Governing Council.

Thank you.

CHAPTER 4

B. SPECIAL MESSAGES RECEIVED ON THE OCCASION OF THE
TWENTIETH ANNIVERSARY CELEBRATIONS OF IFAD

His Excellency Eduard Shevardnadze,
President of the Republic of Georgia

On behalf of the people of Georgia, I have much pleasure in extending the assurances of my highest consideration to the International Fund for Agricultural Development and congratulations on the occasion of its Twentieth Anniversary. The activities undertaken by your Organization over this period have played a major part in avoiding starvation and food shortages in developing countries and have thus served as a guarantee of peace in the world.

I express the hope that the existing successful cooperation between IFAD and Georgia will further widen in scope and diversity.

Mr Bill Clinton,
President of the United States of America

On behalf of the people of the United States, I am pleased to congratulate the leadership and staff of the International Fund for Agricultural Development as you celebrate 20 years of operation.

In the past two decades, the Fund has established itself as an effective instrument for economic development and has earned wide recognition for its successful work to alleviate poverty and improve food security among the rural poor in more than 100 countries around the world. As a founding Member of the Fund, the United States is proud to be associated with your mission and achievements. We look forward to continued collaboration with the Fund and with the other agencies of the United Nations in our shared goal of reducing the poverty and food insecurity faced by so many of our fellow human beings.

Best wishes for a memorable anniversary celebration and continued success in the years ahead.

INTERNATIONAL
FUND FOR
AGRICULTURAL
DEVELOPMENT



ANNEX I

IFAD

GC 21/INF.2/Rev.2

ARABIC/ENGLISH
FRENCH/SPANISH

Governing Council
Twenty-First Session
Rome, 11-12 February 1998

LIST OF PARTICIPANTS TO THE TWENTY-FIRST SESSION
OF THE GOVERNING COUNCIL

LISTE DES PARTICIPANTS À LA VINGT ET UNIÈME SESSION
DU CONSEIL DES GOUVERNEURS

LISTA DE LOS PARTICIPANTES EN EL VIGÉSIMO PRIMER PERÍODO
DE SESIONES DEL CONSEJO DE GOBERNADORES

Chairman : Shah A.M.S. Kibria (Bangladesh)
Président :
Presidente :

Vice-Chairmen : Kirsti Lintonen (Finland)
Vice-Présidents : Malami Buwai (Nigeria)
Vicepresidentes :

MEMBER STATES

ÉTATS MEMBRES

ESTADOS MIEMBROS

ALBANIA

Governor (acting)	Lufter XHUVELI Minister for Agriculture and Food Tirana
Alternate Governor (acting)	Pandeli Dhimiter PASKO Ambassador of the Republic of Albania to Italy Rome
Adviser	Njazi TAHIRI Counsellor of the Prime Minister Ministry of Agriculture and Food Tirana
Adviser	Gezim COMO Project Coordinator (SSIR) Ministry of Agriculture and Food Tirana
Adviser	Leonidha KOSTA Third Secretary Alternate Permanent Representative of the Republic of Albania to IFAD Rome

ALGERIA

Gouverneur	Benalia BELHOUADJEB Ministre de l'agriculture et de la pêche Alger
Conseiller	Rachid BENAÏSSA Chef de Cabinet Ministère de l'agriculture et de la pêche Alger
Conseiller	Ahmed SADOUDI Directeur général du budget Ministère des finances Alger
Conseiller	Hariba YAHIA-CHERIF Conseiller Représentant permanent suppléant de la République algérienne démocratique et populaire auprès du FIDA Rome

ANGOLA

Gouverneur suppléant	Antero Alberto ERVEDOSA ABREU Ambassadeur de la République d'Angola auprès du FIDA Rome
Conseiller	Kiala Kia MATEVA Conseiller Représentant permanent adjoint de la République d'Angola auprès du FIDA Rome
Conseiller	Pedro Agostino KANGA Chef du Département de la coopération et des relations internationales Ministère de l'agriculture et du développement rural Luanda
Conseiller	Miguel Antonio DE CASTRO AGUIAR Directeur du projet de développement de l'agriculture de la région nord Ministère de l'agriculture et du développement rural Luanda

ARGENTINA

Gobernador	Roberto Oscar VILLAMBROSA Ministro Plenipotenciario Representante Permanente de la República Argentina ante los Organismos de las Naciones Unidas Roma
Asesor	Ariel FERNÁNDEZ Secretario Representante Permanente Alterno de la República Argentina ante los Organismos de las Naciones Unidas Roma

ARMENIA

Governor (acting)	Gaghik BAGHDASSARIAN Counsellor Chargé d'affaires, a.i. Embassy of the Republic of Armenia Rome
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Rome

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Assistance
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Rome

AUSTRIA

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Embassy of the Republic
of Austria
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Adviser Klaus OEHLER
Counsellor
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BANGLADESH

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Minister for Finance
Dhaka

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Rome

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Economic Relations Division
Ministry of Finance
Dhaka

Adviser Mohammad MEJBAHUDDIN
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Adviser Parvez IMDAD
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Administration générale de la
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Belgique auprès du FIDA
Rome

Conseiller Gust MOMBAERTS
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Représentation permanente
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auprès du FIDA
Rome

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Chef de Service
Administration générale de la
coopération au développement
Bruxelles

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Ministre du développement rural
Cotonou

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Ministère du développement rural
Cotonou

Conseiller Soulé Abdoulaye MANIGUI
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de la prospective
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Embajada de la República
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Ministry of Agriculture
Gaborone

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Ministry of Agriculture
Gaborone

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Bujumbura

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Conseiller au secrétariat général
du gouvernement
Bujumbura

Conseiller
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Premier conseiller
Chargé d'affaires, a.i.
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CANADA

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Gouverneur suppléant (provisoire)	Horacio Costantino da SILVA SOARES Ambassadeur de la République du Cap-Vert en Italie Rome

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Praia

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CENTRAL AFRICAN REPUBLIC

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N'Djaména

Gouverneur suppléant Hassanty Oumar CHAIB
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N'Djaména

CHILE

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Adviser	YE Anping Deputy Division Director Department of International Cooperation Ministry of Agriculture Beijing
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Adviser	LIU Dageng Project Officer Department of International Cooperation Ministry of Agriculture Beijing

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EL SALVADOR

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Ambassador of the Republic of Fiji
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Permanent Representative of the
Republic of Finland to the
United Nations Agencies
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Department for International
Development Cooperation
Ministry of Foreign Affairs
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Adviser
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Attaché
Department for International
Development Cooperation
Ministry of Foreign Affairs
Helsinki

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Gouverneur
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Direction du Trésor
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Direction du Trésor
Ministère de l'économie,
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Conseiller
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Ministre conseiller financier
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Rome

Conseiller
Jean Louis RYSTO
Conseiller
Représentant permanent adjoint
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GABON

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Marcel IBINGA-MAGWANGU
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gabonaise auprès du FIDA
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GABON (cont'd)

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Conseiller	Blaise NGOMO NDONG Conseiller du ministre d'État, chargé de l'agriculture, de l'élevage et du développement rural Libreville
Conseiller	Lambert EDOU Directeur national de l'APG/FIDA Ministère de l'agriculture, de l'élevage et du développement rural Libreville
Conseiller	Ivone Alves DIAS DA GRAÇA Premier conseiller Représentant permanent suppléant de la République gabonaise auprès du FIDA Rome

GAMBIA, THE

Governor (acting)	Ismaila Briama CEESAY Ambassador of the Republic of The Gambia to IFAD Brussels
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GEORGIA

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Governor	Gerhard BOEHMER Deputy Director-General Federal Ministry of Economic Cooperation and Development Bonn
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Adviser	Mallam Issah SEIDU Minister Counsellor Alternate Permanent Representative of the Republic of Ghana to IFAD Rome

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Representante Permanente Adjunta
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Naciones Unidas
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Conakry

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Alternate Permanent Representative
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Agencies
Rome

Adviser Kevin O'BRIEN
Administrative Officer
Department of Foreign Affairs
Dublin

Adviser Austin GORMLEY
Third Secretary
Development and Cooperation
Division
Department of Foreign Affairs
Dublin

ISRAEL

Governor Raphael MORAV
(acting) Counsellor
Permanent Representative of the
State of Israel to the United
Nations Agencies
Rome

ITALY

Gouverneur Alfredo DIANA
Président de la Fédération nationale
des "Cavalieri del Lavoro"
Rome

Gouverneur suppléant Luigi Maria FONTANA GIUSTI
(provisoire) Ambassadeur de la République
italienne auprès du FIDA
Rome

Conseiller Paolo COPPINI
Conseiller
Direction générale de la
coopération au développement
Ministère des affaires étrangères
Rome

Conseiller Massimo Andrea LEGGERI
Conseiller
Bureau du Directeur général
Direction générale de la
coopération au développement
Ministère des affaires étrangères
Rome

ITALY (cont'd)

Conseiller	Adolfo TREGGIARI Conseiller Représentant permanent suppléant de la République italienne auprès du FIDA Rome
Conseiller	Franco F. G. GINOCCHIO Conseiller Direction générale de la coopération au développement Ministère des affaires étrangères Rome
Conseiller	Raffaella DI MARO Directeur Chef de Division Ministère du Trésor Rome
Conseiller	Alessandro GALLOTTI Conseiller Ministère du Trésor Rome
JAPAN	
Governor	Hiromoto SEKI Ambassador of Japan to Italy Rome
Adviser	Takuji HANATANI Director Multilateral Cooperation Division Ministry of Foreign Affairs Tokyo
Adviser	Nobuhiko KAHO Assistant Director International Cooperation Planning Division Ministry of Agriculture, Forestry and Fisheries Tokyo
Adviser	Yukio NUMATA First Secretary Embassy of Japan Rome

JAPAN (cont'd)

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JORDAN

Alternate Governor
Hashem AL-SHBOUL
Secretary-General
Ministry of Agriculture
Amman

Adviser
Mustafa ZAHRAN
Director
Productive Projects Department
Ministry of Planning
Amman

Adviser
Salem A. OKOUR
Director
Projects Department
Ministry of Agriculture
Amman

Adviser
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Attaché
Embassy of the Hashemite
Kingdom of Jordan
Rome

KAZAKHSTAN

Governor
(acting)
Olzhas SULEIMENOV
Ambassador of the Republic
of Kazakhstan
Rome

Adviser
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Second Secretary
Embassy of the Republic
of Kazakhstan
Rome

KENYA

Alternate Governor
Bob Francis JALANG'O
Ambassador of the Republic
of Kenya to IFAD
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- Adviser Eliazar Babu MUGA
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Ministry of Agriculture, Livestock
Development and Marketing
Nairobi
- Adviser Paul G. NGATIA
IFAD Desk Officer
Ministry of Finance
Nairobi
- Adviser Paul Kipsigei CHEPKWONY
Agricultural Attaché
Alternate Permanent Representative
of the Republic of Kenya to IFAD
Rome
- Adviser Joseph Kipchirchir BOINNET
Second Secretary
Alternate Permanent Representative
of the Republic of Kenya to IFAD
Rome

KUWAIT

- Governor
(acting) Hisham Ibrahim AL-WOQAYAN
Deputy Director-General
Kuwait Fund for Arab
Economic Development
Kuwait
- Adviser Abdulaziz B. AL BADER
Media Researcher
International Cooperation
Division
Kuwait Fund for Arab
Economic Development
Kuwait
- Adviser Fatimah Hasan J. HAYAT
Counsellor
Alternate Permanent Representative
of the State of Kuwait to FAO
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LEBANON

- Gouverneur
(provisoire) Boutros Gerges ASSAKER
Conseiller
Chargé d'affaires, a.i.
Ambassade de la République
libanaise
Rome

LESOTHO

Governor	Mopshatla MABITLE Minister for Agriculture, Cooperatives, Marketing and Youth Affairs Maseru
Adviser	Moeketsi Joseph MASILO Principal Secretary Ministry of Agriculture, Cooperatives, Marketing and Youth Affairs Maseru
Adviser	Tieiso Maxwell KHALEMA Counsellor Alternate Permanent Representative of the Kingdom of Lesotho to IFAD Rome
Adviser	Teleko Jobo RAMOTS'OARI Director of Economics and Marketing Ministry of Agriculture, Cooperatives, Marketing and Youth Affairs Maseru
Adviser	Mathato MATLANYANE Chief Financial Controller Ministry of Finance and Development Planning Maseru
Adviser	Mantho MOTSELEBANE Director of Sectoral Programming Ministry of Finance and Development Planning Maseru
Adviser	Pheko Justice MAKHETHA Economic Counsellor Ministry of Foreign Affairs Maseru
Adviser	Maphutheho RANOOE First Secretary Embassy of the Kingdom of Lesotho Rome

LIBERIA

Governor (acting)	Roland C. MASSAQUOI Minister for Agriculture Monrovia
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LIBERIA (cont'd)

Alternate Governor
(acting) Philip NIPSON
Deputy Minister for
Technical Affairs
Ministry for Agriculture
Monrovia

LIBYAN ARAB JAMAHIRIYA

Governor Ali Ben RAMADAN
Secretary of the General People's
Committee for Agriculture
Tripoli

Alternate Governor Milad Abdelssalam SCHMEYLA
Permanent Representative of
the Socialist People's Libyan
Arab Jamahiriya to IFAD
Rome

Adviser Issam M. ZAWIA
Director
Office of Technical Cooperation
General People's Committee for
Agriculture
Tripoli

Adviser Ali Alamin ALTARHOUNY
Secretary
General People's Committee for
Agriculture
Tripoli

Adviser Saleh Jemaa AL CHAYEF
Secretary
General Public Committee for
Agriculture and Animal Resources
of the Socialist people's Libyan
Arab Jamahiriya
Tripoli

Adviser Mohamed Reda IDRES
Technical Attaché
Alternate Permanent Representative
of the Socialist People's Libyan
Arab Jamahiriya to IFAD
Rome

LUXEMBOURG

Gouverneur
(provisoire) Jean HOSTERT
Ambassadeur du Grand-Duché
de Luxembourg auprès
du FIDA
Rome

LUXEMBOURG (cont'd)

Gouverneur suppléant Georges HEINEN

(provisoire) Conseiller de gouvernement
Ministère des finances
Luxembourg

MADAGASCAR

Gouverneur suppléant Raphaël RABE
Conseiller
Chargé d'affaires, a.i.
Ambassade de la République
de Madagascar auprès du FIDA
Rome

Conseiller Monsieur MONJA
Ingénieur d'équipement rural
Représentant permanent adjoint
de la République de Madagascar
auprès du FIDA
Rome

MALAWI

Governor
(acting) Edward S. KABUYE
Chief of Agricultural Services
Ministry of Agriculture and
Livestock Development
Lilongwe

Adviser Sam Sylvais K. BOTOMANI
Deputy Secretary
Ministry of Agriculture and Irrigation
Lilongwe

MALAYSIA

Governor
(acting) Ramanathan VENGADESAN
Ambassador of Malaysia
to Italy
Rome

Adviser Khairuddin Mohammed TAHIR
Agricultural Attaché
Embassy of Malaysia
Rome

Adviser Azmi ZAINUDDIN
First Secretary
Embassy of Malaysia
Rome

MALAYSIA (cont'd)

Adviser
Abdul Ghaffar A. TAMBI
Assistant Agricultural Attaché
Embassy of Malaysia
Rome

MALDIVES

Governor
Hassan SOBIR
Minister for Fisheries
and Agriculture
Malé

Alternate Governor
Ahmed SHIHAB
Director
Ministry of Finance
and Treasury
Malé

MALI

Gouverneur
Madina LY-TALL
Ambassadeur de la République
du Mali auprès du FIDA
Paris

Gouverneur suppléant
(provisoire)
Amadou Baba TOURE
Conseiller technique
Ministère du développement rural
Bamako

Conseiller
Yacouba DIALLO
Conseiller
Ambassade de la République
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Paris

MALTA

Governor
Francis Montanaro MIFSUD
Ambassador of the Republic
of Malta to IFAD
Rome

MAURITANIA

Gouverneur
Sidi El Moctar OULD NAJI
Ministre du Plan
Nouakchott

MAURITANIA (cont'd)

Gouverneur suppléant (provisoire)	Melainine Ould Moctar NECHE Ambassadeur de la République islamique de Mauritanie en Italie Rome
Conseiller	Ould Mohamed Ahid TOURAD Premier conseiller Ambassade de la République islamique de Mauritanie Rome
Conseiller	Mohamed Elhassen Ould BOUKHREISS Directeur adjoint du financement Ministère du Plan Nouakchott

MAURITIUS

Governor (acting)	Rajkeswur PURRYAG Deputy Prime Minister and Minister for Foreign Affairs and International Trade Port Louis
Alternate Governor (acting)	Nayen Koomar BALLAH Principal Assistant Secretary Ministry of Agriculture and Natural Resources Port Louis
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MEXICO

Gobernador (interino)	Mireja TERÁN Ministro Encargado de Negocios,a.i. Embajada de los Estados Unidos Mexicanos ante el Gobierno Italiano Roma
Gobernador Suplente (interino)	Juan Guillermo BÉCKER ARREOLA Ministro (Asuntos Agrícolas) Representante Permanente Alterno de los Estados Unidos Mexicanos ante el FIDA Roma

MEXICO (cont'd)

Asesor
José ROBLES-AGUILAR
Consejero
Representante Permanente Adjunto
de los Estados Unidos Mexicanos
ante el FIDA
Roma

MOROCCO

Gouverneur
(provisoire)
Fouad SAMIR
Chef de la Division des financements
et des relations multilatéraux
Ministère des finances et des
investissements extérieurs
Rabat

Gouverneur suppléant
(provisoire)
Allal CHAALI
Ingénieur en chef
Division de la coopération
Département de l'agriculture
Ministère de l'agriculture, de
l'équipement et de l'environnement
Rabat

Conseiller
Ahmed AFAILAL
Ministre plénipotentiaire
Représentant permanent adjoint
du Royaume du Maroc
auprès du FIDA
Rome

Conseiller
Fakhr Eddine ESSAIDI
Conseiller
Représentant permanent suppléant
du Royaume du Maroc
auprès du FIDA
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MOZAMBIQUE

Governor
(acting)
Luísa Dias DIOGO
Deputy Minister for Planning
and Finance
Ministry of Planning
and Finance
Maputo

Alternate Governor
Amadeu Paulo Samuel DA CONCEIÇÃO
Ambassador of the Republic
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MOZAMBIQUE (cont'd)

Adviser Joana SARANGA
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Adviser Abel GONÇALVES LOPES
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Adviser Ananias SIGAÚQUE
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Rome

MYANMAR

Governor Khin NYEIN
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of Myanmar to IFAD
Rome

Adviser Kyi TUN
Minister Counsellor
Embassy of the Union
of Myanmar
Rome

NAMIBIA

Governor Stan WEBSTER
Deputy Minister for Agriculture,
Water and Rural Development
Windhoek

NEPAL

Governor Jagan Nath THAPLIYA
(acting) Joint Secretary
Ministry of Agriculture
Kathmandu

Adviser Lal Shanker GHIMIRE
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Ministry of Finance
Kathmandu

NETHERLANDS

Governor (acting)	Robert VORNIS Director Multilateral Development Financing and Macroeconomic Policies Department Ministry of Foreign Affairs The Hague
Alternate Governor (acting)	Jacob Bernard PIETERS Minister Plenipotentiary Permanent Representative of the Kingdom of The Netherlands to IFAD Rome
Adviser	Ewald J. N. BROUWERS Counsellor Alternate Permanent Representative of the Kingdom of The Netherlands to IFAD Rome
Adviser	Jaap H. BROERSMA Policy Officer International Financial Institutions Division Ministry of Foreign Affairs The Hague
Adviser	Marcia LUYTEN Officer International Financial Institutions Division The Hague
NEW ZEALAND	
Governor	Judith Catherine TROTTER Ambassador of New Zealand to Italy Rome
Alternate Governor	Jeremy Paul PALMER First Secretary Embassy of New Zealand Rome
NICARAGUA	
Gobernador	María Eugenia SACASA DE PALAZIO Embajadora de la República de Nicaragua ante el Gobierno Italiano Roma
NIGER	

Gouverneur (provisoire)	Idi Ango OMAR Ministre d'État Ministère de l'agriculture et de l'élevage Niamey
Conseiller	Hadizatou IBRAHIM Premier secrétaire Chargé d'affaires, a.i. Ambassade de la République du Niger Rome
Conseiller	Hassane SALEYE Directeur des études et programmation Ministère de l'agriculture et de l'élevage Niamey

NIGERIA

Governor (acting)	Oloche Anebi EDACHE Director Federal Department of Agriculture Federal Ministry of Agriculture and Natural Resources Abuja
Alternate Governor (acting)	Basil M. UKPONG Minister Permanent Representative of the Federal Republic of Nigeria to the United Nations Agencies Rome
Adviser	Shaba MUSA Assistant Director Federal Ministry of Finance Abuja

NORWAY

Governor (acting)	Aud KOLBERG Assistant Director-General Department of Global Issues Ministry of Foreign Affairs Oslo
Alternate Governor (acting)	Turid Johanna KONGSVIK Counsellor Permanent Representative of the Kingdom of Norway to IFAD Rome

NORWAY (cont'd)

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Department of Multilateral
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Ministry of Foreign Affairs
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OMAN

Governor
(acting)
Said Khalifa Moh'd AL-BUSAIDI
Ambassador of the Sultanate
of Oman to IFAD
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Adviser
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First Secretary
Alternate Permanent Representative
of the Sultanate of Oman to IFAD
Rome

PAKISTAN

Governor
Abdul Sattar LALIKA
Minister for Food, Agriculture and
Livestock
Islamabad

Alternate Governor
Aftab Ahmad KHAN
Secretary
Economic Affairs and Statistics
Division
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Islamabad

Adviser
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Ambassador of the Islamic
Republic of Pakistan
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Rome

Adviser
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Agricultural Counsellor
Alternate Permanent Representative
of the Islamic Republic of
Pakistan to IFAD
Rome

PANAMA

Gobernador
Ismael BERNAL MAURE
Embajador de la República
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Roma

PANAMA (cont'd)

Gobernador Suplente
Horacio MALTEZ
Ministro Consejero Agrícola y de Pesca
Representante Permanente Adjunto
de la República de Panamá
ante el FIDA
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PARAGUAY

Gobernador
(interino)
Oscar CABELLO SARUBBI
Embajador de la República del Paraguay
ante el FIDA
Roma

Asesor
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Director de Europa del Ministerio
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Asunción

Asesor
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Representante Permanente Alterno
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PERU

Gobernador
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Paul PAREDES PORTELLA
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Encargado de Negocios, a.i.
Representante Permanente Adjunto
de la República del Perú
ante el FIDA
Roma

PHILIPPINES

Governor
(acting)
Noel D. DE LUNA
Agricultural Attaché
Deputy Permanent Representative of
the Republic of The Philippines
to IFAD
Rome

Alternate Governor
(acting)
Kira R. DANGANAN
Alternate Permanent Representative
of the Republic of the Philippines
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Rome

PHILIPPINES (cont'd)

Adviser
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Alternate Permanent Representative
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PORTUGAL

Governor
Ivo Jorgé DE ALMEIDA DOS SANTOS PINHO
President
Society for Agricultural
and Fisheries Development
Almada

Alternate Governor
(acting)
Carlos FIGUEIREDO
Head of Division
Directorate General for European
and International Affairs
Ministry of Finance
Lisbon

Adviser
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Counsellor
Deputy Permanent Representative
of the Portuguese Republic
to the United Nations Agencies
Rome

QATAR

Governor
(acting)
Ali Bin Said AL-KHAYARIN
Minister for Municipal Affairs
and Agriculture
Doha

Adviser
Ahmed Jaber SROUR
Director
Agricultural Development
Management Office
Ministry of Municipal Affairs
and Agriculture
Doha

Adviser
Abdel Rahman Youssef AL-MAHMOUD
Director
Agricultural and Water
Resources Management
Ministry of Municipal Affairs
and Agriculture
Doha

QATAR (cont'd)

Adviser Jassim Ali Hilal AL-MUHANNADI
Director (Expert)
Arab and International
Agriculture Affairs
Ministry of Municipal Affairs
and Agriculture
Doha

Adviser Walid Fahd AL-MANEH
Director
Public Relations
Ministry of Municipal Affairs
and Agriculture
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Adviser Ifahad Ibrahim AL-MANA
First Secretary
Embassy of the State
of Qatar
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Adviser Akeel HATOOR
Alternate Permanent Representative
of the State of Qatar to United
Nations Agencies
Rome

REPUBLIC OF KOREA

Governor Doo-Byong SHIN
Ambassador of the Republic
of Korea to IFAD
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Alternate Governor Hyunki BAIK
Agricultural Attaché
Deputy Permanent Representative
of the Republic of Korea to IFAD
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Adviser Kiho YOON
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Technical Cooperation Division
International Agriculture Bureau
Ministry of Agriculture, Forestry
and Fisheries
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Adviser Jaehan KWON
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Alternate Permanent Representative
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Rome

ROMANIA

Gouverneur suppléant	Constantin Mihail GRIGOIRE Ambassadeur de la Roumanie auprès du FIDA Rome
Conseiller	Mariana PAVALAN Directeur Département du développement rural Ministère de l'agriculture et de l'alimentation Bucarest
Conseiller	Gheorghe APOSTOIU Conseiller Représentant permanent adjoint de la Roumanie auprès du FIDA Rome
Conseiller	Mihail DOBRE Troisième secrétaire Représentant permanent suppléant de la Roumanie auprès du FIDA Rome

RWANDA

Gouverneur (provisoire)	Gérard ZIRIMWABAGABO Secrétaire d'État à l'agriculture, l'élevage, l'environnement et au développement rural Kigali
Gouverneur suppléant (provisoire)	Célestin KABANDA Directeur de la planification, études et suivi Ministère de l'agriculture et de l'élevage Kigali

SAINT CHRISTOPHER AND NEVIS

Governor	Timothy HARRIS Minister for Agriculture, Lands and Housing Basseterre
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SAINT LUCIA

Governor (acting)	Cassius ELIAS Minister for Agriculture, Fisheries, Forestry and the Environment Castries
----------------------	--

SAUDI ARABIA

Governor (acting)	Aabdel Aziz Ben Hamad AL MUDBIL Vice-Minister Ministry of Agriculture and Water Riyadh
Alternate Governor (acting)	Ahmed Ben Souleiman AL-AQUIL Minister Plenipotentiary Permanent Representative of the Kingdom of Saudi Arabia to FAO Rome
Adviser	Bander AL-SHALHOOB Alternate Permanent Representative of the Kingdom of Saudi Arabia to FAO Rome
Adviser	Mishail AL QAHTANI Agricultural Engineer External Relations Ministry of Agriculture and Water Riyadh

SENEGAL

Gouverneur	Robert SAGNA Ministre d'État chargé de l'agriculture Dakar
Gouverneur suppléant (provisoire)	Mame Balla SY Ambassadeur de la République du Sénégal en Italie Rome
Conseiller	Mouhammed El Habib LY Directeur de l'Unité de production agricole (UPA) Ministère de l'agriculture Dakar
Conseiller	Moussa Bocar LY Ministre conseiller Ambassade de la République du Sénégal Rome
Conseiller	Abdoukarim DIOUF Deuxième conseiller Ambassade de la République du Sénégal Rome

SEYCHELLES

Governor	Callixte François Xavier D'OFFAY
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(acting) Ambassador of the Republic
of Seychelles
Paris

SIERRA LEONE

Governor Umaru Bundu WURIE
(acting) Ambassador of the Republic
of Sierra Leone
Bonn

SOUTH AFRICA

Governor Khorshed Noshir GINWALA
Ambassador of the Republic
of South Africa to Italy
Rome

Alternate Governor Julian Alexis THOMAS
Agricultural Counsellor
Embassy of the Republic
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Adviser Edward MAKAYA
Third Secretary
Embassy of the Republic
of South Africa
Rome

SPAIN

Gobernador Enrique PANÉS CALPE
Ministro Plenipotenciario
Embajada de España
Roma

Gobernador Suplente María Victoria SCOLA
Primer Secretario
Embajada de España
Roma

Asesor Javier PIERNAVIEJA NIEMBRO
Agregado de Agricultura, Pesca y Alimentación
Representante Permanente Adjunto de España
ante los Organismos de
las Naciones Unidas
Roma

SRI LANKA

Governor Upatissa PETHIYAGODA
Ambassador of the Democratic
Socialist Republic of Sri Lanka
to IFAD
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Adviser Ranamukalage KULATILLEKE
First Secretary
Commercial Affairs
Ministry of Finance
Colombo

SUDAN

Governor Nafie ALI NAFIE
Minister for Agriculture
and Forestry
Khartoum

Alternate Governor Izzeldin IBRAHIM
Minister of State
Ministry of Finance
and Economics
Khartoum

Adviser Mahdi Mustafa EL HADI
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Rome

Adviser Mohamed Said MOHAMED ALI HARBI
Counsellor
Permanent Representative of the
Republic of The Sudan to IFAD
Rome

Adviser Isam Eldin EL BASHIR
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Ministry of Finance
and National Economy
Khartoum

SWAZILAND

Governor Dambuza II LUKHELE
Minister for Agriculture
and Cooperatives
Mbabane

Adviser Khangezile DLAMINI
Project Coordinator
Ministry of Agriculture
and Cooperatives
Mbabane

SWAZILAND (cont'd)

Adviser
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Counsellor
High Commission for the
Kingdom of Swaziland
London

SWEDEN

Governor
(acting)
Lennart BÅGE
Director
Division for International
Development Cooperation
Ministry of Foreign Affairs
Stockholm

Alternate Governor
Pernilla JOSEFSSON
Senior Administrative Officer
Ministry of Foreign Affairs
Stockholm

Adviser
Dorrit ALOPAEUS-STÅHL
Minister
Permanent Representative of
the Kingdom of Sweden to IFAD
Rome

SWITZERLAND

Gouverneur
Henri-Philippe CART
Directeur général adjoint
Direction du développement
et de la coopération
Département fédéral des
affaires étrangères
Berne

Gouverneur suppléant
(provisoire)
Dominique JORDAN
Conseillère scientifique
Office fédéral des affaires
économiques extérieures
Département fédéral de
l'économie publique
Berne

Conseiller
Lothar CAVIEZEL
Conseiller scientifique
Direction du développement
et de la coopération
Département fédéral des
affaires étrangères
Berne

SYRIA

Governor	Asa'ad MUSTAFA Minister for Agriculture and Agrarian Reform Damascus
Alternate Governor (acting)	Mohammed NAJDI ALJAZZAR Ambassador of the Syrian Arab Republic to IFAD Rome
Adviser	Erfan ALLOUCH Vice-Minister of Agriculture and Agrarian Reform Damascus
Adviser	Kosay MOUSTAFA Attaché Embassy of the Syrian Arab Republic Rome
Adviser	Suleiman KARBOUJ Deputy Director Department of International Relations Ministry of Agriculture and Agrarian Reform Damascus

TANZANIA, UNITED REPUBLIC OF

Governor	Njelu E. KASAKA Deputy Minister for Agriculture and Cooperatives Dar-es-Salaam
Adviser	Albano Lumbe Teneku ASMANI Minister Plenipotentiary Chargé d'affaires, a.i. Embassy of the United Republic of Tanzania Rome
Adviser	Janet BITEGEKO Acting Commissioner for Planning and Marketing Ministry of Agriculture Dar-es-Salaam
Adviser	Perpetua M. S. HINGI Agricultural Attaché Alternate Permanent Representative of the United Republic of Tanzania to IFAD Rome

THAILAND

Governor (acting)	Chao TIAN TONG Minister (Agriculture) Permanent Representative of the Kingdom of Thailand to the United Nations Agencies Rome
Adviser	Kasem PRASUTSANGCHAN First Secretary Alternate Permanent Representative of the Kingdom of Thailand to the United Nations Agencies Rome

**THE FORMER YUGOSLAV REPUBLIC
OF MACEDONIA**

Governor (acting)	Kiro DOKUZOVSKI Minister for Agriculture, Forestry and Water Economy Skopje
Alternate Governor (acting)	Viktor GABER Ambassador of The Former Yugoslav Republic of Macedonia to Italy Rome
Adviser	Zivko BRAJOVSKI Counsellor Ministry of Agriculture, Forestry and Water Economy Skopje

TOGO

Gouverneur (provisoire)	Ayélé-Mawuto GNINOFU Directrice de la planification et des ressources humaines Ministère de l'agriculture, de l'élevage et de la pêche Lomé
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TONGA

Governor (acting)	Kinikinilau Tutoatasi FAKAFANUA Minister for Finance Nuku'alofa
Alternate Governor (acting)	Haniteli FA'ANUNU Director for Agriculture and Forestry Ministry of Agriculture, Fisheries and Forestry Nuku'alofa

TONGA (cont'd)

Adviser
Penisimani VEA
Managing Director
Tonga Development Bank
Nuku'alofa

TUNISIA

Gouverneur
(provisoire)
Ameur HORCHANI
Secrétaire d'État pour l'agriculture
Ministère de l'agriculture
Tunis

Conseiller
Narjes DRIDI
Conseiller
Ambassade de la République
tunisienne
Rome

TURKEY

Governor
(acting)
Ilhan BILGIN
Assistant Under-Secretary
Ministry of Agriculture
and Rural Affairs
Ankara

Alternate Governor
(acting)
Nahit ONUK
Deputy Director-General
General Directorate of
Agricultural Production
and Development Department
Ministry of Agriculture
and Rural Affairs
Ankara

Adviser
Ömer GÜCÜK
First Secretary
Alternate Permanent Representative
of the Republic of Turkey
to the United Nations Agencies
Rome

Adviser
Ahmet SAYLAM
Agricultural Counsellor
Alternate Permanent Representative
of the Republic of Turkey
to the United Nations Agencies
Rome

UGANDA

Governor (acting)	Sam KUTESA Minister of State Ministry of Planning and Economic Development Kampala
Alternate Governor (acting)	Joshua MUTABAZI Second Secretary Alternate Permanent Representative of the Republic of Uganda to IFAD Rome
Adviser	Vincent KIRABOKYAMARIA Ambassador of the Republic of Uganda to IFAD Rome
Adviser	Charles GASHUMBA Director Agricultural Secretariat Ministry of Planning and Economic Development Kampala
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ANNEX II

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GC 21/L.1/Rev.2

ENGLISH
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Governing Council

Twenty-First Session

Rome, 11-12 February 1998

Agenda Item 2

PROVISIONAL AGENDA

1. Opening of the Session
2. Adoption of the Agenda
3. Election of the Chairman and Vice-Chairmen of the Governing Council
4. Applications for Non-original Membership
5. Statement of the President of IFAD
6. Progress Report on the Fourth Replenishment of IFAD's Resources
7. General Statements
8. Audited Financial Statements of IFAD - 31 December 1996
9. Proposed Budget of IFAD for 1998
10. Establishment of an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund
11. IFAD's Policy Framework for Managing Partnerships with Countries in Arrears
12. IFAD Policy on the Disclosure of Documents
13. The Establishment of an IFAD Fund for Gaza and the West Bank
14. Housing the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
15. Membership of the Executive Board
16. IFAD's Follow-up to the Conference on Hunger and Poverty
17. IFAD's Follow-up to the World Food Summit

18. Report on the Commemoration of the Twentieth Anniversary of IFAD
19. Report on the Status of the Headquarters Agreement
20. Other Business

LIST OF DOCUMENTS PLACED BEFORE THE GOVERNING COUNCIL
AT ITS TWENTY-FIRST SESSION

<u>Document No.</u>	<u>Agenda Item</u>	<u>Title</u>
GC 21/L.1/Rev.1	2	Provisional Agenda and Annotations
GC 21/L.1/Rev.1/Add.1	2	Schedule of Work for the Session
GC 21/L.2	4	Applications for Non-original Membership
GC 21/L.3 + Add.1	6	Progress Report on the Fourth Replenishment of IFAD's Resources
GC 21/L.4	8	Audited Financial Statements of IFAD - 31 December 1996
GC 21/L.5 + Add.1	9	Programme of Work and Budget of IFAD for 1998
GC 21/L.6	10	Establishment of an IFAD Heavily-Indebted Poor Countries Debt Initiative Trust Fund
GC 21/L.7	11	IFAD's Policy Framework for Managing Partnerships with Countries in Arrears
GC 21/L.8	12	IFAD Policy on the Disclosure of Documents
GC 21/L.9	13	The Establishment of an IFAD Fund for Gaza and the West Bank
GC 21/L.10 + Add.1	14	Housing the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
GC 21/L.11	15	Membership of the Executive Board
GC 21/L.12	16	IFAD's Follow-Up to the Conference on Hunger and Poverty - Progress Report on the Popular Coalition to Eradicate Hunger and Poverty
GC 21/L.13	17	IFAD's Follow-Up to the World Food Summit
GC 21/L.14	18	Report on the Commemoration of the Twentieth Anniversary of IFAD
GC 21/INF.1		Arrangements for the Twenty-First Session of the Governing Council
GC 21/INF.2/Rev.1		Provisional List of Participants to the Twenty-First Session of the Governing Council
GC 21/INF.3*		Draft Financial Statements of IFAD - 31 December 1997
GC 21/Resolutions		Resolutions Adopted by the Governing Council at its Twenty-First Session

* English only

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Governing Council

Twenty-First Session

Rome, 11-12 February 1998

Agenda Item 9

PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1998

1. With reference to Note 1 on the first page of the Programme of Work and Budget of IFAD for 1998 (document GC 21/L.5) the Governing Council is invited to approve the recalculation of the budget at the present prevailing rate of exchange for the Italian Lira, since the original budget was calculated at ITL 1 695/USD 1.00, the anticipated average exchange rate for 1997.
2. The prevailing rate according to the International Monetary Fund is ITL 1 788/USD 1.00. The President recommends that the Governing Council adopt this rate for the purpose of the recalculation of the Budget of IFAD for 1998.
3. Accordingly, in paragraph 4 of the draft resolution on page i of document GC 21/L.5, the total amount of the Budget of IFAD for 1998 will be USD 51 137 000, plus a contingency of USD 400 000 based on the rate of exchange of ITL 1 788/USD 1.00.

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Agenda Item 9

PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1998

1. In accordance with Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD and on the recommendation of the Executive Board, the President hereby submits the 1998 Budget to the Governing Council for approval.
2. The Programme of Work for 1998 on which the Budget is based, was reviewed by the Executive Board at its Sixty-Second Session and a level of SDR 336.2 million was approved for planning purposes. A number of Board Directors expressed their concern, however, over the 1998 lending level proposed for sub-Saharan Africa. Although recognizing the external factors which have affected the Fund's lending in this region, Directors voiced their hope that all efforts would be made to reach the proposed 1998 level and to retain proper focus on this region in future. The President committed Management to respond to the Board's concern that projects he submits for direct IFAD supervision meet fully the innovative quality and other criteria agreed upon by the Board.
3. The Executive Board, at its Sixty-Second Session, also reviewed the proposed Budget of IFAD for 1998. The Board noted with satisfaction that after three consecutive years of reductions totalling about 26%, the Fund was once again able to propose, for a second year, a Budget level with zero real growth amounting to USD 52.6 million, plus a contingency of USD 0.4 million. The Executive Board recommended that the President should be authorized to submit the Budget to the Governing Council.
4. Accordingly, it is recommended that the Governing Council should adopt the attached draft Resolution, approving the 1998 Budget in the amount indicated therein.

DRAFT RESOLUTION OF THE BUDGET OF IFAD FOR 1998

Resolution ../XXI

Budget of IFAD for 1998

The Governing Council of IFAD

1. Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulations VI of the Financial Regulations of IFAD;
2. Noting that at its Sixty-Second Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1998 in the amount of SDR 336.2 million;
3. Having considered the review of the Sixty-Second Session of the Executive Board concerning the proposed Budget of IFAD for 1998;
4. Approves the Budget of IFAD for 1998, as contained in document GC 21/L.5 in the amount of USD 52 586 000^{1/} determined on the basis of a rate of exchange of ITL 1695/USD 1.00, plus contingency items of USD 400 000;
5. Decides that in the event that the average value of the United States Dollar in 1998 should change against the Italian Lire rate of exchange used to calculate the Budget, the total United States Dollar equivalent of the Lira expenditures in the Budget shall be adjusted in proportion that the actual exchange rate in 1998 bears to the Budget exchange rate.

^{1/} This figure will require adjustment in accordance with the prevailing exchange rate of Italian Lira/United States Dollar, as decided by the Governing Council. A document indicating the recommended rate and the resultant total budget amount will be tabled at the Twenty-First Session of the Governing Council.

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I. INTRODUCTION AND OVERVIEW

1. At its Sixty-First Session in September 1997, the Executive Board reviewed the Preview of the Programme of Work and Budget of IFAD for 1998 (EB 97/61/R.6), which provided the Fund's strategic directions for the medium and long term as well as the objectives for 1998. The following pages outline the activities required to achieve those objectives and the resource requirements for 1998.

2. The President has made three key commitments to IFAD's Governing Bodies:

- (a) IFAD will maintain a credible level of lending in real terms;
- (b) The commencement of direct supervision of projects would be budget-neutral;
- (c) The Administrative Budget will be contained at zero real growth.

3. IFAD's proposed 1998 Programme of Work of 459.0 million United States dollars (USD) (equivalent to 336.2 million Special Drawing Rights, or SDRs) contains a lending level similar to that of 1997, including a price increase of 2%. The proposed Technical Assistance Grant (TAG) Programme is approximately USD 32.5 million, or 7.08% of the overall Programme of Work. This will be the first year of implementation of the new management process in which the budget presented for approval by the Board is driven by IFAD's Strategic Thrusts as opposed to demand for activity spending. It is expected that by the end of this year the Corporate Scorecard will provide an opportunity to measure how objectives have been reached in relation to budgetary spending.

4. Direct supervision of IFAD projects will become a reality during 1998 and will be a major factor in our priority to improve the quality of supervision. It is expected that, by December 1998, 15 projects for which IFAD will have total supervisory responsibility will have been presented for Board approval. Projects approved in the latter part of 1998 will incur partial or no supervisory costs in 1998, whereas others will incur supervision costs based upon client demand in the field. Costs for directly supervised projects will be offset by those charges that would normally have been paid to cooperating institutions (CIs). Careful monitoring of direct supervision will enable IFAD to analyze its performance in relation to quality attained and costs incurred. Staff are being prepared for this new activity and appropriate training will be provided.

5. As in 1997, the Administrative Budget will show approximately zero real growth. The 1998 Budget totals USD 52 986 000 including contingency items of USD 400 000. This will be achieved by ensuring that resources are allocated to priority activities and by doing more with less.

6. At the end of 1996, a human resources management strategy was adopted with a two-year implementation plan to increase IFAD's impact as an influential, innovative and knowledge institution. An extensive review is under way to optimize the productivity and morale of staff at all levels. Workload assessments and functional reviews are being undertaken, including an analysis of the continued use of temporary staff (consultants and support staff). A training programme is being designed for staff development and to fill skills gaps identified during the review.

7. A substantial amount of research and preparatory work has been undertaken in the portfolio investment area, with assessments of the ability of fund managers to meet the risk-control requirements of IFAD's diversified investment policy. Careful performance monitoring against pre-defined benchmarks will be a key feature of management control of the investment portfolio.

8. The Fourth Replenishment became effective on 29 August 1997. As can be seen from Table 2 on page 13, the resources available for commitment at the end of 1998 — after taking into account forecasted loan cancellations, loan reflows, investment income, less projected commitments and operating expenses — are estimated at SDR 402 million. This healthy level of resources, which excludes the use of the Advance Commitment Authority (ACA), indicates that IFAD can pursue a credible level of lending in the short and medium term.

II. STRATEGIC DIRECTIONS IN THE 1998 PROGRAMME OF WORK AND BUDGET

A. Corporate Strategy

9. IFAD's corporate strategy recognizes the increasingly complex environment in which the problems of world rural poverty and food insecurity are addressed. Over the past two decades, the reality of poverty has changed significantly: while it continues to remain a significant global problem, its location and specificities have changed dramatically. Declining living conditions in eastern Europe and the former Soviet Union countries, the critical situation and human suffering in the Great Lakes region in Africa and the still significant pockets of dire poverty in Asia and Latin America illustrate the different global dimensions of poverty and hunger. Concurrently, the levels of capital flows and technology for development assistance are also undergoing changes. There has been a substantial decline in official development assistance flows, while at the same time there has been a surge in private-sector investments. The latter, however, has been selective, and is not a substitute for reduced public resources in many areas.

10. These shifts are redefining the ways in which international funding agencies like IFAD can operate, establishing niches in terms of poverty reduction, developing partnerships with the private sector and forging strategic linkages with other development agencies. IFAD's corporate strategy therefore recognizes the need to form strategic partnerships with other organizations and donors (thus avoiding duplication of efforts) and to increase development impact on the ground. The Fund has been taking a number of important external initiatives, including opening dialogue and creating partnerships with other agencies, developing programme approaches in specific areas and participating in global efforts to reorient and focus attention on critical areas such as desertification.

11. These external initiatives are matched by intensive, ongoing efforts to reorganize internal management mechanisms, increase efficiency and improve IFAD's impact on rural poverty reduction. A participatory process of re-engineering, with an emphasis on decision-making, teamwork and accountability, is leading to new processes and a redefinition of roles and responsibilities within IFAD. Processes are being reviewed and fine-tuned in response to the evolving technological and management needs of the institution. These efforts have reinforced the internal reorganization that took place in 1994 and have enhanced the effectiveness of the Programme Management Department (PD) as part of a long-term strategy with greater emphasis on implementation of IFAD-supported projects. This approach is part of a significant shift in IFAD's institutional culture towards greater efficiency, responsiveness and development impact.

12. A participatory strategic management process consisting of four successive stages of articulation of IFAD's Vision into work programmes has been instituted. This includes translation of the Vision into medium-term thrusts, defining shorter-term objectives within the thrusts, laying down strategic guidelines and operating directions, and deriving a Programme of Work and Budget (POWB) within those approved guidelines. All these steps have been followed in the preparation of the 1998 POWB.

13. IFAD's corporate strategy includes five Strategic Thrusts and a number of supporting objectives. Over the medium-term, these thrusts (cited below) and IFAD's Vision will guide the focus and the work programme of the institution.

Box 1

Corporate Strategic Thrusts

- A. Support projects and programmes driven by beneficiary participation and implementation.
- B. Create an effective portfolio management system that ensures desired field-level results.
- C. Ensure an effective IFAD presence and impact at the field level by:
 - (a) maintaining a credible level of lending in real terms; and
 - (b) expanding IFAD's outreach.
- D. Establish and use knowledge networks on rural poverty in order to create a recognized knowledge organization.
- E. Develop a human-resource and management system that supports accountability, teamwork and decentralized decision-making.

14. This process has provided the basis for intensive in-house analysis of choices and priorities. Claims for resources were made and were subsequently moderated and balanced with the help of the adopted guidelines and operational strategic directions, subject to the three restraints cited above in paragraph 2.

15. The most critical element in this process is the measurement of performance, which is given a central place and ties the system together. Measuring performance expands the concept of success from the mere accomplishment of stated activities to actually delivering real products for IFAD's ultimate clients, the rural poor. Consistent performance measures are being developed to connect the planning, budgeting, implementation and evaluation processes of the Fund. These measures, incorporated into the performance-monitoring system, are being designed to provide a path of accountability between long-term goals and the Fund's regular activities.

The four elements of this process are:

- (a) planning: performance is measured, where possible, in terms of quantifiable results that are planned for achievement;
- (b) budgeting: resources are allocated and expended to achieve the planned outcomes;
- (c) implementation: the planned activities are carried out by the departments and/or divisions responsible; and
- (d) evaluation: the quality of the activities and products that have actually been implemented are analyzed and feedback for improvements is provided.

16. The operationalization of this corporate planning approach involves introducing a "scorecard" system that focuses on the achievement of targets set within the strategic goals. It also maximizes the

impact on the Fund's clients, the rural poor. A Corporate Scorecard, covering the overall objectives of the institution, as well as unit, division and department-level scorecards have been developed. These scorecards, updated quarterly, will provide the basis for assessing IFAD's overall impact, monitoring performance, identifying areas of critical need during programme implementation and soliciting management support. The end result will be a more responsive institution that makes better use of its resources and is able to link its long-term objectives to its everyday business processes.

B. Operational Strategy Focus

17. The mandate of IFAD, its basic goal, is to improve the livelihood of the rural poor on a sustainable basis. To achieve this goal, IFAD's five regional divisions have defined their specific operational strategy frameworks, which are described in detail in Annex V. This annex presents in tabular form the substantive elements of the five regional strategies. This overview presentation of the regional strategies is a summary of the more elaborate regional strategies underlying the 1998 Programme of Work and Budget. These regional strategies are based on an increasingly strong process of country strategy articulation, in line with the evolving Corporate Strategy.

18. The regional strategies highlight the fact that, despite increased GDP in many countries, the number of rural poor is growing and the forces that generate poverty are evolving at rates that vary from country to country and from region to region. The nature of rural poverty remains widely diversified, and the Fund's operational strategy framework responds in appropriate ways to the specific challenges confronted by different categories of the rural poor: small farmers working in marginal areas, the landless, nomadic groups, artisanal fisherman, indigenous peoples, women and young people.

19. There are, however, some commonalities. The increasingly global nature of the economy in which the poor live and produce is becoming a major factor. Globalization of markets along with price liberalization and other economic reforms, including downsizing of the public sector, are some of the dynamic factors contributing to: (a) the progressive withdrawal of governments from the direct provision of rural services; (b) movement towards decentralization of administration and political democratization; (c) increasing determination of local prices for agricultural inputs, capital and agricultural commodities by global market prices; (d) emphasis on agricultural specialization and exchange; and (e) non-farm income-generation as often being a more efficient way to assure food security than improved subsistence agriculture. In addition, environmental degradation and increasing population pressure are further exacerbating the already fragile environment in which the poor often live. Unless global and regional strategies specifically address these impacts on the rural poor, such processes can and will further reduce their chances and opportunities for improvement.

20. In western and central Africa, IFAD's lending programme continues to face constraints in nearly a quarter of the countries, given the stringent budgetary and debt-servicing conditions and, in some places, civil disturbances. The Fund will therefore strive to maintain an active presence not only through its lending programme but also through grants and collaboration with regional non-governmental organizations (NGOs), research institutions and the private sector. The regional strategy is based upon a two-pronged approach: (a) support for resource-conservation initiatives at the national and regional levels; and (b) development of alternative means of income-generation, mainly through non-farm activities supported by a wide range of decentralized approaches to financial-services delivery. The combined objective of this strategy is to reduce pressure on land resources while raising the level of revenues, thus contributing towards food security and a reduction in the migration of the rural poor to the already overcrowded cities.

21. In eastern and southern Africa, IFAD's strategy is geared to the increasingly deregulated structure of trade and the withdrawal of government agencies in favour of the private sector and NGOs for the provision of services in the rural sector. The goals will be to improve household food security and enhance smallholder development through the specialization and intensification of production within a system that relies increasingly upon the market. The system targets higher value crops through improved irrigation and better production opportunities. Under this market-oriented development strategy, IFAD will concentrate its support on local-level organizations that provide an essential link between individual farmers and larger-scale formal organizations. The need to increase rural productivity and the vital role played by purchased capital goods and producer goods necessitate a strong emphasis on rural financial-system development, including savings-and-loan programmes, as well as financial-sector reorganization and liberalization where required.

22. In Asia and the Pacific, IFAD's lending strategy will focus on helping food and income-insecure households in marginal areas to gain control over their local resources, enabling them to acquire more leverage, while linking their communities to outside markets. Programmes will support: the transfer of productive resources to poor producers, the development of small-scale rural enterprises, skills development, and the provision of rural financial services, including land purchases by the poor. The Fund's focus areas will therefore include: household food security in marginalized areas, indigenous peoples' development, microenterprise development, and efforts to improve the quality and availability of social services in transition economies. In all these efforts, the enhancement of women's access to productive resources and technology, and greater control over their own income, will be a central concern.

23. In Latin America and the Caribbean, IFAD is faced with a particularly high degree of heterogeneity in the nature of rural poverty and the diversity of the countries, against a backdrop of declining direct government involvement in poverty-eradication programmes and the opening of active regional markets. IFAD's strategy in the region therefore focuses on strengthening grass-roots organizations and civil-society institutions that can effectively fill the role of service providers to the rural poor, helping them to create an efficient smallholder economy. Microfinance services are a cornerstone in this strategy, combined with the market-based provision of other business services. Where access to land remains a constraint, microenterprise development will be supported as an integral component of rural development. An essential process in support of IFAD's strategy in the region is that of promoting policy dialogue and networking with coalitions of pro-poor organizations to steer government policies and programmes towards rural poverty eradication, strengthen the gender focus and place more emphasis on specific indigenous rights and development issues.

24. In the traditional borrowing countries of the Near East and North Africa, the strategic focus remains on investments that will assist the rural poor in coping with the critical natural-resource constraints and dryness that characterize the region. Emphasis will be placed on helping local communities identify, plan and implement actions to halt environmental degradation and optimize the use of tightly limited water and land resources, as well as on linking economic activities and incentives to conservation practices. In particular, investments will target small-scale irrigation, credit and community-organization initiatives.

25. In the new member countries of eastern Europe and the former Soviet Union, IFAD's strategic focus will remain on assisting rural communities in adjusting to the abrupt withdrawal of the state and the change to a market-oriented economic system. IFAD's projects will primarily support the privatization of land resources and agricultural-production processes, the provision of rural financial services, the development and rehabilitation of small-scale irrigation systems and the development of supporting institutional structures and agricultural-services systems for the emerging private farming sector.

Strategic Thrusts Driving the Regional Programmes of Work and Budget

26. To implement the operational strategic directions outlined above, IFAD has defined five Corporate Strategic Thrusts as indicated in Box 1 above. These thrusts will drive the regional programmes of work and budget in the following ways:

27. Secure Stakeholders' Ownership of Projects. To ensure that this objective is met: project development will be driven by the beneficiaries' participation; projects will, when possible, be gender-responsive and have flexibility built into their design and financing; local capacity will be built up; and local institutions will be empowered for project development. To this end, each project design will be based on a consultative workshop, Participatory Rural Appraisal (PRA) or Socio-Economic and Production Systems Surveys (SEPS); at least half of the projects to be approved will involve grass-roots organizations — NGOs, civil-society organizations and other local partners — in the design and implementation planning of the Annual Work Programme and Budget (AWPB); and in 80% of the projects, beneficiaries will be represented in decision-making and project-management structures. All project planning will include a gender analysis as well as measures to ensure women's membership in the decision-making bodies of projects. It is planned that half of IFAD's projects will be designed and financed with a process approach, and at least half will include systematic training programmes for community-based and local-level institutions.

28. Ensure Planned Field-Level Results. This is, of course, the key concern of IFAD. The Fund is focusing on making its project implementation more effective by: (a) ensuring quality control at the design stage, with a strong focus on project implementation; (b) taking measures to guarantee early loan effectiveness; (c) ensuring timely implementation of projects while allowing for participatory processes; and (d) addressing suspensions related to arrears, on the basis of the recently approved policy papers. In addition, IFAD will establish an effective portfolio management system by: (a) completing the work on the Project and Portfolio Management System (PPMS); (b) establishing information-system links with CIs and projects for 30% of the operations; and (c) scheduling periodic loan portfolio reviews at the country, regional and corporate levels. It is expected that this will lead to the reactivation of some of the "non-performing" projects (and perhaps closing of up to 50% of such projects) and to improvement in the implementation of 20% of the "problem projects". To make for better impact on the ground, IFAD will also enhance collaboration with its CIs through dialogue and better planning, and by sharing lessons learnt from the pilot programme of direct supervision. IFAD wants a more client-centred implementation-support process, and this will be the focus of both the pilot programme of direct supervision and IFAD's dialogue with its CIs.

29. Ensure a Cost-Effective IFAD Presence at the Field Level. An overriding concern of the Fund is to secure and sustain a credible level of lending by means of a 1998 lending programme of USD 426.5 million and regional allocations as approved by the Governing Council, while allowing for temporary problems with absorptive capacity in parts of Africa in the context of a three-year rolling average. IFAD's lending programme, in particular in Africa where capacity-building needs are highest, is supported by the full range of TAG programmes.

30. During 1998, IFAD will review both its Lending Programme Framework (LPF) and its TAG strategy. The LPF review will include an examination of regional allocations and country priorities. It will also allow the Fund to address a number of issues raised by the Executive Board, such as the role of IFAD in (a) small and island economies, (b) formerly centrally-planned economies, (c) the post-emergency rehabilitation and development continuum; (d) emerging economies, etc. It will also examine the basis for establishing lending terms and conditions and the need for new instruments, i.e., other than loans to governments and grants. The review of the TAG strategy will ensure a better linkage of the TAG programme to both the corporate strategy and the lending programme.

31. IFAD will work to ensure stronger outreach during 1998 through the strengthening of its strategic linkages to other development activities. The Fund will: (a) honour its commitments to the World Food Summit and the Microcredit Summit through the Programme of Work; (b) improve its collaboration with the World Bank, the Food and Agricultural Organization of the United Nations (FAO) and the World Food Programme (WFP); (c) explore links with the private sector; and (d) seek cofinancing for 40% of IFAD-initiated projects, while upscaling six of its successful pilot programmes with the support of cofinanciers.

32. IFAD will continue to seek further cost-efficiency gains as part of its drive for enhanced quality with a budget at zero growth in real terms. To this effect, the structure of supervision charges will continue to be reviewed with the CIs: the size of the ongoing project portfolio will be kept stable over a three-year average, with the number of loan approvals being weighed against loan closings; and it is expected that extensions of closing dates will be proactively managed with the criteria called for in the newly approved policy.

33. Direct Supervision of IFAD Projects. At its Twentieth Session in February 1997, the Governing Council considered the Report of the Joint Review on Supervision Issues for IFAD-Financed Projects, together with the five recommendations of the Executive Board in that connection that were contained in documents GC 20/L.10 and GC 20/L.10/Add.1. The Council adopted Resolution 102/XX on Loan Administration and Supervision of Project Implementation for IFAD-Funded Projects and a plan of action. Recommendations 1 to 4 focused on the need to provide proposals to further strengthen the performance of projects supervised by CIs. Pursuant to Recommendation 5 of the Report, IFAD was also authorized to directly supervise specific projects and programmes financed by it. The Governing Council decided that such supervision should be limited to a small, representative sample of IFAD-initiated projects, including some that are either innovative in design or explore new implementation arrangements. It also decided that no more than a total of 15 projects, and no more than three projects per geographical region, may be directly supervised and administered during the five-year period beginning in 1998.

34. As outlined in the plan of action endorsed by the Governing Council, IFAD submitted to the Sixty-First Session of the Executive Board (September 1997) the criteria for selection of the 15 test projects to be supervised by IFAD. The experience and knowledge that will be acquired will improve the quality of supervision of all projects, including those supervised by CIs. It was decided that the test projects selected for direct supervision should be IFAD-initiated, innovative and satisfy one or more of the other criteria listed in the document reviewed. These were: (a) the projects should be in sectors for which IFAD had developed a strategic focus; (b) projects should be cofinanced by other international financial institutions (IFIs) or bilateral donors who accept IFAD's direct supervision; and (c) the portfolio of directly supervised projects should represent a regional balance.

35. This new activity will require some up-front, preparatory expenditures on items such as the preparation of operational guidelines on loan administration, procurement and general supervision. Costs for directly supervised projects will be offset by those charges that would normally have been paid to cooperating institutions. Different processing and reporting formats will also be required. In addition, there will be a need for part-time input from a specialist who will provide training to the staff concerned, review the manuals and prepare checklists for the various stages of the procurement process. Funds will also be required to expand the accounting system to capture IFAD's own costs for direct supervision.

36. The introduction of direct supervision will also entail increased responsibilities for the loans and grants administration area, which will be called on to perform certain tasks presently undertaken by

the CIs. Staff will require training in these tasks and expert advice will be sought to ensure effective implementation.

37. Human Resources Action Plan. In continuation of the re-engineering efforts of previous years and in order to optimize the functioning of the Programme Management Department, the Human Resources Management Strategy Team, together with the involvement of operational staff, drew up an action plan for renewal in the Programme Management Department. This was a major activity involving the five regional divisions and consisted of a review of all job descriptions, work processes and competency-modelling for the various functions. The plan has been endorsed by management and has resulted in a redefinition of the director's role and of the project-controller function, to be renamed more appropriately "country portfolio manager". In addition, a new function has been established in the support staff category, the programme assistant, who will be working at a higher level and providing support of a more substantive nature to professional staff, particularly on portfolio management. Appropriate training and coaching will be furnished in support of these functions. The action plan will make for higher levels of cost-effectiveness, accountability, teamwork, better outreach of IFAD and a stronger contribution to IFAD as a knowledge organization. Upon completion of the workload study and process analysis, staffing levels for the department will be confirmed.

38. A Recognized Knowledge Organization. Towards the strengthening of IFAD as a knowledge organization, the Programme Management Department will: (a) increase its contribution to, and use of, the Evaluation Knowledge System (EKSYST) and Learning From Each Other's Success (LEOS) systems; (b) contribute to the establishment and use of a rural finance network and a land tenure network (connecting 5 regional, 25 country-level and 35 grass-roots nodes); and (c) ensure that at least five of the projects directly supervised by IFAD have participatory evaluation systems.

39. The Evaluation Division of IFAD is a key contributor to the Corporate Strategic Thrust on knowledge generation and dissemination. Its programme of work includes:

- maintaining a high level of project/programme/country evaluations in order to generate field-based knowledge;
- crystallizing the knowledge gained in the field at a higher level of conceptualization and, as a result, producing lessons learned and thematic evaluations;
- storing and disseminating evaluation knowledge through efficient means, including the computerized Evaluation Knowledge System (EKSYST) and its Internet version (IFADEVAL site), publications, workshops and support missions.

40. In support of this operational strategic direction, exchanges of evaluation knowledge will be further promoted with our development partners, including success stories with a potential for replication and upscaling.

41. Evaluation will also contribute to increased effectiveness in project implementation by providing technical support to the Programme Management Department to develop methodological tools to better assess baseline conditions at project inception and by monitoring project progress taking into account perceptions and early detection of possible problems. Results-oriented monitoring and evaluation systems would be developed with a logical, dynamic and participatory approach. A provision of USD 80 000 has been made under Special Activities in the TAG programme specifically for setting up of the Integrated Participatory Seasons Observatories System (IPSOS) and other evaluation and participatory activities.

C. Resource Strategy

42. Within the framework of the newly adopted corporate strategy, IFAD's strategy for resource mobilization considers a broader definition of "resources", one that views not just financial resources but pools financial resources with knowledge, intellectual resources, partnerships and mutual support. Such a strategy involves combining and optimizing efforts aimed at mobilization of financial resources with those directed at partnership-building and sharing of knowledge. A number of mutually supportive processes are envisaged: (a) mobilizing additional financial resources as part of IFAD's regular and special activities; (b) building strategic alliances with multilateral agencies and civil-society organizations; (c) promoting and facilitating knowledge and information-gathering with particular emphasis on NGOs, civil-society organizations and the public in general; and lastly (d) harnessing private-sector resources in support of activities for the poor in areas traditionally neglected in commercial modes of operation. These elements of IFAD's resource strategy will be backed by systematic gathering and analysis of information on the development-aid environment with regard to funding potential, trends and priorities. The information thus gathered will back IFAD's operational policy and encourage development of a programme approach for longer-term orientation of IFAD's activities.

43. Resource Requirements and Replenishment. In light of past experience and as a result of the new structure of governance, it is obvious that the process of replenishment of IFAD's resources needs to be re-examined. A more expeditious and reliable process needs to be considered. This should be done while taking into account the impact of the policy changes endorsed by the Governing Council, particularly the new investment guidelines and the programme of work. During 1998, management plans to develop a number of options for review and adoption, working in close consultation with Member States.

44. Supplementary Funds. The mobilization of these extra contributions aims at enhancing the Fund's regular resources. In 1998, efforts will be made not only to expand and diversify supplementary funds but also to improve the efficiency of their administration. A strategic framework will be developed for the mobilization of such funds and consultation will take place with potential donors. Agreements for broad-based contributions and for consultancy trust funds will be negotiated on the basis of priorities shared by the Fund and interested donors. Ongoing dialogue and partnerships with donors of supplementary funds will be strengthened and the use of these funds will be facilitated through increased flexibility and the preparation of an on-line handbook defining conditions for use. A brochure on supplementary funds for current and potential donors will be published.

45. Development of Non-Member Resources. Efforts will be made to optimize the management and level of non-Member resources. These include: (a) diversification of the Fund's investment portfolio to increase returns within careful risk-control parameters; (b) prudent use of Advance Commitment Authority to make commitments against expected lending reflows within each replenishment period; (c) initiatives to address the issue of arrears, including the Fund's involvement on a country-by-country basis in the Heavily-Indebted Poor Countries (HIPC) Debt Initiative.

46. Involvement of the Private Sector, NGOs and Civil Society. Private-sector and civil-society involvement will become an important element of IFAD's resource strategy. The Fund will seek collaboration with the private sector both in providing financial assistance and in creating links between broad-based economic activities. These are new and challenging areas for IFAD. Capacity to handle them will be strengthened through the recruitment of a resource strategy officer with a focus on the private sector. Broad-based consultations with the business community would help the Fund to adopt

Box 2

Global Mechanism of the Convention to Combat Desertification

At the First Conference of the Parties (COP) to the Convention that was held in Rome in October 1997, IFAD was selected as the institution to house the Global Mechanism (GM) of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa. As a result of this decision, a memorandum of understanding between the COP and IFAD setting out the conditions under which IFAD would house the GM will be presented for consideration by the Executive Board and approval by the Governing Council.

The Desertification Convention is one of the major outcomes of the Earth Summit held in Rio de Janeiro in 1992. It is an innovative international treaty already ratified by 113 countries that seeks to promote a participatory approach to poverty eradication and environmental conservation in dryland areas. As such, the spirit of the Convention is very close to IFAD's own approach.

The Global Mechanism is the centrepiece of the Convention and has been assigned the task of mobilizing and channelling resources to foster sustainable development in drylands. It will help both to raise resources and to provide information and advice to affected countries.

In carrying out its responsibility for housing the Global Mechanism, IFAD will work closely with UNDP, the World Bank, and other concerned organizations, such as FAO, WFP, UNEP and the regional development banks. The Fund will also involve civil-society institutions and NGOs closely in this effort.

a policy and approaches to realize these objectives efficiently. As part of such efforts, innovative ways will be sought to promote cofinancing from major NGOs as well as mobilizing NGOs through advocacy campaigns to raise private-sector support for IFAD projects. Finally, additional resources will be mobilized under the initiatives of the Popular Coalition to Eradicate Hunger and Poverty.

47. IFAD will continue to pursue the objective of the successful Conference on Hunger and Poverty held in Brussels in 1995. During 1996 and 1997, five international organizations (IFAD, FAO, World Bank, WFP and the European Union), together with one sectoral and five regional NGOs involved with the Popular Coalition, developed and agreed upon the principles guiding the coalition. A detailed programme of work was also adopted for a period of two years. The process of internalizing the programme of action by various institutions has started, with the Agrarian Reform Conference at the top of the agenda. Moreover, the Director-General of FAO has informed the Secretary-General of the United Nations and the heads of other relevant agencies that support for the Popular Coalition would constitute part of the efforts of the newly established Administrative Committee on Coordination (ACC) Network on Rural Development and Food Security. The members of the coalition have also prepared and agreed upon frameworks for pooling their resources and institutional capacities to improve access of the poor to productive assets using the experience and potential of NGOs and other civil-society organizations. To this end, a Knowledge Network on Grass-Roots Initiatives in Land Reform and Tenurial Security has been launched, with the collaboration of seven regional organizations

and 25 national focal points. The feasibility of helping NGOs to establish an international guarantee fund scheme has also been appraised. Thanks to this progress, the Popular Coalition will be fully operational in 1998, and some of its activities, such as the knowledge network, will achieve their objectives on time.

48. Extending IFAD's Outreach. Taking advantage of its Twentieth Anniversary activities, IFAD will be in a position to foster greater public awareness of its role in poverty alleviation. Details of the events and initiatives that are to take place during 1998, starting in February with the Twenty-First Session of the Governing Council, were provided to the Executive Board at its Sixty-First Session. At the same time, the Executive Board authorized the Fund to receive contributions and to incur expenditures for the Twentieth Anniversary against these contributions. It is hoped that other events will be launched and coordinated at the local, regional and international levels in conjunction with the commemoration of this anniversary.

III. REVIEW OF RESOURCES AND COMMITMENTS

49. Commitment Levels from 1992 to 1998. The amounts of the loans and grants approved by the Executive Board for the period 1992 to 1997 and a proposal for the 1998 Programme of Work are presented in Table 1, while Table 2 shows projections of resources available up to the end of 1998.

TABLE 1
LOANS AND GRANTS APPROVED (Excluding Cancellations), 1992-97
AND PROPOSAL FOR 1998

	1992	1993	1994	1995	1996	1997 Approved	1997 Projected ^{1/}	1998 Proposed
Number of loans	24	32	29	33	32	32	29	33
(SDR million, rounded)								
Total value of loans	227	264	243	261	275	291	288	312
Total value of grants ^{2/}	13	17	12	15	19	22	23	24
Total value of loans and grants	240	281	255	276	294	313	311	336 ^{3/}

^{1/} Refer to document EB 97/61/R.5/Add.1 outlining the revised levels of the 1997 Programme of Work.

^{2/} For 1992-93, the heading Grants included Services to Member States, which were shifted to the Administrative Budget in 1994. From 1995 on, Grants includes the Project Development Fund (PDF).

^{3/} This is equivalent to the 1997 USD level adjusted for inflation by 2%, and described further in Table 3.

TABLE 2
IFAD RESOURCES VERSUS COMMITMENTS, 1996-98
(SDR million)

	Actual 1996	Forecast 1997	Forecast 1998
Resources at the beginning of the year ^{1/}	320	235	230
Loan cancellations and other adjustments ^{2/}	42	55	55
Subtotal	362	290	285
Members' Contributions			
Third Replenishment	1	12 ^{3/}	-
Fourth Replenishment ^{4/}	-	51	256
Loan reflows	105	115	127
Investment income ^{5/}	103	110	110
Operating expenses ^{6/}	(35)	(37)	(39)
Resources after expenses	536	541	739
Commitments - loans and grants ^{6/}	(301)	(311)	(336)
Resources at the end of the year	235	230	403

Notes

- ^{1/} "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.
- ^{2/} Loan cancellations are projected on the basis of past experience and expected project closures.
- ^{3/} Members' contributions in 1997 relate to additional Third Replenishment contributions originally intended for release on the basis of a 3:1 proportion from the former Category I and Category III members. The condition for use of these funds was removed by the Twentieth Governing Council in February 1997.
- ^{4/} The total amount of USD 419.6 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment between fourth-quarter 1997 and 1998. As of 30 September 1997, Fourth Replenishment contributions totalling USD 69.2 million had been received in cash and/or promissory notes. It is the policy of IFAD to make loan and grant commitments only against actual payments in the form of cash or promissory notes.
- ^{5/} Investment income on IFAD's investment portfolio is expected to yield 7% per annum in 1997 and 1998.
- ^{6/} For 1997, close to full utilization of operating expenses and Programme of Work allocations has been assumed. The 1998 figures assume inflationary increases of 4.5% in administrative costs and 2% in the Programme of Work.

IV. PROGRAMME OF WORK FOR 1998

50. As indicated to the Executive Board at its Sixty-First Session in September 1997, the planned overall Programme of Work for 1998 is being maintained at the same real level as in 1997, adjusted for projected inflation (2%). This results in a proposed overall total of USD 459 million, or approximately SDR 336 million, compared with an approved 1997 Programme of Work of USD 450 million, or approximately SDR 312 million.

51. Details on the overall planned 1998 Loan and Technical Assistance Grant Programme are presented in Table 3. As will be recalled, the Programme of Work is approved by the Executive Board in Special Drawing Rights (SDR), but is traditionally planned in terms of United States dollars (USD) and the comparison between years is expressed on that basis in Table 3. The projected USD figures below have been converted into SDR using the latest available SDR/USD exchange rate of 30 September 1997 (SDR 1.00 = USD 1.36521).

TABLE 3
1997 APPROVED AND 1998 PROPOSED PROGRAMME OF WORK

	1997 (SDR million, at 1.43937 USD/SDR restated ^{1/})	1997 (USD million)	Price Increase (USD million)	Real Increase (Decrease) (USD million)	1998 Proposed (USD million)	1998 Proposed (SDR million, at 1.36521 USD/SDR)
Loan Programme	289.2	416.25	8.3	1.95	426.5	312.4
Technical Assistance Grant Programme ^{1/}	23.4	33.75	0.7	(1.95)	32.5	23.8
Total	312.6	450.00	9.0	0.0	459.0	336.2

^{1/} For 1998, the percentage of the TAG Programme to the overall Programme of Work is 7.08%. (The 1997 level was revised to 7.5% pursuant to EB 97/61/R.5/Add.1.)

A. Loan Programme

52. 1997 Projected versus Actual. The revised 1997 Loan Programme provided for the approval of 32 projects totalling SDR 289.2 million, with an average loan amount of SDR 9 million. In fact, 29 loans were approved during 1997, totalling SDR 288.25 million, with an average loan size of approximately SDR 9.9 million.

Box 3

Arrears of Principal and Loan Interest/Service Charges

Arrears in principal and interest payments fell from USD 50.0 million as at 31 December 1996 to USD 42.4 million at 30 September 1997. Of these arrears, 57% corresponded to the Africa Region and 29% to a Member State in the Latin America and the Caribbean Region. The decrease in arrears was a result of intensive efforts by IFAD to pursue each case and maintain close contacts with borrowers. Following these efforts and negotiations, Cameroon, Guinea-Bissau and Niger were able to make large payments on total amounts due. However, due to internal conflicts and economic conditions, a number of countries continue to accumulate arrears, underlining the difficulty of reducing the level of amounts overdue. In an effort to solve these outstanding cases, IFAD participates, whenever possible, in debt-settlement initiatives with other IFIs.

With an eye to finding long-term solutions to unsustainable debt levels in certain Member countries, IFAD is participating in the HIPC Debt Initiative on a case-by-case basis. The first such initiative was for Uganda and was approved in principle by the Executive Board in September 1997.

53. The 1998 Lending Programme. In 1998, 33 projects are expected to be submitted for approval, for a total of SDR 312.4 million (USD 426.5 million) and an average loan size of SDR 9.5 million (USD 12.9 million). In line with the information provided to the Executive Board in the context of the Revised Programme of Work and Budget of IFAD for 1997 (EB 97/61/R.5/Add.1), a temporary adjustment is proposed in the 1998 lending targets for the Africa I Division (PA) and the Near East and North Africa Division (PN). In the case of PA, the lower target (13.6% of the total) reflects the increasing difficulty in reaching the PA regional lending target of 19.8% established by the Governing Council, mainly because of security and arrears problems. Given this temporary reduction, an increase in the lending target is proposed for PN in order to meet the demands arising from new country memberships. The Executive Board will note that these are considered temporary adjustments in regional lending targets, with the expectation that in the medium term IFAD will be able to revert to the lending structure approved by the Governing Council.

B. Technical Assistance Grant (TAG) Programme

Support to the Lending Programme

54. The Fund's TAG Programme includes: (a) grants in support of agricultural research and non-research activities; (b) project inception and development through the Project Development Fund (PDF); (c) the Special Operations Facility (SOF); (d) the Extended Cooperation Programme (ECP) in support of NGOs; (e) environmental assessment; and (f) special activities. While remaining within the ceiling of 7.5% of the overall Programme of Work, IFAD has experienced sharp increases in the demand for TAGs over the last few years. To strengthen the effectiveness of the grant programme as an important instrument for enhancing IFAD's lending programme within the framework of its corporate and regional strategies, IFAD acknowledges the need to update the policy and strategic

framework of its TAG Programme. The Executive Board was informed at its Sixty-First Session that a full policy and strategy paper on the TAG Programme would be submitted to the April 1998 Session of the Board.

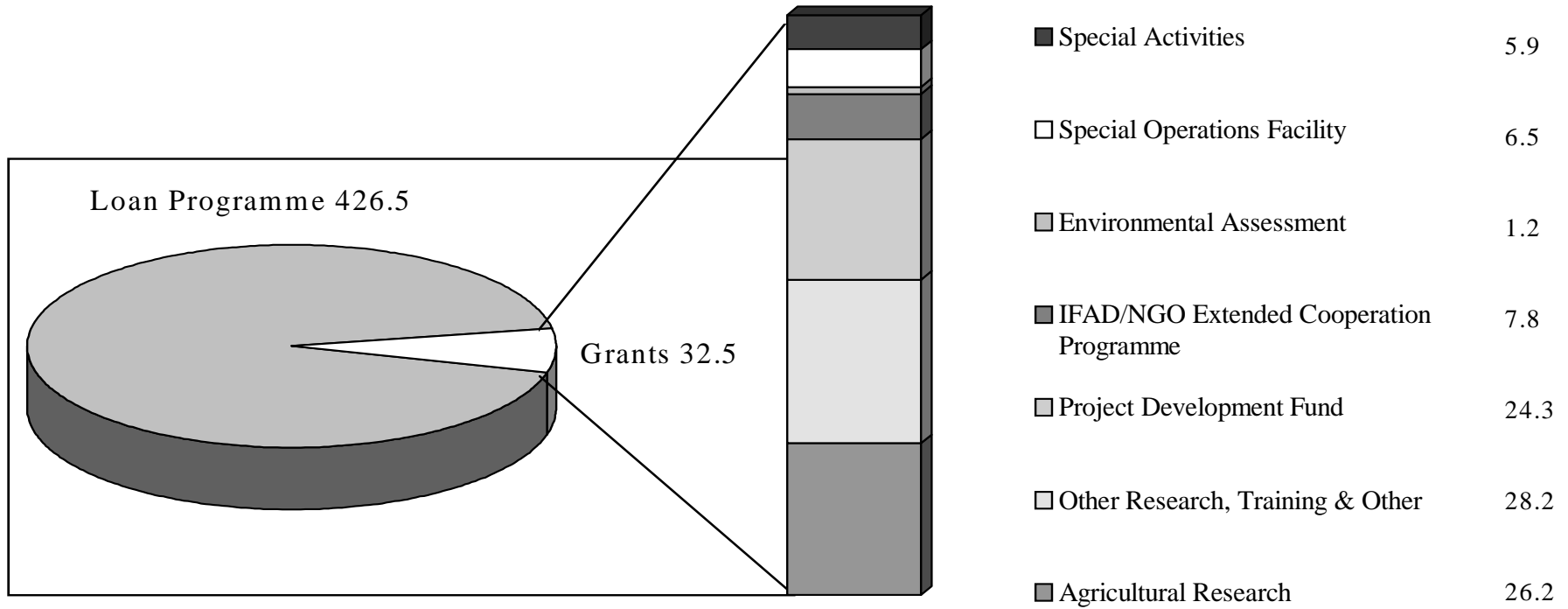
55. Agricultural research and training grants are a critical instrument for the development of innovative and effective means to eradicate rural poverty. They help to identify critical constraints on income-generation and food security among the rural poor; assist in the development of cost-effective solutions adoptable by IFAD's target group; and contribute to the dissemination of knowledge of those solutions among development practitioners and policy-makers, including civil-society institutions, government personnel and the development community. The TAG programme is a vehicle for collaboration among IFAD, centres of excellence and the rural poor, and allows IFAD to draw upon the expertise of other institutions — at all levels and in all sectors — to expand its own understanding of poverty-eradication issues and contribute to the promotion of such understanding throughout the development community.

56. Funding is provided for research programmes that can reasonably be expected to yield findings and practical recommendations within a relatively short time frame; these programmes principally involve adaptive and applied, rather than basic, research. To satisfy this requirement, increasing emphasis will be placed on research by regional and national institutions and research by international institutions that are explicitly and concretely linked to regional and national institutions. To this end, more strategic focus will be placed on research through the National Agricultural Research Systems (NARS) centres, to which an effective partnership between the Consultative Group on International Agricultural Research (CGIAR) and NARS can strongly contribute. Agricultural research TAGs are proposed to remain within the approved 3.5% limit for 1998.

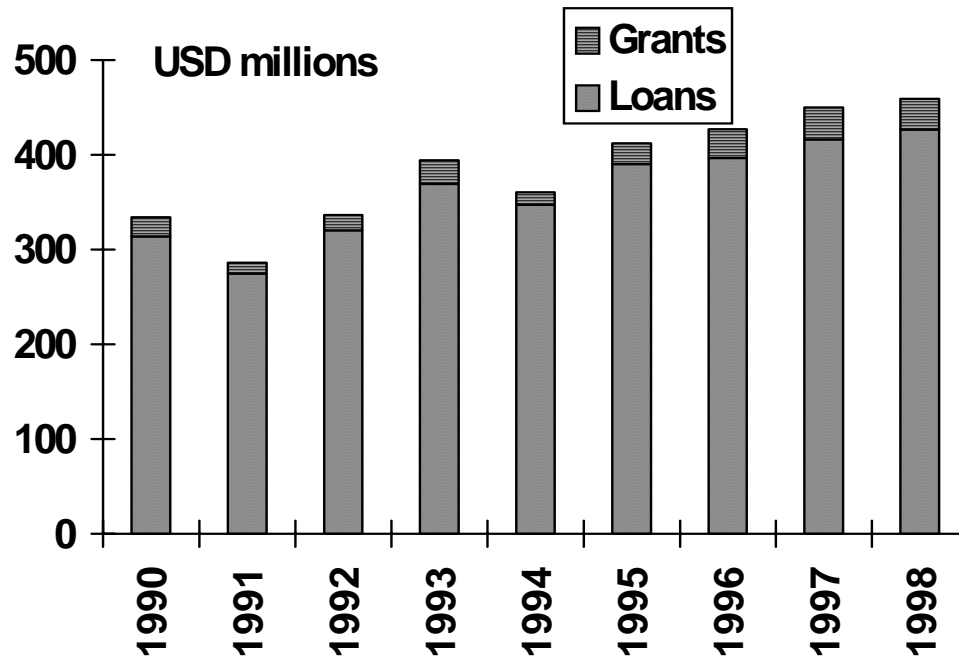
57. Training programmes will constitute an important element of the TAG Programme. Training will target institutions that have direct responsibility for project implementation and will centre on improving the use of existing resources and arrangements. The Regional Poverty Management Skills Development Programme for Asia will provide training on methodologies relating to participation, logical framework and impact assessment and will also focus on change management and attitudinal changes. Microfinance will be another important element of the TAG Programme. Building on the success of the past, the second phase of the Asia-Pacific Rural and Agricultural Credit Association project (APRACA Phase II) will be funded, together with support for innovative credit networks. Similarly, following on the success of the IFAD-initiated information-technology network in Latin America, FIDAMERICA Phase II will be funded, and a similar programme will be started in Asia. In line with the lending strategies for the various regions, several action-research activities will be pursued, along with the promotion of knowledge networks on themes such as land tenure and best practices for dryland conservation.

58. A series of regional consultations and workshops will be held on participation, gender, indigenous peoples, transitional economies and informal credit. In addition, workshops on financial administration of IFAD loans and grants will be continued; three workshops are planned (for China, the Near East and North Africa Region and the Latin America and the Caribbean Region) and will be funded by three grants of USD 50 000 each. A fourth grant for the same amount will be earmarked to develop a project financial system in conjunction with the Regional Unit for Technical Assistance (RUTA). The need for a project financial system emerged out of the recommendations of earlier workshops on loan and grant administration. When developed, the system will be introduced through four pilot projects and evaluated for effectiveness before wider implementation.

THE 1998 PROGRAMME OF WORK (USD million)



IFAD LOANS AND GRANTS
EXCLUDING CANCELLATIONS
 Approved 1990-96, Projected 1997 and Proposed 1998



- Includes loans and grants financed under the Special Programme for Africa.
- From 1990 to 1993, the heading grants included Services to Member States, which were shifted to the Administrative Budget in 1994. From 1995 on, Grants includes the Project Development Fund.

59. The 1998 TAG Programme is proposed at a level of SDR 23.8 million (USD 32.46 million), or 7.08% of the overall Programme of Work, which is well within the approved 7.5% ceiling. Details on the grant activities planned for 1998 compared with the revised 1997 approved level are provided in Table 3B.

TABLE 3B

APPROVED 1997 AND PROPOSED 1998 TAG PROGRAMME

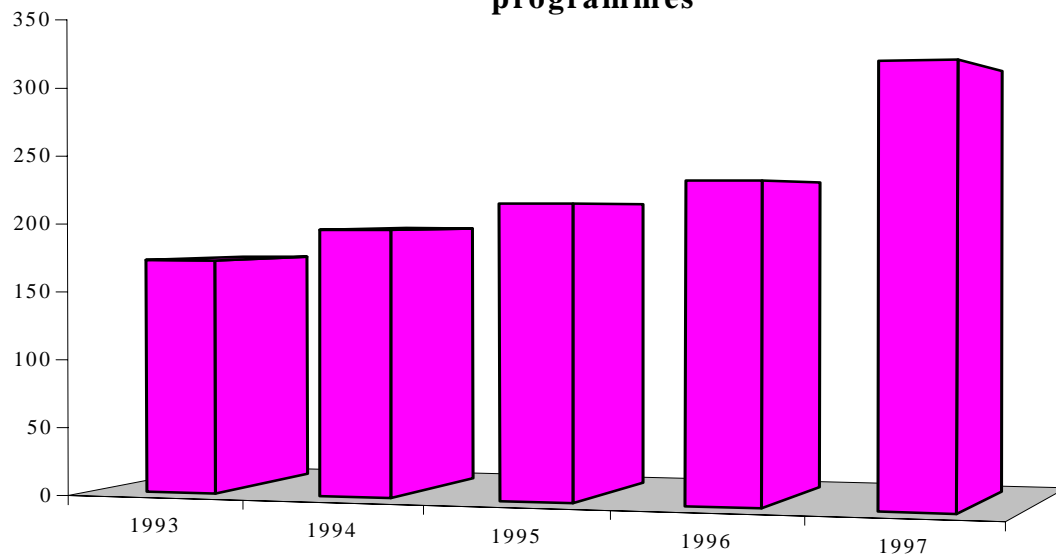
	1997		1998	
	Approved (USD million) ^{1/}	% of Overall TAG Programme	Proposed (USD million)	% of Overall TAG Programme
Agricultural research	8.50	25.18	8.50	26.19
Other research, training and other	6.20	18.37	9.14	28.17
Follow-up on Conference on Hunger and Poverty	3.00	8.89	0	0
Project Development Fund	8.12	24.06	7.88	24.28
IFAD/NGO Extended Cooperation Programme	1.93	5.72	2.53	7.79
Environmental assessment	0.40	1.19	0.40	1.23
Special Operations Facility	1.90	5.63	2.11	6.48
Special activities	3.70	10.96	1.90	5.86
Total	33.75	100.00	32.46	100.00

^{1/} Revised pursuant to EB 97/61/R.5.

60. Project Development Fund (PDF). As indicated in Table 3B above, an allocation of USD 7.88 million will be made available under the PDF for the formulation of approximately 27 full project equivalents (FPEs). IFAD will ensure that more of the required technical design work is completed at the project formulation stage. In addition, a portion of the resources will be used to undertake country portfolio reviews, strategy development, and design and development of technical assistance grants. The PDF allocation proposed for 1998 is lower than the amount provided for in the 1997 Programme of Work and Budget. Details regarding regional activities for project development in 1998 are provided in Annex I.

61. IFAD/NGO Extended Cooperation Programme (ECP). Since the establishment of the ECP in 1987, a total of 94 grants totalling USD 5.3 million have been provided to NGOs. The ECP continues to play a key role in strengthening IFAD's partnership with NGOs in the field of poverty alleviation. In fulfilling its traditional role of undertaking pilot test activities, the ECP is expected to be linked more closely with IFAD's lending operations, so that support provided under the ECP can better serve the purpose of breaking ground for potential IFAD activities. While IFAD will continue to collaborate with

Number of NGOs collaborating in ongoing IFAD projects and ECP programmes



the NGO community as a whole under the ECP, it is likely that increased attention will be given to supporting pilot activities initiated by local NGOs. This focus may contribute to local capacity-building and participation in the long run.

62. Environmental Assessment. The amount of USD 400 000 has been allocated for environmental assessments in line with IFAD's policy in this area. It is to be noted that specific environmental sustainability assessment is an integral part of the issues considered during project development.

63. Special Operations Facility (SOF). The 1998 proposal for SOF grants is USD 2.11 million, which will go toward the costs of project start-up and early implementation support activities. In the course of 1998, the Fund will present a policy paper to the Executive Board regarding the possibility of extending SOF eligibility to intermediate and ordinary-term borrowers.

64. Special Activities. The 1998 proposal supports the reintroduction of partially grant-financed project operations in Member States previously affected by conflicts. In addition, these activities involve a series of mutually supportive initiatives to define IFAD's niche in the future in line with the shifts in the nature and magnitude of global poverty, to convene regional workshops to define IFAD's focus and specificity, to develop bases for developing strategic alliances, and to support approaches for effective project implementation.

V. THE MAJOR ISSUES AFFECTING THE 1998 BUDGET

65. The major policy issues affecting the 1998 Budget were previewed to the Executive Board in September 1997. For the most part, they reflect the measures that will be undertaken to implement the corporate and operational strategies.

A. 1998 Up-Front Costs Relating to Re-Engineering

66. The sum of USD 1.17 million has been provided for re-engineering costs. These are up-front, one-off costs required for implementation of the next set of recommendations of the IFAD re-engineering working groups. Details on the amounts recommended for the various activities are provided in the table below.

	(USD '000)				
	1996 Actual (at 1 546 ITL/USD)	1997 Budget (at 1 684 ITL/USD)	1997 Budget restated (at 1 695 ITL/USD)	Real Increase (Decrease)	1998 Budget (at 1 695 ITL/USD)
Information systems development	810	839	838	(114)	724
(a) Financial information systems	217	438	437	187	624
(b) Planning and operations system	516	96	96	(96)	0
(c) Document management and publications services	77	305	305	(305)	0
(d) Human resources system	0	0	0	100	100
Human resources development	184	169	168	282	450
Corporate strategy	14	100	100	(100)	0
Risk management survey	110	69	68	(68)	0
Programme Management Department training	18	0	0	0	0
Total	1 136	1 177	1 174	0	1 174

67. Information Systems Development. An amount of USD 724 000 has been included for 1998 to cover up-front investment costs relating to systems development in the following areas of information management:

- (a) Financial Information System Phase 2 (FIS2). The second phase of development of IFAD's core financial application was initiated in March 1997 with a project focused on analysing and redesigning processes in the areas of procurement, accounts payable and budget monitoring and control. Recommendations for process and organizational changes, along with scenarios for implementing the supporting technology, were approved by the FIS2 Steering Committee in July 1997. The implementation plan calls for the accounts payable module to be operational in January 1998, the procurement

module beginning July 1998, and the budget monitoring and control function by January 1999.

- (b) Human Resources System (HRS). Throughout 1997, the Personnel Division worked extensively on the development of a new personnel policy and action framework for IFAD. This will involve fundamental changes to personnel policies, procedures and guidelines. To support these changes as well as to take advantage of labour-saving technological advances, IFAD will be seeking to replace its existing human resource management system (including the payroll system) with a more modern, more appropriate, better integrated system. During 1998, work will continue on defining IFAD's human resource requirements and selecting the software package that best meets those requirements. Every effort will be made to capitalize on similar personnel initiatives and best-practice information methods undertaken by other UN agencies and international financial institutions.

68. Human Resources Management. During 1998, the Human Resources Management Strategy Team will continue its activities as outlined in the implementation plan. The principal activities in this connection will be:

- (a) work at the unit level, consisting of competency-modelling for the various functions or groups of functions, workload studies and process analysis, boundary management, skills analysis and matching of staff with jobs, job descriptions and job classification;
- (b) prepare and carry out of a management development programme for all managers and staff;
- (c) prepare and conduct of the 1998 Attitude Survey in mid-year and follow-up thereof;
- (d) draft a framework for various human resource and personnel policies, including rotation, recruitment, the merit system and a formalized separation programme, and assist managers and staff in their implementation;
- (e) together with the Personnel Division, finalize and implement the performance planning and appraisal system currently being tested on a pilot basis;
- (f) finalize a corporate training programme with an initial implementation plan for early 1998; and
- (g) design a career-development system for staff at all levels.

B. Early Retirement Programme and Other Personnel-Related Issues

69. It was originally expected that the Fund would continue with the Early Retirement Programme in 1998. However, it is now felt that this would best be postponed until 1999, after the needs-assessment study has been completed.

70. After-Service Medical Coverage. In 1969, FAO introduced After-Service Medical Coverage (ASMC) for staff receiving a UN pension and eligible former staff, on a shared-cost basis. In 1972, a new Basic Medical Insurance Plan (BMIP)/Major Medical Benefits Plan (MMBP) was introduced,

with non-contributory coverage extended to staff receiving a UN pension and their dependents after 10 years of service.

71. Medical costs, which had been relatively low until that time, began to escalate rapidly, and the proportion of total after-service medical claims rose from 3.6% in 1975 to 27% in 1985. A cost comparison showed that, at the end of 1985, the per capita claim cost for a retiree was 65% greater than that for active staff. It was not until 1 November 1989, however, that retirees were required to make contributions.

72. An agreement covering various types of cooperation was signed in December 1977 by the President of IFAD and the Director-General of FAO, whereby FAO agreed, at the request of the Fund, to "make its administrative services and other facilities available to the Fund". This was meant to cover participation in various social-security plans, among them the medical plan. The FAO medical plan is a multi-employer plan covering UN organizations and international agencies having offices in Rome (WFP, IFAD, International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICROM), UNIC and UNDP). The FAO medical plan, like all other UN agency schemes, operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and current staff contributions. It is now clear that demographic trends and escalating medical costs have made the pay-as-you-go system unsustainable over the long term.

73. The introduction of Common Accounting Standards within the UN system, as endorsed by the General Assembly, will require organizations to recognize the costs incurred, but not yet paid, for post-retirement benefits on the basis of an actuarial valuation. The proposed International Accounting Standard on Employee Benefits (Exposure Draft 54) requires that "the cost of providing employee benefits should be recognized as a liability and as an expense". The standard, which is expected to be effective from 1 January 2001, requires recognition as:

- (a) a liability, when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (b) an expense, when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

The proposed standard stipulates that an actuarial valuation should be used to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior years.

74. In recognition of the problem associated with the current pay-as-you-go system as well as the stringent accounting standards on the cost of providing post-retirement benefits, FAO engaged a consulting actuary having experience with its medical plan, and the United Nations Joint Staff Pension Fund to compute such costs. The actuary, Buck Consultants, determined that there was an unfunded accrued liability for active staff and retirees as of 1 January 1996 of USD 212.5 million, of which IFAD's share would be USD 10.8 million, based on the number of active staff. The consulting actuary recommended that the unfunded liability be amortized over 30 years, which for IFAD would require an annual charge to expense of USD 569 552. In addition, the actuary has computed a future liability amounting to USD 81.6 million beginning 1 January 1996. The amount for 1996 (the first year after the report was issued) came to USD 8.4 million, with IFAD's share being calculated at USD 427 940.

75. FAO has decided to:

- (a) make provision for the service cost commencing from 1 January 1998;
- (b) start amortization over a period of 30 years beginning 1 January 1998 for the portion of the actuarial deficit for past service costs.

IFAD and other UN agencies in Rome are currently discussing future paths of action with FAO and the consulting actuary. It is proposed that the outcome of IFAD's negotiations be discussed first with the Audit Committee and recommendations be made to the Executive Board. However, management believes that it is prudent to reflect the current service cost of USD 427 940 in the 1998 Administrative Budget as part of the price increase under Staff Costs.

VI. THE 1998 BUDGET

Box 4		
Administrative Budget ^{1/}		
Six Years at a Glance:		
Real Increase (Decrease)		
Over Previous Year		
(%)		
1993		(2.16)
1994		(13.00)
1995		(3.60)
1996		(8.08)
* 1997		0
1998		(0.26)

* Excluding Early Retirement Programme.

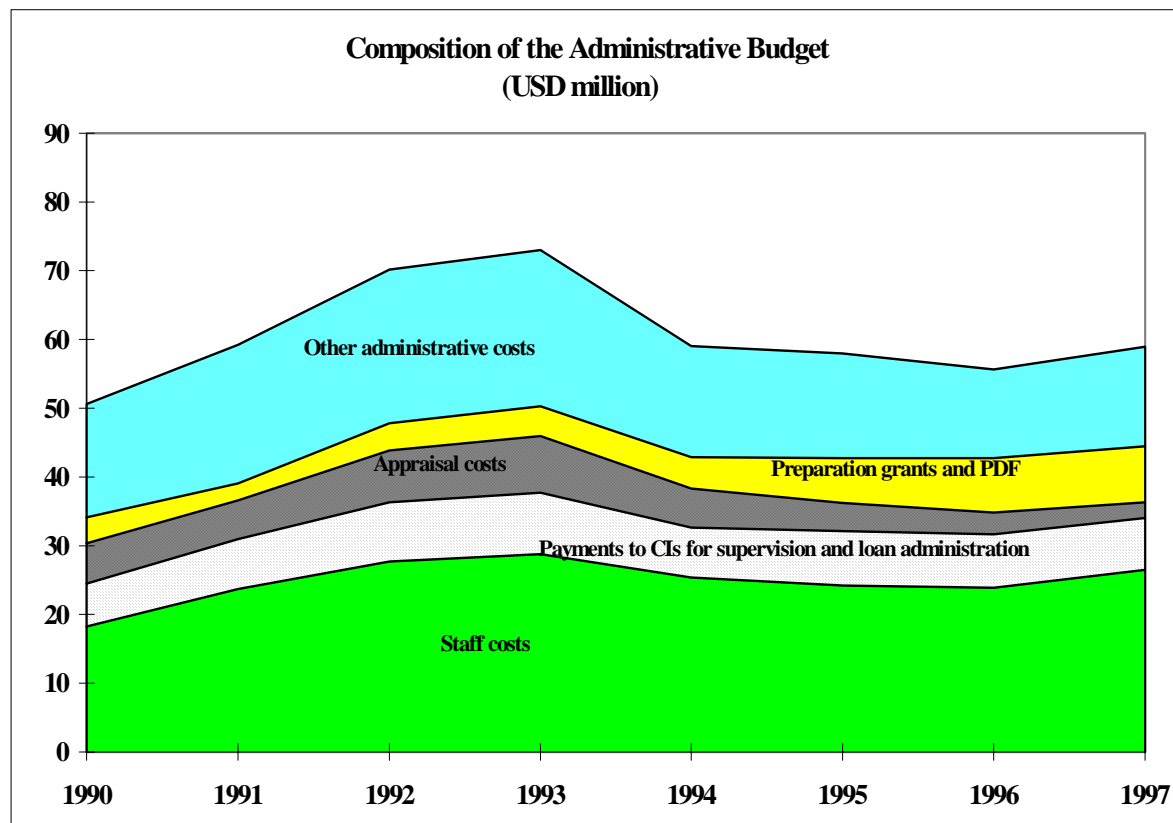
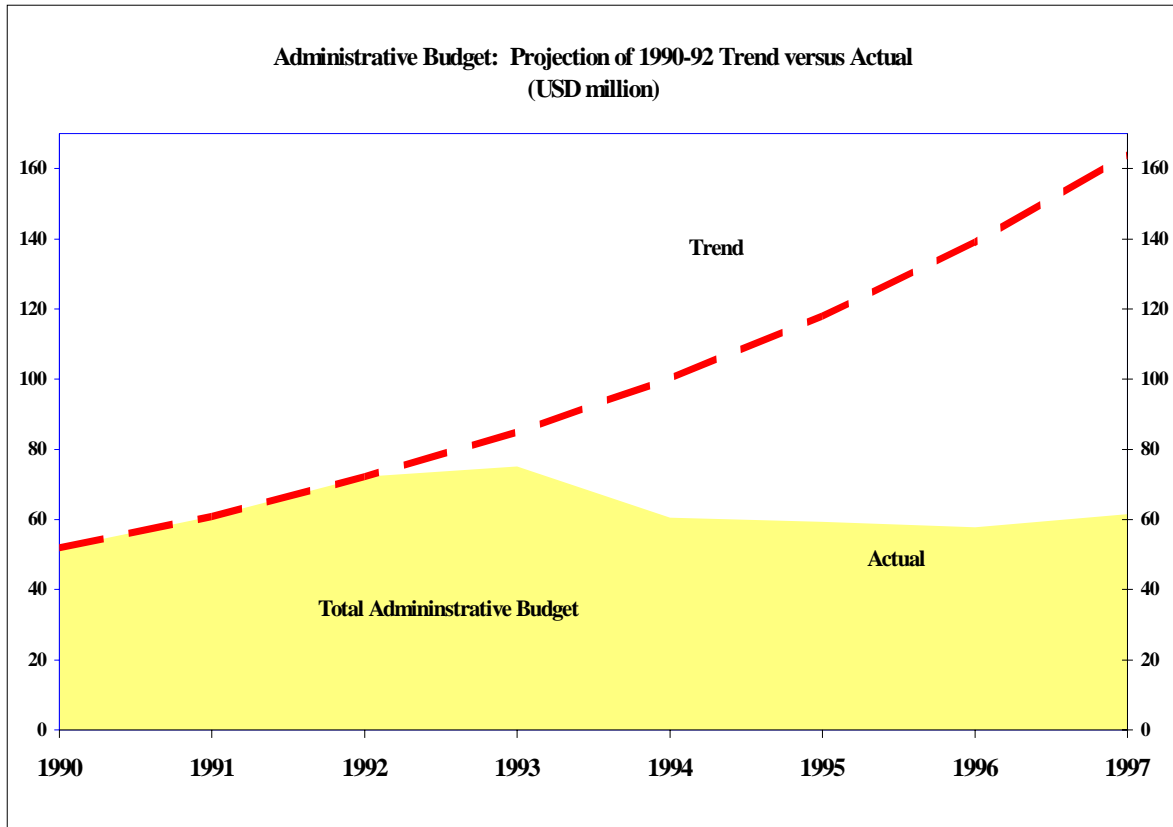
76. The total 1997 Budget approved at the Twentieth Governing Council (at the then-prevailing rate of ITL 1 684 = USD 1.00) was USD 51 026 000, including Contingency Items of USD 300 000 and an allocation of USD 600 000 for the Early Retirement Programme (ERP). The 1998 Budget, including Contingency Items of USD 400 000, is proposed at USD 52 986 000.

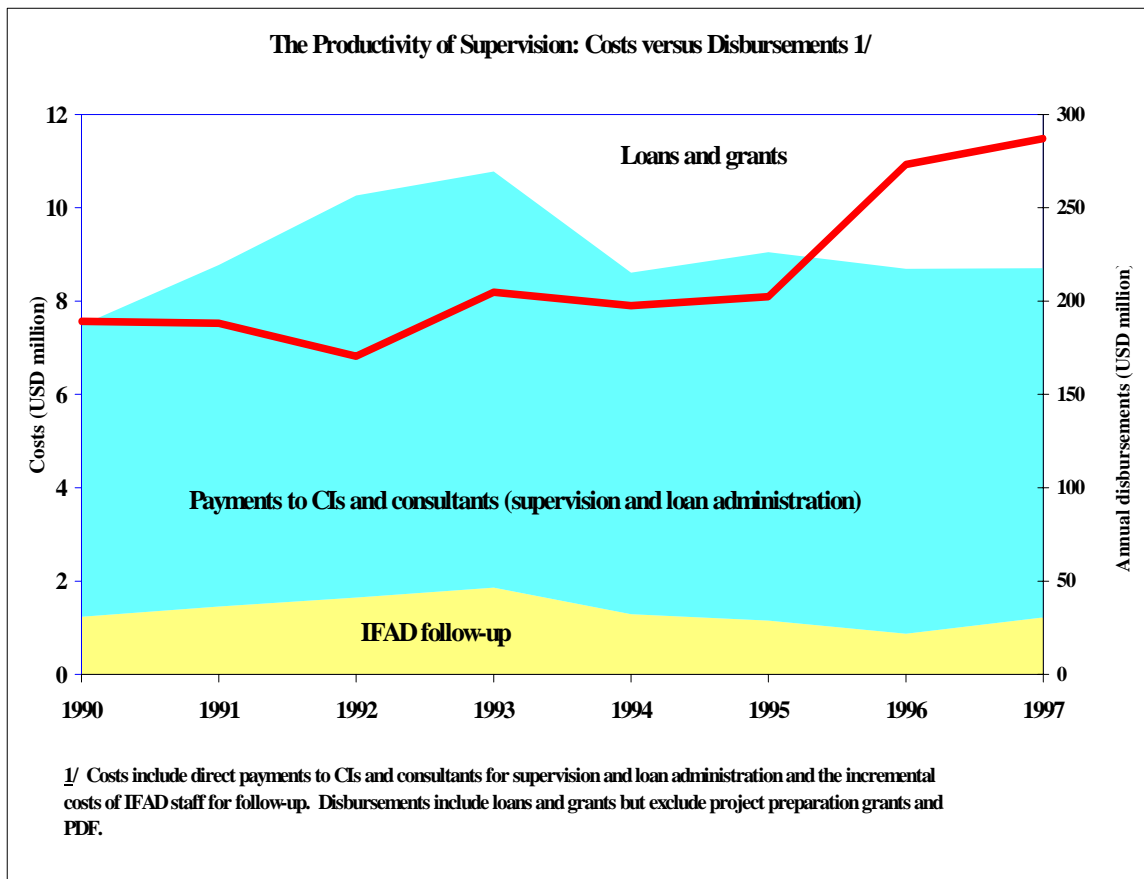
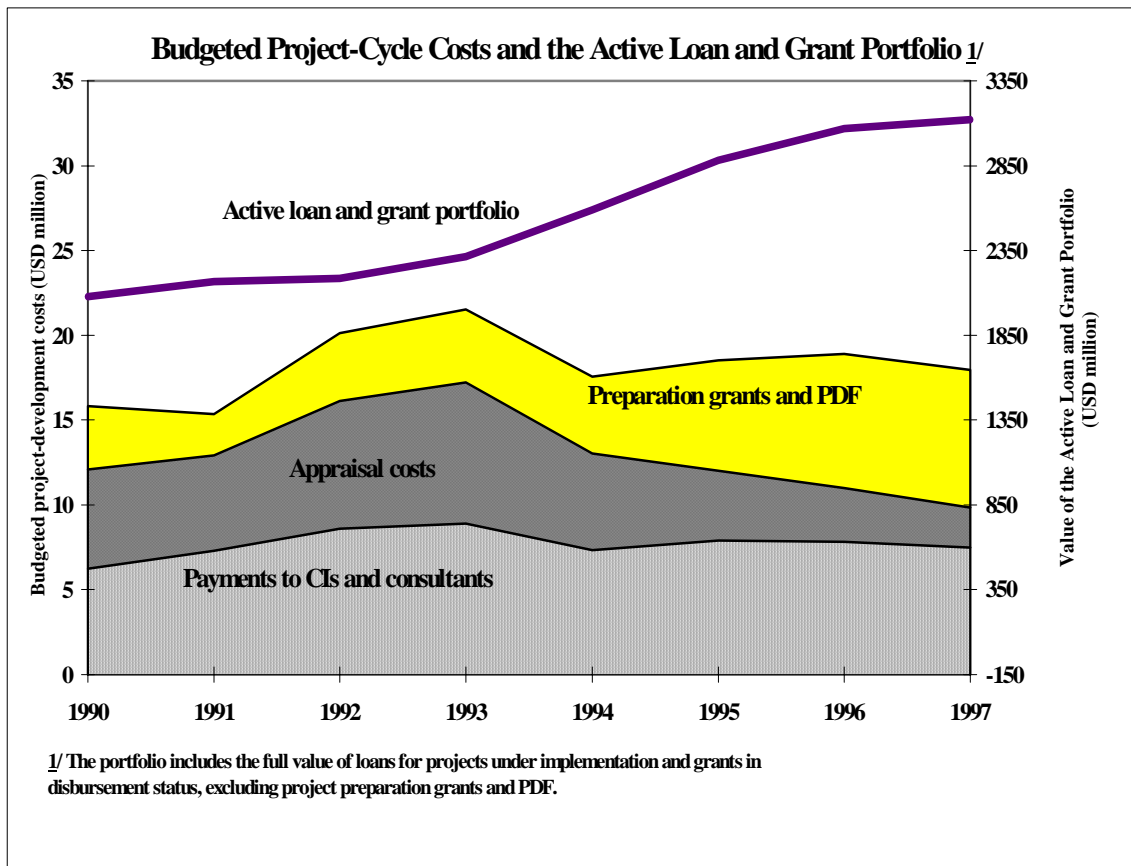
77. A summary of the expenditure for all 1998 Budget categories as well as a comparison with 1997 approved levels can be found in Table 4 on page 32. The 1997 allocations have been restated using the latest projected average ITL/USD exchange rate for 1997 (ITL 1 695 = USD 1.00) for comparison purposes. Current 1997 projections envisage full utilization of each of the budget headings as well as utilization of part of the contingency funds for human resource management and training needs, as authorized by the Sixty-First Session of the Executive Board.

78. Table 4 also shows the projected expenditure levels for 1997. As may be noted, overall projected 1997 expenses are expected to be in line with the approved 1997 level in all categories except for the contingency described below.

79. In view of the fact that there is no move to a new headquarters building foreseen in 1997, no expenditure will be incurred under the Contingency Item for expenses on the new facility. As authorized by the Executive Board at its Sixty-First Session, the contingency funds were reallocated to cover additional human resource management strategy (HRMS) needs on the understanding that partial or full utilization would only be made in the event that sufficient savings under Staff Costs do not materialize during 1997. Consequently, at the time of preparation of this document, full utilization is projected.

^{1/} As published in each year's budget document.





80. As in previous years, the proposed 1998 Budget estimates have been calculated using appropriate factors for each type of expenditure and basing projections upon current trends and past years' experience.

81. To the greatest extent possible, the estimated specific price and cost increases take into account all known factors, such as movement in indexes, announced price increases in supervision and loan administration charges of CIs, suppliers and utilities, negotiated contracts and other factors that influence costs, including those incurred outside the headquarters location. The main elements are the following:

- (a) unless otherwise specified, and consistent with prior years' calculations, a general inflation rate of 2.6% has been applied to all Rome-based expenses, based on the average official Italian inflation rate for the 12 months ended 30 June 1997 compared with that of the prior 12 months;
- (b) the salary increases for Professional and General Service staff have been estimated using the factors outlined below. All are based on the United Nations Common System and, as in the past, have been calculated in close collaboration with the lead UN agency in Rome (FAO), taking into account any pending recommendations of the International Civil Service Commission. These ratios vary from year to year and, accordingly, represent the best estimates of what will be formally introduced in the UN Common System during 1998:
 - (i) approximately 3% on salaries and post adjustments to cover annual/biennial within-grade step increases and expected movements in grade;
 - (ii) 3% for the General Service staff cost-of-living increase, effective 1 November 1998;
 - (iii) a provision of 2.2% for anticipated movement in the post-adjustment scale for Professional staff as from May 1998;
 - (iv) 3% increase as from November 1998 in pensionable remuneration for the Professional category;
 - (v) -. an expected 7% increase in medical plan contributions as from January 1998;
 - . the inclusion of an additional USD 428 000 as the preliminary estimate of the incremental cost associated with moving from the pay-as-you-go system to full service cost for After-Service Medical Coverage;
 - (vi) as required by UN Common System practice, repatriation and separation payments are updated to the latest salary level of staff in service. As in past years, this benefit is calculated at 6.5% of net base salaries for Professional staff and 12% for General Service staff and is proportionate to the increases provided for salaries;

- (vii) a weighted increase of approximately 3% for airfares and 3.6% for the Daily Subsistence Allowance (DSA) applicable to Rome and 2% for other capitals worldwide.

82. The projected CI charges for supervision and loan administration of IFAD projects reflect increases that have been communicated, as well as estimated increases for which confirmation had not yet been received when preparing this document.

83. The individual categories of the Administrative Budget are discussed in further detail in this section, with an explanation where variances are significant. Annex IV to this document provides estimates of the 1998 Budget analysis by organizational department and division.

A. Governing Bodies and Other Official Meetings

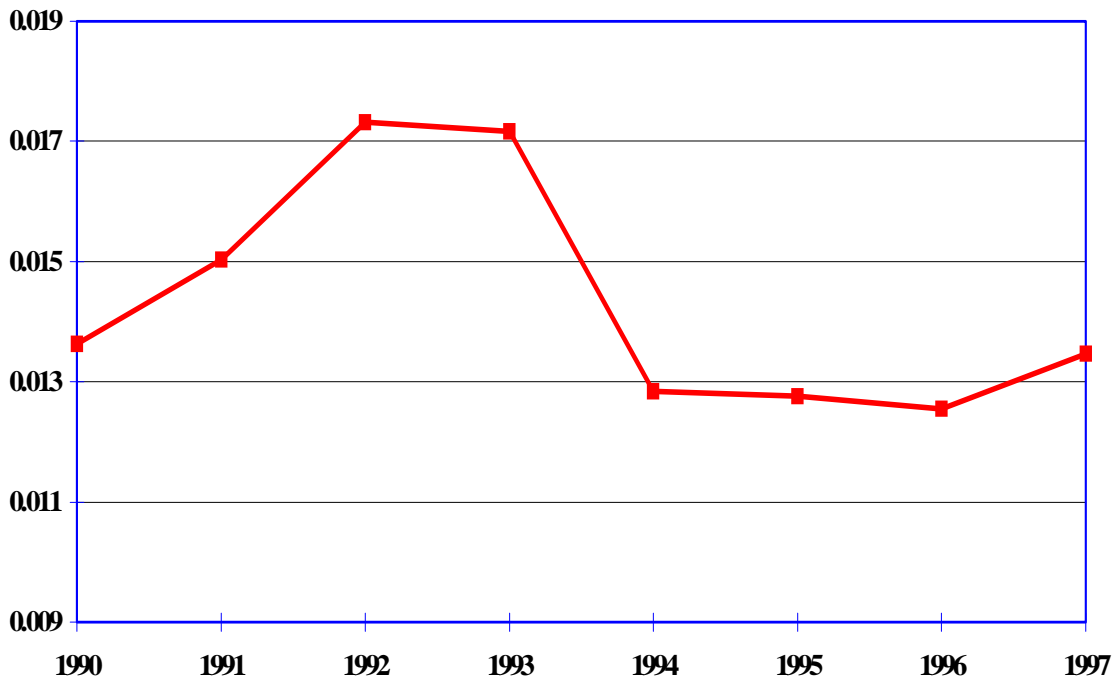
84. The costs of the Twenty-Second Session of the Governing Council, three Sessions of the Executive Board and three one-day meetings of the Evaluation Committee planned during 1998 are detailed in Table 5. There is a real overall reduction of USD 152 000 under this budget category. The savings arise mainly in the area of Executive Board meetings and are realized primarily through reductions in costs related to non-local translation staff. This has been made possible through a more efficient flow of documentation and the increased use of remote translation. There are also related savings under the Evaluation Committee, thanks to the timing of these sessions together with the Executive Board meetings. The overall proposed 1998 allocation includes a provision for price increases of USD 58 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs.

B. Staff Costs

85. As previously indicated to the Executive Board, the Human Resources Management Strategy (HRMS) Team is carrying out a review of the overall staffing needs of the organization. As this has not yet been completed throughout the Fund, no general change is sought in staffing levels for 1998. However, due to needs already identified, some changes have arisen in grading patterns within the Professional staff category owing to the implementation of the Early Retirement Programme in 1997. The action plan for renewal in PD (described in Section II) recommends higher grading levels for the programme assistant function. Furthermore, as a result of management's desire to address the issue of continued use of temporary support staff throughout IFAD, an extensive review has been undertaken and a new policy governing their recruitment and use has been drawn up for adoption in 1999. Some transitional arrangements are being proposed for 1998 in order to extend certain benefits to temporary staff who have been serving IFAD on a full-time, continuous basis for a period of more than three years (page 36) before the policy is adopted and staff levels defined.

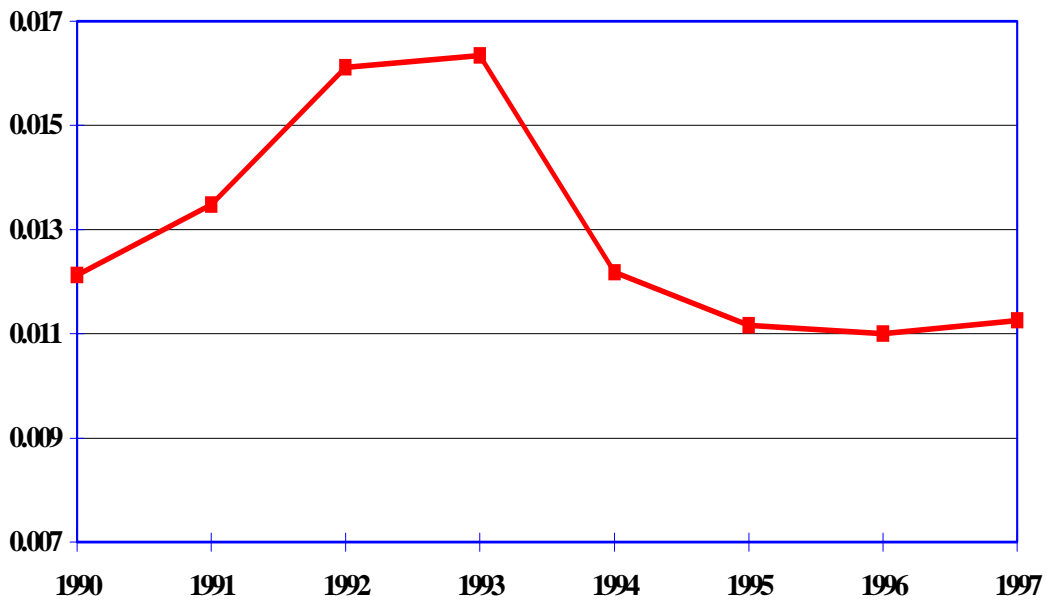
86. As shown in Table 6, the total projected 1998 Staff Costs are USD 26 686 000. This includes normal expected price increases of USD 1 065 000 in accordance with paragraph 81(b) above, as well as an amount of USD 428 000 to provide for expected increases for the full service cost of after-service medical benefits.

**Administrative Budget as a Ratio of Net Loan Commitments
and Resources Available for Commitment 1/**



1/ Defined as the amount of approved loans less cancellations, less repayments, plus resources available for new loan commitments. Figures for 1997 are tentative.

Administrative Budget as a Ratio of Total Assets



Total assets comprise promissory notes net of provisions established, unrestricted cash and investments, amounts receivable from Member States net of provisions, other receivables and disbursed unrepaid loans. Figures for 1997 are tentative.

TABLE 4
COMPARISON OF 1996, 1997 AND 1998 BUDGETS
(USD '000)

	1996	1997			1998			
	1/ Actual (at 1 546 ITL/USD)	Projected (at 1 695 ITL/USD)	Budget (at 1 684 ITL/USD)	Restated 1/ (at 1 695 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695 ITL/USD)	
1. Governing Bodies and Other Official Meetings	1 869	1 905	1 916	1 905	(152)	58	1 811	<i>see Table 5</i>
2. Staff Costs	24 752	24 866	24 976	24 866	327	1 493	26 686	<i>see Table 6</i>
3. Payments for Appraisal, Supervision and Evaluation 1/	15 091	14 027	14 041	14 027	(230)	491	14 288	<i>see Table 7</i>
4. Office and General Expenses	5 555	5 626	5 654	5 626	262	157	6 045	<i>see Table 8</i>
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 172	2 354	2 362	2 354	163	65	2 582	<i>see Table 9</i>
6. Contingency Items								
(a) Expenses on the New Headquarters Building			150	150	0	0	150	
(b) Unforeseen Expenses		150	150	150	100	0	250	
Subtotal	49 439	48 928	49 249	49 078	470	2 264	51 812	
Upfront costs relating to re-engineering	1 136	1 174	1 177	1 174	0	0	1 174	<i>see Section V-A</i>
Early Retirement Programme	150	600	600	600	(600)	0	0	<i>see Section V-B</i>
GRAND TOTAL	50 725	50 702	51 026	50 852	(130)	2 264	52 986	

1/ As of 1997, there was a shift to Programme of Work for Design and Development of Grants, Country Portfolio Reviews, Strategy Development and Workshops.

IMPACT	
Real Increase (Decrease) Overall	= (0.3%)
Nominal Price Increase	= 4.5%
Final Nominal Increase	= 4.2%

TABLE 5
GOVERNING BODIES AND OTHER OFFICIAL MEETINGS
(USD '000)

	1996	1997		1998		
	Actual (at 1 546 ITL/USD)	Budget (at 1 684 ITL/USD)	Restated (at 1 695 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695 ITL/USD)
(a) GOVERNING COUNCIL						
Professional Staff (salaries/allowances/subsistence), Interpreters, Translators and Other)		171	171	(13)	5	163
Temporary Support Staff (salaries/allowances/subsistence))		160	159	11	6	176
Travel Expenses)	375	33	33	0	2	35
Communications, Security and Other Services	90	103	102	0	3	105
Supplies, Printing and Miscellaneous	114	100	97	0	3	100
Subtotal	579	567	562	(2)	19	579
(b) EXECUTIVE BOARD						
Professional Staff (salaries/allowances/subsistence) Interpreters, Translators and Other)		685	683	(75)	19	627
Temporary Support Staff (salaries/allowances/subsistence))		329	327	(49)	10	288
Travel Expenses)	1 084	91	90	(9)	3	84
Executive Directors - Travel and Subsistence	76	103	102	0	3	105
Communications, Security and Other Services	23	23	23	(8)	1	16
Supplies, Printing and Miscellaneous	35	31	31	0	1	32
Subtotal	1 218	1 262	1 256	(141)	37	1 152
(c) EVALUATION COMMITTEE	72	87	87	(9)	2	80
Subtotal	72	87	87	(9)	2	80
GRAND TOTAL: GOVERNING BODIES AND OTHER OFFICIAL MEETINGS	1 869	1 916	1 905	(152)	58	1 811

87. Table 6A (on page 37) reflects the expected grade changes in the staffing table. Overall staffing numbers are being maintained at the 1997 level. Other key items are as follows:

- (a) Salaries and Post Adjustment. For Professional staff, provisions totalling USD 284 000 are made for within-grade step increases and an increase in the post-adjustment scale, in accordance with paragraphs 81(b)(i) and (iii). For General Service staff, the provision for salary-scale increases and a portion of the biennial within-grade step increase is USD 293 000. These price increases total USD 577 000, equivalent to an increase of approximately 3.65%. The net real decrease, which totals USD 113 000, is made up of the combined net effect of projected grade adjustments in both staff categories as adjusted by the lapse factor, as well as the introduction of a new merit pay/rewards scheme costing USD 35 000.
- (b) Education Grants and Other Allowances. There is a projected real decrease of USD 10 000 in line with current projected entitlements as adjusted by the lapse factor. The price increase of USD 213 000 relates to the combined projected increases for US tax reimbursement, non-removal and mobility allowances for the Professional category and small dependency allowances for both categories of staff. There is also a small provision for education price increases, within the education grant ceilings.
- (c) Pension and Medical Plan Contributions. The net real decrease of USD 29 000 is due to staff-grading pattern changes, adjusted for the lapse factor as mentioned above. A 3% increase in the scale of pensionable remuneration is expected to be effective as of November 1997, and a similar increase is projected for November 1998 for both staff categories. The resulting total anticipated price increase amounts to USD 173 000. Also included here is the estimated provision for price increase for the After-Service Medical Coverage (ASMC) plan on the order of USD 428 000, which represents the incremental cost associated with moving from the pay-as-you-go system to full service cost. Further information is provided in Section V.
- (d) and (e) Home Leave, Repatriation and Separation Payments. The real decrease of USD 44 000 under Home Leave relates to savings arising from increased staff use of the 80% lump-sum airfare entitlement. Under Repatriation and Separation Payments, the real decrease is due to the net changes in grading patterns, as explained above. Price increases reflect an increase in airfares for home leave of USD 10 000; those for repatriation and separation of Professional and General staff total USD 41 000. This brings the total 1998 proposed amount to USD 326 000 for home leave and USD 1 393 000 for repatriation and separation payments.
- (f) Relocation and Recruitment. Total relocation costs have been increased by USD 59 000 due to the current higher ratio of vacant posts to staffing levels. Price increases of USD 10 000 reflect the inflation increase for appointment and interview travel, removal of household goods and the Rome DSA increase, which impacts both interview travel and appointment costs of Professional staff.

- (g) Temporary Staff. As mentioned in the previous section, a review of the long-term temporary staff has been carried out within the organization. The real increase of USD 403 000 covers: a provision for part of the entitlements that management wishes to extend to those temporary General Service staff who have been with the Fund for over three years; a real increase of approximately USD 50 000 for the services of an archival expert to complete and implement the records management policies, including completion of divisional retention schedules, organization of historical holdings and disposal of obsolete records; an amount of about USD 50 000 for General Service support staff for miscellaneous related projects such as CIAO, DMS and the Photo Library; and USD 100 000 required for increased activity requirements in the Legal Services and Finance Divisions.
- (h) Overtime. There is a slight increase of USD 14 000 as well as a price increase of USD 6 000 in line with the estimated salary-scale adjustment.
- (i) Training. An increase of USD 55 000 is projected for 1998. The total amount proposed for 1998 is USD 431 000, which includes expected price increases of USD 12 000. Some of the areas envisaged under the 1998 training programme are provided below:
- (i) Specialized training for skills development will include project supervision, participatory project techniques, microfinance, the COSTAB computer software for preparing project cost tables, risk management, inventory and legal training. HRMS training activities will include management development for managerial staff, parallel training for all other supervisors and staff, and performance management related to introducing a new appraisal system;
 - (ii) Comprehensive communications skills. A general comprehensive communications and management-skills programme will continue to be part of the skills-development programme in 1998, including presentation and negotiation skills, team-building, writing courses, interviewing skills, financial literacy and fraud-awareness programmes;
 - (iii) Language skills. Courses will continue in IFAD's four official languages, viz., English, French, Arabic and Spanish, as well as courses in Italian on a fee-paying basis;
 - (iv) Educational assistance will continue, in the form of 50% assistance towards tuition and related fees based upon successful completion of courses related to IFAD's activities.

TABLE 6
STAFF COSTS
(USD '000)

	1996	1997		1998			<i>Professional</i>	<i>General Service</i>	<i>Other</i>
	Actual (at 1 546)	Budget (at 1 684)	Restated (at 1 695)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695)			
(a) Salaries and Post Adjustment	16 297	16 020	15 940	(113)	577	16 404	10 401	5 968	35
(b) Education Grants and Other Allowances	1 508	1 537	1 530	(10)	213	1 733	1 571	162	
(c) Pension and Medical Plan Contributions	4 139	4 224	4 212	(29)	601	4 784	2 634	1 678	472
(d) Home Leave	338	362	360	(44)	10	326	326		
(e) Repatriation and Separation Payments	1 170	1 364	1 360	(8)	41	1 393	729	664	
(f) Relocation and Recruitment	285	266	265	59	10	334			334
Regular and Fixed-Term Staff	23 737	23 773	23 667	(145)	1 452	24 974	15 661	8 472	841
(g) Short-Term Temporary Staff	574	634	631	403	23	1 057	334	723	
(h) Overtime	199	205	204	14	6	224		224	
(i) Training	242	364	364	55	12	431			431
GRAND TOTAL: STAFF COSTS	24 752	24 976	24 866	327	1 493	26 686	15 995	9 419	1 272

TABLE 6A
STAFF LEVELS IN 1998 ^{1/}

	Professionals and Higher Grade Staff							Support Staff
	AP	D-2	D-1	P-5	P-4	P-2/3	Total	Total
Office of the President (OP)			1			1	2	4
Internal Audit				1		1	2	2
Office of Evaluation and Studies		1		4	1	1	7	6.5
Legal Services Division			1	1	2	1	5	4
TOTAL OP	0	1	2	6	3	4	16	16.5
Office of the Vice-President (VP)								1
Controller's Office			1	3	3		7	26.5
Treasury			1	1	1	2	5	7
TOTAL VP	0	0	2	4	4	2	12	34.5
Programme Management Department (PD)								
Office of the Assistant President	1			2	1	1	5	3
Africa I Division			1	5	4		10	6
Africa II Division			1	5	4		10	5
Asia and the Pacific Division			1	6	2		9	6
Latin America and the Caribbean Division			1	4	3		8	5
Near East and North Africa Division		1		3	4		8	4
Technical Advisory Division			1	3	3	1	8	4
TOTAL PD	1	1	5	28	21	2	58	33
Economic Policy and Resource Strategy Department (ED)								
Office of the Assistant President	1	1		4	5	1	12	11
TOTAL ED	1	1	0	4	5	1	12	11
Management and Personnel Services Department (MD)								
Office of the Assistant President	1						1	1
Administrative Services				1	1	1	3	24
Management Information Systems			1		5	2	8	8.5
Office of the Secretary			1	2	6	4	13	26.5
Personnel Division			1		2		3	9
TOTAL MD	1	0	3	3	14	7	28	69
GRAND TOTAL	3	3	12	45	47	16	126	164

^{1/} The President and the Vice-President are not included in the staffing figures.

C. Payments for Appraisal, Supervision and Evaluation

88. A summary of the estimated requirements for appraisal as well as those related to supervision and evaluation of IFAD's projects is provided in Table 7 (page 41). Itemized information on activities undertaken for evaluation and studies can be found in Table 7A (page 42).

89. Appraisal and Related Costs. The number of appraisals proposed in 1998 will be higher than in 1997. It is foreseen that 32 full appraisal equivalents will be undertaken in 1998. In determining the resources for project appraisals, the following factors have been taken into consideration: (a) the desirability of having a marginally higher number of projects appraised than required for approval by the Executive Board during 1998, to allow for unforeseeable slippage, as occurred in 1997; and (b) some appraisal work has to start in the 1998 calendar year to allow for presentation of projects to the April 1999 Board.

90. Efforts will continue to be made to secure projects initiated by other CIs; four have currently been identified. While the number of appraisals is higher than for previous years, the overall average appraisal cost has been reduced.

91. In 1998, appraisal work will focus on project-implementability assessment and planning since most of the required technical design work will be completed at the formulation stage under the PDF, which will, inter alia, include a stronger emphasis on beneficiary participation in project development.

92. Supervision and Related Costs. As indicated in Box 5, the Governing Council adopted Resolution 102/XX on Loan Administration and Supervision of Project Implementation for IFAD-Funded Projects and a plan of action. Recommendations 1 to 4 focused on the need to provide proposals to further strengthen the performance of projects supervised by CIs. Recommendation 1 requested IFAD to adopt a new policy to ensure that all CIs are held to certain minimum supervision requirements. This would allow for the introduction of more transparent selection of CIs and higher service quality in terms of setting a standard for IFAD expectations. Recommendation 2 emphasized the need to introduce improvements in the present procedures for coordination between IFAD and the CIs through: (a) clarification to eliminate areas of overlap between CI supervision exercises and IFAD follow-up activities; (b) improved procedures for cooperation, mainly through annual programming meetings and strengthened interaction at the field level; and (c) more consistent and relevant reporting, focusing on a list of indicators covering IFAD's interest in monitoring development impact and the human dimension. Recommendation 3 emphasized the need to establish a much more efficient portfolio-management system, which allows for closer monitoring of ongoing projects and regular clean-up of the IFAD portfolio, "weeding out" projects that are likely to remain non-performing. Finally, Recommendation 4 focused on strengthening the emerging IFAD priority of getting results on the ground and reinforcing the learning loop from the experience of ongoing projects.

93. A plan of action was proposed for implementation over a five-year period. In this regard, a Task Force for the Implementation of a Time-Bound Action Plan for Recommendations 1 to 5 of the Report of the Joint Review on Supervision Issues for IFAD-Financed Projects has been set up to examine all the related issues, including the financial implications. It is still premature to determine how Recommendations 1 to 4 will impact payments to CIs and what would be the actual cost of direct supervision. In the interim, IFAD will take steps to contain the overall costs of project administration

Box 5

Direct Supervision of Projects

At its Twentieth Session in February 1997, the Governing Council adopted Resolution 102/XX on Loan Administration and Supervision of Project Implementation for IFAD-Funded Projects and a plan of action.

The Executive Board, at its Sixty-First Session, adopted the Criteria for the Selection of Projects under Direct Supervision.

Fifteen projects are expected to be submitted for Executive Board approval between December 1997 and December 1998, and it is planned that the regional divisions will each supervise three projects.

Pre-negotiations for IFAD's first directly supervised project — Armenia, North-West Agricultural Services Project — were undertaken in October 1997.

and supervision by closely linking the delivery of new projects to the closing of existing ones over a time span, and monitoring the impact of direct supervision on staff time. An amount of USD 96 000 is proposed for loan administration and supervision of IFAD projects (equivalent to 3.5 full project equivalents), together with a provision of USD 50 000 for additional staff travel to supervise these projects. These costs will be offset by the charges normally paid to CIs.

94. Follow-Up by IFAD in 1998 will decrease marginally over 1997 and will be used to: (i) underpin the new strategic emphasis on implementation and portfolio management, and (ii) ensure the agreed-on strategic thrust concerning implementation and portfolio management. For the Latin America and the Caribbean (PL) and Near East and North Africa (PN) Divisions, this is especially necessary in view of the fact that only very few countries have had access to the SOF in spite of early implementation problems in the regions. The Africa I (PA) and Africa II (PF) Divisions will benefit from significant levels of both SOF and Follow-Up by IFAD.

95. Supervision of TAGs. To maintain participation in the area of grant-portfolio management, a figure of USD 170 000 has been proposed for 1998 to accommodate the supervision of active grants.

96. Staff Travel for Appraisal and Follow-Up. Further resources will be made available for staff travel to permit greater staff involvement in IFAD appraisal, follow-up, implementation support and portfolio management, which will require a stronger staff presence in the field.

97. Evaluation and Studies. Details on the activities planned in this area for 1998 can be found in Table 7A.

COST OF APPRAISALS AND SUPERVISION

(inclusive of price increases)

Actual 1994-96, Projected 1997 and Proposed 1998

(USD 000)

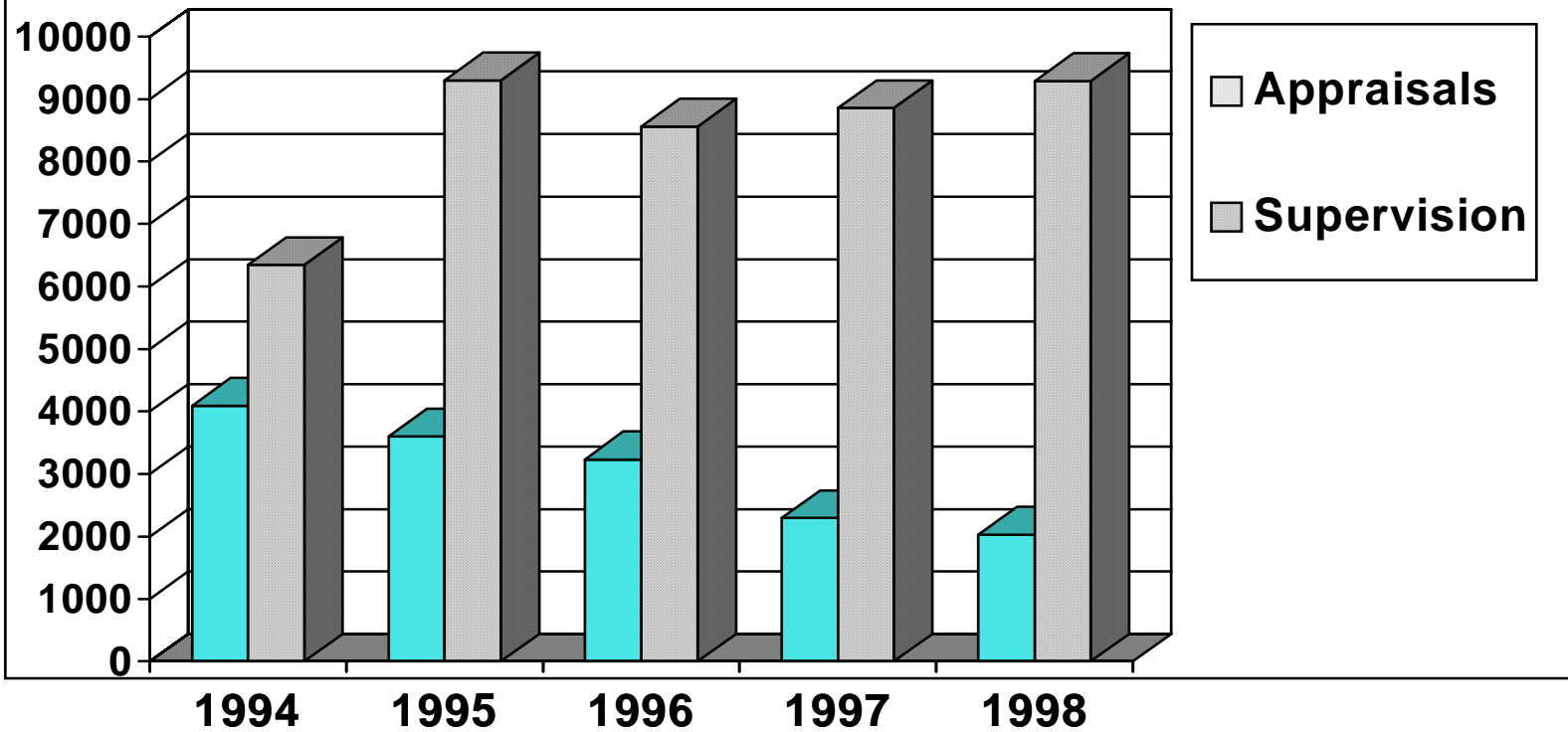


TABLE 7
PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION
(USD 000)

	1996	1997		1998		
	Actual <u>1/</u> (at 1 546)	Budget (at 1 684)	Restated (at 1 695)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695)
1. Appraisal and Related Costs	3 703	2 298	2 295	(303)	40	2 032
(a) Strategy Development <u>1/</u>	116	51	51	24	2	77
(b) Appraisals	3 403	2 247	2 244	(327)	38	1 955
(c) Special Studies	44	0	0	0	0	0
(d) Design and Development of Grants for Agricultural Research and Training <u>1/</u>	140	0	0	0	0	0
2. Supervision and Related Costs	8 688	8 824	8 822	80	389	9 291
(a) Cooperating Institutions <u>1/</u>	7 378	7 482	7 482	56	364	7 902
(b) Direct Supervision	0	0	0	96	0	96
(c) IFAD Follow-Up	888	1 193	1 191	(90)	22	1 123
(d) Supervision of Technical Assistance Grants	156	149	149	18	3	170
(e) Implementation and Other Workshops <u>1/</u>	266	0	0	0	0	0
3. Staff Travel	847	1 063	1 059	26	26	1 111
(a) Appraisal and IFAD Follow-Up <u>2/</u>	847	1 063	1 059	(24)	26	1 061
(b) Direct Supervision	0	0	0	50	0	50
4. Evaluation and Studies	1 853	1 856	1 851	(33)	36	1 854
GRAND TOTAL: PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION	15 091	14 041	14 027	(230)	491	14 288

1/ As of 1997, Strategy Development, Design and Development of TAGs, Country Portfolio Reviews and Implementation and Other Workshops were shifted to Programme of Work - under TAGs.

2/ As of 1996, there was a shift in category for travel related to appraisal and follow-up of IFAD projects.

TABLE 7A
EVALUATION AND STUDIES
(USD '000)

	1997		1998		
	Budget (at 1 684)	Restated (at 1 695)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695)
4. EVALUATION AND STUDIES					
Mid-Term Evaluations	318	316	(105)	6	217
Interim Evaluations	314	313	80	5	398
Completion/Ex-Post Project Missions	398	397	1	6	404
Country Portfolio Evaluation	145	145	(34)	4	115
Lessons Learned and Thematic Studies	273	272	2	5	279
Evaluation Knowledge System	43	43	1	1	45
Preparation of Technical Assistance Grant on M&E	16	16	(1)	0	15
Training Activities/Workshops/Seminars	148	148	0	3	151
Methodology Research/Publications	137	137	(23)	2	116
Joint Evaluations with Bilateral Agencies	64	64	1	2	67
Evaluation Knowledge Web	0	0	26	1	27
LEOS Programme	0	0	19	1	20
GRAND TOTAL: EVALUATION AND STUDIES	1 856	1 851	(33)	36	1 854

D. Office and General Expenses

98. Details for Office and General Expenses are shown in Table 8 (page 47). As in previous years, this heading includes Headquarters Expenses, Professional Services, miscellaneous expenditures and Credit Union funding. Further information is provided below.

(a) Headquarters Expenses

99. This provides for the costs of running the Rome headquarters premises as well as office equipment and administrative supplies. The 1998 proposed budget totals USD 6 045 000, including price increases; this amount represents a real increase of USD 262 000 over 1997 due to the maintenance of additional office space at IFAD/2, which will not be financed by the Host Government.

- (i) Security and Custodial Services. The 1998 budget allocation includes provision for the security contract as well as technical assistance for the security systems at IFAD/HQ and IFAD/2. The 1998 proposed allocation of USD 373 000 includes a real increase of USD 39 000, which provides for the additional security-guard services required for the newly rented offices at IFAD/2.
- (ii) Communications. This allocation covers mail and courier services in the amount of USD 65 000 and estimated 1998 charges for telex and facsimile, telephone, electronic mail and satellite contracts totalling USD 515 000. The 1997 level is being maintained, which — inclusive of normal price increases — brings the 1998 total to USD 580 000.
- (iii) Utilities and Premises. This allocation covers building operations and maintenance, cleaning and labour services, technical-plant operations including heating and air-conditioning, building supplies, condominium charges for the existing IFAD/2 offices and other premise improvements not financed by the Host Government. The 1998 proposed allocation of USD 1 265 000 includes a real increase of USD 137 000, which provides for the additional cleaning and technical services required for day-to-day operations at the newly rented IFAD/2 offices, as well as the increased charges for heating, air-conditioning and condominium due to the additional volume of space.
- (iv) Supplies and Printing. This covers the print shop operations and related equipment maintenance, document reproduction, office/computer supplies and stationery. The 1998 level could have been slightly decreased by USD 38 000 due to lower reproduction costs, but in view of the reproduction equipment required in the newly rented offices, the 1997 level of USD 490 000 is maintained in real terms.
- (v) Office Equipment and Maintenance. This normally covers the purchase, replacement and maintenance of headquarters office equipment, which includes audio-visual equipment, dictaphones, calculators and vehicles. There is a slight decrease from the 1997 level, which brings the 1998 proposed allocation to USD 184 000, inclusive of price increases.

- (vi) Computer Services. The proposed 1998 allocation will cover expenditure for ongoing information-technology services and tools required to support the operations of the Fund. A real increase of USD 50 000 and a price increase of USD 42 000 bring the 1998 proposed allocation to USD 1 657 000, which will cover:

	USD
Purchase of equipment	83 000
Purchase of standard software	147 200
Fees for maintenance of software products	223 000
Fees for technical assistance for equipment	172 000
Fees for FAO and ICC computer services	192 000
Fees for rental of desktop computers and network servers	365 000
Fees for data communication lines	112 600
Fees and other expenses for specialized technical training	91 200
Fees for short-term specialist support	46 000
Manpower for hotline, end-user training and support, computer operations	<u>225 000</u>
Total	1 657 000

In line with requests from the Executive Board, the following table provides details on the five major areas of Management Information System (MIS) services and facilities to be provided for 1998.

	USD
Operations and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	927 000
Support of end-users in the use of standard applications through hotline assistance and training at various levels	156 000
Maintenance and support of corporate systems in operation	145 000
External computer services for mainframe applications and internetworking	267 000
Enhancement of technical infrastructure to increase capacity and services	162 000
Total	1 657 000

- (vii) Other. This allocation includes expenditure for headquarters insurance coverage, cafeteria equipment replacement and maintenance, medical supplies and a variety of miscellaneous services. The allocation is slightly lower than the 1997 level, and a price increase of USD 3 000 brings the 1998 proposed allocation to USD 124 000.

(b) Professional Services

100. This heading covers costs of external professional services used mainly for normal office and financial administration. The 1998 proposed budget is USD 818 000, including a real increase of USD 7 000.

- (i) External Auditors' Fees and Expenses. The External Auditors' Fees and Expenses for the 1998 IFAD audit have been projected at USD 100 000, which includes an estimated price increase of USD 2 000.
- (ii) Money Rates and Other Financial Advice. This allocation covers costs incurred by the Treasury Division, mainly for subscription to rating agencies and access to on-line financial-market information services, both of which are used in connection with monitoring the management of IFAD's investment portfolio. The 1997 level has been reduced by USD 34 000, with a price increase of USD 5 000, bringing the proposed 1998 allocation to USD 194 000. In line with the usual yearly practice, the Treasury Division intends to hold at least one symposium in which executives from major investment houses will be invited to participate. This symposium assumes particular importance in 1998 since experience with the diversified portfolio will be analysed in depth with a view to improving performance where warranted.
- (iii) Translators - External. This item covers the costs of external translation not related to official meetings, including translations into English from non-official languages and related editing requirements. The 1997 level is being maintained and USD 10 000 is proposed for 1998.
- (iv) Legal Services. This heading provides for various legal services, including a retainer arrangement with a local law firm to advise on matters relating to IFAD's operations in Italy, such as commercial contract arrangements, official staff privileges and immunities and the legal status of IFAD vis-à-vis the Headquarters Agreement, the Italian Government and Italian juridical procedures. The 1998 allocation of USD 26 000 includes a decrease of USD 9 000 and a price increase of USD 1 000.
- (v) Building - Technical Services. This heading provides for technical-support services for the provisional headquarters building and fees for general services and technical projects for building improvements. In the event that the new headquarters building or additional facilities are provided during 1998, any required additional architectural services would be financed under the special contingency provided for this purpose. The 1997 allocation of USD 21 000 is being maintained for 1998 in real terms.
- (vi) Consultants for Systems Audit. A provision of USD 50 000 is included in 1998 to cover expected requirements for a full systems audit/review, which will be conducted by the Internal Auditor.

- (vii) Consultants - MIS - System Development. Expertise is required on an ongoing basis for coordination of the hotline and user-support function and for technical support and maintenance of corporate systems. The latter function has been contained for 1998 at the lowest possible level in order to allocate resources for the development of new financial systems without increasing the overall cost above the 1997 level. The allocation provides only for price increases of USD 10 000, for a 1998 total of USD 416 000.

(c) Miscellaneous

- 101.
- (i) Hospitality. The USD 46 000 requested reflects a slight increase of USD 2 000 over 1997 and a price increase of USD 1 000.
 - (ii) Library, Books and Periodicals. The 1997 level is increased slightly by USD 6 000, and a price increase of USD 7 000 brings the total proposed 1998 allocation to USD 77 000.
 - (iii) UN Liaison. IFAD uses UN facilities at New York and the Washington office for liaison purposes with various UN agencies, the World Bank, the International Monetary Fund, the Inter-American Development Bank, numerous NGOs and other multilateral aid efforts and conferences that take place in those two cities. In 1998, the allocation is being increased over the 1997 level by USD 15 000 to provide for and enhance official and public information on IFAD activities. Together with price increases of USD 6 000, the proposal for 1998 amounts to USD 316 000.
 - (iv) FAO Charges. This allocation covers FAO charges for medical services and language testing. In 1998, it is expected that the Fund will share costs of a staff counsellor with FAO/WFP. The 1997 level is therefore being increased by USD 9 000, which — with price increases of USD 1 000 — brings the 1998 proposed allocation to USD 29 000.
 - (v) Other. The 1998 allocation, which covers minor office expenses, local taxi fares, newspapers, urgent stationery supplies, etc., is being increased slightly by USD 3 000 over the 1997 level. Inclusive of price increases, it totals USD 40 000.

(d) Credit Union

102. At its Fifty-Eighth Session, the Executive Board approved the recommendation to allow the Fund to continue to provide funding to cover 33% of the Credit Union manager's salary and benefits for 1997 and 1998. The 1998 allocation reflects the 1997 level and, together with estimated salary-related increases of USD 3 000 on a proportionate basis, brings the 1998 proposed total to USD 33 000. It is expected that 1998 will be the last year that management will ask the Board for an administrative subsidy for the Credit Union of IFAD Employees.

TABLE 8
OFFICE AND GENERAL EXPENSES
(USD '000)

	1996	1997		1998		
	Actual (at 1 546)	Budget (at 1 684)	Restated (at 1 695)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695)
Security and Custodial Services	310	327	325	39	9	373
Communications	584	569	565	0	15	580
Utilities and Premises	1 078	1 103	1 096	137	32	1 265
Supplies and Printing	449	494	490	0	13	503
Office Equipment and Maintenance	200	185	184	(5)	5	184
Computer Services	1 534	1 571	1 565	50	42	1 657
Other	90	122	122	(1)	3	124
Headquarters Expenses	4 245	4 371	4 347	220	119	4 686
Re-Engineering Costs	11	0	0	0	0	0
External Auditors' Fees and Expenses	103	99	98	0	2	100
Money Rates and Financial Advice	225	224	223	(34)	5	194
Translators - External	20	10	10	0	0	10
Legal Services	32	34	34	(9)	1	26
Building - Technical Services	23	21	21	0	1	22
Consultants for Systems Audit	0	0	0	50	0	50
Consultants - MIS - System Development	381	406	406	0	10	416
Professional Services	795	794	792	7	19	818
Hospitality	37	44	43	2	1	46
Library, Books and Periodicals	61	64	64	6	7	77
UN Liaison	285	295	295	15	6	316
FAO Charges	18	19	19	9	1	29
Other	64	37	36	3	1	40
Miscellaneous	465	459	457	35	16	508
Funding of Credit Union Manager	50	30	30	0	3	33
Credit Union	50	30	30	0	3	33
GRAND TOTAL: OFFICE AND GENERAL EXPENSES	5 555	5 654	5 626	262	157	6 045

E. Other Operational Expenses Including Corporate Strategy,
Policy and Resource Mobilization

103. This Budget category, shown in detail in Table 9 (page 51), includes the items described below.

(a) Duty Travel

104. As in 1997, this heading includes staff travel but excludes PD staff travel related strictly to appraisal and supervision, which is shown separately under Section VI.C. Regular Duty Travel is increased by USD 128 000, due to greater requirements in most departments as well as further efforts by ED staff to mobilize resources and increase contacts with donor communities worldwide.

(b) Special Studies

105. It is periodically necessary to provide support through special studies on certain activities, specific topics and operational guidelines. Such support activities are expected to decrease slightly in 1998. The 1998 proposed allocation, inclusive of price increases of USD 3 000, is therefore USD 118 000.

(c) Communications and Networking

106. To foster greater public awareness of the Fund's wealth of knowledge, activities and impact on rural poverty, in 1998 IFAD will attempt to increase media coverage of its projects, workshops, meetings, special events, resource-mobilization campaigns and constituency-building initiatives. It will do this through: (a) information dissemination that focuses on critical areas and clients; (b) establishment of an information network incorporating the potential of the Internet, multimedia systems and electronic linkages with developing countries; (c) establishment of a network of partners and advocacy organizations; and (d) establishment of dialogues and cooperation with public-information departments in both recipient and donor countries. Within this framework, IFAD will develop on-line linkages with media organizations and electronic global contact lists, and pursue on-line packaging and distribution of public information material. It will strive to ensure greater involvement of partners in joint media projects and to enhance the network of media correspondents. Working relations with editors, journalists and advocacy groups will be strengthened through the systematic provision of newsworthy and high-profile information, data, audio-visuals and photographic material specifically tailored to the diverse needs. A real increase of USD 7 000, together with a price increase of USD 2 000, brings the 1998 proposed total to USD 77 000.

(d) Media Activities

107. An increase in the effectiveness of IFAD's public-information messages and communication tools and means will be achieved through a series of initiatives to maximize the Fund's visibility on the occasion of its Twentieth Anniversary. IFAD will seek to improve its targeting of media outlets and the materials provided for media reports through consultation and dialogue with external partners and advocates as well as with IFAD staff, particularly project controllers.

108. IFAD's accumulated experience and lessons learnt need to be incorporated in pilot on-line and off-line multimedia format packages for dissemination through national and regional information networks. To this end, electronic-mail contact lists will be expanded and better classified along with other mail distribution lists. In addition to the special initiatives and intensified coverage planned for

the Twenty-First Session of the Governing Council (GC/21), media coverage of regional workshops and seminars — particularly workshops planned under the Twentieth Anniversary programme — and IFAD's participation in international conferences and meetings will be intensified as well.

109. Six media field visits will be organized during 1998 so that selected groups of journalists representing the international media can cover the Fund's achievements, specifically its mature and successful projects in each of the developing regions. This will be complemented by the production of six video news releases (VNRs) for broader distribution, including three for distribution through the Reuters satellite network. These VNRs will reflect IFAD's priorities and thematic messages. In addition, four "Down to Earth" radio programmes are planned, including one on the occasion of GC/21 for distribution to an expanded list of 120 broadcasters worldwide. To convey more visual coverage of IFAD's operations, four photographic packages of fresh and expressive material shot on the sites of IFAD projects will be distributed to a large number of media outlets and used for the production of photo exhibits and displays at international fairs and expositions. The 1998 proposed allocation of USD 184 000 reflects a real increase of USD 9 000 and price increases of USD 4 000.

(e) Annual Report

110. This is the official publication of the Fund that describes the operations and regional activities undertaken during the year and provides the audited financial statements. It is provided to Member Governments, other financial and development institutions, NGOs and other parties of the public at large who are interested in IFAD's work. This report has become a key reference publication for many of the groups that are important to IFAD, and requests for such information have increased dramatically in recent years.

111. In 1998, the Annual Report will play an important role in the celebration of IFAD's Twentieth Anniversary and, accordingly, it will be divided into two volumes. Volume One, which will be ready for distribution during the Governing Council, will focus on the Fund's evolution and emerging strategic priorities and, in doing so, will give a general overview of IFAD's operations and regional activities during 1997. Volume Two, to be published by the end of April 1998, will contain IFAD's financial statements and statistical information on project and grant implementation. Even though two volumes will be produced in 1998, the 1997 budget level is being maintained. The 1998 proposed allocation of USD 143 000 includes only price increases of USD 4 000.

(f) Publications

112. Publications contribute to achieving IFAD's corporate strategic direction and therefore support IFAD's position as a knowledge organization in the alleviation of rural poverty. IFAD's publications aim to disseminate the Fund's achievements, promote its policies, build support for its activities and contribute to increase understanding of rural poverty.

113. As a result of the re-engineering, the production of publications is more systematized and cost-effective due to the establishment of a new process that has set rules involving content review, availability of desktop publishing in-house and definition of dissemination strategies. A dramatic increase of publications during the last two years has shown the benefits of the new process. In fact, in 1995, there were only five new publications produced with an allocation of USD 203 000, compared with 14 publications produced in 1997 with an allocation of USD 165 960. Following the same line of cost-effectiveness, the 1997 allocation is maintained and, together with price increases of USD 5 000, brings the 1998 proposed allocation to USD 195 000.

(g) Contributions to UN Committees

114. IFAD continues to provide contributions to the budgets of certain UN-sponsored committees related to project or administrative work. Specific details of the planned 1998 contributions are provided below:

- (i) The Development Forum supplements other channels of information by carrying articles on development issues, including matters of interest to IFAD. Contributions will be at the level of USD 6 000.
- (ii) (a) The International Civil Service Commission (ICSC) regulates and coordinates the conditions of service of the United Nations Common System. The three main areas covered are cost of living, salaries and allowances, and personnel policies. Although IFAD is not a member of ICSC, it generally follows Common System practices and participates in meetings of ICSC and in the collection of data required for comparisons of conditions of service. Accordingly, IFAD pays a share proportionate to the number of its staff.

(b) The Consultative Committee on Administrative Questions (CCAQ) is a subcommittee of the Administrative Committee on Coordination (ACC). Together with other UN agencies, IFAD is involved in meetings dealing with personnel, finance and budget issues. As with the ICSC, the cost of the CCAQ secretariat is shared in proportion to the number of staff. It is expected that the 1998 total contribution will be around USD 24 000.
- (iii) The ACC Subcommittee on Nutrition. IFAD's primary focus on rural poverty alleviation demands appropriate attention to methodologies for the introduction of nutritional considerations in the projects it finances. The Fund's participation in the subcommittee enhances understanding of its specific activities within the UN system, IFIs and bilateral agencies. IFAD's contribution to the subcommittee for 1998 is USD 28 000.
- (iv) The Non-Governmental Liaison Service (NGLS) acts as a catalyst to bring together certain non-governmental organizations and helps to identify and obtain background materials, including film and audio-visual materials from non-governmental as well as UN sources. The consolidated services have a single head of programme and cater to NGO needs in North America and Europe. The 1998 allocation is maintained at USD 12 000.
- (v) The Consultative Committee on Programme and Operational Questions. The amount of USD 6 000 is being maintained for 1998.

(h) Participation in and Hosting of Meetings

115. An increase of USD 29 000 over the 1997 allocation is proposed in the 1998 Budget to cover the cost of essential conference staff and technical assistance for meetings other than those of the Governing Bodies that are held at headquarters. The proposed 1998 allocation of USD 35 000 is inclusive of price increases of USD 1 000.

TABLE 9
OTHER OPERATIONAL EXPENSES INCLUDING CORPORATE STRATEGY,
POLICY AND RESOURCE MOBILIZATION
(USD 000)

	1996	1997		1998		
	Actual (at 1 546)	Budget (at 1 684)	Restated (at 1 695)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 695)
(a) Duty Travel	1 465	1 587	1 582	128	44	1 754
(b) Special Studies	110	126	125	(10)	3	118
(c) Communications and Networking	56	68	68	7	2	77
(d) Media Activities	177	171	171	9	4	184
(e) Annual Report	148	140	139	0	4	143
(f) Publications	140	191	190	0	5	195
(g) Contributions to UN Committees	71	74	74	0	2	76
(h) Participation in and Hosting of Meetings	5	5	5	29	1	35
GRAND TOTAL: OTHER OPERATIONAL EXPENSES	2 172	2 362	2 354	163	65	2 582

F. Contingency Items

(a) Expenses for the New Headquarters Building

116. The Headquarters Agreement between the Republic of Italy and IFAD called upon the Italian Government to provide IFAD with a Permanent Headquarters building with appropriate conference facilities. Since 1984, IFAD budgets have included a provision for costs that will have to be incurred for moving and settling into the new facilities when they are ready. The Italian authorities have consistently reaffirmed their intention to fulfil this obligation, and as a temporary solution they have proposed to rent the building immediately adjacent to IFAD's present Provisional Headquarters.

117. Therefore, provision is again made for costs to contract appropriate professional assistance to prepare technical specifications for works and to control that the works meet IFAD's requirements.

118. A contingency provision of USD 150 000 for the headquarters building is proposed for inclusion for 1998.

(b) Contingency for Unforeseen Expenses

119. This contingency is provided for unforeseen expenses and possible inflationary pressure in excess of that anticipated. In view of the possible implications of the recommended changes to the policy on long-term temporary staff, a higher provision of USD 250 000 is recommended for 1998 (USD 100 000 more than in 1997).

120. As is normal practice, contingency funds may only be used with the express approval of the Executive Board.

PROGRAMME MANAGEMENT DEPARTMENT
WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE

	1998 Proposed	%
PROJECT DEVELOPMENT FUND <u>1/ 2/ 3/</u>		
Africa I	4.0	15.0
Africa II	4.4	16.5
Asia and the Pacific	6.3	23.7
Latin America and the Caribbean	4.8	18.1
Near East and North Africa	6.0	22.6
Technical Advisory Division	1.1	4.1
TOTAL	26.6	100.0
APPRAISAL <u>1/</u>		
Africa I	7.5	23.4
Africa II	7.0	21.8
Asia and the Pacific	6.0	18.8
Latin America and the Caribbean	6.0	18.8
Near East and North Africa	5.5	17.2
TOTAL	32.0	100.0
PLANNED PROJECTS <u>4/</u>		
Africa I	7.0	21.2
Africa II	7.0	21.2
Asia and the Pacific	8.0	24.2
Latin America and the Caribbean	5.0	15.2
Near East and North Africa	6.0	18.2
TOTAL	33.0	100.0

1/ These operations include projects originating in the pipelines of other international financial institutions; as the connected project-development costs would be less, the actual number of operations may differ.

2/ Includes partial project-development costs due to the impact of activities that may have commenced but not been completed by the end of 1997. Similarly, partial costs for commencement in 1998 may also be incurred.

3/ These percentages indicate numbers rather than financing levels as shown in Table 3B.

4/ These percentages indicate numbers rather than financing levels as shown in Annex II.

PROGRAMME MANAGEMENT DEPARTMENT - LOAN PROGRAMME
(USD '000 and SDR '000)

	1996 ^{1/}			1997									1998		
	Actual			Original Approved			Revised Allocation ^{3/}		Projected ^{4/}			Proposed			
	USD	SDR	%	USD ^{2/}	SDR	%	USD	SDR	USD	SDR	%	USD ^{5/}	SDR ^{6/}	% ^{7/}	
LOAN PROGRAMME															
Africa I	80 376	55 750	20.2	82 962	57 638	19.8	33 301	23 136	29 300	21 462	8.0	58 000	42 484	13.60	
Africa II	81 269	56 500	20.5	82 962	57 638	19.8	37 464	26 028	34 577	25 347	9.0	82 800	60 650	19.41	
Asia and the Pacific	101 940	70 700	25.7	125 281	87 039	29.9	171 918	119 440	164 685	120 790	41.3	130 250	95 407	30.55	
Latin America and the Caribbean	74 575	51 700	18.8	71 649	49 778	17.1	87 832	61 021	84 017	61 556	21.1	72 950	53 435	17.10	
Near East and North Africa	58 649	40 800	14.8	56 146	39 007	13.4	85 751	59 575	80 924	59 305	20.6	82 500	60 430	19.34	
TOTAL	396 809	275 450	100.0	419 000	291 100	100.0	416 266	289 200	393 503	288 460	100.0	426 500	312 406	100.00	

^{1/} The 1996 Actual is shown in USD at the rate prevailing on the Executive Board approval date.

^{2/} As approved by the Executive Board at SDR 1 = USD 1.43937.

^{3/} Revised allocation for the 1997 Loan Programme has been reported in line with document EB 97/61/R.5/Add.1 presented to the Sixty-First Session of the Executive Board.

^{4/} For loans approved at the April and September Sessions of the Executive Board, the USD equivalent is shown at the rate prevailing on the Executive Board approval date.

For loans being presented for approval at the December Session, the USD equivalent is calculated using the 30 September 1997 rate of SDR 1 = USD 1.36521.

At the time of preparation of this document, project proposals relating to the December 1997 Executive Board were still being negotiated.

^{5/} Calculated using the 30 September 1997 rate of SDR 1 = USD 1.36521 (see Table 3).

^{6/} Loan Programme in accordance with information contained in document EB 97/61/R.5/Add.1.

^{7/} These percentages indicate financing amounts rather than actual number of projects as shown in Annex I.

PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS
(USD '000)

	1996 Actual (at ITL 1 546)	1997 Approved Budget Restated (at ITL 1 684)	1997 Revised Sub-allocation Due to Change in CI <u>1/</u>	1997 Original Approved Numbers	Real Increase (Decrease)	Price Increase	1998 Proposed Budget (at ITL 1 695)	1998 Estimated Number of Projects Under Supervision
World Bank (including IBRD & IDA)	1 351	1 184	1 184	26.95	110	26	1 320	47.55
United Nations Office for Project Services	3 837	4 158	4 387	100.20	35	170	4 592	104.25
African Development Bank	343	215	215	7.50	(14)	74	275	7.00
Arab Fund for Economic and Social Development	361	485	485	17.25	(63)	8	430	14.00
Asian Development Bank	223	196	196	4.00	59	51	306	11.00
Caribbean Development Bank	44	50	50	4.75	7	1	58	5.50
United Nations Department for Development Support and Management Services	571	527	184	15.10	(184)	0	0	0.00
West African Development Bank	229	136	188	10.25	12	20	220	12.50
Central American Bank for Economic Integration	100	73	73	4.50	38	2	113	5.50
Andean Development Corporation	319	358	420	11.00	123	11	554	16.50
Inter-American Development Bank	0	100	100	3.00	(67)	1	34	1.00
SUBTOTAL	7 378	7 482	7 482	204.50	56	364	7 902	224.80
Test projects for IFAD direct supervision <u>3/</u>	0	0	0	0	96	0	96	3.50
TOTAL	7 378	7 482	7 482	204.50	152	364	7 998	228.30

1/ Revision reflects reallocation of funds per shift of projects from the responsibility of one CI to another, particularly in the case of UNDDSMS.

2/ Numbers include pro rata apportionments for projects proposed during 1997 and exclude projects that may be approved during 1998.

Similarly, pro rata apportionments have been applied for projects that are expected to be extended into 1998 or that are in suspension status.

Numbers are also prorated where approval of a loan is combined with Belgian Survival Fund (BSF) resources.

3/ In accordance with Resolution 102/XX adopted by the Governing Council at its Twentieth Session, and document EB 97/61/R.12 presented to the Sixty-First Session of the Executive Board.

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
(USD '000)

	Total 1998 Proposed (at 1 695)	Office of the President	Office of the Vice-President	Programme Management Department	Economic Policy and Resource Strategy Department	Management and Personnel Services Department	Other ^{1/}
1. Governing Bodies and Other Official Meetings	1 811				53	1 758	
2. Staff Costs	26 686	3 179	3 840	9 398	1 989	8 280	
3. Payments for Appraisal, Supervision and Evaluation	14 288	1 854		12 378	56		
4. Office and General Expenses	6 045	74	304	24	330	5 280	33
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 582	503	218	808	579	474	
TOTAL	51 412	5 610	4 362	22 608	3 007	15 792	33
		see Annex IV-2	see Annex IV-3	see Annex IV-4	see Annex IV-5	see Annex IV-6	

^{1/} Credit Union.

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT

Office of the President (OP)

(USD '000)

	Office of the President	Internal Audit	Office of Evaluation and Studies	Legal Services	Totals (OP)
2. Staff Costs	713	283	1 267	916	3 179
2.a - 2.e Regular and Fixed-Term Staff	703	271	1 089	770	2 833
2.g Short-Term Temporary Staff	0	11	169	137	317
2.h Overtime	10	1	9	9	29
3. Payments for Appraisal, Supervision and Evaluation	0	0	1 854	0	1 854
3.4 Evaluation and Studies	0	0	1 854	0	1 854
4. Office and General Expenses	19	50	0	5	74
4.b Professional Services		50	0	0	50
4.c Miscellaneous <u>1/</u>	19	0	0	5	24
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	74	31	293	105	503
5.a Duty Travel	74	31	206	105	416
5.b Special Studies	0	0	87	0	87
TOTAL	806	364	3 414	1 026	5 610

1/ Includes "Hospitality" and "Other" to be sub-allocated to OP divisions during 1998.

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT

Office of the Vice-President (VP)

(USD '000)

	Office of the Vice-President	Office of the Controller	Treasury	Totals (VP)
2. Staff Costs	341	2 486	1 013	3 840
2.a - 2.e Regular and Fixed-Term Staff	330	2 396	971	3 697
2.g Short-Term Temporary Staff	6	78	36	120
2.h Overtime	5	12	6	23
4. Office and General Expenses	3	104	197	304
4.b Professional Services	0	100	194	294
4.c Miscellaneous	3	4	3	10
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	32	125	61	218
5.a Duty Travel	32	125	61	218
TOTAL	376	2 715	1 271	4 362

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT

Programme Management Department (PD)

(USD '000)

	Office of the Assistant President	Africa I Division	Africa II Division	Asia and the Pacific Division	Latin America and the Caribbean Division	Near East and North Africa Division	Technical Advisory Division	Totals (PD)
2. Staff Costs	968	1 557	1 627	1 480	1 296	1 265	1 205	9 398
2.a - 2.e Regular and Fixed-Term Staff ^{1/}	895	1 539	1 595	1 455	1 282	1 232	1 188	9 186
2.g Short-Term Temporary Staff ^{1/}	64	13	22	16	5	22	10	152
2.h Overtime	9	5	10	9	9	11	7	60
3. Payments for Appraisal, Supervision and Evaluation	122	2 425	2 502	2 884	2 100	2 156	189	12 378
3.1 Appraisal and Related Costs	21	457	428	367	367	336	0	1 976
3.2 Supervision and Related Costs	32	1 758	1 866	2 336	1 582	1 642	75	9 291
3.3 Staff Travel	69	210	208	181	151	178	114	1 111
4. Office and General Expenses	5	2	3	3	4	5	2	24
4.c Miscellaneous	5	2	3	3	4	5	2	24
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	64	128	123	133	125	141	94	808
5.a Duty Travel	64	128	123	133	125	141	66	780
5.g Contributions to UN Committees							28	28
TOTAL	1 159	4 112	4 255	4 500	3 525	3 567	1 490	22 608

^{1/} Includes projected requirements for all PD divisions relating to the PD Plan of Action and temporary staff benefits.

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Economic Policy and Resource Strategy Department (ED)
(USD '000)

		Office of the Assistant President	Totals (ED)
1. Governing Bodies and Other Official Meetings		53	53
1.a	Governing Council	53	53
2. Staff Costs		1 989	1 989
2.a - 2.e	Regular and Fixed-Term Staff	1 889	1 889
2.g	Short-Term Temporary Staff	80	80
2.h	Overtime	20	20
3. Payments for Appraisal, Supervision and Evaluation		56	56
3.1	Appraisal and Related Costs	56	56
4. Office and General Expenses		330	330
4.c (i)	Miscellaneous	14	14
4.c (iii)	UN Liaison	316	316
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization		579	579
5.a	Duty Travel ^{1/}	258	258
5.b	Special Studies	31	31
5.c	Communications and Networking	77	77
5.d	Media Activities	184	184
5.g	Contributions to UN Committees	24	24
5.h	Participation in and Hosting of Meetings	5	5
TOTAL		3 007	3 007

^{1/} Includes USD 54 000 for non-project related travel for all departments.

1998 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT

Management and Personnel Services Department (MD)

(USD '000)

	Office of the Assistant President	Administrative Services Division	Headquarters	Office of the Secretary	Management Information Systems	Personnel Division	Totals (MD)
1. Governing Bodies and Other Official Meetings	0	299	0	1 439	20	0	1 758
1.a Governing Council	0	228	0	285	13	0	526
1.b Executive Board	0	57	0	1 087	7	0	1 151
1.c Evaluation Committee	0	14	0	67	0	0	81
2. Staff Costs	264	1 774	0	2 706	1 386	2 150	8 280
2.a - 2.e Regular and Fixed-Term Staff 1/	258	1 670	0	2 596	1 271	1 236	7 031
2.f Relocation and Recruitment 2/	0	0	0	0	0	334	334
2.g Short-Term Temporary Staff 3/	3	51	0	102	103	134	393
2.h Overtime	3	53	0	8	12	15	91
2.i Training 2/						431	431
4. Office and General Expenses	9	3	2 557	83	2 591	37	5 280
4.a Headquarter Expenses	0	0	2 509	0	2 172	5	4 686
4.b Professional Services	0	0	48	10	416	0	474
4.c Miscellaneous	9	3	0	73	3	32	120
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	6	58	0	353	17	40	474
5.a Duty Travel	6	10	0	33	17	16	82
5.e Annual Report	0	22	0	121	0	0	143
5.f Publications	0	26	0	169	0	0	195
5.g Contributions to UN Committees	0	0	0	0	0	24	24
5.h Participation in and Hosting of Meetings	0	0	0	30	0	0	30
TOTAL	279	2 134	2 557	4 581	4 014	2 227	15 792

1/ Figure indicated under Personnel Division covers allocation for all departments for After-Service Medical Coverage (USD 472 000) and merit pay scheme (USD 35 000).

2/ Figure indicated under Personnel Division covers allocation for all departments.

3/ Figure indicated under Personnel Division includes an allocation of USD 101 000 for maternity leave for all departments.

OVERVIEW OF REGIONAL STRATEGIES FOR 1998
1 December 1997

	WESTERN AND CENTRAL AFRICA Africa I	EASTERN AND SOUTHERN AFRICA Africa II	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST AND NORTH AFRICA		IFAD
					NENA	Eastern and Central Europe	
1998 Lending Programme	USD 58 million	USD 83 million	USD 130 million	USD 73 million	USD 83 million		USD 427 million
Number of New Projects	7	7	8	5	6		33
Ongoing Projects (11/97)	51	46	59	47	43		246
Regional Challenges for IFAD	civil disturbances; stringent fiscal and external balance situation; population growth and pressure on land; dwindling natural resources under insecure climatic conditions; rural exodus; IFAD loan disbursement suspensions due to arrears	civil disturbances; absorption of rural economy in a liberalized structure of economic relations: deregulation of trade, retreat of government from provision of services (devolution); decentralization	high levels of growth and confidence that poverty reduction is achievable; liberalization and direct foreign investment support only the more productive pockets; the poor in marginal areas are excluded; number of poor increases	structural adjustment and regionalization of the market; heterogeneity of rural poverty; diversity of countries in terms of socio-economic conditions and rural development opportunities; cutbacks in government expenditures, shrinking government programmes and institutional vacuum; decentralization in progress ; population growth; depletion of natural resources	severe natural resource constraints	transition from a centrally planned economic environment to a market-based system; withdrawal of the state; land distribution; disappearance of the former external markets; price-incentive structure under establishment; slow development of two-tier banking system	
Poverty Characteristics	household food insecurity; land pressure; limited income diversification	household food insecurity; overdependence on staple production; need to position the smallholder within an increasingly market-oriented rural economic system; need for basic re-establishment of social and economic life in disrupted areas	household food insecurity; no secure access to and control over resources such as land, water and income-generating technologies; marginal productivity of areas where poor live; excluded from the market and market reform process; poor health and education status of the poor	heterogeneity in asset endowment and highly varied constraints on performance: differentiated access to land, markets, credit, infrastructure and information	food insecurity	food insecurity; small farm sizes; absence of social safety nets and lack of alternative employment	

	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST AND NORTH AFRICA	
	Africa I	Africa II			NENA	Eastern and Central Europe
Core Target Groups for IFAD	small-scale agricultural producers; small entrepreneurs; rural women; youth (trained but unemployed)	smallholders in different agro-ecological systems	food and income deficit households of marginal areas; marginal farmers; landless; indigenous people; women and youth	poor households; women-headed households; indigenous people (Amazon, Andes); landless, non-viable farmers and people with uncertain property rights	marginal farmers; pastoralists	newly established smallholders
Project Area Characteristics	variety of climatic and agro-ecological zones: from dry Sahelian areas in the north to humid tropical conditions in the centre and south	areas with potential for higher-value products; areas of marginal productivity, with no obvious suitability for crop production or livestock raising; national programmes (agricultural sector investment programmes (ASIPs))	rainfed uplands; marginalized coastal areas	heterogeneity	marginal areas (arid and semi-arid); pasturelands	
Strategies for Poverty Eradication and Technology Choice	raise agricultural productivity and resource conservation; soil conservation, agro-forestry, water management (small-scale irrigation), traditional practices and productivity increasing techniques microenterprise development and off-farm activities	specialization and intensification of production, within a system where inputs are procured from and outputs sold on the market; enhancement of commercial position and bargaining power of smallholders through improved market linkages; sustainable devolution of public functions to organized smallholders; link smallholder production to private-sector investment under equitable terms of exchange; increase efficiency of state services in the supply of essential public goods (technical services) in rural areas; development of effective and sustainable use of non-arable and extensive natural resources by the	invest in household food security; assist the poor in gaining control over local productive resources: promote the transfer of resources such as water bodies and forest produce, support acquisition of land by the poor; strengthen the bargaining position for their entry into the market; development of non-farm employment and income-generating activities; enhancement of women's access to productive resources and technology and their greater control over income	support the development of an efficient smallholder economy; improve the implementation of the federal government-led anti-poverty programmes, through support to local initiatives, including savings mobilization; strengthen the institutions of and for the poor (cooperatives, producers' groups, etc.) to substitute former government service agencies; reduce transaction costs in accessing markets; improve the poor's access to and management of assets, resources and markets; develop off-farm and non-agricultural incomes; gender responsiveness	support soil and water conservation; assist local communities in identifying, planning and implementing appropriate interventions ; help borrowing governments create economic incentives for soil and water conservation in marginal areas; diversification of employment and income-generating opportunities; improve the functioning of existing institutions and help build new	support the process of privatization of the means of production; support newly established farmers in moving towards market-based system; establish production support services; support the development of community groups that manage resources and obtain or provide services required to function in a market economy gender

		rural poor			organizations	responsiveness
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	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST AND NORTH AFRICA	
	Africa I	Africa II			NENA	Eastern and Central Europe
Instruments for Poverty Eradication and Investment Areas	<p>agricultural research and extension; participation in the United Nations Convention to Combat Desertification, in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (CCD)</p> <p>income diversification; support rural finance institutions, training, technical advice and information for microentrepreneurs;</p> <p>financial services: improve existing rural institutions and test innovative approaches (decentralized services);</p> <p>capacity-building and institutional strengthening, training in: functional literacy; production and processing techniques; and financial management</p>	<p>higher value crops through small-scale irrigation, with operation and maintenance by water user associations and market linkages development;</p> <p>development of local level smallholder organizations providing commercially viable services (maintaining economic and social infrastructure) or providing a link between individual farmers and large-scale formal organizations or markets of higher value crops;</p> <p>rural financial system development, with support to local savings and loan operations controlled by poor farmers, linked to higher level institutions; linked to broad financial sector reorganization to develop an enabling framework for local financial system development;</p> <p>extensive community-managed forms of exploitation of natural resources, previously under-utilized, linked to resource conservation;</p> <p>client-oriented research and demand-driven extension for commercially viable farming systems and for the productive and sustainable use of marginal areas</p>	<p>development of small-scale rural enterprises;</p> <p>skills development;</p> <p>financial services, including credit for land purchase;</p> <p>rural public works to enhance the productivity of the land and water resources transferred to the poor;</p> <p>enhance production and social services efficiency in transition economies;</p> <p>advocacy and capital-resource mobilization for health and education at the grass-roots level ;</p>	<p>increase asset entitlement of the rural poor, with special emphasis on access (property rights) to land and water: support land reform and land allocation;</p> <p>strengthen civil institutions: credit unions, savings and loan associations, financial NGOs, marketing cooperatives, community storage organizations, water user associations, private organizations for production services such as research and extension, community organizations to manage common property resources (grazing lands, forests, fishing grounds);</p> <p>invest in the development of microenterprises that add value to agricultural and forestry products or that produce goods or services;</p> <p>support social programmes</p>	<p>develop new approaches for soil and water conservation;</p> <p>investments that help the poor stop environmental degradation and optimize the use of land and water;</p> <p>support water user associations in managing small-scale irrigation for sustainability;</p> <p>develop microenterprises and off-farm employment;</p> <p>strengthen the institutional capacity of: local government and community level institutions; financial services organizations</p>	<p>institutional and other support for land distribution and for the establishment of land and water rights;</p> <p>invest in infrastructure: rural roads and irrigation systems;</p> <p>invest in : agricultural research and extension; input supplies; financial services (credit and savings); marketing support;</p> <p>support the development of grass-roots organizations, such as water user associations and associations for the purchase of inputs or marketing of outputs;</p> <p>support the development of services providing microenterprises</p>

	WESTERN AND CENTRAL AFRICA Africa I	EASTERN AND SOUTHERN AFRICA Africa II	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST AND NORTH AFRICA	
					NENA	Eastern and Central Europe
Knowledge Creation	Regional Surveys, studies and action research; regional research strategy; experience with grassroots organizations in project implementation; global cassava strategy; development of appropriate technologies		identify innovations for upscaling, in the context of strategic partnerships			share lessons learned from other regions
Partners Involved in Participatory Process	the beneficiaries and their organizations; NGOs, research institutions, private sector	the beneficiaries and their organizations; civil-society institutions, private sector ASIP partners	the beneficiaries and their organizations; NGOs and private sector; WFP; national, bilateral and multilateral organizations focusing on health and education; partners for project upscaling	the beneficiaries and their grass-roots organizations; NGOs; local governments; pro-poor networks and coalitions	the beneficiaries and their grass-roots organizations; NGOs; local governments	
Other Assistance	Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) arrears settlement plans	HIPC DI		HIPC DI; Pro-poor policy dialogue		