



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**GOVERNING COUNCIL**

**TWENTY-SECOND SESSION REPORT**

**ROME, 17-18 FEBRUARY 1999**



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## CHAPTER 1

### INAUGURATION AND PROCEEDINGS

1. The Twenty-Second Session of the Governing Council of IFAD was held in Rome on 17 and 18 February 1999. A list of participants is attached as Annex I.

2. The Council held 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 Shah A.M.S. Kibria, Minister for Finance of the People's Republic of Bangladesh and Chairman of the Governing Council. At the opening session the Council observed one minute's silence as a token of its solidarity with the people of the Hashemite Kingdom of Jordan on the death of King Hussein ibn Talal.

#### **B. Replacement of a Vice-Chairman**

4. During the period between the Twenty-First and Twenty-Second Sessions of the Governing Council, The Honourable Malami Buwai, former Federal Minister for Agriculture and Natural Resources of the Federal Republic of Nigeria, ceased to be Governor of IFAD for Nigeria and, as such, ceased to hold office as Vice-Chairman on the Governing Council Bureau. In accordance with Rule 12.2 of the Rules of Procedure of the Governing Council and as a result of informal consultations among Members of List B, it was agreed to replace The Honourable Buwai on the Bureau with The Honourable Alhaji Alfa Wali, current Federal Minister for Agriculture and Natural Resources of the Federal Republic of Nigeria. Accordingly, The Honourable Wali served during the session as Vice-Chairman on the Bureau.

#### **C. Agenda and Documentation**

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

#### **D. Inaugural Meeting of the Session**

6. The inaugural address of the Session was delivered by His Excellency Sergio Mattarella, Vice-President of the Council of Ministers of the Italian Republic, on behalf of His Excellency Massimo D'Alema, President of the Council of Ministers. A message from His Excellency Kofi Annan, Secretary-General of the United Nations, was delivered on his behalf by Mr Staffan De Mistura, Director of the United Nations Information Centre in Rome. Mrs Catherine Bertini, the Executive Director of the World Food Programme, delivered a statement, and a message from Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations, was delivered on his behalf by Mr David Harcharik, Deputy Director-General. These statements are reproduced in Chapter 4.



**E. Statement of the President of IFAD**

7. The full text of President Al-Sultan's statement appears in Chapter 4, pages 96-101.

**F. General Statements**

8. The General Statements delivered by Governors are summarized in the Summary Records contained in Chapter 3, Part A. 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**

9. 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-Second Session of the Governing Council, is reproduced in full in Chapter 4, pages 102-105.



## CHAPTER 2

### DECISIONS OF THE GOVERNING COUNCIL

#### A. Provision of a Supplementary Amount under the Budget of IFAD for 1998

10. On 15 June 1998 the Governing Council unanimously adopted the following Resolution through a vote by correspondence:

##### **Resolution 109/XXII**

##### **The Provision of a Supplementary Amount under the Budget of IFAD for 1998**

##### **The Governing Council of IFAD,**

**Taking into account** Resolution 104/XXI on the Budget of IFAD for 1998 approving an administrative budget for IFAD in the amount of USD 51 137 000, plus contingency items of USD 400 000;

**Having considered** the recommendation of the Executive Board at its Sixty-Third Session that the Governing Council be requested to approve the addition of a supplementary amount to the Budget of IFAD for 1998, in response to an International Labour Organization Administrative Tribunal judgement against the Food and Agriculture Organization of the United Nations (FAO) concerning the retroactive adjustment of the General Service Staff salary scale and the language element thereof, through a vote by correspondence;

##### **Decides that:**

1. The Budget of IFAD for 1998 be supplemented by an amount of USD 1 000 000 so as to equal a total budget of USD 52 137 000, plus contingency items of USD 400 000.
2. The said supplementary amount be applied to Staff Costs.

11. The Governing Council, at its Twenty-Second Session, was duly informed of the results of the aforementioned vote by correspondence.

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

12. The Governing Council took note of the Progress Report on the Fourth Replenishment of IFAD's Resources contained in document GC 22/L.3 and its addendum. It particularly welcomed the resolve that contributing Member States had demonstrated in this Replenishment exercise, in that the receipt of instruments of contribution and payments against pledges not supported by an instrument of contribution had, at the time of the Session, reached 96.1% of total pledges.



### C. Audited Financial Statements of IFAD as at 31 December 1997

13. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 1997 and the results of its operations for the year ended on that date, as contained in Appendixes A to G, inclusive, of document GC 22/L.4 and the Report of the External Auditor thereon.

### D. Proposed Budget of IFAD for 1999

14. After considering the proposed Budget of IFAD for 1999, as presented in documents GC 22/L.5, GC 22/L.5/Corr.1 and GC 22/L.5/Add.1 (contained in Annex IV of the present Report), the Governing Council adopted, on 17 February 1999, the following resolution:

#### **Resolution 110/XXII**

#### **The Budget of IFAD for 1999**

#### **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-Fifth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1999 in the amount of SDR 335.2 million;
3. **Noting** that, at the request of the Government of the Republic of Zambia to postpone to 1999 the loan proposed for Zambia in 1998, the Executive Board decided, on an exceptional basis, to approve an additional SDR 9 million for the 1999 Programme of Work for the postponed Zambia loan;
4. **Having considered** the review of the Sixty-Fifth Session of the Executive Board concerning the proposed Budget of IFAD for 1999;
5. **Approves** the Budget of IFAD for 1999, as contained in document GC 22/L.5 and its Addendum, in the amount of USD 55 416 000 determined on the basis of a rate of exchange of ITL 1 731.29/USD 1.00, including a contingency of USD 400 000, plus a separate amount of USD 343 400 for funding the 1999 sessions of the Consultation to Review the Adequacy of the Resources Available to IFAD;
6. **Decides** that, in the event the average value of the United States dollar in 1999 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 the proportion that the actual exchange rate in 1999 bears to the budget exchange rate.



## **E. General Reserve**

15. The Governing Council, after considering the amendment of Resolution 16/IV on the Establishment of a General Reserve, as outlined in document GC 22/L.9, adopted, on 17 February 1999, the following resolution:

### **Resolution 111/XXII**

#### **The Amendment of Resolution 16/IV on the Establishment of a General Reserve**

#### **The Governing Council of IFAD,**

**Noting** its Resolution 16/IV on the Establishment of a General Reserve, adopted on 11 December 1980, and document GC 22/L.9;

**Recognizing** the need to continue to provide cover for the Fund against the following risks:

- (i) potential overcommitment of the Fund as a result of a diminution in the value of assets caused by exchange rate fluctuations;
- (ii) possible delinquencies in receipt by the Fund of loan service payments;
- (iii) possible delinquencies in the recovery of amounts due to the Fund from the investment of its liquid assets; and
- (iv) potential overcommitment as a result of a diminution in the value of assets caused by fluctuations in the market value of investments;

**Further recognizing** that there may be a need to revise the ceiling of the General Reserve from time to time so as to realistically cover the above-mentioned risks;

**Decides** to amend paragraph 2(iv) of Resolution 16/IV to read as follows:

“that, subject to the above, the ceiling of the General Reserve may be amended from time to time by the Executive Board;”.

## **F. Review of the Adequacy of the Resources Available to IFAD**

16. In accordance with Article 4.3 of the Agreement Establishing IFAD that provides for the periodic review by the Governing Council of the adequacy of IFAD’s resources and after considering document GC 22/L.6, the Council adopted, on 17 February 1999, the following resolution:



**Resolution 112/XXII**

**The Establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD**

**The Governing Council of IFAD,**

**Recalling** Article 4, Section 3, of the Agreement Establishing IFAD, which provides that, in order to assure continuity in the operations of the Fund, the Governing Council shall periodically review the adequacy of the resources available to the Fund;

**Further recalling** that the period established by Governing Council Resolution 87/XVIII for the Fourth Replenishment of IFAD's Resources will conclude on 20 February 2000;

**Having considered** the statement of the President of IFAD on the need for a review of the adequacy of the resources available to IFAD and document GC 22/L.6 thereon;

**Having further considered** the need for the establishment of a Consultation to Review the Adequacy of the Resources Available to IFAD;

**Decides that:**

1. A Consultation to Review the Adequacy of the Resources Available to IFAD ("the Consultation") shall be established under the chairmanship of the President of IFAD, with its first session to be held, as soon as possible during 1999, on such date as the President of IFAD shall decide, after appropriate consultation with the members of the Consultation, and with such further sessions as the Consultation may deem appropriate to review the adequacy of the resources available to IFAD and to negotiate, if appropriate, such arrangements as may be necessary to ensure the adequacy of the said resources.
2. The Consultation shall consist of all Member States from Lists A and B and twelve Member States from List C, the latter to be appointed by the members of List C and communicated to the President of IFAD no later than 18 February 1999. The Consultation may subsequently invite such other Member States to participate in the Consultation as may facilitate its deliberations.
3. The Consultation shall submit a report on the results of its deliberations and any recommendations thereon to the Twenty-Third Session and, if required, subsequent sessions of the Governing Council, through the Executive Board, with a view to adopting such resolutions as may be appropriate.
4. The President of IFAD is requested to keep the Executive Board informed of the progress of the deliberations of the Consultation.
5. The President of IFAD is requested to provide such assistance to the Consultation as may be necessary for the effective and efficient discharge of its functions.



17. In adopting Resolution 112/XXII, the Governing Council endorsed the appointment of the following List C Members to the Consultation, as requested by the List C membership:

**Sub-List C1** – Angola, Cameroon, Cape Verde and Kenya;

**Sub-List C2** - China, India, Pakistan and the Republic of Korea;

**Sub-List C3** – Argentina, Brazil, Mexico and Panama.

18. Accordingly, the full composition of the Consultation to Review the Adequacy of the Resources Available to IFAD is as follows:

<b>List A</b>	Australia	Japan	
	Austria	Luxembourg	
	Belgium	Netherlands	
	Canada	New Zealand	
	Denmark	Norway	
	Finland	Portugal	
	France	Spain	
	Germany	Sweden	
	Greece	Switzerland	
	Ireland	United Kingdom	
	Italy	United States	
	<b>List B</b>	Algeria	Libyan Arab Jamahiriya
		Gabon	Nigeria
Indonesia		Qatar	
Iran		Saudi Arabia	
Iraq		United Arab Emirates	
Kuwait		Venezuela	
<b>List C</b>			
	Sub-List C1	Angola	
		Cameroon	
		Cape Verde	
		Kenya	
	Sub-List C2	China	
		India	
		Pakistan	
		Republic of Korea	
	Sub-List C3	Argentina	
		Brazil	
		Mexico	
		Panama	



## G. Membership of the Executive Board

19. In accordance with the decisions taken at its Twentieth Session, the Governing Council noted that Mexico and Argentina had alternated seats on 21 August 1998, with Argentina becoming the Member and Mexico its Alternate Member; and that, effective 1 January 1999, The Netherlands and the United Kingdom had alternated seats to become Member and Alternate Member respectively.

20. The Governing Council also endorsed the agreements reached by the Sub-List C1 and C2 groups of Member States with regard to the exchange of seats on the Executive Board for 1999, as outlined in document GC 22/L.7. In Sub-List C1, Côte d'Ivoire was replaced by Cape Verde. In Sub-List C2, Pakistan and Jordan were replaced by, respectively, Sri Lanka and Georgia.

21. Accordingly, the composition for the Executive Board for 1999 is as follows:

### Executive Board Composition for 1999

	<b>Member</b>	<b>Alternate Member</b>
<b>List A</b>	Canada France Germany Italy Japan Netherlands Sweden United States	Finland Belgium Switzerland Austria Denmark United Kingdom Norway Australia
<b>List B</b>	Kuwait Nigeria Saudi Arabia Venezuela	United Arab Emirates Libyan Arab Jamahiriya Indonesia Algeria
<b>List C</b>		
Sub-List C1	Egypt Kenya	Cape Verde Chad
Sub-List C2	China India	Sri Lanka Georgia
Sub-List C3	Argentina Brazil	Mexico Panama



## **H. Timing of the Annual Sessions of the Governing Council: Amendment of the Rules of Procedure of the Governing Council**

22. The Governing Council considered the proposal to amend the Rules of Procedure of the Governing Council regarding the timing of its annual sessions, as contained in document GC 22/L.8, and adopted, on 17 February 1999, the following resolution:

### **Resolution 113/XXII**

#### **The Amendment of the Rules of Procedure of the Governing Council**

##### **The Governing Council of IFAD,**

**Having considered** the recommendation of the Executive Board at its Sixty-Fourth Session relating to the date of future annual sessions of the Governing Council;

**Recalling** its Resolution 61/XIII on the Amendment of the Rules of Procedure of the Governing Council adopted on 25 January 1990;

**Decides** to amend Rule 2 of its Rules of Procedure (changes indicated in bold) to read:

#### Rule 2

##### Annual Sessions

The Governing Council shall each year convene an annual session **within the first quarter of that year**. If for any reason an annual session cannot be held **within that period**, the Executive Board shall decide upon a suitable alternate **period**. The President is responsible for fixing the precise dates for the Council sessions.

## **I. Progress Report on the Establishment of the Global Mechanism of the United Nations Convention to Combat Desertification**

23. The Governing Council took note of both the written report, document GC 22/L.10, and the oral report given by Mr Per Ryden, Managing Director of the Global Mechanism, on the progress made in establishing the Global Mechanism of the United Nations Convention to Combat Desertification since the Council's decision at its Twenty-First Session to accept the invitation to have IFAD house the Global Mechanism.

## **J. IFAD's Follow-up to the Conference on Hunger and Poverty: Progress Report on the Popular Coalition to Eradicate Hunger and Poverty**

24. The Governing Council took note of both the written report, document GC 22/L.11, and the oral report given by Mr Bruce Moore, Coordinator of the Popular Coalition to Eradicate Hunger and Poverty, providing an update on the progress and results achieved to date by the Popular Coalition to Eradicate Hunger and Poverty.



**K. Report on the Status of the Headquarters Agreement**

25. The Governing Council took note of the oral report presented by Mr Jean-Louis Lawson, Assistant President of the Management and Personnel Services Department, and welcomed the progress made regarding the interim measures for expanded accommodation in the building immediately adjacent to IFAD's current premises.

**L. Approval of the Disclosure of Documents**

26. The Governing Council approved the disclosure of the documents approved at the Session and noted that they would be subsequently posted on IFAD's public Website, which has been operational since 26 June 1998. It welcomed the fact that the July 1998 deadline for the start of the 18-month interim phase of the disclosure policy it had approved at its Twenty-First Session had been successfully met.



## 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-Second Session held on Wednesday, 17 February 1999, at 10.00 hours

**CHAIRMAN: SHAH A.M.S. KIBRIA (BANGLADESH)**

	<b>PARAGRAPHS</b>
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- Kenya	77 - 78
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27. **The meeting was called to order at 10.05 hours.**

TRIBUTE TO THE MEMORY OF HIS MAJESTY KING HUSSEIN IBN TALAL  
OF THE HASHEMITE KINGDOM OF JORDAN

28. **The CHAIRMAN** invited the Governing Council to observe one minute's silence in solidarity with the people of the Hashemite Kingdom of Jordan on the death of King Hussein, a man of great courage and wisdom, and an outstanding leader in the quest for world peace.

29. **The Governing Council observed one minute's silence in memory of His Majesty King Hussein ibn Talal.**

30. **Mr AMMARI** (Jordan) thanked the Governing Council for the moral support it had extended to the people of Jordan on the passing of His Majesty King Hussein.

OPENING OF THE SESSION (Agenda Item 1)

31. **The CHAIRMAN** welcomed the participants and declared open the Twenty-Second Session of the Governing Council, which would be required to take decisive steps for the future, particularly in regard to the review of the adequacy of the resources available to the Fund.

32. He announced that Mr Malami Buwai had been succeeded by Mr Alhaji Alfa Wali as Nigeria's Governor for IFAD. Under Rule 12.2 of the Rules of Procedure of the Governing Council, Mr Wali would likewise succeed Mr Buwai as a Vice-Chairman of the Governing Council.

33. He drew attention to the plight of his own country, which had been affected by the Asian economic crisis, compounded by the worst flood of the century. Additional resources were needed to assist the Government in its efforts to repair the damage and rebuild the economy and infrastructure, particularly in the agricultural sector, and he hoped that IFAD would consider increasing the scale of its assistance to Bangladesh on a priority basis.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 22/L.1/Rev.1)

34. **The Agenda (GC 22/L.1/Rev.1) was adopted.**

APPLICATIONS FOR NON-ORIGINAL MEMBERSHIP (Agenda Item 3)

35. **The CHAIRMAN** informed the Council that no official application for non-original membership had been received.

INAUGURAL ADDRESS BY THE VICE-PRESIDENT OF THE COUNCIL OF MINISTERS OF  
THE ITALIAN REPUBLIC

36. **His Excellency Sergio Mattarella, Vice-President of the Council of Ministers of the Italian Republic, was conducted to his seat.**

37. **Mr AL-SULTAN** (President of the Fund) said it was a great pleasure to welcome His Excellency Sergio Mattarella, who would be delivering a message on behalf of His Excellency Massimo D'Alema, President of the Council of Ministers. His presence demonstrated once again Italy's interest in IFAD, which showed Italy's pivotal role in addressing the worldwide problem of



hunger and poverty and its strong support of the Fund both as the host country and as a consistently generous Member State.

38. **Mr MATTARELLA** (Vice-President of the Council of Ministers of the Italian Republic) delivered an inaugural address on behalf of the President of the Council of Ministers, the full text of which is reproduced in Chapter 4.

39. **The CHAIRMAN**, on behalf of the Governing Council, thanked Mr Mattarella for his inspiring address.

40. **Mr BIN MOAMAR** (Saudi Arabia) expressed the sincere gratitude of all Member States to the Vice-President of the Council of Ministers for his enlightening words. His presence was deeply appreciated, as were Italy's generous contributions and dedicated commitment to the Fund over the years.

41. **His Excellency Sergio Mattarella, Vice-President of the Council of Ministers of the Italian Republic, withdrew.**

#### MESSAGE OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

42. **Mr DE MISTURA** (Director, United Nations Information Centre, Rome) read a message from Mr Kofi Annan, Secretary-General of the United Nations, the full text of which is reproduced in Chapter 4.

43. **The CHAIRMAN** expressed the Governing Council's appreciation of the Secretary-General's thought-provoking statement, which gave renewed confidence to all members of the United Nations family. He asked Mr De Mistura to convey the Council's sincere thanks to the Secretary-General.

#### STATEMENT OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

44. **Mrs Bertini** (Executive Director, World Food Programme) made a statement, the full text of which is reproduced in Chapter 4.

45. **The CHAIRMAN** said that the presence of Mrs Bertini, whom he thanked for her statement, was tangible evidence of the excellent working relationship between the Rome-based United Nations agencies committed to alleviating hunger and poverty. The timely intervention of the World Food Programme (WFP) in emergency situations and its support of food-for-work programmes complemented and assisted the longer-term development work of its sister agencies.

#### MESSAGE OF THE DIRECTOR-GENERAL OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

46. **Mr HARCHARIK** (Deputy Director-General, Food and Agriculture Organization of the United Nations) made a statement on behalf of Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations (FAO), the full text of which is reproduced in Chapter 4.

47. **The CHAIRMAN** thanked Mr Harcharik and asked him to convey to Mr Diouf the Governing Council's appreciation of his stimulating message, which highlighted the excellent cooperation between FAO, WFP and the Fund.



STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 4)

48. **Mr AL-SULTAN** (President of the Fund) made a statement, the full text of which is reproduced in Chapter 4.

49. **The CHAIRMAN** expressed the Governing Council's appreciation of the President's comprehensive description of recent developments and their impact on the lives of the poor throughout the world, which provided an insight into the role the Fund should play in the future. He commended the President on his dedicated leadership of IFAD and his vision of things to come.

PROGRESS REPORT ON THE FOURTH REPLENISHMENT OF IFAD'S RESOURCES (Agenda Item 5) (GC 22/L.3 and GC 22/L.3/Add.1)

50. **Mr WESTLEY** (Vice-President of the Fund), after recalling that the total pledges made to the Fourth Replenishment under Resolution 87/XVIII had amounted to USD 419.6 million, said that as of 12 February 1999 the total value of the Instruments of Contribution and payments in cash or promissory notes against pledges not supported by Instruments of Contribution came to USD 403.2 million equivalent, or 96.1% of total pledges to the Fourth Replenishment. As of the same date, total payments in cash and promissory notes had amounted to USD 259.5 million equivalent, or 61.8% of total pledges. Belgium and The Netherlands had pledged a total of USD 40.6 million equivalent as complementary contributions to the Fourth Replenishment. As of 12 February 1999, Belgium had made five promissory note payments amounting to USD 19.8 million equivalent, or 78.5% of its pledge and The Netherlands had made a cash payment of USD 2.3 million equivalent, or 15% of its pledge.

51. He earnestly hoped that all governments would proceed to meet their obligations under Resolution 87/XVIII by depositing Instruments of Contribution and making payments in settlement of those obligations.

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

AUDITED FINANCIAL STATEMENTS OF IFAD AS AT 31 DECEMBER 1997 (Agenda Item 7) (GC 22/L.4)

53. **The CHAIRMAN** pointed out that the Executive Board had reviewed the Audited Financial Statements for 1997 at its Sixty-Third Session and had recommended that they be submitted to the Governing Council for approval.

54. **Mr WESTLEY** (Vice-President of the Fund), after drawing attention to the conclusions of the External Auditor's report attached to document GC 22/L.4, referred to the arrears on loan repayments covered in Appendix G of the Audited Financial Statements. Repayments overdue for more than three months had amounted to USD 41.7 million at the end of 1997, almost unchanged from 1996. Fifty-two percent of total arrears related to the Africa Region where a number of loans remained suspended on that account. Twenty-five percent of the outstanding debts related to a single country in the Caribbean. The Fund was continuing its follow-up action with each of the governments concerned to obtain settlement of their obligations.

55. Arrears on donor contributions, particularly arrears in making payments against promissory notes, remained a problem, causing the Fund to maintain provisions against certain promissory notes and to exclude their value from committable resources. As at 31 December 1997, a total of USD 181 million had been so excluded. He therefore called on the countries concerned to fulfil their



commitments promptly in the interests of IFAD's beneficiaries. Investment income provided a significant proportion of the Fund's committable resources. The major part of its investment portfolio was entrusted to external investment managers under guidelines produced by the Fund. In 1997, earnings had shown a 10% increase over 1996 — USD 163.9 million compared with USD 148.9 million. Administrative expenses for 1997 had amounted to USD 50.5 million, a saving of 1% against the approved budget of USD 50.9 million. Management was continuing to pursue a policy of doing more for less.

56. The Financial Statements for 1998 were now being prepared and were under examination by the External Auditor. Preliminary results indicated that investment income in 1998 had amounted to approximately USD 188 million compared with USD 163.9 million in 1997, an average rate of return of 8.5% as compared with 7.5%. The investment portfolio at market value as of 31 December 1998 stood at USD 2.3 billion, compared with USD 2.1 billion in the previous year. Administrative expenses had been in line with the approved budget. Loan arrears overdue by more than three months as at 31 December 1998 had amounted to USD 46.4 million – an increase from USD 41.7 million at the end of 1997. In 1998, the Executive Board had approved debt relief for, Bolivia, Côte d'Ivoire, Guyana and Mozambique under the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI). Altogether, six developing countries, including Burkina Faso and Uganda, were expected to benefit from HIPC DI. The Financial Statements for 1998 would be reviewed by the Audit Committee in March and presented to the Executive Board in April.

57. **The CHAIRMAN** invited the Council to adopt the draft decision in paragraph 4 of document GC 22/L.4.

58. **It was so decided.**

#### GENERAL STATEMENTS (Agenda Item 6)

59. **Ms DAMIBA** (Burkina Faso), speaking on behalf of the African Group, said that IFAD had already proved its worth in combating poverty and food insecurity through agricultural development programmes. An effort was now needed to consolidate those achievements and the African Group fully supported all the policies and reforms aimed at halting or preventing disasters, especially in Africa. She welcomed the fact that a large part of the pledges made to the Fourth Replenishment had been honoured and urged those who had not yet done so to deposit their Instruments of Contribution. She hoped that the Council would approve the Programme of Work and Budget of IFAD for 1999, which showed zero real growth and should enable at least the same level of activities to be carried out as in previous years. While welcoming the total value of loans granted to Africa in 1998 — USD 184 million — she hoped that the level would be maintained or raised in 1999, and indicated that members of the Group would encourage States in economic difficulties to make greater efforts to pay their loan arrears. She thanked the Fund for its participation in efforts to relieve the multilateral debt burden of some countries, including several in Africa.

60. With a view to increasing the Fund's capacity to meet growing needs, the African Group supported the draft Resolution on the establishment of a consultation to review the adequacy of the resources available to IFAD and would participate in it actively. However, she wondered whether twelve members from List C was sufficiently representative. The African Group particularly welcomed the housing of the Global Mechanism of the United Nations Convention to Combat Desertification (CCD) in IFAD, which would further strengthen the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA). In conclusion, she appealed to all States, organizations and institutions concerned by the problems of the developing countries to continue their efforts to eliminate poverty and famine from the world.



61. **Mr SHINOMIYA** (Japan), after commiserating with the countries struck by Hurricane Mitch, said that great numbers of people around the world were still threatened by hunger and poverty, so serious efforts to eliminate those problems must be continued in the coming twenty-first century. His Government had been playing its part through bilateral economic cooperation as well as through international organizations. In 1995, for example, it had launched a voluntary Special Contribution for Women in Development and had paid USD 950 000 as its contribution for Japan's 1998 fiscal year. In July 1998, it had organized the Conference on Poverty Reduction Strategy, co-sponsored by The Netherlands and the United Nations Development Programme (UNDP), and in October the second Tokyo International Conference on African Development, co-sponsored by the United Nations and the Global Coalition for Africa, in which 80 countries, 40 international organizations and 22 non-government organizations (NGOs) had participated. It had adopted the Tokyo Agenda for Action which highlighted measures to promote agricultural development and to combat poverty as areas for priority action. His Government was determined to follow up that action plan through bilateral cooperation and cooperation with UNDP, among others.

62. IFAD had recently expanded the scope of its activities despite the concern expressed by some Member States about their appropriateness. The inevitable result would be an increase in the demand for resources at a time when the Asian economic crisis had triggered a stagnating world economy and the natural disasters due to such phenomena as *El Niño* had involved certain Member States in additional expenditure. It was against that background that a review of the adequacy of the resources available to IFAD was to be conducted. His Government hoped that every option, including the effective use of existing resources, would be discussed during the review and that a serious attempt would be made to avert an increased demand for resources. If a replenishment became indispensable at a later date, Japan hoped that every effort would be made to minimize the financial burden on Member States.

63. In 1998, the Prime Minister of Japan had informed the President of the Fund that his Government wished to maintain good relations with IFAD. To that end, the Fund should not attempt to expand the scope of its activities too readily but should remain focused on its primary objective of agricultural development. His Government trusted that IFAD would respond correctly to the needs of the time and that the good relations built up in the past would be continued for many years to come.

64. **Mr BIN MOAMAR** (Saudi Arabia) expressed the hope that the global trend towards free-market policies, economic restructuring and free trade would promote greater international cooperation, creating a climate conducive to higher growth rates in developing countries in a more stable economic environment and enabling them to achieve food security through the expansion of their endogenous capacities. IFAD had an important role to play in monitoring the positive and negative impact of new economic trends and in formulating policies aimed at achieving sustainable agricultural development. The Fund should seek to rely on its own resources in financing some of its projects so as to enhance its independence.

65. The current session coincided with the centenary of the founding of the Kingdom of Saudi Arabia by King Abdul-Aziz Bin Abdul-Rahman Al Saud. From the outset, the Kingdom had accorded top priority to the development of its agricultural sector despite a scarcity of natural resources. By dint of sound planning, determination, continuous training and judicious use of modern technology, it had not only achieved self-sufficiency in many basic foodstuffs but had accumulated surpluses for export. The annual per capita consumption of various foodstuffs compared favourably in terms of calories, protein and fat content with the figures for a number of developed countries. Domestic agricultural output had increased from the equivalent of USD 8 300 million in 1994 to the equivalent of USD 8 900 million in 1997. The share of non-oil sectors in gross domestic product (GDP) had reached 10.3% in 1996, which represented an average annual growth rate of 8.1% since 1969.



66. Referring to document GC 22/L.6 containing a draft Resolution on the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD as soon as possible in 1999, he said that Saudi Arabia would be pleased to take part in the consultation. His country had contributed a total of USD 367 million to IFAD since its establishment in 1977 until the Fourth Replenishment in 1994 and continued to support the Fund to the extent that its prevailing economic circumstances allowed.

67. He commended the President and staff of the Fund on the quality of the proposed Programme of Work and Budget for 1999.

68. **Mr MAYER** (France) said that the financial crisis was now affecting a large number of developing countries, chiefly the poorest among them and in particular the African countries. In those circumstances, IFAD should concentrate on three main objectives: preserving food security, responding to emergency situations, and managing prudently the rare financial resource of official development assistance.

69. With regard to the first objective, action to combat hunger, malnutrition and poverty was still the greatest challenge facing the international community, as well as being IFAD's *raison d'être*. Recent events had highlighted the vulnerability of rural populations in the emerging countries, which IFAD could and should help to cope with the new forms of poverty, to reorganize their agricultural structures, to introduce land reform and to mitigate the impact of the crisis on the more vulnerable sectors of the population. To that end, it should focus its attention on the poorest countries, particularly those in Africa. France had always supported the provision of adequate flows of official assistance to poor countries everywhere, but mainly on the African continent where most of the poorest of the poor were to be found.

70. IFAD also had to be in a position to respond to emergency situations and situations of distress. In that context, he welcomed the Fund's participation in HIPC DI and in the efforts of the Club of Paris to reduce the debt burden of the poorest countries. He also commended its rapid mobilization of resources to assist the Central American countries stricken by Hurricane Mitch.

71. The third objective related to the prudent management of official development assistance, which was becoming increasingly scarce as countries throughout the world cut back their budgets. IFAD had not yet had to face the financial difficulties affecting other institutions and its relative financial independence should allow it to demand the highest standards of quality and rigour in its operations and management. At the same time, it was essential to adopt a very cautious approach to the management of its investments so as not to run the risk of losing official resources that were so difficult to muster.

72. France would participate with determination in the review of the adequacy of the resources available to IFAD, examining in depth the various strategies that might be implemented, for instance, in the most destitute regions of Africa. It would promote a coordinated approach with its European Union partners, which had contributed almost half of the financing for the Fourth Replenishment.

73. **Mr RACHMAD** (Indonesia), after expressing his appreciation for IFAD's support of Indonesia's agricultural development efforts, noted that the growth of the agricultural sector had helped the country to reach its goal of rice self-sufficiency. Over the years the agricultural sector had not only increased output but had created jobs and provided basic foodstuffs at affordable prices. Sustaining agricultural development in the future would depend on strengthening existing programmes, introducing a comprehensive scheme of agricultural diversification and applying appropriate technologies. The ultimate goal was to enhance the welfare of farmers and the quality of life of consumers.



74. The focus of Indonesia's agricultural policy was food self-sufficiency, although the impact of *El Niño* had reduced agricultural production in 1997/98. To restore production, the Government had launched a campaign called the Improvement of National Food Security through the Empowerment of Farmers. One programme aimed at increasing crop production by providing improved seed varieties and fertilizer, combined with efforts to rehabilitate the irrigation system. Other goals included increasing cropping intensity, providing equipment and increasing farmers' access to credit. Another crash programme aimed at increasing foreign exchange earnings, for example by boosting fish exports. In addition, a Farming System Assessment programme had been established to improve the efficiency of the smallholder farming system.

75. The drought induced by *El Niño* and the financial crisis that had engulfed the nation in mid-1997 had interrupted three decades of steady progress in agricultural development. They had been followed by very high inflation and a decline of nearly 14% in real GDP in 1998. Although it appeared that urban areas had been particularly hard hit by the crisis, many rural areas, especially in Java, had also been seriously affected. The rural economy was proving unexpectedly resilient but poverty was increasing, as was the number of unemployed workers in the modern sector, many of whom were now seeking jobs in rural areas, thus increasing the burden on the agricultural sector. Accordingly, the Government had expanded the scope of its social safety-net programmes. In cooperation with IFAD, it had organized a National Workshop on Poverty Crisis in Rural Indonesia to discuss the changing dimension of rural poverty and to identify recommendations for IFAD and donor agencies to ensure that their interventions would have maximum impact on poverty reduction. The findings of the workshop had been distributed to all agencies supporting the poverty alleviation programmes.

76. His country believed that agricultural commodity exports would continue to contribute to the economic growth of emerging market economies, in which agriculture provided the main income of millions of farmers and their families. Indonesia therefore gave high priority to the sustainable development of agriculture, to access to international markets and to equitable international competition. In the recent crisis IFAD had provided invaluable assistance to his country, clearly demonstrating its comparative advantage over other international and regional organizations. Its participation in HIPC DI would assist countries in arrears, or likely to fall into arrears, as they confronted their growing debt service liabilities. It was not only a sound economic investment but a humanitarian gesture.

77. **Mr MUDAVADI** (Kenya) recalled that his country's cooperation with IFAD in the development of rural areas dated back to 1980. In all, the Fund had provided more than USD 70 million to finance programmes targeting the rural poor, committing USD 8.4 million during the current fiscal year. Kenya had contributed to the replenishment of IFAD's resources over the years, pledging USD 1 million during the Third Replenishment and the same amount during the Fourth Replenishment. Despite its current harsh economic difficulties, it had paid a substantial part of its final balance on the Third Replenishment in 1998. It had deposited its Instrument of Contribution for the Fourth Replenishment and was making the necessary budgetary arrangements to pay its contribution.

78. In the view of his delegation, zero real growth in the proposed budget could have a negative impact on the demand for programme supervision by Member States. He was in favour of enhancing cooperation among FAO, IFAD and WFP in the implementation of programmes to increase agricultural production and looked forward to continued cooperation with the Fund for the benefit of the people of Kenya.





79. **Mr LU** (China) said that, despite the financial crisis in Asia and the serious flooding in China in 1998 the authorities at all levels had worked hard to implement the central government policy of boosting agriculture and had succeeded in maintaining a satisfactory development momentum in the agricultural sector and the rural economy. Problems and difficulties still remained, however, and to address them, his Government had decided to stabilize still further the supply of farm produce, raise farmers' incomes, maintain basic rural policies, strengthen rural reform, promote technical progress and improve the agricultural structure. Over the past year, IFAD had made a constructive attempt to help the developing countries to eliminate poverty and develop the rural economy. China was now popularizing the microcredit approach advocated by IFAD in its rural areas, making efforts to extend agricultural science and technology to poor areas and encourage East-West cooperation in poverty alleviation so as to expand the coverage and improve the quality and results. It was intensifying efforts to consolidate the achievements of poverty-alleviation measures, thereby transforming the backwardness of destitute regions.

80. Since its poverty-alleviation campaign in the late 1970s, China had greatly eased its rural poverty problem, causing the number of absolute poor in rural areas to drop from 250 million in 1978 to the present 40 million. However, helping this remainder was proving much more difficult. China's poverty line was set at a lower level than the rest of the world. He therefore hoped that IFAD, the other international agencies and all governments would work with China to bring the remaining rural poor out of poverty by the year 2000. The Chinese Ministry of Agriculture had cooperated with the Fund in organizing in 1998 a regional workshop on financial administration for IFAD projects in the Asia and the Pacific region. His country had accumulated much useful experience from the implementation of IFAD projects over the years and was ready to share it with other countries. Since hunger and poverty were increasing in the world, IFAD's role should be further strengthened. He welcomed the fact that most Member States had either submitted Instruments of Contribution or had already made payments to the Fourth Replenishment; his own country had pledged USD 8.5 million.

81. His Government supported the Programme of Work and Budget of IFAD for 1999 and commended the efforts made to reduce administrative expenditure and improve efficiency. It highly commended the Fund on a satisfactory rate of return on investment in 1998 and welcomed the move towards greater diversification of investments, in the hope that more attention would be paid to regional balance in the future. China had always fully supported IFAD activities and appreciated the valuable assistance the Fund had offered to its poverty alleviation efforts.

82. **Mr WURIE** (Sierra Leone) said that the tragic conflict in his country had recently worsened, bringing with it further displacement, loss of life and mutilation and leading to growing food insecurity, especially in rural areas. Without further help from IFAD and similar organizations the people would continue to suffer.

83. He welcomed IFAD's collaboration with WFP and the joint efforts to move from relief to rehabilitation and development, since the poor neither expected nor sought charity. Commendably, the Fund had acted upon recommendations to focus attention on regions requiring greater help and was now allocating 40% of its budget to Africa. That it had not been possible to utilize the funds fully was due to the grave difficulties to which he had referred and he urged patience as efforts were made to solve those problems. He supported the IFAD working budget and zero growth administrative budget, but requested that ways be found of making it easier for indebted countries to pay their debts. Civil strife and misguided policies compounded the debt burden, the unfavourable balance of payments and trade, and the unpredictable price of commodities on the world market. The processes of globalization and trade liberalization were proving more of a threat to the countries of Africa than an opportunity, calling for a change in attitude on the part of the industrialized countries.



84. The proliferation of weapons and their use in civil strife in Africa were largely responsible for food insecurity, preventing the relevant organizations, including IFAD, from fulfilling their mandates, and for the instability that reigned in Sierra Leone today. He called for an end to the manufacture and sale of such weapons. Arms dealers should be treated in the same way as drug dealers.

85. IFAD's support to CCD should be reinforced. The Fund could assist African countries in the elaboration of national reports for submission to the third Conference of Parties. He hoped that it would contribute very soon to the initial capitalization of the Global Mechanism of CCD. Lastly, he called for further improvement in the representation of Africans on IFAD's staff at management level.

86. **Mr BOOLELL** (Mauritius) said that global trends in the external environment did not augur well for developing countries, especially sub-Saharan African countries, in the future. All studies on the impact of the Uruguay Round indicated that most of the gains of a strengthened multilateral trade system would benefit the developed and the more developed among the developing countries that had the capacity to take advantage of the opportunities it created. The problem was even more complex in small island developing countries. Describing the particular handicap and vulnerability of such countries, for example in the event of natural disasters, he pointed out that the criterion of per capita income could be a misleading indicator of their level of development. The vulnerability index with clear benchmarking should be used to assess the developmental needs and levels of small islands. In the past, preferential trading arrangements had partly compensated for the lack of comparative advantage of their economies, which risked marginalization if such preferences were removed abruptly.

87. He therefore requested IFAD to maintain and if possible increase the level of concessional finance and technical assistance provided to small island developing countries, taking into account their specificities, and appealed to donor countries to provide the necessary resources to maintain the Fund's dynamism and effectiveness.

88. **The meeting rose at 13.15 hours.**

- (ii) Summary Record of the Second Meeting of the  
 Twenty-Second Session held on Wednesday,  
 17 February 1999, at 15.00 hours

**CHAIRMAN: KIRSTI LINTONEN (FINLAND)**

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89. **The meeting was called to order at 15.10 hours.**

GENERAL STATEMENTS (Agenda Item 6) (continued)

90. **Mr CHUNG** (Republic of Korea) commended IFAD on its commitment for almost a quarter of a century to the goal of eradicating hunger and rural poverty worldwide. However, according to FAO, the number of developing countries facing food emergencies had increased from 29 in 1997 to 40 in 1998, a situation compounded by abnormal climatic phenomena and financial crises. Under such circumstances, the Fund, as a key actor in the implementation of the World Food Summit Plan of Action, must develop more effective and appropriate projects that struck a balance between the positions of its suppliers and consumers.

91. On the supply side, IFAD should step up cooperation and information-sharing with institutions such as FAO, the International Bank for Reconstruction and Development (IBRD) and WFP as well as with NGOs and donor countries in order to exploit their comparative advantages and enhance project efficiency. On the demand side, IFAD activities should be made more beneficiary-oriented by involving recipient countries in project specification. The socio-political and cultural environment and debt redemption capacity of the countries concerned should be carefully analysed, for example with a view to enhancing the role of female workers in rural areas.

92. The resurgence of his country's agricultural sector, which had been devastated by the Korean War in the early 1950s, could not have been achieved without international assistance. The Republic of Korea was willing to share the lessons it had learned from that experience. In particular, persons involved in IFAD-supported projects would have the opportunity to study the development of farmer organizations in the context of a forthcoming cooperation project supported by the Fund and the National Agricultural Cooperative Federation.

93. He welcomed the 1999 budget proposal based on zero real growth and commended the Secretariat's efforts since 1993 to promote administrative budget efficiency. He also looked forward to the successful outcome of IFAD-supervised projects. His Government was satisfied with the results of the Fourth Replenishment and firmly believed that the proposed consultation to review the adequacy of the Fund's resources would ensure an optimum level of resources and appropriate investment choices. More serious attention should be given to the food security of countries affected by financial crises and natural disasters. In that connection, he appreciated the Secretariat's efforts to analyse the impact of the Asian economic crisis on agricultural sectors.

94. **Mr SULEIMENOV** (Kazakhstan), after thanking all those who had supported his country's full membership of IFAD, said that high-quality wheat was Kazakhstan's main agricultural resource and export product. His country was therefore interested in attracting investment in the production and processing of wheat. Maize, sugar beet and vegetable output could be expanded with financial support but was increasingly threatened by locusts, which also posed a threat to neighbouring countries. Three million hectares had been infested by different varieties of locusts in 1998 and Kazakhstan had requested IFAD support in combating the pest, a project which also came within the framework of the Global Mechanism of CCD.

95. His country had developed a solid legal foundation for agricultural development based on the principle of free entrepreneurship. Farmers were now adopting a new market-oriented approach. The focus on raw materials had shifted in favour of processing agricultural products using modern national and foreign technology. However, Kazakhstan currently produced only 9% of the machinery and equipment needed for agriculture and farmers were hampered by a shortage of working capital. Further problems arose from the fact that Kazakhstan was a landlocked, continental State. His



country was seeking ways and means of solving all those problems and surmounting the crisis associated with its status as an economy in transition.

96. **Mr SCHMEYLA** (Libyan Arab Jamahiriya) said that political and economic pressures and foreign intervention were an obstacle to progress, especially in developing countries. They led to civil and regional wars and social disturbances which diverted resources from the solution of economic and social problems. The Libyan Arab Jamahiriya had achieved food security by dint of self-reliance and wise leadership in the face of totally unjustified economic sanctions, while employing whatever resources it could spare to assist developing countries and support international organizations.

97. He commended the efforts of the President of IFAD to reduce the proposed budget for 1999 while keeping the lending programme at its 1998 level. His country supported the simplification of IFAD operating procedures, the establishment of a long-term investment mechanism and the strategic directions set forth in the Programme of Work and Budget of IFAD for 1999. It also supported the provisions for human resources development; management structures based on accountability, joint action and decentralized decision-making; improvement of the overall lending level in Africa; the technical assistance grant (TAG) programme, particularly for agricultural training and research; regional studies to develop innovative and effective methods of eradicating rural poverty; and improvement in the use of existing resources, for example in the area of water support in Africa.

98. **Mr ALI NAFIE** (Sudan) said that the economic reform policies introduced by most developing countries in the early 1990s had been frustrated by worsening terms of trade, political instability and a growing foreign debt. Output and productivity had declined and resources for social and infrastructural projects were lacking. Hence the importance of IFAD's role in alleviating poverty and suffering in rural areas. Unfortunately, however, foreign assistance did not always correspond to national priorities. In many cases it increased the debt burden and perpetuated dependence on foreign aid.

99. The Sudan had made considerable progress in its economic reform programme supported by the International Monetary Fund (IMF). Its performance in 1998 had exceeded expectations in terms of economic growth, falling inflation rates and rising exports. Structural reforms in monetary and financial policies would undoubtedly lay the basis for sustainable development and lead to a normalization of relations with international financial institutions. But a series of natural disasters – drought, desertification and flooding – had severely affected agricultural production and there was an urgent need for reform and rehabilitation of agricultural infrastructure.

100. The Sudan welcomed the provisions in the proposed 1999 Programme of Work for human resources development and the mobilization of complementary resources — preferably in the form of grants to meet the needs of the rural poor in developing countries. It also supported the focus on Africa, plans to involve beneficiary groups in project implementation, the continuation of HIPC DI and the holding of regional seminars and workshops on project management and implementation and local capacity building. The planned increase in the number of IFAD-supervised projects in 1999 would improve project delivery and reduce administrative costs.

101. Despite its current economic difficulties, The Sudan was committed to honouring its obligations to the Fund and was deeply grateful for its assistance, particularly to small farmers, shepherds and rural women.

102. **Mr BRYLLE** (Denmark), speaking on behalf of the Nordic countries (Denmark, Finland, Norway and Sweden), thanked IFAD for its active contribution to the joint IFAD/Nordic seminar on Issues, Experiences and Options for Eradicating Poverty in Rural Africa in 1998. The Nordic



countries were impressed by the Fund's commitment to poverty eradication by targeting the poorest, most marginalized and disadvantaged among the rural poor.

103. Progress in implementing the corporate strategy had already led to improved budgetary consolidation and the Nordic countries looked forward to receiving the policy papers on country strategies, strategic partnerships, joint financing and rural finance. It was important to mainstream cross-sectoral themes such as gender and the environment. IFAD's policy paper on gender issues needed to be updated and a sustainable approach to projects would benefit both the poor and the environment. The forthcoming policy papers should make specific provision for closer cooperation and coordination among international agencies and other development promoters, including the Bretton Woods institutions, other financial institutions, NGOs and bilateral donors. Such coordination should be anchored in and led by the partner country. The Nordic countries strongly urged IFAD to become actively involved with all relevant partners and to play an active role in the United Nations Development Group, working closely with resident coordinators to integrate IFAD activities into an initiative which, together with the United Nations Development Assistance Framework, had demonstrated considerable potential. It was regrettable that the proposed Programme of Work and Budget for 1999 made little reference to either initiative.

104. The Nordic countries attached the utmost importance to the objective of mainstreaming gender-related issues. Women were often the sole providers of food in poor households and a successful food security programme without special provision for the role played by women was virtually inconceivable. The Fund's strategic planning instruments, such as the Programme of Work and Budget, should reflect the gender dimension more explicitly.

105. The Nordic countries strongly supported IFAD's participatory approach, which should be further developed. Its work should also be demand-driven and the increased focus in 1999 on the participation of the poor in project development and implementation was to be welcomed. The development of participatory monitoring systems would allow the Fund to fine-tune projects and ensure genuine participation at all levels. Clear guidelines for monitoring and evaluation were a prerequisite for turning past experience to account. There was also a potential link between such systems and direct project supervision, which was a valuable source of frontline knowledge. The Nordic countries looked forward to receiving a report on IFAD's experience with direct supervision.

106. It was gratifying to note the increased emphasis in the Programme of Work and Budget on sub-Saharan Africa in terms of lending and project activities, which should restore lending to the target level agreed by the Governing Council. IFAD should further strengthen and maintain the quality of its Africa programme.

107. All parties were urged to continue providing financial support for HIPC DI. Eligible countries should initiate reform programmes to ensure that it offered a sustainable solution to the debt crisis and creditors should make a concerted effort to cover their proportional share. The Nordic countries were pleased to note that IFAD had contributed its part and pledged their continued support for the scheme. The new Flexible Lending Mechanism was also a promising means of achieving long-term development objectives in the least developed countries.

108. The Nordic countries intended to participate in the proposed consultation to review the adequacy of IFAD resources, which should be based on an analysis of past experience and future programme requirements. They expected all Member States to take part in the endeavour and would work to ensure reasonable burden sharing and an acceptable outcome.

109. Finally, IFAD was urged to work for even closer cooperation and coordination among the Rome-based United Nations organizations. In that context, the President's participation in the first



round of WFP Consultations on Food Aid and Development had been noted with satisfaction. Both IFAD and WFP should also contribute to the current strategic planning exercise at FAO, which was directly related to the World Food Summit and the Plan of Action. The Nordic countries had been pleased to receive the joint brochure outlining examples of cooperation between the three organizations. Such collaboration should be the Rule rather than the exception.

110. **Mr HOSSEINI** (Iran) said that international organizations such as IFAD had a crucial role to play in supporting efforts to achieve sustainable development and bridging the development gap between North and South. In the context of IFAD's mission to eradicate poverty and enhance food security, he welcomed the strengthening of links between the Fund and various multilateral agreements on sustainable development. The Islamic Republic of Iran had paid particular attention in its development plan to food security and poverty eradication, especially in rural areas, and was cooperating closely with IFAD.

111. As the host organization for the Global Mechanism of CCD, IFAD had a special role to play in implementing the Convention in affected developing countries. A thematic programme network for Asia on rangeland management, including sand dune fixation, had been established in Tehran and an international expert meeting on the special needs and requirements of developing countries with low forest cover and unique types of forests would be held there in 1999. The purpose of the meeting was to support the programme of work of the Intergovernmental Forum on Forests of the Commission on Sustainable Development and to alert the international community to the difficulties facing the countries concerned. It was to be hoped that IFAD would support the network and the meeting, both financially and technically.

112. He urged the international community, particularly the developed countries, to provide additional support to IFAD in order to strengthen its role in the provision of financial resources and technical assistance, the transfer of technology and know-how, data collection and the exchange of information and experience. Close cooperation with FAO and WFP would prove cost-effective and produce better results.

113. **Mr MAOPE** (Lesotho) said that IFAD had carried out some very viable and sustainable programmes in his country, on which future programmes could be based, taking past strengths and weaknesses into account. Hunger was still prevalent in many parts of the world and, in view of the magnitude of the task that lay ahead, other organizations should be encouraged to support IFAD's efforts. The Fund should focus on the most disadvantaged regions of the world, targeting its activities on women and children.

114. As a follow-up to the World Food Summit, his Government had drawn up a comprehensive agricultural reform programme aimed at promoting agricultural development and reducing poverty over a period of 10 to 15 years. In the first phase, which had already begun, stress was being laid on policy reform and capacity-building in the agricultural sector. IFAD had contributed to the programme by financing a sustainable agricultural development programme for the mountain areas where poverty was most acute. That programme was now being launched in the hope that it would serve as a model for further programmes in the mountain region.

115. After calling upon all governments to honour their commitments to the Fourth Replenishment, he expressed his support for the Audited Financial Statements. IFAD's corporate strategy, as set forth in the Programme of Work and Budget for 1999, was impressive. He particularly appreciated the focus on the core mandate of eradicating hunger and rural poverty. The participatory approach gave the rural poor an opportunity to decide their own future and at the same time ensured sustainability. He noted that provision had been made in the Programme of Work for a projected minimum rate of inflation of 3% and welcomed the proposed increase in overall lending to Africa. After expressing his



firm support for the 1999 Programme of Work and Budget, he endorsed the establishment of a review of the adequacy of the resources available to IFAD and the amendment of the rules concerning the timing of the annual sessions of the Governing Council.

116. **Mr AYUB** (Pakistan) said that 1998 had dealt a severe blow to the efforts to eliminate hunger, malnutrition and poverty in accordance with the goals of the World Food Summit. The *El Niño* phenomenon, the Asian financial crisis, followed by crises in other parts of the world, civil strife and crushing indebtedness had added to the number of the poor and hungry. Although there had been some decline in poverty since 1970, many disturbing trends remained. For example, the absolute number of chronically malnourished had increased to 828 million, with South Asia and sub-Saharan Africa remaining the heartlands of poverty. IFAD was the only organization which specifically focused on poverty alleviation through sustainable agricultural development and its role had become all the more important at a time when resources for development assistance were decreasing. It had attempted to reach the rural poor, women and the landless; it had concentrated on beneficiary participation; it had forged partnerships with host governments; and during the past year it had participated in HIPC DI and had established the Global Mechanism of CCD.

117. Pakistan had benefited from IFAD assistance, with a current portfolio of seven projects, one of which was set in a remote and ecologically fragile highland area, another aimed at eliminating poppy cultivation, while a third continued to focus on the impoverished regions of the Punjab. Pakistan had created an environment in which all sectors of civil society could actively participate in development. A poverty alleviation fund had been set up to administer small-scale rural credit and the Islamic social safety-net system was being remodelled. A great deal still remained to be done, however. Although each country must assume its responsibilities, developing countries alone were not in a position to overcome poverty and malnutrition. They expected a great deal more from the international community and much more from IFAD, an institution mandated to fight poverty.

118. In that context, he viewed with concern the trend towards zero real growth in IFAD's Programme of Work and welcomed the proposal to establish a Consultation to Review the Adequacy of the Resources Available to the Fund. Studies clearly showed that Asia continued to have the highest incidence of hunger and poverty. Therefore, while supporting increased effort in Africa, he urged the continuation of a strong programme in Asia. Finally, IFAD should intensify its focus on poverty in marginal areas within countries, particularly rainfed areas. Pakistan had appreciated the Brainstorming Workshop on IFAD's Strategic Focus on Poverty held in October 1998 and hoped there would be a follow-up.

119. **Mr CARRUTHERS** (Canada) expressed his country's appreciation of the work carried out by IFAD and its satisfaction at being a partner in the Fund's efforts to alleviate poverty. Few countries had been unaffected by the recent financial crises with most of the efforts made to tackle them addressing their macroeconomic effects. The current crises had therefore reinforced IFAD's basic mission of attacking rural poverty at the micro level. The fundamental challenge lay in making every effort to ensure that the results of its activities were replicable. The Fund needed to see its role in a broader context, involving bilateral agencies, countries themselves and particularly other international financial institutions. Rural poverty must remain high on the development agenda as the world groped towards a new international financial architecture.

120. Canada was prepared to participate actively in examining IFAD's future resource needs provided a number of elements were in place. First of all, a new programme base should be supported by an updated corporate strategy articulating strategic goals and by more precise operational and management objectives. He noted with satisfaction that the President had adopted that approach in the 1999 Programme of Work. Secondly, to translate IFAD's commitment to poverty eradication into effective action, the Fund should manage both projects and programmes so as to achieve sustainable





and demonstrable results. Development effectiveness and accountability to stakeholders in all countries had to be demonstrated. Thirdly, partnerships must continue to lie at the core of the Fund's concerns. In that connection, he welcomed the fact that the number of its partner NGOs had more than doubled to some 350 since 1993, and that IFAD had cofinanced five projects from other institutions and attracted cofinancing for 15 of its own projects in 1998. He would be interested to learn how it intended to leverage resources through the private sector. Fourthly, he suggested that IFAD could learn a great deal about trends in policy, commitments, funding levels and variable lending instruments from the replenishment exercises of other financial institutions, which were moving towards self-financing of their concessional funds. He would like to know how the current resource mobilization exercise fitted into the long-term vision of a self-sustaining Fund.

121. The Fund's focus on rural poverty was more relevant than ever, but in determining what resources it would need, it was critical to concentrate on what it did particularly well, i.e. to set examples and standards for others to follow. Canada welcomed the opportunity to be its partner in that seminal work.

122. **Mr VORNIS** (Netherlands) observed that the approach of the year 2000 seemed an appropriate time for the international development community to reflect on its past achievements and its strategies and priorities for the future. It was striking that official development assistance had fallen by some 20% in real terms since 1992 and that over 1 billion people still lived in extreme poverty. Those two facts did not seem to tally. The eradication of rural poverty clearly remained a valid goal for IFAD but The Netherlands recommended that it undertake a critical evaluation of its project-based approach and of its relations with other multilateral actors in the field, in particular FAO and WFP. Its capabilities in the area of rural poverty must be better combined with the specific capabilities of other agencies, in line with the recommendations made in the Rapid External Assessment.

123. As a donor, his country was evaluating, on the basis of effectiveness and efficiency, the means whereby it provided its development assistance. Following a change of government in 1998, The Netherlands had embarked on a major reassessment of its official development assistance relations. It was reducing the number of countries with which it maintained a bilateral development cooperation relationship on the basis of three criteria: sound social and economic policy, good governance, and the poverty rate and need for assistance in the recipient countries. It was intensifying assistance through multilateral channels that delivered value for money and hoped to include IFAD in that category. It intended to participate constructively in the consultation about IFAD's future resources.

124. His Government had opted for a sectoral approach, rather than providing aid, like IFAD, on a project basis. That approach was characterized by a comprehensive policy framework, participation by all donors with common funding and reporting arrangements, and local ownership of and responsibility for programmes. All players in the development policy field should evaluate the effectiveness of their activities and seek optimal coordination on the basis of fair burden sharing. In that connection, he regretted that The Netherlands still appeared to be the only country that had contributed to IFAD's HIPC DI. On the other hand, it welcomed the recent initiative by the German Chancellor to study new ways and means of addressing the debt burden of the least developed countries. In the meantime, IFAD should make a thorough evaluation of its past activities, linking that evaluation to discussion of its future resource needs. His country hoped to be able to continue to adopt a constructive attitude.

125. **Mr ABDEL LATIF** (Egypt) said that poverty and hunger were not only demeaning and life-threatening but also jeopardized stability and security. It was regrettable that the international community, instead of increasing its support for action to eradicate poverty, had adopted a tight-fisted



approach to assistance. Development aid had been steadily declining, especially in the agricultural and rural sectors. Investment in the developing countries to promote sustainable agricultural production and achieve food security was vitally important and he urged IFAD to continue monitoring implementation of the recommendations of the World Food Summit.

126. Egypt supported the strategic directions set forth in the Programme of Work and Budget of IFAD for 1999, particularly the focus on the poorest and most marginalized groups; increased emphasis on Africa with projects designed to restore the level of lending; involvement of beneficiaries in the design and implementation of projects; projects aimed at gender issues and the involvement of women in decision-making; continuation of HIPC DI; and the establishment of a Flexible Lending Mechanism in support of long-term development objectives. Egypt also supported the establishment of a Consultation to Review the Adequacy of the Resources Available to IFAD, which was expected to result eventually in a fifth replenishment of the Fund's resources.

127. Egypt was in favour of giving a strong stimulus to human resources development and to research programmes aimed at gathering information on existing projects that could be turned to account in the future. Furthermore, in view of the importance of CCD for the countries of his region, he welcomed IFAD's contribution of resources to the Global Mechanism and the appeal to the international community to support its activities.

128. His country had achieved a substantial increase in crop yields over the past 15 years and made considerable progress in land reclamation. It was eventually hoped to expand the area under cultivation from a mere 4% in the past to 25% of the national territory. The economic growth rate had risen to about 5%, which was equivalent to three times the rate of population increase. Under the 20-year Economic and Social Development Plan covering the period up to 2015, work had begun on three major projects which were expected to have a multiplier impact on investment and employment: the Wadi Tushka integrated development project, the El Oueinat land reclamation project and the Sinai irrigation project.

129. Egypt looked forward to continued fruitful cooperation with IFAD on the basis of a new global vision of the Fund's mission to eradicate poverty and achieve worldwide food security in the twenty-first century.

#### FINANCIAL MATTERS (Agenda Item 8)

##### (a) PROPOSED BUDGET OF IFAD FOR 1999 (GC 22/L.5 and Corr. 1 and GC 22/L.5/Add.1)

130. **The CHAIRMAN** said that the Executive Board had reviewed the proposed budget for 1999 at its Sixty-Fifth Session and had recommended that it be submitted to the Governing Council for approval.

131. **Mr WESTLEY** (Vice-President of the Fund) recalled that the Executive Board had approved the Programme of Work for 1999 at its Sixty-Fifth Session in an amount of USD 472.8 million or SDR 335.2 million. In real USD terms, the programme remained at the same level as in 1998, having been adjusted only for the projected inflation rate. In addition, on an exceptional basis, the Board had approved an additional SDR 9 million for the postponed Zambia loan.

132. After three consecutive annual reductions in the administrative budget by approximately a quarter during the period 1994-1996, followed by zero real growth in 1997 and 1998, a figure equivalent to zero real growth (excluding the extraordinary price increase due to the change in methodology for World Bank supervision costs) was proposed for 1999. Based on the exchange rate of ITL 1 734/USD 1.00 prevailing at the time of preparation of the document, the proposed budget of

USD 55.37 million included a provision for contingencies of USD 400 000 and a sum of USD 343 000 in respect of the 1999 sessions of the proposed Consultation to Review the Adequacy of the Resources Available to IFAD.

133. The main issues to be addressed in 1999 were costs relating to the supervision of IFAD projects and the human resources and training review.

134. The total administrative budget was normally recalculated at the US dollar/Italian lira exchange rate prevailing on the date of Governing Council approval. However, following the introduction of the Euro on 1 January 1999, the rate had been derived through triangulation of the official Euro/US dollar exchange rate of 1.1184 and the applicable Italian lira/Euro fixed conversion rate of 1 936.27, which for comparative purposes yielded an exchange rate for the lira of 1 731.29. The draft Resolution approving the budget had therefore been amended in document GC 22/L.5/Add.1 to read USD 55.416 million, including a contingency item of USD 400 000 and USD 343 400 in respect of the 1999 sessions of the Consultation.

135. **Resolution 110/XXII was adopted.**

(b) GENERAL RESERVE (GC 22/L.9)

136. **The CHAIRMAN** recalled that Resolution 16/IV adopted by the Governing Council at its Fourth Session had established a General Reserve with a ceiling of USD 100 million and had stipulated that the adequacy of the Reserve should be periodically reviewed by the Executive Board.

137. At the Sixty-Fifth Session of the Executive Board, the Audit Committee had undertaken a review, but the preliminary discussion of a proposal to increase the ceiling to USD 130 million had revealed the need for further discussion and the Audit Committee had decided to continue its review at the time of the Sixty-Sixth Session of the Executive Board. However, the Committee, deeming it inappropriate to defer a decision on an increase in the ceiling of the General Reserve until the Twenty-Third Session of the Governing Council, had recommended that the current Session amend Resolution 16/IV to authorize the Executive Board to amend the ceiling of the General Reserve as required. That recommendation had been endorsed by the Board at its Sixty-Fifty Session.

138. **Resolution 111/XXII was adopted.**

REVIEW OF THE ADEQUACY OF THE RESOURCES AVAILABLE TO IFAD (Agenda Item 9)  
(GC 22/L.6)

139. **The CHAIRMAN**, referring to the completion of the Resolution on the Fourth Replenishment of IFAD's Resources intended to cover the period from February 1997 to February 2000, said that, as the President had indicated in his statement, the time had come to focus on the Fund's resource requirements from the year 2000 onwards and to initiate a timely review of the availability of resources.

140. Document GC 22/L.6 contained a draft Resolution concerning the establishment of a consultation for such a review. Paragraph 3 thereof referred to the documentation that the Secretariat intended to prepare in support of the consultation. To expedite the procedure, a short organizational meeting would be held on 19 February 1999 to plan the content and schedule of the work.

141. As indicated in the draft resolution, the consultation would consist of all Lists A and B Member States and twelve List C Member States to be appointed by the List C members. The



Secretariat had been informed that, after consideration within each List C Sub-List and subsequently by List C as a whole, the following List C Member States were being proposed for the consultation:

- From Sub-List C1: Angola, Cameroon, Cape Verde and Kenya
- From Sub-List C2: China, India, Pakistan and the Republic of Korea
- From Sub-List C3: Argentina, Brazil, Mexico and Panama

142. **Resolution 112/XXII was adopted.**

143. **The CHAIRMAN** wished the Member States participating in the Consultation every success in their work. He felt sure that the Council as a whole had full confidence in their ability to accomplish the vital task of ensuring that IFAD had the resources it required to continue to address the needs of the poor and the hungry ever more forcefully in the new millennium.

#### MEMBERSHIP OF THE EXECUTIVE BOARD (Agenda Item 10) (GC 22/L.7)

144. **The CHAIRMAN**, introducing document GC 22/L.7, noted that, in accordance with the decision taken at the Twentieth Session concerning elections to the Executive Board, Mexico and Argentina had alternated seats on 21 August 1998 so that Argentina was currently a member and Mexico an alternate member. Pursuant to the same decision, The Netherlands and the United Kingdom had alternated seats on 1 January 1999 to become a member and an alternate member respectively.

145. The Council was furthermore invited to endorse the following agreements reached during the elections to the Executive Board by the Sub-List C1 and C2 Member States regarding exchanges of seats on the Board: Cape Verde would replace Côte d'Ivoire as alternate member to Egypt in the Africa Group of Member States; Sri Lanka would replace Pakistan as alternate member to China, and Georgia would replace Jordan as alternate member to India in the Europe, Asia and the Pacific Group of Member States.

146. Accordingly, with the endorsement of the Governing Council, Sub-Lists C1 and C2 would be represented on the Executive Board in 1999 until the end of the current term of office as follows:

	<b>Member</b>	<b>Alternate Member</b>
Sub-List C1:	Egypt Kenya	Cape Verde Chad
Sub-List C2	China India	Sri Lanka Georgia

147. There being no objections, he declared the alternate members elected to their respective positions on the Executive Board.

148. **The seat exchanges were endorsed.**

#### TIMING OF ANNUAL SESSIONS OF THE GOVERNING COUNCIL: AMENDMENT OF THE RULES OF PROCEDURE OF THE GOVERNING COUNCIL (Agenda Item 11) (GC 22/L.8).

149. **The CHAIRMAN** recalled that for logistical reasons the last two sessions of the Governing Council had been held in February rather than in January as stipulated in the Rules of Procedure of the Governing Council. The later timing of the sessions had been favourably received by the Member



States because it had enabled the Fund to present the Governors with information on the draft financial statements and with a draft annual report on the preceding year.

150. A proposal to review the timing of annual sessions had been considered at the Sixty-Fourth Session of the Executive Board, which had decided to recommend to the Council that it adopt a draft resolution, contained in document GC 22/L.8, amending the Rules of Procedure to allow future sessions to be held within the first quarter of each year.

151. **Resolution 113/XXII was adopted.**

GENERAL STATEMENTS (Agenda Item 6) (continued)

152. **Mr DIANA** (Italy), commending IFAD's invaluable contribution to the alleviation of suffering around the world and its management's efforts to ensure the effective utilization of financial resources, said that needs could not be assessed without taking account of the consequences of natural disasters which so often hit the poor countries hardest. He expressed the Italian Government's solidarity with the stricken populations, most recently in Latin America, drawing attention to Italy's efforts to provide emergency assistance and to alleviate the debt burden of the countries concerned. The pressure of crises and upheavals in financial markets on international financial institutions should not distract attention from the difficulties of countries with only a marginal impact on world markets. Stressing the importance of IFAD's contribution to HIPC DI in that regard, he said that his Government was in favour of greater flexibility in the implementation of the initiative and expanding its funding base.

153. The celebration of the new millennium should be an occasion for the international community to exert further efforts to alleviate poverty and hunger, but resource constraints meant that increased coordination was essential. The 1995 Brussels Conference on Hunger and Poverty provided the necessary guidelines for coordinating the activities of the three Rome-based United Nations agencies with other agencies. In its development cooperation policies, Italy gave priority to Africa and particularly the least developed countries, with emphasis on food security and the health and education sectors. IFAD should step up its efforts on behalf of those countries along similar lines, bearing in mind that a strictly economic and financial approach to development policies failed to meet present-day needs. Similarly, the highest priority should be given to the role of women in the economy, especially in agriculture, with greater emphasis on the building of a more just society. Partnerships with civil society, including NGOs and the private sector, and with research institutions should be further developed. Italian research centres were willing to participate more actively in IFAD's activities.

154. Although the Fund was progressing towards financial autonomy, further resources were needed to enable it to fulfil its mandate, and Italy was ready to play an active part in future consultations to replenish its resources

155. An alliance for agricultural development among the three Rome-based agencies remained a priority objective; the quest for greater synergy posed no threat to the fulfilment of their respective mandates but would be consistent with the principle of better cooperation for the more effective utilization of financial and human resources advocated by the Secretary-General of the United Nations.

156. **Mr BELHOUADJEB** (Algeria) drew attention to IFAD's fundamental task in a context of growing poverty, environmental degradation and food insecurity, especially in sub-Saharan Africa, and to the need to meet the objectives set by the World Food Summit.



157. Algeria fully subscribed to the Fund's major strategic approaches of intensifying the fight against poverty, strengthening the focus on Africa, paying particular attention to the poorest among the rural poor and giving priority support to the most vulnerable sectors, ensuring the participation of beneficiaries in the design and implementation of IFAD projects, improving IFAD-funded project performance, strengthening the role of rural women in development, continuing participation in the HIPC DI and implementing the Flexible Lending Mechanism. It also encouraged both public and private sector funding and supported the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD. It welcomed IFAD's proposed contribution to the Global Mechanism of CCD and was in favour of mobilizing additional and voluntary resources for the Mechanism. Those challenges required effective solidarity on the part of the international community, active partnerships with governments and civil society and closer collaboration with other international agencies.

158. **Mr FAINT** (United Kingdom), referring to his Government's vision of a partnership for poverty eradication set out in a White Paper which he had described at the Twenty-First Session, said that the targets for poverty elimination contained in the International Development Strategy for the Twenty-First Century, adopted by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), were both monitorable and achievable and should be used by agencies such as IFAD as a context for their own objectives and activities. The United Kingdom's policies and strategies for working in partnership with multilateral agencies were being set out in a series of "Institutional Strategy Papers". He stressed the importance of cooperation and coordination among the Rome-based agencies and with the wider United Nations system and the Bretton Woods institutions, with each agency directing its efforts into its main areas of comparative advantage. Like FAO, IFAD needed to focus its efforts strategically and build links with its international partners.

159. A thorough examination of the adequacy of IFAD's resources was necessary in order to reach consensus on the timing and scale of a possible replenishment of IFAD's resources. The central policy issues to be debated included the importance of a strengthened poverty focus for IFAD within the framework of the DAC International Development Strategy and the goal of halving the proportion of the world's population living in extreme poverty by the year 2015, the need to intensify efforts to achieve objective measures of the impact and effectiveness of IFAD's programmes, and the need for an enhanced strategic focus for IFAD in line with its comparative advantage and its partnership with other international development agencies.

160. Enhancing the livelihoods of the rural poor was a key but challenging task. He outlined the sustainable rural livelihoods approach, which started out from an analysis of the strengths and opportunities available to poor people identified through participatory poverty assessments. By explicitly linking community-based activities to policy and institutional change, it was more likely to achieve success. The livelihoods approach was not integrated rural development by another name, offering a "one-size-fits-all" blueprint for rural development, but a people-centered process encouraging the evolution of livelihood opportunities over time and working through existing public and private sector institutions. For the approach to succeed, close collaboration was needed among rural development agencies, to which IFAD could make an important contribution.

161. **Mr ASSAKER** (Lebanon) said that despite structural adjustment programmes and radical reform of the agricultural sector, developing countries were unable to achieve food security because of a lack of natural and human resources, low rates of agricultural investment and limited public revenue. Increases in the output of foodstuffs failed to keep pace with population growth. As a result, the demand for imports had increased and the level of self-sufficiency had declined. Lebanon's problems were compounded by the unstable security situation in part of its territory, which impeded



development and reconstruction. Israel continued to occupy a large portion of southern Lebanon, in consequence driving people from their villages to swell the ranks of the urban poor.

162. Lebanon's current Agricultural Plan provided for an increase in expenditure on agricultural infrastructure in order to attract private investment and increase competitiveness, thus offsetting the impact of the World Trade Agreement and the policies of the European Union and other regional and international trade blocs. Action had been taken to reduce social inequity, to promote complementarity between men and women, particularly in rural areas, to increase the purchasing power of low-income groups and to create job opportunities. But such initiatives called for massive investment in all developing countries, which were battling at the same time with the adverse impact of globalization. He therefore urged the rich countries to increase their contributions to agencies such as IFAD, the IMF and the World Bank.

163. Lebanon had used IFAD loans on concessional terms to implement projects designed to promote food security. A particularly successful IFAD-assisted livestock rehabilitation project for smallholders had resulted in substantial increases in income for some 8 500 poor rural families in one region. There were plans to develop similar projects in other parts of the country and to provide technical assistance for projects aimed at encouraging people to remain on the land. Lebanon hoped that the Fund would assist it in achieving balanced development for all regions and stability for rural families.

164. **Mr LHAFI** (Morocco) said that the enormity and diversity of the challenges facing IFAD called for a far greater effort to increase the scale of its interventions and to improve its machinery for operating in the current economic environment characterized by globalization and the elimination of trade barriers. Development projects should pay due attention to the human factor, particularly in the case of rural communities. The development process should be balanced and integrated and no group or region should find itself marginalized. Solidarity and synergy were of key importance in the effort to cushion the impact of cut-throat competition.

165. Morocco was preparing an economic and social development plan that gave priority to rural education, health, water supply and road building, and to investment in agriculture, tourism and the food industry. At the international level, it championed the principles of solidarity and synergy among the countries of the South. Further to the recommendations of the World Food Summit, it had concluded agreements with Burkina Faso and Niger and had shared its expertise under the Special Programme for Food Security.

166. High population growth rates, coupled with natural disasters, desertification and the erosion of natural resources, were tending to upset the ecological balance and could inflict irreversible damage and lead to general instability. Those were problems that concerned the entire international community. Morocco fully supported the recommendations of the first Conference of the Parties to CCD, which had been endorsed by the Governing Council in 1998, and hoped that the Global Mechanism would function as effectively as the prevailing situation required.

167. The implementation of NAMTA 1, a training programme hosted by Morocco for agricultural project directors in North Africa, had begun in 1998 and was expected to prove a flagship project for other regions.

168. **Mr BOEHMER** (Germany) said that development policy was a key component of the new German Government's policy of safeguarding the global future. Its basic aim was the equitable reconciliation of interests within and between different regions and between present and future generations. The Government's three main policy objectives were: the creation of decent standards of living and the reduction of poverty; respect for human rights, the promotion of the fundamental



principles of democracy and gender equality; and the fostering of environmental balance. To attain those objectives, it would place greater emphasis on multilateral development cooperation.

169. Germany would be proposing a debt relief initiative for the world's poorest countries at the forthcoming meeting of the Group of Seven countries in Cologne. Building on the World Bank/IMF HIPC DI, it would seek to accelerate implementation by shortening the time frame and making as extensive as possible use of the available scope for achieving sustainable development in the poorest countries.

170. Germany would continue to support IFAD in its task of global poverty alleviation, particularly in rural areas. However, it was important to develop clear strategies for the Fund's work and its future financing. Funds should be concentrated in the medium and long term on countries in greatest need and with the most rural poor, provided that conditions in those countries were conducive to proper project implementation. Projects should always be in line with a strategy agreed with other donors, particularly other United Nations organizations. Cooperation and coordination with such donors should be intensified. The quality and long-term sustainability of projects were more important than short-term success. Germany was pleased to note that progress reports on project implementation presented both achievements and difficulties.

171. IFAD's long-term aim should be to become self-financing. Before another replenishment was considered, it was essential to undertake a solid analysis of funding needs, including a time plan for the Fund's progression towards self-financing. The current policy of limiting the total volume of loans and establishing a sensible budget plan was a step in the right direction, but any increase in the proportion of grants in excess of the limit which had already been exhausted in the 1999 plan would jeopardize the objective of self-financing. Finally, Germany expected the Fund to adopt a cautious approach to its investment policy, taking due account of the recommendations of carefully selected independent investment managers and avoiding undue risk.

172. **Mr MUSTAFA** (Syria) welcomed IFAD's successful new initiatives and policies, which had been introduced under difficult financial circumstances by dint of perseverance, patience, careful planning and judicious use of the contributions to the Fourth Replenishment.

173. He praised the quality of the documents submitted to the current Session and welcomed the strategic directions contained in the 1999 Programme of Work and Budget, in particular: ensuring participation of poor farmers in project design and implementation; improvement of IFAD's portfolio performance; mobilization of supplementary funds; use of advanced information technology; focusing on the poorest regions; development of the scientific research programme and technology transfer to poor countries.

174. His country's economic and social development programme under the direct supervision of President Hafez Al-Assad gave high priority to the agricultural sector, particularly integrated rural development, development of poor regions, and involvement of all population groups, including women, in agricultural development. IFAD had cooperated successfully with the Syrian Arab Republic on projects aimed at the upgrading of farmland in disadvantaged areas in order to secure a decent livelihood for the local population. The projects were outstanding examples of successful investment and efficient implementation. However, the agricultural sector was still faced with a multitude of problems and poverty alleviation was urgently necessary in some parts of the country.

175. The Syrian Arab Republic was determined to liberate the part of its territory that had been occupied by Israel in 1967, basing itself on international law, the principles agreed at the Madrid Conference and relating Security Council resolutions.





176. **Mr OMAR** (Niger), observing that food insecurity was the root cause of many of the problems of the African continent, said that Niger was a poor Sahelian country in which rural dwellers accounted for 90% of the total population. A wide-ranging economic recovery programme adopted recently therefore focused on rural development, the aim being to create a macroeconomic environment conducive to increased agricultural production, improved food security and poverty alleviation in rural areas. Although agricultural production had been satisfactory in 1998, mainly on account of good rains, infrastructure and support services were still inadequate, and he hoped that IFAD would take due account of Niger's difficult situation and assist it in its efforts to ensure sustainable agricultural growth. He drew attention to the process of political democratization and administrative decentralization that had been taking place over the previous decade.

177. IFAD had provided substantial assistance to Niger for projects in such areas as river basin and village land management, the development of stock breeding and support for rural finance schemes. Such assistance was needed more than ever today in support of efforts to help small farmers, promote strategic crops such as cassava and guarantee the supply of basic inputs. He trusted that the Twenty-Second Session would enable the Fund to pursue its essential task of helping countries to achieve their agricultural production goals and ensure food self-sufficiency.

178. **Ms SIMMONS** (United States) expressed condolences to the people of Jordan and Queen Noor on the loss of His Majesty King Hussein and extended good wishes to His Majesty King Abdullah.

179. Paying tribute to the memory of Donald Brown, a former Vice-President of IFAD, and welcoming John Westley, the new Vice-President, she assured IFAD of the United States continued support for and partnership with the Fund. The original mandate and work of IFAD, necessary for a peaceful world, were correctly focused and remained valid today, particularly in view of the commitment made at the World Food Summit to halve the proportion of the world's population living in extreme poverty by the year 2015. IFAD played a unique role within the United Nations system in meeting that challenge. The United States appreciated its efforts to test innovative ways of delivering assistance, to involve the grass-roots leadership in project design and implementation, and to address the concerns of women in development. It applauded IFAD as a knowledge organization. However, while noting with interest the policy paper IFAD Framework for Bridging Post-Crisis Recovery and Long-Term Development, it urged a cautious approach in that area, with IFAD becoming involved in emergencies only where it had a clear comparative advantage. The United States, in sum, was pleased with IFAD's work and management, including the re-engineering of its administration and the renewed efforts to coordinate the activities of the three Rome-based United Nations organizations.

180. On the thorny issue of the financial resources available to IFAD in relation to its annual work programme, the United States had abstained from consensus on the Programme of Work — in the range of USD 450 million — approved by the Executive Board in the three preceding years because it believed that such a level of annual commitment was not sustainable with the resources currently available; such decisions were unwise and jeopardized the future ability of IFAD to pursue its development role reliably. It therefore supported the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD, in the expectation that it would provide an opportunity not only to review existing policy directives, but also to identify alternatives, including options for modifying current strategies to achieve the fundamental goals within the envelope of existing resources, and to determine more clearly, on the basis of experience, which of IFAD's activities were appropriate or otherwise. It did not expect the Consultation to result necessarily in a call for another replenishment of IFAD's resources. That being said, the United States was very optimistic about IFAD's future and was confident that its Member States would continue the tradition of harmony in seeking ways of enabling IFAD's important work to be pursued, to the benefit of the rural poor which had come to count on it.



181. **The meeting rose at 18.05 hours.**



- (iii) Summary Record of the Third Meeting of the  
Twenty-Second Session held on Thursday,  
18 February 1999, at 09.30 hours

**CHAIRMAN: ALHAJI ALFA WALI (NIGERIA)**

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182. **The meeting was called to order at 09.40 hours.**

GENERAL STATEMENTS (Agenda Item 6) (continued)

183. **Mr NOUAMA** (Côte d'Ivoire) noted the unanimous support that had been expressed for IFAD's work and mission but considered that a greater mobilization of financial resources would be necessary if the Fund were to continue to help the destitute populations of Asia, Africa and Latin America. His country fully supported the Programme of Work and Budget of IFAD for 1999 and the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD. It hoped that the representatives of the developing countries, and especially the African countries which were the main beneficiaries of IFAD programmes, would play an active part in the Consultation. Côte d'Ivoire would certainly do so. It further hoped that the Consultation would give rise to constructive discussions among all IFAD's partners and stakeholders with a view to providing the Fund with the means it needed to fulfil its ambitions.

184. He welcomed the fact that the volume of aid from IFAD to Africa had increased markedly in 1998 and that the level of resources foreseen for 1999 was very close to the 40% level traditionally regarded as commensurate with the continent's great needs. He congratulated IFAD on the efforts it had made to achieve that result despite the vexed question of arrears and on the innovatory methods it had proposed to allow countries in crisis to continue to benefit from the Fund's operations. Such crises were often due to natural disasters, such as floods, drought and desertification, so he welcomed the decision to house the Global Mechanism of CCD in IFAD. As a country suffering from desertification, Côte d'Ivoire sincerely hoped that the new machinery would rapidly enter into effect. The recently approved loan agreement for a rural development project in the north-east of the country was an excellent example of the fruitful cooperation between his country and IFAD.

185. **Mr CART** (Switzerland) said how much he had appreciated the comments of the Executive Director of WFP who had clearly stated that hunger and poverty were intolerable. That being so, there was a need for a political response, at both national and international level, in addition to purely technical and financial responses. Poverty and hunger were largely engendered by violence, and in turn engender violence. If the international community found this intolerable, it should have the will to take political action. Everyone had a stake in the effort to create a new world society in which the globalization process was shaped by politics, and human dignity was no longer debased by hunger and poverty.

186. Switzerland believed it very important that the beneficiaries should participate in the design of development programmes. IFAD's task was to support the development efforts of the community — not the reverse. It was an ideal which might not always be attained, but one to which the Fund should aspire. For, if a group of people became the agent of its own development, its self-confidence would increase and the community would assert itself at the political level too. Thus cooperation could indirectly enrich the social fabric, give a voice to those who had been silent, provide access to land, to credit and to a share in decision-making. It laid the foundations of a more democratic society.

187. IFAD should seek dynamic partners at all levels of society and work out with them the best way of dealing with every situation in order to truly improve the lot of the poorest sectors of the population, particularly women. The preparation of a medium-term operational strategy by country was essential in that respect. The introduction of the Flexible Lending Mechanism would involve the partners, the beneficiaries and the actors of a development programme. Flexibility did not mean the provision of a blank cheque but implied monitoring by a cooperating institution and IFAD, which must be very clear about the medium-term objectives and the stage-by-stage implementation mechanism. It should also be very clear about the method of cooperation to be entrusted to the cooperating institution and make sure that it was applied throughout the execution of the project. The



Flexible Lending Mechanism was being used on an experimental basis and he was certain the experience would prove to be positive.

188. Everyone was in favour of effective projects and programmes with a sustainable long-term impact although the criteria for evaluating their effectiveness were not always available. The purpose of evaluation was not self-justification but the acquisition of knowledge, the correction of mistakes and the improvement of results in general. Best practices should certainly be highlighted but attention should also be paid to projects which failed. He felt sure that IFAD could learn, improve its activities and develop new forms of cooperation.

189. With regard to the financial resources of IFAD, two major questions must be answered during the year. First of all, should IFAD continue to use internal resources to finance a large part of its activities? Switzerland believed that it should. Secondly, should IFAD further increase its resources through new contributions from Member States? Switzerland agreed in principle, although it was too soon to take a decision. It believed the contributions of the major donors would depend on their economic strength. As Switzerland saw it, IFAD had not yet reached its ideal size and a higher operational volume was justified in the light of the effectiveness of country programmes.

190. **Mr KIM** (D.P.R. Korea) welcomed the fact that contributions to the Fourth Replenishment were now coming in smoothly. In his view, IFAD's approval of over 30 projects in 1998 had encouraged all Member States to pay greater attention to rural development and poverty alleviation. IFAD projects were also being carried out in his own country. A Sericulture Development Project was proving successful and had led to an increase in farmers' incomes; news of it had spread to neighbouring areas, publicizing IFAD's work. The experience gained in the Sericulture Development Project would help to ensure the smooth implementation of the Crop and Livestock Rehabilitation Project. His country sincerely thanked IFAD and the United Nations Office for Project Services (UNOPS) for their assistance.

191. At the threshold of the twenty-first century, 800 million people were still suffering from chronic malnutrition. Comrade Kim Jong II attached the greatest importance to the solution of the food problem and was providing guidance to farmers on how to increase agricultural production. The Government was taking steps to deal promptly with the consequences of natural disasters by improving crop patterns, promoting seed development and introducing double cropping. Farmers were being encouraged to diversify their activities, with the main emphasis on sericulture, potato cultivation, animal husbandry and grain crops. The people of his country were doing their best to bring about a great change in agricultural production. In the circumstances, IFAD loan projects would undoubtedly be satisfactorily implemented.

192. His country fully supported the Programme of Work and Budget of IFAD for 1999. It was most important that contributions to the Fourth Replenishment should be made as soon as possible and he felt sure that joint efforts by all Member States, including his own country, would create a favourable atmosphere for that purpose. His Government would endeavour to further develop its cooperative relations with IFAD and successfully implement its ongoing projects.

193. **Mr KANGAI** (Zimbabwe) said that his country had worked very closely with IFAD over the past 19 years in developing a portfolio of programmes and projects for the benefit of the rural poor, in particular women and children. IFAD was currently cofinancing a dry areas programme and would soon begin to provide financial support of some SDR 8.7 million for the Smallholder Irrigation Support Programme. About 60% of smallholder farmers in Zimbabwe lived in dry areas. The programme aimed at increasing their incomes by providing or upgrading irrigation facilities. It would include management transfer to farmers, farmer training and adaptive research as well as improved scheme upgrading and institutional support. His Government had identified smallholder irrigation as



a key component of the agricultural sector investment programme. An inventory of all irrigation schemes had been carried out with a view to rehabilitating old sites and identifying new ones suitable for farmer-managed schemes. He felt sure that completion of the agricultural sector investment programme would lead to an improvement in the standard of living of smallholder farmers. The Government would be able to move away from a project implementation approach towards a programme approach, making effective use of donor funds and national resources to build up local capacities.

194. He expressed his gratitude to IFAD for supporting projects and programmes throughout sub-Saharan Africa aimed at increasing smallholder farmers' access to productive resources and enhancing food security through sustainable development. It was in sub-Saharan Africa that the highest concentration of the poorest of the developing countries was to be found, where more than two-thirds of the population lived in rural areas and were heavily dependent on agriculture for a livelihood. He was therefore pleased to note that it was to be a major focus of IFAD's activities, accounting for some 40% of its lending operations.

195. **Mr GOVINDARAJAN** (India) said that increased agricultural growth and productivity continued to be a key element in alleviating poverty in rural areas. IFAD had helped to upgrade technology and expertise in its area of specialization and had recently launched imaginative new measures, such as the Flexible Lending Mechanism and HIPC DI. India had greatly benefited from IFAD's programmes and deeply appreciated them.

196. He fully supported IFAD's focus on Africa but stressed that Asia continued to have the largest number of poor people and a considerable proportion of the malnourished. Poverty and unemployment had been further accentuated by the recent financial crisis and natural disasters. IFAD should play a proactive role in the region. Its people-centred approach in its development programmes made the Fund more sensitive to grass-roots problems. Countries like India had substantial experience in decentralized development and were ready to share it with others. In his view, IFAD should pay more attention to rainfed and ecologically fragile areas, such as uplands and infertile lowlands, in its future strategy. Environmental issues also needed to be tackled. Developing countries could learn from the experience of developed countries and adopt "leap-frogging" technology. IFAD could be of great assistance in popularizing such technologies.

197. The financial crisis in Asia had had a disastrous effect on the poor, who had borne a disproportionate part of the burden. Consideration of how to prevent such crises in future or how to respond effectively to them through a new international financial architecture must take into account the need to provide adequate safety nets for the poor. India had managed to avoid undue shocks to the poor by moving towards globalization in a measured way. Its relative stability had enabled it to continue funding poverty-related programmes at an increased level.

198. His country welcomed the fact that IFAD had promptly prepared a paper in response to the Asian crisis, including strategic initiatives and proposals to develop certain areas in Bhutan, north-east India, Nepal, Pakistan, etc., which were populated by marginalized and indigenous people. The programme reflected the Fund's foresight and responsiveness to the problems of the developing countries, and India strongly supported it.

199. It was apparent that overall official assistance must be stepped up. To meet the new challenges effectively, IFAD needed more resources and he therefore urged the international community to respond generously. All efforts and resources had to be combined in order to have greater impact on the world's poor. In that endeavour, IFAD's partnership with other United Nations agencies, particularly the Rome-based agencies, should be strengthened.



200. **Mr DIALLO** (Executive Secretary, United Nations Convention to Combat Desertification), after outlining the history of CCD, said that the participation of the CCD Secretariat in the work of the Governing Council for the first time was to be seen as more than a formal commitment. IFAD embodied a unique comparative advantage for the implementation of the Convention. The two institutions were united in a common purpose and the potential synergies of their work should be fully exploited and their effect maximized in terms of operational strategy. The framework of their collaborative arrangement needed to be further clarified in order to identify priorities, actions and results, which meant, for instance, separating standard liaison functions associated with the daily management of the Global Mechanism from the requirements and commitments necessary for the adoption of a long-term cooperation strategy. The CCD Secretariat would spare no effort to ensure the timely entry into operation of the Global Mechanism and looked forward to working very closely with its Managing Director.

201. He hoped that the revised draft of the Memorandum of Understanding with IFAD, which contained only minor amendments, would be adopted by the Governing Council in time for its submission to the third session of the Conference of the Parties to be held in November 1999. Another issue for urgent consideration was the initial capitalization of the Global Mechanism. The CCD Secretariat hoped that IFAD would be able to contribute as soon as possible to the Special Resources for CCD Finance Account (SRCF) and to the administrative and operational costs of the Global Mechanism. Having noted that IFAD was supporting the increase of the CCD core budget allocation to the Mechanism, he wished to point out that, while concurring with the principle of expanding the staff capacity of the Mechanism, its core budget allocation was an integral part of the CCD Secretariat core budget and any increase in its volume would amount to an overall expansion of that budget. In his view, no major increase was to be expected for the 2000-2001 biennium.

202. The operational strategy of the Global Mechanism must essentially be based on the Annex to decision 24/COP.1 listing the functions of the Mechanism, which urgently needed to focus on financial issues and avoid wasting time and resources on other aspects of the process covered by other partners or by the CCD Secretariat itself.

203. As a development convention aimed at promoting sustainable development in poverty-stricken and fragile ecosystems, CCD offered IFAD, with its special expertise in combating desertification, an enhanced framework for intervention at the field level. In that context, IFAD should financially support the efforts of the affected African countries to prepare national action programmes and other activities.

204. **Ms DEÚSTUA CARAVEDO** (Peru) commended IFAD's work and its ongoing interest in pursuing clear social goals in its support of the rural poor. She stressed the need to consolidate the lending programme for projects in Latin America and the Caribbean, which, despite widespread rural poverty, had a good track record in the use of financial resources, with a reimbursement rate in the order of 24%. Nevertheless, the 32 Member States of the region had access to no more than 17.1% of the resources disbursed by the Fund, and she sincerely hoped that neither that proportion nor the overall level of funds would be reduced in future budgets.

205. Current global trends showed that there was increasing competition for dwindling financial resources in a context of immense global needs, but a clear distinction was not always drawn between temporary, albeit critical, situations and the endemic, structural rural poverty typical of so many developing countries. IFAD's unique mandate should be seen against that background.

206. Despite Peru's good economic performance in the mid-1990s, one half of the population suffered from poverty and one in five Peruvians from extreme poverty. Long-standing difficulties affecting agricultural production had been compounded in 1998 by the effects of international crises



and the *El Niño* phenomenon. Further support was therefore needed for the Government's efforts to promote agriculture and assist the rural population. She was most grateful to IFAD for its cooperation on projects in her country, notable recent examples of which were one on natural resources management in the southern mountain areas, now ready for replication; another on the promotion of technology transfer to farming communities in mountain areas, which had good potential for a second stage; and yet another to finance the development of rural microenterprises in a poor mountainous area, which would soon be ready for implementation. She hoped that the work of the Twenty-Second Session would help IFAD to meet the challenges of the near future, especially in finding innovative ways of ensuring a balance between available resources and needs.

207. **Mr ROBLES-AGUILAR** (Mexico) stressed the importance of the Fund's mandate in a global context of growing socio-economic imbalances and unequal benefits from the globalization process.

208. The Council had taken the important decision to establish the Consultation to Review the Adequacy of the Resources Available to IFAD which was not only to determine the resource levels required by IFAD but also to assess the impact of IFAD projects since its creation. The work of the Consultation must be based on the Fund's mandate and be confined to the provisions of Resolution 112/XXII. Any analysis of the practical aspects of the benefits accruing from IFAD activities must take account of their social function and of the Fund's unique character as a financial institution providing assistance to rural groups not covered by other similar institutions.

209. Recent financial crises and natural disasters affecting Latin America and the Caribbean had compounded existing structural and other difficulties related to development and led to an increase in extreme poverty. Government efforts therefore needed to be supplemented by external assistance, particularly from such organizations as IFAD with its focus on vulnerable groups. From an ethical point of view, all those involved in the complex causes of the disparities between rich and poor must work together to overcome them. He hoped that the fruitful relationship between his region and the Fund would be consolidated and further developed, reflecting the region's support for IFAD since its inception.

210. Mexico's constructive cooperation with IFAD was to be seen in the successful IFAD-financed projects in his country, some of which served as a model for cooperation in other countries. Typical features of such projects were their catalytic effect, innovative approaches, flexibility and adaptability. The natural resources conservation and hydrological and agricultural infrastructure component of one of the ongoing projects offered a good example. In conclusion, he reiterated Mexico's full support for the Fund's work.

211. **Mr SARR** (Guinea) said that in his country, where over half the rural population suffered from absolute poverty, national economic development strategies gave top priority to poverty alleviation. Results were encouraging, with an increase in subsistence crop production in recent years. The production of rice, the staple food, was a case in point, resulting in almost a halving of rice imports between 1995 and 1998.

212. The Government's efforts had been complemented by the assistance received, *inter alia*, from IFAD. There were currently three IFAD-financed projects in three of the four geographical regions of Guinea, covering 27% of the national territory and 24% of the population, and relating to the improvement of rural infrastructure, development of the production and marketing of agricultural produce, support to small farmers and environmental protection, all with a participatory approach. The projects had successfully raised farmers' incomes and improved the living standards of the populations concerned. A new project for support to village communities was to be initiated in 1999. The visit to Guinea by the President of IFAD in 1997 had had a significant impact on farmers and had been followed up by exchanges with farmers in a neighbouring country.





213. He was gratified to note the efforts to increase lending to Africa, and hoped that similar increases could be envisaged for other regions in need. Commendable efforts had also been made to reduce the administrative budget of the Fund.

214. Observing that the Fourth Replenishment had been completed in a generally satisfactory manner, he urged Member States and donors to ensure that IFAD received sufficient resources to be able to continue to fulfil its mandate. Guinea, which was still undergoing structural adjustment, wished to benefit from HIPC DI. He reaffirmed Guinea's full support for the Fund.

215. **Mr CORNARO** (Austria) endorsed the approach adopted in the Programme of Work for 1999. IFAD was set to remain an active player with a positive impact on rural poverty in the less developed regions. Austria accepted the Programme of Work of over USD 450 million and the operational strategy on which it was based. On the proposed zero real growth budget, the Fund's efforts to contain its expenditures were proof of its efficiency and seriousness — appreciable qualities at a time when savings issues were high on national agendas — and he encouraged the management to pursue such a cost-conscious approach. He also supported IFAD's participation in HIPC DI, subject to ensuring that the Fund's limited resources were used in a way that produced the best possible results.

216. The motive for the policy of diversifying IFAD's portfolio investments into equity was to generate higher capital income in order to ensure greater financial independence from donor contributions. The recent turmoil in the financial markets, however, dictated prudence in such ventures. Investment decisions must be based on a careful selection of markets and industries, with risks minimized by a constant monitoring of financial markets and exchange of information.

217. He had no objection to the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD, only two years after the completion of the Fourth Replenishment. The two main starting points for the consultation exercise should be to draw up a list of the objectives to be attained and to determine the annual commitment level deemed appropriate to ensure the effective impact of the Fund's operations. The future donor-funded resource requirements would also depend on estimated investment incomes, reflows and capital repayments, and on advance commitment of reflows. He hoped that the negotiations would be conducted in a constructive and consensual spirit and would result in a conclusion supported by all groups of Member States.

218. He shared the assessment of the President of the Fund that IFAD's staff was its most valuable asset and commended their work and dedication.

219. **Mr NUIRY SÁNCHEZ** (Cuba) said it was unfortunate that the world was entering into a new century with a global economy marked by inequality and an unjust international economic order in which hunger and poverty were rife. The present century had witnessed two World Wars and another war, that of hunger and malnutrition, which had caused even more deaths and was still going on. After the Second World War the United Nations and the specialized agencies had been set up, with FAO, IFAD and WFP based in Rome. IFAD had been created in 1977 for the specific purpose of helping the developing countries to fight rural poverty by financing agricultural development projects. It had become the bank of the poor and had resisted all attempts to divert it from its original mandate. In that context, the World Food Summit held in Rome in 1996 had produced two very important documents, a Political Declaration and a Plan of Action. He therefore wondered why those agreements were being debated instead of being implemented and why their objectives were being questioned within the international organizations. The Plan of Action laid down the requisite political and conceptual approach to the fundamental problems of sustainable rural development, including the need to adopt policies conducive to investment in the development of human resources and the creation of an infrastructure guaranteeing food security.



220. The future seemed to hold out little hope of improvement for the developing world. Latin America and the Caribbean had recently suffered great damage from drought, floods and hurricanes which had had a negative impact on agriculture and adverse economic and social consequences. More recently, Colombia had suffered from a disastrous earthquake. It had received considerable emergency assistance but needed further support for recovery and rehabilitation. The entire region was suffering from the burden of external debt, which grew even heavier with every repayment made. The World Food Summit had not only defined the problems but had proposed ways of solving them, based on political will.

221. At every Governing Council session, Cuba as a founder member, was forced to explain why it had not found solutions to its debt problem. On six occasions the United Nations General Assembly had virtually unanimously rejected the forty-year-long blockade of Cuba. On 14 October 1998, the General Assembly met, for the seventh time, to discuss “the necessity of ending the economic, commercial and financial embargo imposed by the United States against Cuba”, with a Resolution adopted by 157 votes to 2 against the embargo. There was thus almost unanimous rejection of a policy which was in flagrant violation of the principles of international law. Yet the blockade continued and the economic and political war went on. The only solution was the lifting of the embargo. It was a matter of dignity. Without dignity and the support of the entire people it would have been impossible for Cuba to survive.

222. **Ms SIMMONS** (United States), speaking on a point of order, said it was regrettable that Cuba had chosen the present occasion to make negative references to another Member State of IFAD on matters which were not germane to the Fund. The United States noted that it was the Government of Cuba that bore full responsibility for the economic difficulties of its citizens. It was the lack of democratic opportunity for the Cuban people over a period of almost four decades for free political, social and economic activities that was the real cause of any difficulties Cubans might face. She reminded participants that the United States continued to be the largest donor to the Rome-based food and agriculture agencies. In 1998, its contributions to the three agencies in Rome had totalled almost USD 1 billion — an indication of its strong commitment, and the strong commitment of its people, to better food and nutritional conditions around the world.

223. **Mr NUIRY SÁNCHEZ** (Cuba), exercising his right of reply, pointed out that he had not specifically referred to the United States, but to the title of the Resolution recently adopted by the General Assembly. Was it or was it not true that the United States had been maintaining an embargo against Cuba for over 40 years? It was a fact, and yet Cuba was not at war with anyone. Was it or was it not true that the United Nations General Assembly had rejected the use of an embargo on seven occasions? Was it or was it not a fact that the people of his country were suffering the consequences of the embargo and that it was women, children and old people who suffered most? It was the task of international organizations to help people who were suffering and hungry and that was why he had referred to a hegemonic world in which one great power did not observe the decisions of the vast majority of the Members of the United Nations. There was no need to cite the various agreements and resolutions, or the conclusions of the World Food Summit, because it had always been agreed by the international community that food should not be used as a means of political pressure.

224. **Mr SALEY** (Benin) said that high population growth in the developing countries meant that their development policies were faced with the problem of meeting growing food requirements while preserving natural resources. Governments therefore had to focus on creating the conditions for food self-sufficiency and raising incomes in order to reduce poverty. Benin was suffering from a chronic shortage of qualified staff and a low level of resources earmarked for the rural sector, since public support for agriculture was being cut back. The economy was bound to suffer unless grass-roots capacities were developed and strengthened, which Benin was trying to achieve in spite of scant



resources. IFAD had provided constant support to Benin for that purpose, in particular through an Income-Generating Activities Project and a Microfinance and Marketing Project.

225. IFAD was deeply concerned by environmental degradation and drought, making that area one of its priorities. As a result, the international community had chosen IFAD to house the Global Mechanism of CCD. He hoped that the Fund would also continue to support programmes aimed at food security, the sustainable management of natural resources, the integration of women and young people into the socio-economic development process, the diversification of agricultural production and the promotion of decentralized financial services. The success of such programmes depended on the active involvement of the population in their design and implementation, which was happily one of IFAD's main lines of approach.

226. He welcomed the special attention given to Africa in loan and project activities as well the Fund's participation in HIPC DI. Finally, he called for a spirit of solidarity and tolerance so that IFAD could continue its work on behalf of the poorest of the poor.

PROGRESS REPORT ON THE ESTABLISHMENT OF THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION (Agenda Item 12) (GC 22/L.10)

227. **Mr RYDEN** (Managing Director, Global Mechanism), after summarizing the events leading up to the adoption of Resolution 108/XXI, drew attention to some of the salient points in the progress report contained in document GC 22/L.10. A Memorandum of Understanding approved by the Executive Board in September 1998 had been presented to the second Conference of the Parties, which had introduced some technical changes. Since they did not affect the content of the Memorandum, the Conference had called upon those to whom it was addressed to act as if it were already in force. The three founding members of the Facilitation Committee, IFAD, UNDP and the World Bank, which had met three times in 1998, had decided to enlarge its membership as described in paragraph 14 of the progress report. The work of the Facilitation Committee in the previous year had shown how important a support structure it was for the Global Mechanism.

228. One of his first tasks as the first Managing Director of the Global Mechanism had been to prepare an Operational Strategy for discussion at the second Conference of the Parties in December 1998. The Strategy was based on Article 21 of the Convention and Decisions 24 and 25 of the first Conference, and took account of the fact that the Global Mechanism was not a fund but was intended to increase the effectiveness and efficiency of existing financial mechanisms and to promote actions leading to the mobilization of financial resources and their channelling to affected developing country parties. Although it would have resources for its own functioning and activities, the Mechanism was basically a brokering institution between needs and resources. The Operational Strategy consequently emphasized its role in partnership building, in supporting the development of action programmes and subsequent projects, and in mobilizing and channelling resources for their implementation. The Global Mechanism would also be developing a data base, drawing on existing data bases, to provide information on development assistance flows and needs and on criteria for allocating available resources.

229. When implementing the mandate of the Global Mechanism, priorities would need to be set and choices made, especially at the beginning. In accordance with the Convention, priority would be given to Africa, but without neglecting Asia and Latin America, the other two regions eligible for financial support. It was important for the Mechanism to be able to show relatively early results to demonstrate that it could add value to the implementation of the Convention. He would therefore seek to provide assistance to initiatives which had already been developed and were relatively mature for investment.



**230. The Governing Council took note of the Progress Report on the Establishment of the Global Mechanism of the United Nations Convention to Combat Desertification.**

IFAD'S FOLLOW-UP TO THE CONFERENCE ON HUNGER AND POVERTY: PROGRESS REPORT ON THE POPULAR COALITION TO ERADICATE HUNGER AND POVERTY (Agenda Item 13) (GC 22/L.11)

231. **Mr MOORE** (Coordinator, Popular Coalition to Eradicate Hunger and Poverty) outlined the origin and purpose of the Popular Coalition to Eradicate Hunger and Poverty (the Coalition) as an innovative alliance of intergovernmental, civil-society and bilateral organizations committed to the empowerment of the rural poor by increasing their access to productive assets, especially land and water, and by furthering their participation in decision-making. Through joint planning with the direct involvement of rural people, the Coalition was facilitating land reform and tenurial security, helping to strengthen the capacity of rural people's organizations and disseminating practical community experiences, while identifying promising cases for replication and building on the dynamic experience, knowledge and potential of civil-society organizations. To that end, it had established a Knowledge Network of Civil-Society Initiatives in Land Reform and Tenurial Security in 23 Developing Countries, which enabled communities to benefit from the experience of those that had faced similar constraints. A complementary Coalition network was collaborating with the Governments of Brazil, Colombia, The Philippines and South Africa to investigate market-assisted land reform.

232. The Community Empowerment Facility, launched in 1998, was a unique initiative to facilitate field-level activities that would enhance the ability of the poor to gain or protect access to land, water and common property resources and manage them on a sustainable basis. The funding received to date, through a commitment from the World Bank and a technical assistance grant from IFAD, would be used to support initial projects, act as a catalyst for a multi-donor funding initiative and establish an endowment fund. The Coalition was currently assessing the feasibility of establishing an international loan guarantee system, for field testing, to boost the confidence of commercial lenders.

233. The Coalition's programme in emergency preparedness and prevention, currently being refined, was considering an initiative in Bangladesh and would also be examining post-conflict situations, with a possible first case study in Guatemala. The studies would include a particular focus on land tenure issues. The Coalition was also developing a public awareness programme. The Network on Rural Development and Food Security of the United Nations Administrative Committee on Coordination (ACC) had the mandate to further the follow up to the World Food Summit and the implementation of the programme of action of the Popular Coalition. As such the Coalition was collaborating with FAO — the Network's focal point.

234. As the focal point of the Coalition, IFAD had been working with 11 NGOs, FAO, WFP, the European Commission and the World Bank. The progress achieved to date was due to their common efforts and to financial support from the European Commission, Denmark, Italy, Japan and Switzerland, WFP, the World Bank and IFAD. The Coalition's concrete achievements would now justify its extension to additional partners and the establishment of its first Assembly.

**235. The Governing Council took note of the Progress Report of the Popular Coalition to Eradicate Hunger and Poverty.**



## GENERAL STATEMENTS (Agenda Item 6) (continued)

236. **Mr UPADHYAY** (Nepal) said that, despite all pleas and promises, the number and proportion of the deprived and destitute had risen during the last quarter of the twentieth century. Some 1 200 million people were living on less than one dollar a day and almost as many were without enough food to lead healthy and productive lives. Recalling IFAD's clarion call the previous year for a redoubling of the international effort to achieve the goal of eradicating poverty and hunger, he expressed the hope that the industrial countries would honour their commitment to allocate 0.7% of gross national product (GNP) to official development assistance. World peace and prosperity were unattainable without a redistribution of resources, both within countries and internationally.

237. Nepal's ninth five-year plan set a long-term target of reducing extreme poverty from almost 45% in 1996 to 10% in 2017. A 20-year agriculture perspective plan formed the core of the country's development strategy, the main thrust being to ensure the availability of essential inputs through coordinated investment packages. He commended IFAD's sustainable upland development initiative which would allow such areas to make full use of their natural resources, indigenous knowledge and rich history of community organization. He hoped that bilateral and multilateral donors and some large Asian countries would support that initiative. Nepal was devising a special area development programme covering 25 remote hill and mountain districts, which offered potential for future collaboration with IFAD.

238. Nepal's development efforts required strict prioritization and international support. Its growth strategy needed to be supplemented by fast-track projects that tackled poverty and hunger head-on. The Government was committed to collaboration with IFAD on projects driven by beneficiary participation and implementation. A workshop to review the Fund's project portfolio in Nepal and identify major constraints had been held in September 1998. IFAD's contributions since 1978 to poverty-focused rural development projects in Nepal had been extremely valuable and he hoped that the level of assistance could be increased.

239. Nepal fully endorsed the Programme of Work and Budget for 1999 and noted with satisfaction that a zero real growth rate of the administrative budget had been maintained for seven consecutive years.

240. **Mr AKYEAMPONG** (Ghana) said that IFAD's contribution to the attainment of the World Food Summit goal of halving the number of hungry people by 2015 was crucial. The people of rural Ghana, particularly smallholder farmers, were extremely grateful to the Fund for its wide-ranging poverty reduction projects. Most activities had benefited the target communities and were likely to prove sustainable because of the involvement of the poor in their preparation. On the other hand, the scale of rural poverty was such that additional assistance would continue to be required.

241. Generous donor contributions were necessary to increase IFAD's resource base and new methods of fund-raising must be sought. Ghana supported the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD, which should consider arrangements to mobilize sufficient resources as soon as possible in order to prevent the occurrence of a shortfall when the Fourth Replenishment funding programme ended in the year 2000. The previous tendency to rely on proportional cost-sharing between donor and recipient communities should be reviewed in the light of market-induced reductions in the income of most developing countries, and the OPEC countries in particular. IFAD's very survival was at stake. At the same time, he appealed to developing countries to show more commitment to the Fund's objectives by increasing their contributions to IFAD resources and settling loan arrears in spite of the hardship it might entail. Every additional contribution would strengthen their argument for additional assistance.



242. Ghana supported the Programme of Work and Budget for 1999 and commended IFAD's maintenance of zero real budget growth and of administrative expenditure at around 5% of its loans. But the delicate balance between efficiency and cost containment would be upset unless additional resources were forthcoming for development activities. Among the proposed operational strategies, Ghana particularly supported the continuing focus on well-defined poverty groups and gender awareness; ensuring the participation of the poor; strengthening the focus on Africa; continuation of HIPC DI; and the Flexible Lending Mechanism. In the context of the focus on Africa, an extra effort was required at the project preparation stage and more grants were needed to develop grass-roots institutions.

243. **Mr KESANG** (Bhutan) said that Bhutan, a land-locked least developed country in the fragile Himalayan region, was extremely appreciative of the financial and technical assistance it received from IFAD for integrated development of the agricultural sector. Successful cooperation had been achieved by combining IFAD expertise with strong commitment on the part of the Government and people to effectiveness and transparency in the use of assistance. However, the rural population would only enjoy the full benefit of the partnership if the resource flow through IFAD was maintained and its cooperating institutions provided adequate levels of soft and hard infrastructural facilities for the rural poor, particularly women and children. Only then could Bhutan hope to achieve the goals of poverty alleviation, increased food and non-food rural productivity, higher incomes and living standards, and environmentally friendly development strategies conducive to self-reliance and sustainable development.

244. Bhutan strongly supported IFAD's recent effort to shift its focus to the sustainable development of mountainous areas.

245. **Mr PINTO MONTEIRO** (Cape Verde) said that Cape Verde was a small island country with a fragile economy. Drought and desertification had wrought havoc with agricultural production, adversely affecting family income and living standards, especially among the poorest. A national programme of action to combat desertification and alleviate the impact of drought involved local populations more actively in addressing the problems concerned. Cape Verde welcomed IFAD's role in mobilizing resources for the implementation of CCD. As coordinator of the Global Mechanism, it would act as a guarantor and key partner in sustainable development.

246. The success of the Fourth Replenishment of IFAD's resources was due both to the exertions of Member States and to the personal initiative of the President. He joined the Fund in urging Member States who had not yet deposited their Instruments of Contribution to do so as soon as possible. Cape Verde noted with satisfaction the favourable trend in the Fund's accounts, especially the continuous reduction in administrative costs. It approved the Audited Financial Statements and supported the objectives of the operational strategy and the medium- and short-term strategic thrusts set forth in the Programme of Work and Budget for 1999.

247. Cape Verde had developed an ambitious programme to combat poverty which included decentralized activities in the areas of information, vocational training, promotion of income-generating microactivities and lending. The Government strongly supported SPA and encouraged the Fund to continue along the same lines, while respecting the principles of universality and flexibility. Since official development assistance was declining day by day, Cape Verde fully supported the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD.

248. His Government was grateful to IFAD for its approval of projects of major social and economic importance to Cape Verde, which had been of particular benefit to deprived rural communities, and hoped for its continued support. As an alternate member of the Executive Board for 1999, Cape Verde would do its best to merit the confidence placed in it by Member States.



249. **Mr ALEGRETT RUIZ** (Venezuela), referring to the selection of beneficiary countries under IFAD's Programme of Work, said that most countries in the Latin America and the Caribbean Region, regardless of the level of per capita income, faced serious financial problems due to high levels of internal and external debt, which sharply reduced the proportion of the budget available for programmes to combat poverty and promote development. The situation had been aggravated by the *El Niño* phenomenon, cyclones in the Caribbean, Hurricane Mitch and the general economic crisis affecting developing countries.

250. Venezuela supported the improvement of IFAD's project portfolio management; the Flexible Lending Mechanism, particularly the longer loan period; private-sector participation in the mobilization of complementary resources; involvement of beneficiaries in the design, implementation and monitoring of projects; and the participation of women in IFAD-funded projects. It also attached importance to the promotion of microenterprises and exchanges of experience concerning such activities with public and private national and international institutions. HIPC DI should be expanded to include additional countries from the Latin America and the Caribbean region, particularly those worst affected by Hurricane Mitch. He endorsed the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD, which should attempt to develop criteria and mechanisms for strengthening the continuity of the Fund's activities on behalf of extremely poor rural communities.

251. Lastly, he urged IFAD to assist in alleviating the impact of the recent earthquake in Colombia, particularly on the rural economy and the food situation, and in promoting the speediest possible rehabilitation of the affected areas.

252. **Mr RUPHIN** (Madagascar) expressed his deep appreciation of IFAD's support to Madagascar, which corresponded fully to his country's priorities. He looked forward to an intensification of that cooperation in the years ahead.

253. He noted, with satisfaction, the confidence placed in IFAD by its Member States and the international community which was clearly demonstrated by the status of contributions to the Fourth Replenishment of IFAD's resources, the choice of IFAD to house the Global Mechanism of CCD, the contributions by non-Member States, the manifest willingness of other United Nations organizations to cooperate closely with IFAD, and, above all, the unanimous approval by the Governing Council of all the draft resolutions, in particular those concerning the Budget of IFAD for 1999 and the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD.

254. Madagascar was pleased to note that the lending level in Africa was to be restored, since it was the only region in the world where the number of poor people was increasing and the public authorities accorded priority to agricultural development. Madagascar was also pleased to be included among the countries which were eligible under the agricultural development programme. It trusted that, given its encouraging experience with IFAD projects in the past, its appeal for the funding of additional projects would meet with a favourable response.

255. **Mr FANOURAKIS** (Swaziland), after expressing his country's condolences to the Government and people of Jordan on the sad loss of King Hussein, said that IFAD had made a positive impact on the lives of rural people in Swaziland through activities carried out under successive smallholder agricultural development projects. The current project was proceeding satisfactorily and it was hoped to introduce the credit component shortly. His country had launched initiatives aimed at rejuvenating the economy, including economic and social reform, a national development strategy and a public management programme. Agriculture remained the key sector for growth. His Government's intention was to transform smallholder activities into commercial



enterprises that would improve the quality of rural life and contribute to the overall economy of the country.

256. Many developing countries, especially in Africa, were facing acute problems of economic decline with frightening consequences for the overall quality of life. His Government was therefore encouraging the active involvement of smallholder farmers in irrigated agriculture and animal husbandry, with a view to empowering them to take control of their own lives. He urged IFAD to continue supporting the smallholder sector and not to be discouraged by the slow pace of change. IFAD could play an important role in devising strategies that would enable the smallholder sector to have access to lucrative international markets, bearing in mind the constraints affecting smaller countries.

257. He particularly welcomed the fact that the Governing Council had been invited to consider the follow-up to the Conference on Hunger and Poverty. The international community must redouble its efforts to combat those chronic problems which deprived a large proportion of the population of a decent life. Agricultural development was the chief means of achieving that end, particularly in sub-Saharan Africa.

258. **Mr SCOTT** (Saint Vincent and the Grenadines) expressed his appreciation of the support provided by IFAD to many Caribbean countries to help them address the problems of rural poverty and food security. It appeared that because they had made good use of donor funds and had experienced some growth in their standard of living, they were no longer classified as poor countries and were hence denied further grants and concessionary loans. Poverty, however, was relative and the IMF and the World Bank should perhaps review their criteria for assessing the economies of small island developing States. In that connection, it should be noted that globalization and trade liberalization could become tools for perpetuating poverty and underdevelopment in small island countries. Many of them were blessed with favourable climates, fertile soils and a hard-working population, but they were held back by their small size and lack of financial resources. They sincerely appreciated the continued support of the European Union for the Caribbean banana regime in the face of great pressure from the United States and hoped they would be able to hold their niche in the market place, a mere 3% of the European market.

259. He recalled that new projects for small island developing countries, particularly in the Caribbean, had not been considered for a long time and hoped that trend could be reversed. His own country's single project was due to end in December 1999 but he believed that it should be evaluated with a view to its extension. Furthermore, the time had come to develop another project aimed primarily at establishing agro-linkages with the tourism and service sectors. Countries like his own attached great importance to IFAD which they saw as their last chance of promoting the development of small island States.

260. **Mr PANÉS CALPE** (Spain) said that IFAD was working realistically towards fulfilling its unique mandate, which was particularly relevant at a time when global crises had increased the number of rural populations in serious difficulty. The Spanish Government would therefore continue its strong support to the Fund and was ready to become more directly involved in its management. He had noted with interest the explanations concerning changes in the management of the Fund's portfolio that would enable the Fund to maintain its activities, *inter alia* through cofinancing and greater synergy with other organizations. He endorsed the budget, which reflected continued efforts to contain operational costs in real terms while providing for a reasonable increase in the Programme of Work.





261. The decision to establish the Consultation to Review the Adequacy of the Resources Available to IFAD was an important one. During the consultation process, account should be taken of achievable objectives agreed by Member States and opportunities for ensuring that IFAD's activities became increasingly effective, identifying if necessary any activities deemed inappropriate to the Fund's structure and philosophy. The Consultation should look into all the options available for making the best possible use of resources. He agreed with the reference in the Programme of Work for 1999 to the need for a review of the present situation in Central America and in Asia, pointing out that IFAD's present level of commitment in Latin America fell short of needs. The devastating consequences of Hurricane Mitch in Central America called for an adequate response. It was gratifying that such a response had been forthcoming from IFAD, but further efforts were needed, particularly as IFAD's action could have the effect of encouraging other contributions. Spain's own rapid and wide-ranging response, including emergency food and humanitarian aid and debt relief, had also been directed towards that end.

262. Spain agreed with the priority objectives established to achieve IFAD's goals and was strongly in favour of increasing the participation of beneficiaries in project design and implementation and of improving project portfolio management. Spain was well placed to explore new forms of collaboration with the Fund in certain regions and to seek alternative ways of increasing the efficiency of projects developed by both Spain and the Fund.

263. He commended the decision to house the Global Mechanism of CCD in IFAD. As a country affected by desertification and with experience in ways of controlling it, Spain had been closely involved in the implementation of the Convention. It had been instrumental in the addition of a fourth Annex for the northern Mediterranean, was cooperating with the countries of that region and was encouraging cooperation with other countries, particularly in the southern Mediterranean. It wished to collaborate actively with the Global Mechanism.

264. **Mr FIGUEIREDO** (Portugal), speaking for the first time as Governor for Portugal, commended IFAD's widely recognized contribution to the fight against hunger and poverty and reaffirmed the readiness of his country as a Member State of IFAD since its inception, to continue to support the Fund to the extent of its possibilities.

265. He appealed to the Fund to provide more resources for the agricultural development of the Portuguese-speaking African countries — Angola, Cape Verde, Guinea-Bissau, Mozambique and Sao Tome and Principe — and thus help to alleviate the poverty of their peoples. He hoped that ways would be found of achieving peace for Angola and Guinea-Bissau so that they could advance rapidly towards economic development, solidarity and social progress. The turn of the millennium should be an occasion for intensifying global collaboration in combating poverty and striving for greater justice and solidarity in the world.

266. **The meeting rose at 13.00 hours.**



- (iv) Summary Record of the Fourth Meeting of the  
Twenty-Second Session held on Thursday,  
18 February 1999, at 15.00 hours

**CHAIRMEN: SHAH A.M.S. KIBRIA (BANGLADESH)  
KIRSTI LINTONEN (FINLAND)**

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267. **The meeting was called to order at 15.15 hours.**

GENERAL STATEMENTS (Agenda Item 6) (continued)

268. **Mr DE MONTJOYE** (Belgium), drawing attention to the importance of IFAD's place in Belgium's multilateral cooperation efforts, pointed out that his country's regular contribution to the Fourth Replenishment, combined with its additional contribution under the Belgian Survival Fund, accounted for 7.5% of the Fourth Replenishment's resources. He was proud to announce that the Belgian Parliament had just approved a new phase for the Survival Fund.

269. Regarding IFAD's long-term financing, the Fund now had to find its place in the stark world of competition for scarce resources. Questions such as whether IFAD's financial base should be strengthened with fresh money, whether the level of activities should be maintained on the basis of foreseeable repayments and investment interest and whether consideration should be given to a merger with another multilateral agency warranted careful consideration and should be seen in conjunction with reforms within the United Nations and cooperation with the other Rome-based agencies. Belgium was prepared for constructive discussion of the renewal of IFAD's resources, bearing in mind that agricultural development depended more on carefully thought-out macroeconomic agricultural policies than on financial investments. Special efforts would have to be made to replace the culture of loan approvals by a culture designed to promote food security, an approach that would likewise require close cooperation with other organizations, especially FAO and WFP.

270. Turning to the quality of IFAD's actions, he drew attention to the analysis and conclusions contained in the provisional report of the SPA evaluation, which he hoped would soon be finalized and made available to all who are interested. Of particular interest was the finding that the main constraint limiting the effectiveness of operations and the sustainability of processes lay in the conditions in which external aid in the form of investment projects encountered, promoted and served development initiatives and the projects of rural populations. Steps taken by IFAD in response to that situation included the Flexible Lending Mechanism, but in fact it was very difficult for IFAD to alter the way it "encountered" the requirements of rural people structurally or substantially, because it was linked to governments and both *de jure* and *de facto* it was governments and not the beneficiaries which had to reimburse IFAD. That constraint would continue to detract from the effectiveness of IFAD's action. There was no miracle solution. Working with NGOs was to be encouraged but it would not resolve all the problems that arose, especially with regard to agricultural policy and good governance.

271. Belgium would participate constructively in the review of the adequacy of IFAD's resources. It wished the Consultation to be placed in a context that ensured the quality of IFAD's action and hoped that the Fund would seek the partners it needed to meet that challenge.

272. **Mr JAYARATNE** (Sri Lanka) said that his country greatly valued the development assistance that had been provided by IFAD since its inception. The Fund's objectives matched those of Sri Lanka in the agricultural sector, with projects relating to irrigation improvement, crop development, agricultural extension, livestock development, provision of rural credit and land regularization, targeted principally at poor farmers in dry zones and landless groups.

273. The strategy developed for his country's agricultural programme, with a six-year plan up to the year 2005, was designed to ensure food security and self-reliance in staple and economically important crops. The production of rice, the staple food, covered only about 75% of the country's needs. A core group of researchers was developing innovative technologies to improve agricultural production and productivity of 55 different crops, but IFAD's assistance would be needed to help



them gain access to the latest equipment and other resources. Other areas in which IFAD's assistance would be welcome were the rehabilitation and development of traditional irrigation systems, notably small reservoirs and wells.

274. In order to supplement its production strategy, the Government had initiated farmers' pension and insurance schemes, including medical aid, and a farmers' bank. It had also introduced "farmers' shelters" — 53 to date — as meeting-places and marketing centres. Encouragement was given to the establishment of viable farmer organizations and companies, closely involved in the post-harvest handling of produce and the value added process. His Government looked forward to working closely with IFAD on all those issues. Lastly, at the dawn of the new millennium, he appealed to all nations to put their efforts and resources into working for the common good, and to the donor community to strengthen its contributions to the Fund.

#### REPORT ON THE STATUS OF THE HEADQUARTERS AGREEMENT (Agenda Item 14)

275. **Mr LAWSON** (Assistant President, Management and Personnel Services Department) said that the Fund's activities since the last session with regard to IFAD's permanent Headquarters had consisted in pursuing discussions with the Italian authorities in order to secure expanded accommodation in the building adjacent to the current Headquarters. As the building had been vacated in mid-1998 by the staff of the Italian Ministry of Finance, IFAD had approached the Italian authorities for confirmation of their decision to allocate the building to the Fund. That confirmation had been given. However, the previous owner of the building, the Italian National Insurance Company, had in the meantime been privatized and its real estate assets transferred to a new company called UNIM (*Unione Immobiliare*).

276. At a meeting in December 1998 to seek reconfirmation of the Italian Government's intentions, the Managing Director of UNIM had informed him that any decision concerning the building would require the consent of the company's Board of Directors. It had been agreed to set up two technical committees, one to review the status of the building and its upgrading to legal standards for office accommodation, and the other to estimate the cost of renovation. Both committees had met and the Managing Director would submit his report to the Board of Directors as soon as the cost estimates were available.

277. He paid tribute to the Italian officials, particularly those from the Ministry of Foreign Affairs and the Permanent Representation of Italy to IFAD, for their cooperation and support in the negotiations and expressed his appreciation of the friendly and businesslike reception IFAD had received at UNIM.

278. Barring unexpected developments, he hoped to be able to report to the Governing Council at its Twenty-Third Session that IFAD would be in a position to move into the new accommodation by June 2000.

279. **The CHAIRMAN** said he took it that the Council wished to take note of the oral report given by Mr Lawson on the status of the Headquarters Agreement.

280. **It was so agreed.**



OTHER BUSINESS (Agenda Item 15)

**Approval of the Disclosure of Documents**

281. **The CHAIRMAN** recalled that the Council had approved at its last session an 18-month interim phase for an IFAD Policy on the Disclosure of Documents during which governing body documents would be made available on the Internet. It had also endorsed the recommendation that a final decision on disclosing documents for any particular session should be the prerogative of the governing body concerned. He therefore asked the Council to approve the public disclosure of all the documents that had been approved by the current Session. Its approval would result in the posting of the Council's documents on IFAD's public Website, thus making them available to the general public.

282. The Fund had been able to meet the July 1998 deadline for the start of the 18-month interim phase approved by the Governing Council. By 26 June 1998, all documents submitted to the Governing Council at its Twenty-First Session had been posted on the public site. Similarly, all documents approved by the three 1998 sessions of the Executive Board had been posted on the site.

283. Now that the mechanism was fully operational, all governing body documents dispatched prior to a session were posted on IFAD's secure site, to which entry was limited to Governors and/or Executive Board Directors. Once the documents were approved for disclosure, they were moved to the public site for general perusal.

284. He took it that the Council wished to disclose all documents approved at the current Session.

285. **It was so agreed.**

GENERAL STATEMENTS (Agenda Item 6) (continued)

286. **Mr DUMBUYA** (Gambia, The), after conveying to the President the greetings and thanks of a farmer in The Gambia whose life had been transformed by an IFAD project, commended the Fund on its impressive achievements. Thanks to past and ongoing projects, The Gambia had advanced towards its objective of ensuring food security, reducing poverty and bettering the lot of the rural population in general and vulnerable groups in particular. The SPA, with its focus on drought and desertification control, provided a framework for the sustainable management of the environment and natural resource base, leading to the alleviation of poverty and the attainment of rural development.

287. As the current Minister Coordinator of the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), he expressed his appreciation for the excellent collaboration with IFAD. The two organizations had entered into a cooperation agreement focusing on reinforcing the capacity of CILSS to contribute effectively to the design of subregional development programmes and the harmonization of national policies, the implementation of international conventions to combat desertification, and strategic planning in the areas of food security and the management of natural resources. Prospects for cooperation with IFAD included the development of incentives for natural resource management, the provision of funds in the context of subregional action programmes, and the preparation of investment programmes.

288. Progress in implementing IFAD-funded programmes and projects was encouraging and justified the incorporation of the programme objectives and strategies into ongoing mainstream country programmes. Support for such priority areas as poverty alleviation, food security and rural finance was vital for effective grass-roots participation, capacity building at community level and



people-centred development and empowerment. His country looked forward to closer partnership with IFAD and called on donors to provide more funds.

289. IFAD had become a household name in The Gambia, whose people appreciated the support they had received in raising their incomes and improving their nutrition and health standards. His country welcomed the Fund's cooperation with other development partners in making The Gambia and the rest of the developing world a better place to live in.

290. **Ms Lintonen (Finland) took the Chair.**

291. **Mr NTIHABOSE** (Burundi) paid tribute to IFAD for having stood by his country at a most difficult time when other donors had withdrawn, leaving the population in distress. Two projects were currently under way in Burundi, where the people still remembered the encouragement they had derived from the President's visit in 1997. Burundi welcomed the path taken by the Fund and urged it to strengthen its action to reduce poverty and malnutrition in the developing countries by supporting food preservation and processing projects, artisanal activities and rural credit.

292. The negative impact of the crisis Burundi had been undergoing since 1993 would be felt for a very long time. Nevertheless, thanks to the determination of the people and the international community, the crisis was slowly receding and Burundi earnestly hoped that the Arusha accords would be signed before the end of the year. It had been relieved by the lifting of the embargo, which had caused enormous suffering, and wished to thank all those who had contributed to that outcome.

293. The economic situation of the country was a matter for concern since the social infrastructure had been badly damaged and there had been a sharp decline in economic activity. Agriculture had obviously been very hard hit, with the effects of the embargo compounded by the phenomena of *El Niño* and *La Niña*. The food situation was highly precarious and the Government had launched a new appeal to the international community and donors for emergency aid of some 300 000 tons of food. In spite of that somewhat gloomy picture, the national authorities were determined to put the crisis behind them and were taking active steps to revive production. He called upon donor countries and IFAD to support Burundi's efforts to speed the process of reconstruction and to relaunch the development process.

294. **Mr XHUVELI** (Albania) said that his Government attached special importance to its relations with IFAD. Since joining the Fund in January 1992, his country had benefited from loans under two ongoing projects whose evaluation had led to improved management that was expected to produce significant results. In view of the success of the two projects in alleviating rural poverty, his Government would very much appreciate a third project focusing on credit, agricultural development and agricultural infrastructure. Albania would, of course, bring strong commitment and experience to bear in implementing such a project.

295. Albania was at present preparing an agricultural development strategy with clearly defined short- and long-term goals. Cooperation with IFAD had a special place within the strategy. His country was highly grateful to the Fund for its contribution to the welfare of Albanian farmers, which had had a positive impact on rural communities. It was hoped to extend similar activities to other areas of the country. IFAD's support was not just financial, but moral and institutional, which had encouraged Albania to meet its financial obligations to the Fund in good time.

296. **Mr WALI** (Nigeria) said that IFAD-assisted activities in Nigeria had been particularly successful by virtue of their sharp focus on target beneficiaries and their participatory character. He referred in particular to the cassava multiplication project, its follow-up roots and tubers expansion



programme and the Sokoto state agricultural and community development project, which he hoped would be replicated in other states of the Federation that were prone to drought and desertification.

297. Nigeria strongly supported the aims of the Rome Declaration and Plan of Action of the World Food Summit and remained committed to its partnership with IFAD in this respect. It was particularly pleased with the renewed emphasis on Africa in terms of lending operations in IFAD's Programme of Work and Budget for 1999. The focus on Africa should be further strengthened in the years to come. He welcomed the firm commitment to fight desertification displayed at the Conference of the Parties to CCD and commended IFAD for rising to the challenges presented by information and communication technology

298. The rate of growth of the agricultural sector in Nigeria had exceeded 4% in the past two years and still higher growth rates were planned for the future. It was hoped to reduce import dependency, improve industrial capacity utilization, enhance the local content of certain products and expand the public revenue base in order to offset the vagaries of the oil market. The ongoing democratization process coupled with more pragmatic economic and fiscal policies had opened up new opportunities for foreign investment in agriculture and other sectors. Key public enterprises were being privatized. Microcredit under the family economic advancement programme was proving to be an effective source of economic empowerment.

299. The Government and people of Nigeria sympathized with the victims of natural disasters such as Hurricane Mitch and supported IFAD's efforts to alleviate their sufferings. He expressed condolences to the Government and people of Jordan on the death of King Hussein.

300. Nigeria strongly supported the draft resolutions on the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD and on the revision of the ceiling of the General Reserve. Lastly, he believed that developed and developing nations must work together to avert the social, economic and political conflicts that were likely to arise unless effective action was taken to alleviate world poverty.

301. **Shah A.M.S. Kibria (Bangladesh) resumed the Chair.**

302. **Mr ALI** (Bangladesh) said that the emergency assistance received by Bangladesh following the recent natural disasters had been efficiently managed by the authorities and no deaths by starvation had been reported. In that context, the fact that the number of hungry and malnourished people throughout the world had risen since 1996 called for a concerted response from FAO, IFAD and WFP. The DAC of OECD had set a target of reducing absolute poverty by half by 2015. However, official development assistance had fallen by as much as 20%. At such a time, IFAD obviously needed more resources rather than less. The Nordic countries, Canada, The Netherlands and the United Kingdom had expressed support for consultations with IFAD on the pooling of additional resources. New options such as the opening of a private-sector window had been mentioned. In that connection, it could be argued that the millions of small and marginal farmers in the developing countries formed the core of the private sector. His Government would welcome support for private-sector actors who wished to be involved in agro-processing.

303. Another new option was the replacement of the project approach by a sectoral and programme approach, but IFAD project design already incorporated sectoral and programme elements to a substantial degree, for example through the emphasis on environmental protection, marketing linkages, community and stakeholder participation, and infrastructure and human resources development. Bangladesh was currently working closely with the World Bank on a review of its rural development strategy and IFAD participation in the venture would be welcome.



304. About 70% of global food demand in the year 2015 would have to be met by the developing countries. The resulting intensification of crop production would lead to soil health problems and environmental degradation. Furthermore, an element of fairness would be required in the free market to ensure access to food for the poor. The rights of small and marginal farmers in low-income countries would have to be protected against the problems associated with the introduction of biotechnology into agriculture and, more generally, against the impact of globalization and liberalization. IFAD should not adopt a prescriptive approach but one that was flexible enough to enable small and marginal farmers to harness the full potential of a free and fair market.

305. **Mr SY** (Senegal), after expressing his condolences to the people of Jordan for the tragedy that had befallen them, endorsed the statement made by the representative of Burkina Faso on behalf of the Africa Group. Senegal was particularly gratified that priority was being given to Africa in IFAD's Programme of Work for 1999. Maintaining that priority presupposed that Africa would be in a position to benefit from the resources made available to it, which called for the strengthening of Africa's representation in the Fund.

306. IFAD's housing of the Global Mechanism of CCD was a welcome development. All necessary means should be made available rapidly to enable the Mechanism to become operational so that it could be of assistance to countries like Senegal which had completed their national drought and desertification control plans. He recalled that, even though the Memorandum of Understanding had not yet been finalized, the second Conference of the Parties held recently in Dakar had requested that those concerned should proceed as if it were already in effect.

307. In Senegal, where the liberalization of the agricultural sector in a context of globalization had caused some frustration and apprehension, vigorous measures had been taken to promote research, agricultural extension and support for farmers, while maintaining certain subsidies. In particular, new strategies were being devised in cooperation with the World Bank and other traditional partners, with the direct and welcome involvement of IFAD, for the implementation of a major programme of support services to producers and their organizations. At the same time, the Government's regionalization policy, which entailed strengthening local democracy, was backed up by a substantial rural infrastructure programme, which was currently under evaluation with IFAD's participation.

308. Senegal was grateful to IFAD for its assistance and hoped that agreement would be reached among Member States in the course of the Consultation to Review the Adequacy of the Resources Available to IFAD so that it could continue to fulfil its mandate.

309. **Mr AUMANU** (Solomon Islands) after noting that this was the first time Solomon Islands was represented at a Governing Council session, said that the difficulties experienced by his country as a least developed, small, isolated island State prone to natural disasters, lacking in resources and infrastructure and with an overwhelming majority of subsistence rural dwellers among the population, accounted for the Solomon Islands continued dependency on resources from its development partners.

310. The allocation of scarce resources from IFAD must be based on qualitative criteria. Accordingly, the criterion of merit, reflecting development indicators, performance and sound management and eliminating distortions inherited from the past, should be strengthened and encouraged. A system of rolling programming should be introduced, with regular reviews of both the total amount of the allocation and the nature of the assistance. Such an approach was consistent with genuine partnership, would make it easier to adapt programmes to changes in a country's situation and would predicate funding increases on the fulfilment of commitments and effective implementation.





311. His country was undergoing policy and structural reforms, for which support was needed. Its agricultural policy was based on food security, food import substitution, increased food production, employment opportunities and improved farming systems. The implementation of those policies called for assistance in the form of support for rural agricultural integrated development centres, inputs for the rice expansion project and resources for food production and nutrition programmes.

312. The Solomon Islands looked to United Nations agencies as its partners in development and endorsed calls for continued collaboration and consultation among all agencies with the same objectives, on the basis of comparative advantage. It was a matter of concern that IFAD assistance to small, island developing States appeared to be declining, particularly with the trend towards increased assistance to Africa, Asia and Latin America.

313. **Ms MARZIALI** (Observer for MOVIMONDO MOLISV), speaking at the invitation of the Chairman on behalf of the NGOs, said that the alleviation of poverty through a sustainable human development process was the common purpose of IFAD and the NGO community, whose collaboration could have important results. The experience of international development cooperation had shown the need for grass-roots involvement, in which the NGOs played an essential role as intermediaries between the community and national and international institutions, maintaining a dialogue with civil society in the developed countries. The opportunity to discuss policy issues with bodies such as IFAD enabled NGOs to make their contribution at a high level of political decision-making. The annual IFAD/NGO Consultation had become an important forum for the exchange of experience and knowledge and for constructive policy dialogue.

314. The NGOs also valued their collaboration at field level in the design and implementation of projects and programmes, and hoped that cooperation with IFAD would be intensified in the formulation of innovative projects and in initiating a systematic learning process based on past experience. She urged the Fund to assume the role of an “incubator of creative ideas” by carrying out pilot initiatives and testing promising methodologies. The NGO Advisory Group was reviewing the issue of improved efficiency in the flow of resources through Member States to NGOs and would report on the matter. It was equally important to carry out joint project evaluations in order to provide feedback for future action. The NGOs particularly appreciated the efforts IFAD had made in recent years to encourage profitable partnerships among the different actors in development.

315. In commemoration of IFAD’s Twentieth Anniversary, the ninth IFAD/NGO Consultation held in December 1998 had produced a statement in which it paid tribute to IFAD’s efforts to channel more aid through NGOs and to strengthen its collaboration with them. The hosting of the Global Mechanism of CCD was a further indication of the Fund’s global role. Its new policy framework allowed NGOs to interact regularly with IFAD staff, which had led to the expansion of the Extended Cooperation Programme from USD 350 000 to USD 2 500 000 a year, with a ceiling of USD 75 000 per project. The NGOs acknowledged with thanks the positive achievements registered and looked forward to further efforts by all partners to build sustainability into future development undertakings.

#### CLOSURE OF THE SESSION

316. **The CHAIRMAN** said he trusted that the decisions taken during the Twenty-Second Session would be the starting point for further deliberations enabling IFAD to continue its operations at the pace and level needed to ensure that its work continued well into the new millennium.

317. The Vice-President of the Council of Ministers of the Italian Republic, His Excellency Sergio Mattarella, delivering the inaugural address on behalf of the President of the Council of Ministers, His Excellency Massimo D’Alema, had stressed the need to consolidate efforts to provide for the hungry by establishing partnerships across all levels of society. Italy’s proposed alliance for



agricultural development, involving not only FAO, IFAD and WFP but also NGOs and the private sector, could go a long way towards ensuring the right to food for all. The message from the Secretary-General of the United Nations, Mr Kofi Annan, had underlined the importance of IFAD's place in the United Nations system as a critical actor in eradicating poverty. Commenting on global development challenges, he had stressed that, notwithstanding the prevailing atmosphere of donor fatigue and frustration with the pace of progress, continued solidarity and deeper partnership were the only way forward. The Executive Director of WFP, Mrs Catherine Bertini, had delivered an impassioned statement on WFP's work, the issues that still needed to be addressed, the ideals shared by the three Rome-based agencies and, most importantly, how they worked together to achieve those ideals. The message from the Director-General of FAO, Mr Jacques Diouf, had described as a great tragedy the fact that in a world of plenty and vast technological achievement so many millions of people still went hungry. He had called for a renewed commitment on the part of the entire international community to bridge the gap between rich and poor. In their general statements, the Governors had once again provided insight into how Member States perceived the Fund's work, the direction they would like it to take and the momentum at which it should proceed. Their observations clearly showed that the Member States remained strongly committed to the cause of the hungry and to IFAD's work.

318. After prolonged negotiations, the Fourth Replenishment of IFAD's resources had become effective in record-breaking time. It was heartening to note that the receipt of instruments of contribution and payments against pledges not supported by an instrument of contribution had reached 96.1% of the total pledges made.

319. The Council had approved the administrative budget of IFAD for 1999 at a level of USD 55.42 million, including a contingency provision of USD 400 000 and a sum of USD 343 400 to fund the 1999 meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD. That level, representing zero real growth for the third consecutive year, preceded by three years of budget reduction totalling 26%, was an impressive feat; IFAD deserved praise for its efforts to reduce operational costs while maintaining the high level of efficiency for which it had become known. The Council had also adopted Resolution 111/XXII authorizing the Executive Board to amend the ceiling of the General Reserve. Accordingly, the Board was entrusted with the task of reviewing the adequacy of the current USD 100 million ceiling in 1999 and taking the requisite decision.

320. The single most important Council decision had been to establish the Consultation to Review the Adequacy of the Resources Available to IFAD. In that connection, he stressed the major responsibility of the Governors for the Fund's success. It was their duty now to focus on resource requirements from the year 2000 on. The task had been entrusted to 46 Member States which were to undertake a thorough review of the impact of IFAD programmes, the Fund's lending level, the resources available and, consequently, the additional resources required. He felt confident that all concerned looked forward to achieving a timely consensus on those matters so that they could be considered at the next Session.

321. With the amendment to the Rules of Procedure to allow for more flexibility in the timing of sessions, it was now possible for the Secretariat to provide both a draft Annual Report and information on the financial statements of the year preceding the session — a practice the Council would like to see continued.

322. The Council expected that the Global Mechanism of CCD would help to realize the considerable potential of the Convention to assist millions of poor farmers living in dryland areas prone to desertification. The progress report on the establishment of the Global Mechanism and that on another important collaborative enterprise, the Popular Coalition to Eradicate Hunger and Poverty,



clearly indicated the Fund's willingness to participate in joint efforts centred around a common commitment, to learn from the experience of others and to share its own knowledge, aware as it was of the strength of a united front. The Council had also heard with interest the report on progress made with regard to the Fund's Headquarters accommodation and looked forward to an early and successful conclusion. Finally, the Council had approved the public disclosure on the IFAD Internet Website of the documents presented to the Twenty-Second Session.

323. The Twenty-Second Session would be the last of the millennium, the previous fifty years of which had been marked by the willingness of countries to collaborate in a global effort to help the less fortunate. IFAD had been created in response to the threat of widespread hunger. Twenty-one years on, those in Asia, Africa and Latin America who were struggling to ensure a good harvest every year to avert food shortage still felt no complacency about the situation. In his own country, food availability, entitlement and nutrition remained issues of the highest priority. Alleviating poverty and raising farm incomes on a long-term basis were goals that would continue to be unattainable for many countries if there was a slackening of effort on the part of the global community. IFAD's agenda must include those basic issues in its vision for the 21st century. It was a tribute to IFAD that more than 200 million men, women and children were enjoying a better life as a result of its efforts, but for the sake of the many more who had yet to experience a life free of hunger and malnutrition, the continuity of IFAD's work must be ensured. He was honoured to have presided over two historic sessions of the Council, which had reaffirmed its confidence in the Fund by providing it with the means to review its resource requirements — resources that were generally recognized to be essential.

324. He declared the Twenty-Second Session of the Governing Council closed.

325. **The meeting rose at 17.15 hours.**

## CHAPTER 3

### B. OTHER GENERAL STATEMENTS BY GOVERNORS AND OBSERVERS

#### Statement of the Alternate Governor for the Republic of Angola

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

It is a real privilege for me to be able to take the floor at this Twenty-Second Session of the Governing Council of IFAD of which you are Chairman.

We are convinced that, under your leadership, the current Session will be crowned with success.

We would also like to express our satisfaction with the President of IFAD and his staff for their devotion to the cause of the poor and for the quality of the documents they have presented.

In his opening statement, the President of IFAD, Dr Fawzi Al-Sultan, reported that the Fund had acquired 16 new Member States in the course of the last six years. On behalf of my delegation, Mr Chairman, allow me to congratulate the Fund for the increase in the number of its Members because this is a sign of recognition of its unique role in the multilateral system, and also of greater responsibilities in meeting Members' needs in a positive manner.

Mr Chairman,

In its policy document entitled "Strategic Framework for FAO, 2000-2015", IFAD's sister organization in Rome, the Food and Agriculture Organization of the United Nations (FAO), has listed 12 major trends that I do not want to cite here.

Despite the efforts of African populations and the international community to escape from the spectre of hunger and poverty, we are forced to note that poverty persists in the face of economic growth in some countries of our continent and stagnation in others – and even a worsening of the daily living conditions of rural Africans. The gulf between the rich and the underprivileged is ever-widening.

This is an alarming situation and it should be noted that according to available information and forecasts, the economic and social situation of the great majority of African countries shows no sign of improving. In some cases, it is worsening.

We hope that efforts will be made by our States, in the first place, to revive economic activity. This will certainly have a positive effect on improving the living conditions of our people.



Mr Chairman,

As you know, war has started again in Angola. The logic of war, in return, threatens the long-awaited economic recovery and a normalization of the situation of the rural community. Despite this, my Government still firmly believes in the 'Lusaka Agreement', is concentrating its energy on national pacification, and hopes to put a definitive end to this more than 20-year-long conflict.

The return of generalized war has created insecurity in many regions of the country, and those dominated by agriculture have been abandoned. The hope of seeing rapid economic recovery which had been under way has vanished again. People have migrated towards towns in the safest zones, bringing in their wake over-population, unemployment and other ills, such as the rise of the phenomenon of street children, an increase in vulnerable groups and malnutrition in a country in which agricultural production has disappeared, forcing the State to turn to massive imports of basic necessity goods.

In this context, my Government is making a major effort to resettle and encourage the rehabilitation of these groups to new living conditions, and to offer considerable assistance to refugees, the wounded and war orphans.

To this effect, I launch a vibrant appeal to the international community to continue humanitarian assistance to my country. In the meantime, I warmly thank it for the assistance it has not stopped giving.

Considering the objectives of the Plan of Action of the World Food Summit, and in the spirit of its mandate, IFAD – which participated actively in that end of the millennium event – has replied favourably to the appeal of the Government of the Republic of Angola by agreeing to finance two projects.

For the first project, two agreements were signed three years ago: a loan agreement for a total of 6.7 million Special Drawing Rights (SDR) and a grant of 86.7 million Belgian Francs (BEF) for the food crop development project in the Northern Region – PRODECA – which covers three provinces. The aim of the project is to help farmers in 18 municipalities improve their levels of food security and yields.

The second project agreement, signed on 24 December 1997, concerns the fishing communities development programme in the Northern Region. This project will be implemented in the municipalities of Soyo, N'Zeto and Tomboco in the province of Zaire. A loan of SDR 5.3 million (equivalent to USD 7.31 million) and a grant of BEF 37.5 million were agreed.

Given the politico-military situation facing the country today, it was not possible to fully execute activities programmed for 1997 and 1998 for the first project. Evaluation missions have been carried out and their recommendations are in the process of being implemented. However, given the new situation, a re-evaluation is necessary to introduce modifications. The second project has only just started; the operational structures envisaged in the project document are already in place.

IFAD activities are also included in a third project for food security in the province of Uige. Following understandings among the four signatories to the agreement, part of the funds will be used in the province of Bengo. This is the first experience in which the three Rome-based institutions – FAO, IFAD and the World Food Programme (WFP) – are working together in the field. This USD 4.8 million project is financed by the Government of Italy. My Government takes this opportunity to sincerely thank the Government of Belgium, which has provided grants for the first



two projects, and the Government of Italy which has answered the appeal of FAO's Special Programme for Food Security.

My Government is grateful for the existence of this partnership and encourages IFAD to find ways of collaborating and reinforcing closer synergies with other Rome-based partners of the United Nations system, with the private sector, with NGOs and with civil society. My Government awaits with interest the follow-up that will be given to this question at the project and institutional levels with respect to the major thematic and sectorial lines.

Following these general remarks, Mr Chairman, I cannot conclude my statement without making some comments on the agenda items before this Twenty-Second Session of the Governing Council.

It is now one year, Mr Chairman, since IFAD's Fourth Replenishment came into effect. In this context, we can express satisfaction that, to date, out of a total of USD 419.6 million pledged, the equivalent of USD 213.1 million has been paid in cash and promissory notes. This is really encouraging. Despite the difficulties of an economic nature which my country faces today, it has already deposited its instrument of contribution and will spare no effort to honour its commitment. Our Government has promised to spare no effort in 1999 to ensure that the name of the Republic of Angola returns to the last column on page 4 of document GC 22/L.3.

On this point, my delegation would like to congratulate countries such as the Kingdom of Belgium and the Kingdom of The Netherlands for their supplementary contributions to the Fourth Replenishment of IFAD. The example of the Republic of Iceland merits note and could be followed by others. This country merits congratulations because, even though this is a token contribution, it can be used in a number of activities and increase the technical assistance grant programme. On the other hand, IFAD can finance microprojects. This is a demonstration of the commitment of the country to help IFAD achieve the objective of hunger and poverty elimination. Mobilization of supplementary funds is an element of IFAD's institutional strategy that should be continued. It is absolutely necessary that agreement be reached this year on the continuity of Fund operations and that it has adequate resources to start the year 2000.

This question is strictly related to point 9 on the agenda. Taking into account the considerations contained in paragraphs 1 and 2 of the document, we must approve the draft Resolution in document GC 22/L.4 related to the setting up of a consultation to examine the adequacy of resources available to IFAD.

My Government approves the financial statements for 1997, the results contained in document GC 22/L.4, and the audit report.

IFAD's Programme of Work and Budget for 1999 was examined in depth by my Government and approved. Nevertheless, some themes merit special attention, particularly those of maintaining the priority given to certain poor groups, mobilizing supplementary resources in favour of the poor, participation of the poor – the primary beneficiaries – in the design and implementation of projects, and a positive bias towards Africa.

Concerning amendment of the Governing Council's internal regulation on the dates of annual sessions, we support the proposed draft resolution. However, the Secretariat should collaborate with the other Rome-based United Nations institutions to avoid overlapping.

In terms of modifying the ceiling of the General Reserve, it is clear that a review is called for since 19 years have passed since it was approved. We live in a world in which the economy is in



perpetual movement as a result of inflation, devaluation, fluctuations in exchange rates, and so on. This is why it is imperative that the ceiling be reviewed and readjusted. My delegation has no difficulty in approving the recommendation indicated in point 3 of document GC 22/L.9.

Mr Chairman,

Even if the information document does not require deep study, my delegation is pleased with the document and with the fact that IFAD did not sit and do nothing in front of the consequences of Hurricane Mitch. As can be seen from document GC 22/INF.4, in collaboration with other United Nations organizations, IFAD acted quickly with concrete measures. We congratulate IFAD for this.

The Executive Director of WFP, Mrs Catherine Bertini, has spoken eloquently of the daily experience of WFP and has again launched an appeal to the entire international community in favour of those who did not eat yesterday or today, and who will not eat tomorrow. I repeat her appeal and strongly support it.

To conclude, Mr Chairman, we want to reaffirm once again that the Republic of Angola is in agreement with IFAD and assures IFAD of its support for the important mandate we have assigned to the Fund. We are convinced that IFAD's activities to reduce poverty and promote rural women will be intensified to have an even stronger impact on the living conditions and well-being of the people of our communities.

I thank you for your kind attention.



**Statement of the Acting Governor  
for the Commonwealth of Australia**

Mr Chairman,  
Distinguished Governors,  
Ladies and Gentlemen,

On behalf of Australia's Governor to the IFAD Governing Council, the Honourable Kathy Sullivan, MP, Parliamentary Secretary to the Australian Minister for Foreign Affairs, I am delighted to attend this Twenty-Second Session.

Australia continues to be a strong supporter of IFAD's mandate aimed at alleviating poverty in rural areas of the poorest developing countries. This important mandate accords very well with the Australian Government's identification of agriculture and rural development as one of five priority sectors for the Australian Aid Program.

Sustainable agriculture and rural-based non-farm livelihoods offer improved long-term prospects of food security, reversal of environmental degradation and poverty alleviation. In 1998-99 the Australian Government will spend an estimated AUD 100 million on development aid in the agriculture, forestry and fisheries sectors.

A significant part of this will support the Australian Centre for International Agricultural Research. This Centre mobilizes Australia's research capacity to help solve agricultural problems in developing countries.

To ensure that Australia's policies and priorities continue to be appropriate and responsive to the needs of developing countries, the Australian Agency for International Development recently commissioned a policy review of Australia's agricultural and rural development assistance. The findings of the review, to which IFAD was a valued contributor, will be considered shortly by the Australian Government.

The Australian Aid Program has a particular focus on building and maintaining effective partnerships in the East Asia and South Pacific regions. In this regard, Australia welcomed IFAD's call in October 1998 for urgent action to help alleviate the severe impact of the Asian financial crisis. Australia has increased substantially its own aid to the region, parts of which have suffered not only from the economic and social consequences of the financial crisis, but also from severe droughts induced by the recent *El Niño* weather patterns.

Notwithstanding the strong claims for IFAD's assistance in a number of regions of the world, we strongly encourage the Fund to direct additional resources to East Asian countries to help ensure that the substantial development gains they have made over the past few decades are not lost.

Clearly, an important issue for IFAD this year will be the review of the adequacy and predictability of its future financial resources beyond the current replenishment. We look forward to considering IFAD's documentation outlining the impact of the Fund's past and current operations, future policy directions and financial scenarios. These papers are an important starting point for a detailed analysis of funding options and opportunities for the organization.

In this context, the difficult budgetary realities that many of us face provide a different environment from the one that applied during the final period of the Fourth Replenishment. Australia





believes, therefore, that IFAD should continue to move towards a greater degree of self-sustainability, consistent with the need for the Fund to maintain an adequate annual commitment level.

Australia supports IFAD's Programme of Work and Budget for 1999 based on its five corporate strategic "thrusts" and corporate objectives. We note with approval the undertaking that additional efforts will be made in the areas of participation of the poor and of improving portfolio performance. Australia also welcomes the implementation in 1998 of the corporate scorecard, the principles of which accord with our own approach to results-based aid delivery. Australia also acknowledges the efforts made by IFAD to maintain zero real growth in its administrative budget.

Lastly, Australia would like to thank the President and staff of IFAD for their substantial efforts on behalf of the poorest of the poor and wish the Fund every success in the important year ahead.



**Statement of the Governor for  
the Central African Republic**

Mr President,  
Mr Chairman,  
Distinguished Governors,

The Minister of Agriculture and Livestock of the Central African Republic, Dr Joseph Kalite, is unable to attend and has asked me to represent him at the Session and to present his regrets and excuses, but also his warmest greetings and hopes that he will be among you very soon.

Distinguished Governors,

On behalf of myself and the Government, I would like first of all to greet you:

- greet and thank the authorities and people of Rome for their welcome and hospitality;
- greet and congratulate the editing team for its efforts and the quality of the documents before the Twenty-Second Session.

The Central African Republic can be classified as an agropastoral country since the agriculture and livestock sectors employ more than 80% of the population and provide a livelihood for more than three million inhabitants. This is why these two sectors, together with education and health, are considered determining factors in the struggle against poverty and hunger, and are among the top priorities of the President of the Republic, His Excellency Ange Félix Patasse, an agricultural expert, and of the Government of Action for the Promotion of Democracy headed by Prime Minister Anicet Georges Dologuele.

Distinguished Governors,

In its permanent struggle against poverty and hunger, in its patient research and in its difficult actions, the Government of the Central African Republic has by its side, among international organizations, IFAD – a potential ally which has stood out, basically thanks to two major development projects:

- the Savannah Food Crops Rural Development Project (PDSV) which expires in the year 2000;  
and
- the Bouca Rural Development Project, for which financing ends in June 1999.

Strengthened by the results IFAD has achieved, the Government of the Central African Republic intends dedicating the year 1999 to negotiations with funders to finance the Agricultural Master Plan, documents on which will be submitted to IFAD within a few months in the hope that its usual support will not fail to appear.

On behalf of the President of the Republic and the Government of the Central African Republic, I would like to conclude by paying a heartfelt tribute to IFAD for its constant and particularly effective support.

Distinguished Governors, I thank you for your kind attention.



**Statement of the Governor for the  
Federal Democratic Republic of Ethiopia**

Mr Chairman,  
H.E. Fawzi H. Al-Sultan, President of IFAD,  
Honourable Governors,  
Distinguished Delegates,  
Ladies and Gentlemen,

First, allow me, on behalf of the delegation of the Federal Democratic Republic of Ethiopia and that on my own behalf to express how greatly honoured I am to address the Twenty-Second Session of the Governing Council of the International Fund for Agricultural Development.

I wish at the outset to thank you warmly, Mr Chairman, for your able leadership. My delegation is very confident that you will certainly lead the proceeding of this Session to its final conclusion.

I would like also to seize this opportunity to sincerely thank Mr Fawzi H. Al-Sultan, President of IFAD, for his untiring efforts in shaping the Fund to be more responsive to the challenges in an effective and efficient manner.

Mr Chairman,

We are now at the closing of the millennium. Today's collective vision and mission of member nations will of course have a resolute impact on our future. In the realization of our aspirations to fight against hunger and poverty, hence to ensure 'food security', we are aware of the fact that our development efforts are geared to increasing production and supply while maintaining sustainability. In this connection, IFAD is one of the leading institutions entrusted with the task of assisting poor farmers in developing countries to increase food production, taking the environmental factors into account. The Fund's involvement and commitment in sustainable development are some of the merits that qualified IFAD to house the Global Mechanism of the United Nations Convention to Combat Desertification.

A quick review of the performance of IFAD in the eradication of hunger and poverty with a view to promoting food security shows satisfactory results. In this context, mention can be made of the result of the external assessment made in 1994. The study suggested that the Fund was capable of living up to the expectations of its Member States.

In fact, the dual nature of IFAD — development and funding — and its flexibility have helped it to target its beneficiaries and to be also gender sensitive. That the focus was on poor farmers and small artisans in rural areas and small towns respectively makes the institution unique.

IFAD's support in terms of financial resources and technical assistance continues to be very instrumental in improving the living conditions of the rural masses in most poor countries. Ethiopia firmly believes that the role of IFAD as a catalytic agent in promoting rural and agricultural development is going to be more enhanced today than ever. IFAD's support to Ethiopia, mainly in terms of loans and technical assistance, started back in the 1980s. Until recently the areas of intervention focused on increasing agricultural production by promoting improved technologies, including small-scale irrigation, and capacity-building of financial and credit institutions. Currently, some of the major projects/programmes under implementation are the Southern Region Cooperatives



Development and Credit Project and improved seed production and distribution. Moreover, my Government has signed a number of loan agreements with the Fund in the areas of national conservation, based on the Agricultural Research and Training Project, the implementation of which will be effected shortly.

There are a number of useful experiences learned in the course of implementing IFAD-financed projects in my country, and we are pleased to share these experiences with Member States.

In summary, the Ethiopian delegation would like to take this opportunity to express sincere appreciation for the involvement of IFAD in the development efforts of the people and the Government of Ethiopia. Further, Ethiopia commends IFAD's recent reorganization and management improvement actions going on in-house as well as the successful reduction of its administration budget as indicated in the document before us. As regards institutional reform and management capacity enhancement, we note with satisfaction that the good initiative in developing its infrastructure will help prepare the Fund for an efficient and effective twenty-first century IFAD.

Regarding the Programme of Work and Budget for 1999, it is encouraging to see that the strategic direction of the Fund focuses on the eradication of poverty and that the strategic thrusts take into account, among other things, the participation of beneficiaries and a vision into the future resource requirements of the Fund.

My delegation is also pleased to see the unstinting effort of the Fund to stick to the basic principles underlying its establishment. In this regard, we support the focus on backward regions, mainly Africa, and the emphasis on the poorest. The fact that IFAD is gender sensitive in its credit activities has merit since women in the developing world have limited access to services, of which credit is very fundamental, especially in the rural areas.

The special consideration for the heavily-indebted poor countries debt initiative, commonly known as HIPC DI, is a move in the right direction due to the inexplicably high debt service ratio. Therefore, it goes without saying that most countries in such situations will not be in a position to generate sufficient revenue for investment in excess of the amount that finds its way for debt recovery.

Mr Chairman,  
Excellencies,

IFAD works with many development partners and member governments and in this respect it is increasingly important to have synergy among all partners for cooperation, coordination, as well as cofinancing. While the Fund's achievements in this respect are encouraging, it should be borne in mind that there is ample room for improvement in the future.

In closing, I would like to pledge our strong support and approval to the Programme of Work and Budget for 1999 and the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD. And, finally, my country would like to renew its commitment to IFAD — an institution “working for a world without hunger”.

Thank you all.



## Statement of the Permanent Observer for the Holy See

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

On behalf of the Delegation of the Holy See, I wish to express some considerations on IFAD's activities and goals, taking into account the question of adequacy of the Fund's resources, submitted for the consideration of this Session of the Governing Council.

The basic structure of small farmers should be credited and IFAD is working in this sense, following the human ethical principles to assist people in their personal development and make them remain independent proprietors.

1. Small credit assistance is the best way of human self-support, since the financial help goes directly to small farmers and their families and less money is used for organization and bureaucracy.

We must recognize that IFAD controls very well the credit through its personnel and their monitoring activity. Therefore, no political or commercial powers can use money for some selfish and egoistic purposes. The control of financial resources is necessary.

2. The developed governments should be invited to contribute more to the Fund for the development of the basic agricultural sector and to assist the population in their formation, infrastructures and their own just market systems.

In conclusion, I hope, Mr Chairman, that in the spirit of solidarity, any egoistic position will be eradicated and an equitable adequacy of IFAD's resources granted by its Member States in order to assure continuity to our organization.



**Statement of the Acting Governor for  
the Republic of Iraq**

Mr. Chairman of the Governing Council,  
Distinguished Governors,  
Ladies and Gentlemen,

As you know, my country, Iraq, was one of the early founders of IFAD, trusting that it would be a tool to help countries develop their agricultural capabilities in order to contribute to the food security of all people — a goal which we all work for through financing agricultural projects or providing grants according to the rules and regulations of IFAD.

You are well aware, Ladies and Gentlemen, that Iraq has met its obligations since joining IFAD. Present circumstances and the economic blockade against Iraq prevented it from fulfilling some of its earlier commitments, but Iraq is ready to fulfil such commitments when such blockade is terminated.

I wish also to explain that, because of the state of siege, Iraq is facing many problems, including agriculture-related problems such as animal diseases, i.e., Screw-worm, Foot and Mouth Disease, Brucellosis and Small Ruminant Plague. Some of these diseases are contagious and can easily infect bordering countries as well as other countries of the region if not contained and controlled. However, I appreciate here the great efforts of FAO in combating such diseases in coordination with the interested Iraqi authorities. Such efforts are of course exerted within resources available to FAO. I also appreciate the efforts of other international organizations in this respect.

Since the problem of animal disease in Iraq threatens all Near East countries, Mr Jacques Diouf, the Director-General of FAO, convened a meeting on 29 January to discuss this problem. The meeting was attended by the heads of Asian and African groups and by the head of the Group of 77. Mr Diouf expressed concern that animal diseases were threatening the animal wealth and the food security of the region.

You know that in normal circumstances, Iraq was in no need of IFAD's assistance, whether grants or loans, as it was in a proper financial position, and due to the fact that there were other needier countries. However, the present economic blockade, known to everybody, required IFAD to contribute to the solution of this problem according to its rules and regulations. As we have indicated, these diseases do not threaten only the animal wealth of Iraq but also that of the whole Near East region, and affect its food security as reported by experts of FAO.



## **The Statement of the Acting Governor for the Hashemite Kingdom of Jordan**

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

The agricultural sector in Jordan faces major constraints affecting its development and farmers' ability to increase productivity. The limited availability of arable land and the rare water resources are principal challenges in the face of agricultural policies. While Jordan continues to mobilize its resources and develop its agricultural sector, it does not ignore social considerations resulting from international economic policies influencing poor and low-income population, especially in rural areas.

The Structural Adjustment Programme and Stabilization Policy (1992-1998) followed by the Jordanian Government have contributed to monetary and financial stability in Jordan. The application of this programme gave positive results that were manifested in stabilization of the exchange rate, a marked decline in inflation, decreased deficit in the balance of payments and public budget, decrease of foreign debt and increase of foreign currency reserve. The policies of this programme are restrictive in the short-term at least, whether by controlling and rationalizing public spending or by limiting money expansion (two major preconditions for in-house arrangements). However, it has some negative effects on social and economic fields, especially in relation to increase of poverty and unemployment and losses in the agricultural sector. The policy of decreasing public budget deficit led to decreasing government subsidy to staple foods, such as bread and essential food items, and to irrigation water, and abolishing feed subsidy. All these procedures have greatly affected a large segment of the rural and desert population and have consequently worsened the problem of poverty.

Jordan realized acceptable rates of increase in Gross National Product during 1992-1995. However, these rates have declined in the last three years because of international and regional circumstances such as the drop in oil prices, the economic crisis in Southeast Asia, and the fall in foreign investments. All these developments led to a slowdown in exports and decrease in the remittances from Jordanian workers, which consequently led to lower income levels and an increase in poverty and unemployment.

The realization of social and economic development requires that efforts be channelled towards the development of rural and nomadic areas, and increasing the contribution of agriculture to the national economy and the alleviation of poverty and unemployment. In order to achieve these noble goals, the Government has followed an effective, sustainable and equitable agricultural policy. The Government has also given priority to improving food security at the national level and to using available productive resources while protecting the environment. The Government has also accorded great importance to agricultural development projects to increase arable lands, water reserves and harvests.

In order to face the problem of poverty and unemployment, the Government has followed a national strategy that included a programme for social productivity. The programme began in 1998 and will be executed in two phases. The first phase will last three years and cost USD 255 million, and the second, seven years, will cost USD 800 million. The objectives of the first phase are to:



1. raise income levels of the poor and those who are unable to work, by increasing cash subsidies and improving mechanisms so that such subsidies reach those who are in need;
2. improve economic and investment opportunities for poor labourers, through financing and developing the small project sector;
3. increase job opportunities for poor labourers and those seeking work, through training and rehabilitation and introducing them to the labour market; and
4. develop physical and social infrastructure in the poor areas.

The second phase will concentrate on increasing social productivity, especially among the poorer segments and among the Jordanian people as a whole, through the development of some major sectors such as education, technical training, information, technology, infrastructure and governance.

I wish to conclude my statement by referring to the close cooperation between Jordan and IFAD which dates back to the early 1980s. This cooperation has been the cornerstone to achieving some goals of the agricultural policy in Jordan. Assistance and loans from IFAD to finance agricultural infrastructure and agricultural development projects have helped increase family income, especially among the poorest, protect agricultural lands from degradation, conserve the soil and increase the efficiency of water use.

In the name of my Government, I wish to commend highly the efforts of IFAD in Jordan. I would like also to thank the President, Mr Fawzi Hamad Al-Sultan, and his staff, who have spared no effort to support the national endeavours of Member States to realize sustainable agricultural development.

Finally, I wish IFAD all success and prosperity. Thank you.





## Statement of the Alternate Governor for Romania

Mr Chairman,  
Distinguished Governors,  
Ladies and Gentlemen:

The Romanian delegation joins the previous speakers in congratulating you, Mr Chairman, on your election to chair this meeting; we extend our congratulations to the vice-chairmen as well. We have no doubt but that under your stewardship our work here will be successful in attaining our stated objectives.

As we stand at the threshold of the third millennium, the world is already entering a new era, one in which the bipolar international structure that was in place for so long has virtually given way to an ever more globalized economy.

Unfortunately, we are also aware that we continue to face many of the same problems and challenges, namely, hunger, poverty, and difficulties with food production and distribution.

Poverty is one of the root causes of food insecurity; and hunger, in turn, contributes to the perpetuation of poverty. A concerted poverty-reduction effort, coupled with special assistance for the most vulnerable groups, is crucial to ensuring the right of all to a decent food supply. Indeed, in most countries that suffer from severe hunger and poverty, agriculture has long been a crucial sector for providing populations of meagre means with higher income levels and broader and more stable access to an adequate and nutritional food supply.

Mr Chairman,

We are pleased to note that IFAD continues to spearhead efforts to alleviate rural poverty and support actions aimed at ensuring global food security.

As the Fourth Replenishment period nears completion, we have cause to hope that the Fund will accomplish its priority tasks – such as poverty reduction and providing food security – by financing rural activities in developing countries and countries in transition.

Having examined the 1999 Programme of Work and Budget, we are also pleased to note that IFAD continues to faithfully discharge its mission, ever sensitive to the problems of poverty that face most developing countries and some of the countries in transition. The Fund's flexibility has enabled it to make the necessary adjustments in its programmes.

It is also precisely this flexibility that has allowed the Fund to obtain such good results, despite the sometimes severe impact of such negative factors as floods, drought, armed conflict, and turmoil in trade and financial markets, to name just a few.

IFAD's work is all the more challenging owing to the fact that the persistence and aggravation of problems associated with rural poverty and food insecurity are compounded by the decreased availability of resources needed to perform that work. If the Fund is to fulfil its core mandate, it will require an effort from all members of the international community.



In this connection, we commend IFAD on its 1999 Programme of Work and Budget and especially on its efforts in recent years to pare back the administrative budget, to the point that there will be zero real growth this year.

Against this backdrop, Mr Chairman, I would like now to share some brief thoughts on the current situation of the agriculture sector in my country.

The Romanian Government continues to be committed to implementing a food-security programme. For Romania, such a programme would call for a rapid restructuring of the agriculture sector, including sector output, by way of accelerating reform efforts, introducing measures to foster investment, ensuring broader dissemination of up-to-date technologies and setting up an operational agricultural market.

The reform I refer to should be based principally on a broad-based investment programme aimed at tapping the country's agricultural and food-production potential by means of extension, support and capacity-building for farmer organizations and local communities, with an eye to enabling them to take over infrastructure initiatives, such as the replenishment of soil fertility, watershed management, large and small-scale irrigation, and ultimately the implementation of an appropriate and sustainable system of rural farm credit.

We also need to bear in mind the objectives of subregional integration and openness to other members of the international community within the framework of the Uruguay Round.

Romania is aware that it must take a more active stance towards reinforcing its support and commitment to resizing its development programmes based on national priorities and resource availabilities.

At the same time, Romania hopes that the international financial institutions will fully appreciate the potential of the country's agriculture sector.

In this regard, I should like to make special mention of IFAD's new approach to the countries of central and eastern Europe. Romania welcomes the fact that, under the new strategy, IFAD has already begun work on formulating projects in countries of the region.

Romania itself is to benefit from an IFAD project this year to support private-sector development in the country's mountain regions.

In closing, we would like to say that there are solid prospects for closer cooperation between Romania and IFAD.

Thank you, Mr Chairman.



**Statement of the Acting Governor for the  
Kingdom of Thailand**

Mr Chairman,  
Distinguished Governors,  
Ladies and Gentlemen,

On behalf of the Ministry of Agriculture and Cooperatives of the Royal Thai Government, it is a great pleasure for me to be here today and to address this Twenty-Second Session of the Governing Council. We are delighted to see you, Mr Chairman, in the chair of this important event again.

I wish also to pay tribute to President Fawzi Al-Sultan who has been successfully leading this organization. As a member of IFAD, Thailand has followed closely those activities focusing on the rural poor and the improvement of food security in developing countries, and we commend the President for his tireless efforts in trying to achieve the organization's objectives. We are also very happy to see the continued and strengthened collaboration among IFAD, the Food and Agriculture Organization of the United Nations and the World Food Programme.

Mr Chairman,

My delegation has considered document GC 22/L.4 which contains the Audited Financial Statements of IFAD for 1997. We share the view expressed by the External Auditor and are pleased to support the decision as quoted at the end of page 3 of the document.

Secondly, regarding the review of the adequacy of the resources available to IFAD, my delegation considers that the continued operations of the Fund must be assured and so there is a need for the establishment of a consultation to review the said resources. Thailand, therefore, is prepared to adopt the proposed draft resolution.

Thirdly, we are of the view that the first quarter of each year is quite appropriate for holding annual sessions of the Governing Council. My delegation is pleased to adopt the proposed draft Resolution on the amendment of the Rules of Procedure of the Governing Council to allow future sessions to be held within the first quarter of each year.

Fourthly, as you are aware, Mr Chairman, after many years of high economic growth, the Thai economy plunged into recession in the second half of 1997. The crisis has precipitated a far-reaching review and restructuring of national economic priorities in Thailand. Under the new constitution that was approved in September 1997, emphasis has been put on good governance, community empowerment, decentralization and social and environmental issues. Besides, the Eighth National Social and Economic Development Plan and public sector investment programme was restructured in January 1998 in response to the new stabilization programme and the need to reduce the short-term impact of the crisis.

Finally, Mr Chairman, Thailand is striving to move out of the economic crisis. We really hope to be able to contribute more to the Fund when the situation improves.

Thank you.



### **Statement of the Acting Governor for the Republic of Tunisia**

Mr Chairman of the Governing Council,  
Mr President of IFAD,  
Distinguished Governors,  
Distinguished Delegates,

My country maintains a close and fruitful relationship of cooperation with IFAD, and in this context I wish to express the satisfaction of the Government of the Republic of Tunisia with the highly appreciated contribution of the Fund to the largely positive results achieved by Tunisian agriculture in recent years.

I would like to take this opportunity of wishing IFAD's President, Mr Fawzi H. Al-Sultan, continued success at the head of the Fund, and to express my congratulations to the officials and experts of IFAD for their work in favour of developing countries.

I would also like to compliment His Excellency Shah Kibria in his role as Chairman of the current Session of the Governing Council.

The mission of specialized international organizations in the service of food and agriculture is as noble as it is difficult. Every day, new challenges arise. The twenty-first century, which will be characterized by globalization, poses a series of fundamental questions for the future of these organizations: should the same methods continue to be followed for tackling world hunger; how to finance vital projects on time, as diminishing financial resources combine with the persistence of alarming situations; how to better coordinate the initiatives of different parties; and how to draw the best advantage from the efforts of the states concerned, recognizing that their meagre resources are often exhausted just by external debt servicing which continues to grow, without mentioning environmental problems, the greenhouse effect, desertification and catastrophes such as *El Niño* which herald even more disastrous climatic changes.

While expressing its strong concern regarding the difficulties that continue to weigh heavily on future generations, particularly on the African continent, Tunisia firmly believes that the answers must continue to be sought through the following elements:

- reinforcement of international cooperation and solidarity, principles that are proclaimed and defended, especially by the international specialized organizations;
- encouragement for and extension of scientific research, bringing all parties together;
- increased vigilance by national governments in implementing food and agriculture programmes that contain reinforced measures in favour of the most deprived social strata and regions at risk;
- rapid identification of environmental deterioration and threats of erosion or over-exploitation, in order to introduce concerted scientific solutions; and
- encouragement for and promotion of sustainable development programmes.



Mr Chairman,

Tunisia is making a major effort to implement a rational agricultural development policy aimed in particular at rural populations. Within this framework, on Wednesday, 17 February, a loan agreement for an integrated agricultural development project in the region of Zaghouan was signed with the Fund.

In this context, Tunisia reiterates its commitment to continue contributing fully to following the recommendations of the World Food Summit. In particular, Tunisia is concentrating its resources on realizing a policy of sustainable development and integrated rural development. It relies primarily on its own resources and on the support of friendly countries and specialized organizations such as IFAD.

Mr Chairman,

The documents presented during the course of our Council clearly demonstrate that IFAD has been able to develop a precise and effective line of action that has allowed it to take the lead as an agricultural development assistance body whose role complements the important work carried out by the other two organizations dedicated to agriculture.

Thank you for your attention.

**Statement of the Acting Governor  
for the Republic of Uganda**

Your Excellency, the President of IFAD,  
Your Excellencies, IFAD Council Governors,  
Distinguished Guests,  
Ladies and Gentlemen,

I am most grateful for the opportunity given to me to address this august meeting of IFAD's Governing Council. We need to acknowledge and salute IFAD for its role in the fight against poverty in those countries that have low incomes and are food-deficient. We, in Uganda, commend IFAD for its Lending Policies and Criteria that have enabled it to be involved in Uganda's development efforts since 1982. In this regard, IFAD has funded projects/programmes that have focused on:

- Promotion of strong civil-society organizations (including women, farmers and producer groups) and community development, as a measure to integrate the rural producers and the poor into the economy.
- Support for smallholder production of cash crops to raise incomes, expand exports and substitute imports as well as food crops to improve nutrition.
- General support to agricultural development and social services for poverty alleviation.

The impact of these initiatives has been impressive, as they have led to improved agricultural production, delivery of extension services, introduction of high-yielding varieties, increased use of animal traction and improved technology development.

The Government of the Republic of Uganda/IFAD partnership has, therefore, been in the fight against poverty among Ugandans and we hope that this will continue. This partnership in the years ahead looks even brighter with the formulation of the Poverty Eradication Action Plan and the Medium-Term Plan for Modernisation of Agriculture. The programmatic framework for attacking poverty and food insecurity therefore appears much better now than ever before.

In recognition of the important role IFAD plays in poverty alleviation in our country, the Twentieth Anniversary of IFAD's existence was celebrated in Uganda on the International Day for Poverty Eradication, 17 October 1998. We wish to thank Your Excellency, President Fawzi H. Al-Sultan of IFAD, for having joined us on that day. This shows the commitment IFAD attaches to Uganda. Mr President, we thank you for the visit and look forward to receiving you again in the near future.

I wish to report that the economy of Uganda has responded very well to the stabilization and structural adjustment measures introduced by Government since 1987. Over the past ten years, the economy has grown at an annual average of 6.5% per annum. This remarkable growth has been achieved with a low rate of inflation, which has been in single digit in the last three years on average, with a greatly reduced budget deficit and a relatively stable exchange rate.



However, this commendable macroeconomic performance has not been sufficiently broad-based to address problems of mass poverty and poor human development indicators in Uganda. Poverty is still a reality in our country and some sections of the population are food insecure. I do believe that this could be the case in many of the Member States represented here today.

In Uganda, the Government has resolved to wipe out poverty from Ugandans by reducing the percentages of the population currently living in absolute poverty from the present 66.3% down to less than 10%, and the percentage of the population currently living in relative poverty from 86.2% down to 30% by the year 2017.

We should note that the agricultural sector remains dominant in Uganda's economy. Today, the sector accounts for 43% of the country's GDP, provides 80% of employment and most industries and services in the country are based on this sector. During the past ten years, agriculture has grown at a rate of 4-4.5% per annum in real terms. The Government's goal is to speed this up substantially to about 6% per annum over the medium term, and to achieve this on a sustainable basis. In this regard, the Government has prepared a Plan for Modernisation of Agriculture. The Plan aims at raising productivity in farming and in agro-processing which will reduce substantially the proportion of the labour force employed in agriculture while achieving marked increases in off-farm employment in various rural sectors.

From now onwards, the Government of the Republic of Uganda envisages:

- A competitive agriculture with lower costs per unit of production and marketing.
- Modernizing agriculture with adoption of high-yielding, disease- and pest-resistant planting materials, fertilizers and chemical inputs.
- A diversified agriculture, with higher valued commodities and higher income elasticity of demand commodities, especially fruits, vegetables, fisheries and livestock products.
- An exporting agriculture with increased trade in traditional cereals into regional markets and food aid countries.
- An agriculture in which total factor productivity is increased, for both land and labour.

To achieve the goal of modernization of agriculture, the Government's thrust in the agriculture sector in the next three-to-five years will be to:

- Finance extension services for smallholders.
- Finance agricultural research for smallholders.
- Finance the control of epidemic diseases and pests.
- Finance the implementation of land reform.
- Provide regulatory services.
- Finance the collection of agricultural statistical data and production and marketing information.
- Set policies and regulations to foster the expansion of private sector supply of inputs and services.
- Construct fish landing sites.
- Finance the development of irrigation information and capacity-building of smallholders in water harvesting, and soil and water conservation.



The role of IFAD in meeting the challenges of poverty and food in security, therefore, remains great and important. We believe that IFAD can pave the way for poverty eradication among the rural poor in our countries through programmes that respond to the needs and expectations of our people, and especially the poor. In Uganda, the Government will support, as has always been the case, such initiatives on a partnership basis.

I wish to call on IFAD to join Uganda's other development partners in supporting the struggle to modernize agriculture.

Ladies and gentlemen, I thank you for your attention.





## CHAPTER 4

### STATEMENTS AND SPECIAL ADDRESSES

#### **Welcoming Statement by the President of IFAD Fawzi H. Al-Sultan on the Occasion of the Visit of His Excellency Sergio Mattarella, Vice-President of the Council of Ministers of the Italian Republic**

Mr Vice-President of the Council of Ministers,

It is a great pleasure for me to welcome Your Excellency to the Twenty-Second Session of the Governing Council of IFAD, to which you have graciously accepted to deliver a message on behalf of His Excellency Massimo D'Alema, President of the Council of Ministers. On numerous occasions, the Council has been honoured by the presence of Italian Government dignitaries of the highest level—testimony of your country's interest in IFAD and its belief in the organization's unique mandate.

Over the years, Italy has played a pivotal role in addressing the worldwide problem of hunger and poverty. Indeed, for more than half a century, Rome has not only been home to the United Nations food and agriculture agencies, but has hosted major world conferences that have addressed this issue of paramount importance. On many occasions, the international forum has recognized your country's invaluable contribution and we, today, are privileged to benefit from it.

Your country's strong support of IFAD – not only as its host country, but also as a consistently generous Member State of the Fund – is one of the many facets of Italy's commitment to providing aid to those in need. Aid is still required if the international community is to honour the commitment taken at the 1996 World Food Summit to reduce by half, within the year 2015, the number of people suffering from hunger and malnutrition.

Your Excellency, your presence here today once again demonstrates your Government's conscientious stance and its interest in the Fund's endeavours.

Mr Vice-President, I am sure I speak on behalf of all those present in expressing our gratitude for your joining us here today.



**Inaugural Address by His Excellency Sergio Mattarella,  
Vice-President of the Council of Ministers of the Italian Republic,  
on Behalf of His Excellency Massimo D'Alema,  
President of the Council of Ministers**

Mr Chairman,  
Distinguished Governors,  
Distinguished Heads of Delegation,

I am particularly pleased to have been invited to open this session of the Governing Council which gives me the occasion to bring you the greetings of the Italian Government and to reiterate our firm support for IFAD's activities.

Over the last 50 years, the world has witnessed radical changes, driven by increasingly rapid progress which has transformed political, economic and social reality, and even the private dimensions of single individuals. However, there have also been many tragic events and, despite progress, the problems we face are still enormous. In these same years, numerous international organizations have been created, all fruit of that forward-looking political will that gave birth to the United Nations. Italy, conscious of its responsibilities, brings to the United Nations a convinced and determined political commitment, in addition to considerable financial support.

The first challenge, which is still far from having been met, is the struggle against poverty, at the centre of which lies the objective of full respect for individual rights, first among which is the right to food security. Celebrating the fiftieth anniversary of the Universal Declaration of Human Rights, however, we were again forced to recognize that millions of human beings die of hunger every year, deprived of food or the possibility of access to means of food production. Some 25 years ago, this challenge was picked up at the World Food Conference in Rome, which brought together the foreign and agriculture ministers of the member states of the United Nations system. That conference laid the groundwork for a new and profitable global strategy to fight hunger and malnutrition. The international community must live up to the commitments it has made. In 1996, again in Rome, a new World Food Summit put together an Action Plan for progressively reducing the number of hungry and malnourished persons.

We have celebrated various anniversaries in these last two years, including the twentieth anniversary of the founding of IFAD. Since 1978, IFAD has financed more than 520 projects in 113 countries, with positive effects for some 30 million families in the world's poorest countries. Thanks to IFAD projects, more than 200 million people have been helped to break out of the vicious circle of hunger, poverty and malnutrition.

The development of agricultural and agro-industrial systems remains the most effective instrument for meeting the needs of food security in the poorest countries. I would like to use this occasion to associate myself with the recognition IFAD has received for the interventions it has promoted to render agriculture in emerging countries both more productive and more participatory. This has become an indispensable strategy for developing countries, particularly those facing situations of food insecurity, to face up to the ongoing process of globalization, which deeply affects even the availability of and international trade in agricultural and food products.



Sustainable and balanced development in the agricultural sector and of rural populations is also one of the keys to overcoming social and ethnic conflict that lie at the heart of the many complex crises and humanitarian emergencies that the international community has had to face up to with massive resources in recent years. It is now time to reinforce our attention and increase the resources we dedicate to structural and lasting improvement of the rural poor's living conditions. To this end, IFAD can make a notable contribution to exploiting credits for aid as an effective instrument in public development assistance policy. At the operational level, this means targeting assistance credit specifically at promoting economically-sustainable interventions that are capable of triggering a process of social growth. Further, wider partnership with new actors such as the private sector can offer promising prospects, and Italy encourages this.

Food security is a global problem. This explains the priority that development banks give to poverty elimination, acting on social and environmental variables in less-advanced countries. In this direction are to be found the positive results of different forms of support, such as microcredit for rural development linked to integrated interventions for safeguarding natural and environmental resources. The decision taken last year at the First Conference of the Parties to the United Nations Convention to Combat Desertification to select IFAD to house the Global Mechanism was forward-looking and strategic.

Italy is honoured to host IFAD in Rome. We have destined around USD 178 million to the regular resources of the Fund, of which USD 29.4 million were pledged on the occasion of the Fourth Replenishment. In addition, we have made available supplementary financing of more than USD 8 million for supporting specific activities, such as those designed to improve the conditions of women in poor areas, and to promote the creation of a Popular Coalition to Eradicate Hunger and Poverty and programmes to combat desertification. In this framework, it is important to turn our attention to the worrying regression towards aridity and desertification which are unfortunately on the advance, even in the Mediterranean Basin. The Italian Government is ready to take part in the Consultation to Review the Adequacy of the Resources Available to the Fund after the year 2000.

Italy supports the process of reforming the economic and social system of the United Nations promoted by the Secretary-General with a view to rendering its activities more integrated and therefore more effective. In the same sense, we are encouraged by recent progress in renewing the partnership among three Rome-based international bodies active in the food and agriculture sectors. The Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), each with its own specific operational strategy are, together with IFAD, in a position to achieve significant synergies, and to maximize their complementarity to the best. Thanks to their common vocation and mission to improve food security and rural development, which other international bodies do not possess, FAO, WFP and IFAD have the potential to become the strongest international grouping in this most important sector of sustainable economic and social development.

In this context, Italy draws the attention of the international community to the idea of an "Alliance for Agricultural Development" among FAO, IFAD and WFP, open to external contributions, particularly from NGOs and the private sector. This would be in line with the reforms currently under way in the United Nations, aimed at a common strategy for planning interventions at country level and coordination at field level.



We are confident that, within as brief a period of time as possible, we will be able to inaugurate a new and more adequate headquarters for IFAD. For the Fund, the countries that support its activities and those who benefit from its programmes, this will be a renewed confirmation of the common will to continue an activity that is qualitatively excellent, economically valid and fully coherent with the founding principles of action to safeguard peace and promote development that characterize the United Nations.

Thank you, Mr Chairman.



**Statement of Appreciation by the Governor for the Kingdom of Saudi Arabia  
on Behalf of the Member States of IFAD,  
for the Address by His Excellency Massimo D'Alema,  
President of the Council of Ministers of the Italian Republic  
Delivered on his Behalf by His Excellency Sergio Mattarella,  
Vice-President of the Council of Ministers**

In the name of God the Merciful, the Benevolent, Your Excellency Sergio Mattarella, Vice-President of the Council of Ministers of the Italian Republic, Your Excellencies, Ladies and Gentlemen, may God's blessings and peace be upon you all.

It is indeed a great pleasure and honour to express on behalf of all the members here present in the Governing Council our most sincere gratitude for Your Excellency's presence here today to open our deliberations on the Twenty-Second Session, and I would like to congratulate Your Excellency on your enlightening words which we have listened to. Your Excellency, last year the Governing Council commemorated 20 years of IFAD's operations. It was clear from the many testimonies heard on that occasion that the Fund enjoys the reputation of being one of the leading international institutions in the fight against hunger and poverty. It is justifiably recognized as being truly committed to its mandate and to improving the nutritional level of the poorest populations in developing countries and the conditions of their lives.

Your Excellency, it is incumbent upon me here to say that over the years, your country has been a most generous contributor to the Fund and has always been at the forefront in providing both moral support and dedicated commitment. May I take this opportunity to thank the people and the Government of the Italian Republic for their generosity and their support of this Fund.

In conclusion, allow me once again to express our appreciation on behalf of myself and all my colleagues. We indeed appreciate Your Excellency's participation with us here today. May God's peace and blessings be upon you all, and thank you.



**Statement of the Secretary-General of the United Nations,  
His Excellency Kofi Annan,  
Delivered on his Behalf by Mr Staffan De Mistura,  
Director of the United Nations Information Centre, Rome**

Mr Chairperson,  
Excellencies,  
Ladies and Gentlemen,

I would like to convey to you a message on behalf of the Secretary-General of the United Nations, Kofi Annan.

It gives me great pleasure to convey my greetings and best wishes to the International Fund for Agricultural Development on the occasion of the Twenty-Second Session of its Governing Council. IFAD is a key part of the United Nations system and a crucial actor in our global mission of peace and development.

IFAD has an especially crucial role to play in the eradication of poverty, which remains one of the principal objectives of the international development community. After all, it is your primary constituents, the rural poor, who more than any other single group feel the pain of hunger and the destitution of absolute poverty. Your programmes and activities are helping to create the necessary conditions in which they can work their way out of such suffering. Most importantly, you are helping to galvanize the energies of the poor themselves.

Like the rest of the development community, IFAD remains concerned with resources. As you know, the Organisation for Economic Co-operation and Development has just reported that the aid provided to developing nations by developed countries fell to a record low in 1997. If IFAD is to be able to continue effectively serving the rural poor, an adequate level of financial resources must be assured.

IFAD, for its part, is working hard to provide real value to those resources. It has undertaken an important series of reforms that have sharpened its focus. A new corporate strategy has been formulated, emphasizing the need for closer partnerships with the poor and with the civil-society institutions that represent them. The President of IFAD has participated actively in reforms carried out in the context of the Administrative Committee on Coordination, the ACC, which the Secretary-General presides, thereby improving the coherence of the United Nations system.

The development challenges we face today — whether age-old or new — are growing even more urgent and complex. There is donor fatigue, there is some frustration that we have not made greater progress and the gains we do make are fragile, often surprisingly so. This is an undeniably difficult backdrop. But there is no other way forward except that of continued solidarity and deeper partnership. In that spirit let me stress that I do attach great importance to IFAD's place in the United Nations system, and I wish you the best for a productive, successful session.



**Statement by the Executive Director of the World Food Programme,  
Mrs Catherine Bertini**

Thank you, Mr Chairman, I always enjoy coming to the IFAD annual meeting and being able to see so many people who come from capitals and here in Rome who represent their governments, not only to IFAD but also to FAO and to WFP. And, always, it is a pleasure to be with Fawzi Al-Sultan, my wonderful colleague with whom we do so much good work, I think, individually and collectively as our organizations do. Sitting at his table also is the Deputy Director-General of FAO, as well as the Vice-President of IFAD, who has been introduced already. They, too, are very important colleagues of ours at WFP and we work all of us, regularly together, with Mr Ngongi, our Deputy Executive Director, on many important issues.

You know, as we sit here and talk today, we must think about so many of our brothers and sisters around the world who are struggling to come to the position where they can put food in the mouths of their families today: where they can have not only some food to put in the mouths of their children and their families, but where they are able to have some of the right food to be able to help to sustain themselves. People, for instance, who are still struggling in Central America as a result of the aftermath of Hurricane Mitch. They are buried in mud, their houses are gone, their fields are destroyed, their crops are lost. This is not just a problem that occurred in November and has gone away. It is a problem that people have to live through for many months and years.

People in North Korea who are eating food that is called “alternative foods” made now in factories where bark and leaves go into making small packets of food that people consume, with no good nutritional value. But at least it gives people some sustenance in their stomachs. In southern Sudan, where still people are without food unless it is dropped from the air because there is no other way for them to be able to get food, grow food, raise food, purchase food. And these are just some of the disaster areas where natural or man-made disasters are causing a lack of food. But, as you know so well, there are still so many millions of people around the world who do not have enough food every day to lead healthy lives and these are the people who live in crisis, daily crisis. There is no war. There is no flood. There is no drought. But there is severe poverty and, as a result, severe hunger.

Even though an agency like the World Food Programme directs 70% of its resources towards those who are living in the emergencies, it does not mean that there is less of a problem among people who are living in peace. And, of course, it is many of these people that IFAD seeks to reach.

When we look at the numbers, remember just at the World Food Summit not very long ago, at FAO, we were talking about 800 million hungry poor people in the world. Now we are talking about 830 million hungry people in the world. The numbers are not supposed to go in that direction. They are supposed to be going down. They had been going down but now the future is not looking as good, in a large part because of the changes in the economies that have caused less people to have access to food. And in terms of providing assistance to those people, ODA is going down. So where is there going to be the proper assistance, whether it is food aid, loans or anything else, to be able to help millions of people continue to struggle as they work to leave their poverty behind. It was very encouraging to hear of the official position of the Government of Italy that the time has come to increase resources to the poorest people and I hope that that is the turn of the trend and that the Government of Italy will be one to start leading the trend for many other governments to turn around the decrease in ODA and to start putting money in – in addition to the terrible emergencies, to helping keep people alive – by putting more money into the long-term objectives of helping people to help themselves to work their way out of poverty.



While we are doing that, since we are, we, IFAD, FAO, WFP, are working in the areas of food, I would like to highlight three areas in which I think we could work even more. One is to attack the underlying nutritional problems that so often cause poverty because, when we work to increase the economic opportunities for people, they will not be able to take up those opportunities if they are too weak or too ill to take advantage of them.

You know, we know, that poverty leads to hunger. But sometimes we forget that the opposite is also true, that hunger leads to poverty. Hunger is the leading cause of poverty because the hungry poor lack the physical strength and the energy to fight their way out of poverty. Sometimes they can barely survive and, sooner or later, chronic hunger takes its toll and people die young, and they never escape poverty. But just think, for healthy people with enough food, what it means not to have food one day. If, for some reason, you are not feeling well or you are travelling, or for some reason you have not eaten in one whole day, what does that do to your body? You are tired. You are dragging. You might not feel well. There is a pain in the bottom of your stomach. But you and I are only hungry for one day. Think of the people who are hungry for a lifetime. How can they possibly make a difference in their lives unless they have food to consume, food to be able to eat, to feed their children, to eat when they are pregnant, to eat when they are breast-feeding, to be able to help their children to grow.

Nutritional problems are so prevalent and you know, as we have talked before, in this forum, that if a mother does not have enough food when she is pregnant, when she is breast feeding, her child is not going to be born healthy. And that child is going to have the opposite of a head start on life, as he or she struggles just to live, let alone to grow and to survive.

But, when we can address these problems, when we can get special kinds of food, the right kind of nutrients to women when they are pregnant, to children when they are infants, to children when they are growing, and to all of us, children and adults, then that can make a difference to help people grab a hold of opportunities that might come forth for them to help improve their lives. Study after study after study around the world, in India, Sierra Leone and Brazil and Sri Lanka, for example, have shown that there is a great connectivity between the productivity and the wages of adult workers and their nutritional status. And study after study has shown that there is a great difference for children when they have good nutrition in school, because then they are more attentive, they go to school more, they have less absentee rates, they are not late, they learn more and they grow more.

So, if we can overcome some of the nutritional handicaps of the poor, we can make a difference for their entire future over the long term.

A second area in which we can work even more diligently is in targeting resources to those who need it the most: to the poorest people in the poorest countries and, of course, especially to women. And there is much more discussion about this. I am not going to use the word debate because there is much more agreement that this is important. We heard that just on Monday, when some of you attended a meeting to discuss food aid for development at WFP, that there is much more agreement on the importance of targeting and the importance of reaching the right people, at the right time, with the right kind of food.

For instance, the focus on women is so important. If our purpose is to end hunger, whether it is through loans or through food aid or through technical agricultural assistance as the three agencies here provide, then if our purpose is to end hunger, then we have to reach the person in the family who is most invested in ending hunger for that family, and that is the woman. Because it is the woman who is going to primarily be sure that her children have food. It is the woman who is going to find





that food. She may grow it, she may raise it, she may shop for it. She finds it, she finds the water. She may spend hours finding the water. She cooks the food, she serves the food. If we can reach that woman, if we can get food aid to her in order to help cut down on her other burdens during the day; if we can get loans to her in order to help her to be able to improve her agriculture, her family environment; if we can get technical assistance to her and cooperative extension to her and we can help her to improve her own agricultural production, then we are improving the nutritional life and, ultimately, not only the food security, but the economic security of her entire family.

How many times have you gone into the field in your own country and met cooperative extension workers, agricultural extension workers. I do not know about you, but I have not met too many women doing those jobs. It is not that men cannot give advice to women, but it seems to me that we should have more women who are out there understanding the problems existing for women.

One quick story: I was in Angola about 15 months ago and we were talking to people who had just recently come back to their homes after having left during the war, and their fields had just recently been de-mined. And so, for the first time, they were going to be able to work in the fields in agricultural production. There had been some extension assistance provided and they knew that they needed some hoes to be able to dig the land so that they could plant. So hoes were sent. So everyone was happy. Well, no, the women told me that the wrong kind of hoes were sent, male hoes were sent. I said, what are male hoes? I did not realise that there was a gender difference in hoes. I learned that, at least in this part of Angola, that male hoes are the ones with very long wooden sticks, which for lack of a better word, handles (thank you – I needed male help here!). The metal digging part was kind of square and very long so that the men could stand in the fields and dig with the hoe, like this. The women could not use those. The women wanted what they called women's hoes, which had more of a pointed metal end and could dig deeper into the ground but had a very short handle. Why? Because they had babies on their back. They could not stand up and hoe. They needed to lean over and hoe. Very simple, but not unless you talk to the people who are the ones who need the technical assistance. And guess who in that particular part of the world were going to be working in the fields mostly: the people who needed the shorter hoes. So, another point of importance for our emphasizing not only getting food to the people who need it but getting the loans and getting the technical assistance to the people who need it and understanding what they need.

The third and final point that I have is this issue of coordination about which we have all talked a lot. I hope that this goes in the same direction now as the discussion of reaching the right people, in that, rather than we must do more of this, which we always must do, appreciating that there is a lot happening in coordination, while we still need to do more. Again, I refer to the official position of the Government of Italy. I am so glad to hear that there is progress in working together in the synergy of the three agencies in Rome. IFAD is highlighting that, even today, by a big sign of this brochure that the three agencies have put out together, about working together and the work that we do together. We cannot just say, "okay, we are doing this, thank you very much, goodbye", because close collaboration is critical. It is very important for the three of us always. It is very important for us within the rest of the United Nations System. We are the international financial institutions; we are the non-governmental organizations, always, of course with the host governments but it is also very important with the donors. We cannot just say, it is important for the three of us to work together on food aid, on loans, on technical assistance, if it is not also true in terms of working with the donors, not only the donors who are supporting us, but the donors who are doing similar kinds of things in the same places on a bilateral basis, or through NGOs or otherwise. Because the problems of hunger are not problems that one agency can solve. They are not problems that the three agencies in Rome can solve. If they were, they would be solved. They are not problems that any one government can solve. We can only have real progress by very, very close and tight collaboration everywhere, all the time.



With the three agencies in Rome, with the NGOs, with the United Nations, with the donors and also, always of course, in concert with the host government of the host country, because, unless our priorities are their priorities, we will leave and leave nothing when we leave because they will not be carried out further.

We know that as we develop these kinds of synergies we can, and we have improved, much of our work. Just a few examples in this area: I mentioned D.P.R. Korea before. In D.P.R. Korea, we are working together, the three agencies, in efforts to help not only assess the issues of food security there and food needs, but also on rehabilitating parts of the agricultural sector. We can point to projects that IFAD and WFP have in China where we have had a very close collaboration and I think this partnership can serve as a model for how we can maximize our resources. We joined forces in China in 1996, putting now all of our projects in China together when we create new projects. We have had three successful projects reaching over 380 000 households and that is triple the number that WFP would have been able to reach if we were only working ourselves. This has not only provided the ability for all of us to reach more people, but provided us with the ability to reach more people with a more integrated approach and provided, in the same time context, IFAD the opportunity to reach some of the poorest of the poor in the areas where WFP is now operating.

I think that kind of project shows how we really can make a difference with some joint programming and also make a difference as we continue to work together within our three agencies.

As we meet, there are millions of people who cannot eat today. We are going to go out to a lunch somewhere. Even if we have a sandwich at a stand-up bar, we are going to fill our stomachs. But, while we are doing that, there are millions and millions of people who do not know where they are going to find even dinner. Hunger is on the rise again. Let us commit ourselves, after we finish talking this week, to act in concert next week, next month and next year, to help improve the nutritional well-being of people, to help use our resources to target the poorest of the poor, the hungriest people in the world. Let us, then, also make an absolute commitment to combine every resource we have to end hunger and to combine it together so that we can have a real impact and we will not, next year when we meet again, have to talk about 830 million people, because that number will have gone down.



**Message of the Director-General of the  
Food and Agriculture Organization of the United Nations,  
Mr Jacques Diouf,  
Delivered on his Behalf by Mr David Harcharik, Deputy Director-General**

Mr Al-Sultan,  
Mrs Bertini,  
Mr De Mistura,  
Mr Chairman,  
My Colleagues,  
Distinguished Governors,  
Ladies and Gentlemen,

Good morning. Unlike Mrs Bertini who has been with you on many earlier occasions – and for good reason, not because she is the head of the World Food Programme but perhaps more so because she is an impassioned advocate for the poor and the hungry, as we have just seen – this is my first opportunity to address an IFAD Governing Council meeting, and I am therefore very pleased to do so on behalf of Mr Jacques Diouf, the Director-General of the Food and Agriculture Organization.

First, I wish to extend to you the Director-General's greetings but also to assure you of his very strong commitment, and that of our entire Organization, to working very closely with IFAD in the shared fight against poverty and hunger in the world.

Mr. Chairman, We are approaching the end of a dramatic century during which unimaginable changes have profoundly affected the lives of almost all human beings on this planet. Although perhaps not as evident as discoveries in space technology, transportation and electronic media, advances in the field of agriculture and food supplies have been at least as profound. We have seen, and we continue to see, a pace of technological change in agriculture which would have stunned Brother Gregor Mendel. It is extraordinary to reflect, as we start to face up to the opportunities and the challenges opened up by the startling growth in the use of genetically modified organisms in agriculture, that Mendel's — now considered simple — experiments on peas one hundred years ago have provided the foundation of plant breeding which has enabled the world to meet its aggregate food needs in a period of unprecedented population growth. Over the past 30 years, growth in global food production has not only kept pace with the doubling of world population, but it has enabled a 20% increase in average food supplies per caput.

However, and there is always an however, while the achievements have been remarkable, we must not be lulled into complacency. The fall in 1995 world cereal output, the resulting price surge and the resultant need to dip into food stocks remind us of just how narrow the balance is between global food supplies and demand. Moreover, in spite of the massive contribution of science in agriculture, we still cannot claim that we have gone far enough to develop the appropriate methods for the management of agricultural land which are sufficiently intensive to meet future needs while also being environmentally, economically and socially sustainable. It is perhaps significant that we are increasingly looking to the inventiveness of small farmers in developing countries, in addition to scientists, for leads on how to manage natural resources in a sustainable manner.

Also, it is a great tragedy of our generation that, within this world of plenty and of technological achievement, we have still been unsuccessful in eradicating food insecurity and over 800 million people still go hungry. We hear it time and time again. All of us gathered here have pledged to cut the incidence of malnutrition by half within the next 15 years, but we must, I believe,



redouble and renew this commitment to ensure that the means at our disposal and the strategies which we are following will enable us to bridge the yawning gap between the rich and poor so as to achieve this goal.

This past year, which has seen such devastating storms, floods and fires, and economic calamities, as well as the recurrence of destruction and suffering resulting from human-made emergencies and civil strife, reminds us of the extreme vulnerability of the world's food systems. Food security for all people, the overarching objective of IFAD and FAO, clearly faces many diverse and complex challenges as we near the end of the millennium.

Achieving food security for all requires special effort: not routine programmes; not doing what we always do; but special effort beyond the normal. Having highlighted some of the challenges, I should now like to share with you some of the special efforts that FAO is making to help countries achieve food security. In particular, I would stress that we are providing support to low-income food-deficit countries to achieve greater self-reliance in national food security and to improve people's access to food through the Special Programme for Food Security. I must tell you that this Programme, which some of you doubted, is up and running, it is gaining steam and it is accelerating. It is now operational in 39 countries and under formulation in another 34. In addition to seeking opportunities for rapid increases in productivity and food production on an economically and environmentally-sustainable basis, the Programme also places a strong emphasis on meeting peoples' needs directly by raising farmers' incomes, generating rural employment and promoting gender sensitivity. Special attention is also given to the analysis of socio-economic constraints to food security, in particular with regard to access to resources, technology and to markets.

To reinforce the Special Programme, FAO has also launched the South-South Cooperation Scheme which provides a framework for advanced developing countries to share their experience by providing technical assistance of a very practical nature to countries implementing the Special Programme. In such cases, the experts and technicians work directly with rural communities and farmers involved in the Programme. Currently, some six South-South Cooperation agreements are operational and a further ten are in different phases of preparation. Altogether, more than 20 advanced developing countries have signalled their interest to assist the Special Programme activities through the South-South Cooperation Scheme, and several developed countries and financial institutions have pledged their financial support under triangular arrangements.

While the Special Programme for Food Security is intended to be nationally oriented and implemented by national governments, financial support of a catalytic nature continues to be mobilized from external resources. In this respect, I am very pleased to mention that IFAD and FAO have agreed to build on and expand our field-level collaboration in support of the Special Programme. In particular, a Memorandum of Understanding will shortly be signed by IFAD and FAO, detailing how we will work together to assist African and other low-income food-deficit countries to address the problems of rural poverty and to promote rural development and food security.

This formal agreement represents, of course, only one of the many and varied forms of collaboration between our two institutions. Indeed, many areas of cooperation also include our sister organization here in Rome, the World Food Programme, as mentioned of course by Mrs Bertini. Together IFAD, WFP and FAO are continuing to broaden and strengthen our joint activities and programmes dealing with agriculture, rural development, food aid and poverty alleviation. There are regular and frequent meetings of our senior management staff and our technical officers in Rome, as well as close working relationships which are maintained at the field level. They help ensure that we are able to greatly enhance the overall impact of our organizations. FAO provides a range of technical assistance services in support of IFAD's operations, including joint work on strategic issues related to



natural resource management and poverty reduction, assistance with project and programme formulation and evaluation and implementation of a number of IFAD technical assistance grants.

You have already learned about the new publication that our three organizations have developed to try to communicate to you examples of the good working relationship and collaboration that exists between IFAD, WFP and FAO. You must understand – I think this is very important – you must understand that the concept of partnership and collaboration is not only alive and well in FAO, IFAD and WFP, but it is operational. It is not only a concept, we are indeed working very closely together.

The expanding collaboration between IFAD, WFP and FAO will strengthen our capacity to meet the enormous challenges which confront us and will also contribute to our improved efficiency. The end result, however, must be a closing of the food gap. During our protracted debates over budgets and replenishments, I sometimes get the feeling that as we wrangle over dollars and cents we tend to lose sight both of the scale of the issues we must address and the capacity of the world community to address them. We have perhaps lost a sense of proportion. Last year, for instance, the US 413 million dollars committed by IFAD is equivalent to about 50 US cents per person for the 800 million chronically under-nourished in the world. Much more is spent in some affluent societies in an attempt to cope with the problems of over-consumption and obesity, which WHO has termed a global epidemic. We simply must find ways to do more.

Surely, at the end of this millennium, when the pace of scientific progress is unprecedented, when there is growing economic interdependence among nations, it should not be beyond the capacity of human will and ingenuity to muster the resources, the skills and the collective will to make sure that all people, all people on this earth, are able to enjoy the internationally-recognized right to adequate food. On behalf of our Director-General, may I reiterate FAO's determination to work in partnership with IFAD and with WFP and all other concerned parties to meet this goal whose achievement is in everyone's interest.

Mr Chairman, on behalf of our Director-General, I extend to the Governing Council every good wish for your very successful deliberations.



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

Mr Chairman,  
Distinguished Governors,  
Ladies and Gentlemen,

May I welcome you warmly to Rome and to the Twenty-Second Session of the Governing Council of IFAD.

We are grateful to the Vice President of the Council of Ministers of our host country, His Excellency Sergio Mattarella, for being with us here today. His inspiring address reflects the key role Italy has long played in supporting international action against hunger and food insecurity.

It is always a pleasure to welcome Mrs Catherine Bertini among us. Her presence here underlines the close and growing collaboration among the Rome-based UN food agencies.

Mr Chairman,

Our world at the threshold of a new century, a new millennium, faces a critical time. Some parts of the world, reaping the benefits of the free flow of capital, information, and goods and services, have enjoyed rising and unprecedented levels of prosperity. Yet for hundreds of millions of others life continues to be a struggle for survival with deprivation and hunger frequent companions.

The number of the vulnerable and the poor is higher today than ever before in history. An estimated 1.3 billion human beings, more than a fifth of the world's population, are absolutely poor. The bulk of these, about three quarters, are in rural areas, drawing a meagre livelihood from farming and livestock, crafts and related activities.

The situation has become even more acute after a devastating series of events over the last year. The financial crisis, floods and droughts in Asia, Hurricane Mitch in Central America, and civil strife and AIDS in Africa threaten to wipe out the progress achieved over years.

Listen to the experience of Muli, a woman participant in an IFAD project in Indonesia, who earns her living by making earthen pots.

*Before the project we did not have enough money to buy materials. When we got the IFAD loans our lives improved, we had enough cash to buy food and materials and could increase production. But since the Krismon, the crisis, our situation has become even worse, with high prices of food and cooking oil. There is reduced demand for our pots and we have to buy food as well as materials on credit. Now we eat only one meal a day.*

There are millions of others like Muli in Indonesia and elsewhere in South-East Asia as well as in Bangladesh after the floods there last year. Studies that IFAD and others have recently carried out on the impact of the crisis in Thailand and Indonesia, suggest that in Indonesia the number of poor has doubled over the last two years.

Commercial farmers with significant surpluses for sale or export have benefitted from the sharp price increases that have followed the crisis. But smallholder farmers and entrepreneurs such as artisans



and weavers, have suffered deeply from the combined effect of the rise in the prices of inputs and food. Women have been particular victims, suffering from loss of employment, income and remittances while facing the daily burden of higher prices for household essentials.

Many of these poor groups have had to take their children out of school, as many as 20% of all pupils, because they could no longer afford the fees. Perhaps the schools could have been helped to waive the fees for the current year, but nobody thought of that. Poor rural families suffering themselves are also having to help relatives who have returned from urban areas after losing their jobs there.

Look at the situation in Central America. In the swathe of the devastation left by Hurricane Mitch in countries like Honduras, a generation of progress has been destroyed. People in IFAD project areas have seen the fruits of their efforts vanish. Nor has the financial crisis left Latin America untouched. Brazil, for instance, has faced serious problems which have worsened the condition of poor groups, especially in the North-East of the country.

Poor borrowers like Muli may not be able to repay their loans and so they will be denied new loans. Recovering from the crisis may become impossible for them without fresh support. At the same time, many of the micro-credit institutions which provided the loans are themselves facing cashflow problems as a result of the growing loan arrears. Their financial viability and their capacity to continue lending to the poor are threatened.

These poor groups are our clients, participants in our projects, who look to us for support in their moment of crisis.

If we are to help them, we need to know more about the problems they are facing and get them involved in finding solutions. This will require in-depth study of the problems, working with the poor and their local associations, with micro-credit institutions, governments and other donors to develop adequate responses and mobilize resources beyond our normal programme.

Mr Chairman,

The financial crisis and natural disasters are one aspect. I have myself seen in East Africa, families with only grandparents and children, the mothers and fathers lost to either wars or to the AIDS pandemic. Life expectancy in some Southern African countries is being cut by ten years or more by AIDS. The premature deaths of young adults are not only tragic for their own families but have serious economic implications by reducing the proportion of the economically active compared to the very young and the very old. Fewer producers, more dependents will mean slower growth and greater poverty.

In Tanzania I saw another sad consequence of civil strife, the waves of refugees who have fled the turmoil. Their own situation is often desperate. At the same time their presence imposes heavy burdens on the host countries, jeopardizing their development. Countries that are painfully emerging from such crises in East and Southern Africa or those emerging from civil war in West Africa look to IFAD for support to bridge the gap between post-crisis recovery and development. The sharp declines in commodity prices, as much as 20% over the last year, has further complicated the task of African and other countries as they struggle to relaunch the process of development.

Moreover, the Fund's membership has expanded with sixteen new countries joining the Fund in the last six years, largely from East and Central Asia. Many of them have significant poverty in the rural areas, aggravated by the erosion of state agricultural services. They too look to IFAD for assistance to address these problems.



If we in IFAD do not respond, are there other institutions which will?

Unfortunately, agriculture is receiving a smaller share of overall ODA, which itself has declined by 20% in real terms since 1992. Other financial institutions have in fact reduced their support for the rural sector, particularly support for the productive activities of the rural poor. Agricultural lending for instance from the African, Asian and Inter-American Development Banks declined from the mid-1980s until recently. In the case of the World Bank/IDA its lending for agricultural and rural development has fallen from 30% of the total in 1986 to about 10% in 1998.

At a time when the needs of the rural poor, our clients, have become more urgent, are we to turn away and tell them to wait two or three years until we have the resources for another project for their country? Is it also not a question of their fundamental human rights, the right to food, the right to development, even the right to life?

IFAD has innovative ideas to respond to these needs. The issue is whether it will have adequate funds for the task, resources available to the institution as core resources.

These are the type of questions which IFAD's shareholders need to deliberate, questions which affect the lives of millions of people, questions that will determine the role and effectiveness of IFAD over the next three years.

If the international community is really serious about its solemn declarations setting the goal of reducing the number of poor by half by 2015, then a tested and cost-effective instrument against poverty like IFAD needs more resources, not less.

Mr Chairman,

We now have more than two decades of experience in designing and supporting projects targeted on the poor, some 520 projects in 113 countries with a total investment cost of USD 18.5 billion. Last year the Fund provided USD 446 million to support projects with investment costs of about one billion dollars.

A recent study we carried out, looking at a number of IFAD projects, underlined the potential of programmes targeted to reach the poor. Some of the projects resulted in income increases of 500 and 600% and output increases of 300 to 600%. These of course were among the most successful, but the bulk of the projects, nearly 95%, led to significant increases in the real incomes of the target groups. More than three quarters were environmentally sustainable and almost as many effective in empowering women and promoting local grassroots organizations of the poor.

The study highlights the conditions necessary for poor groups to raise their productivity and incomes, what we in IFAD call an Enabling Micro-Environment for the poor. Among the key ones are access to credit, extension and social services, fair markets, rural infrastructure and the presence of strong grassroots institutions. Participation, that is the close involvement of the beneficiaries and their local organizations in the design and management of the projects, is central to their success. Grassroots organizations and civil society institutions can also play a powerful part in helping the poor organize themselves and make their voice heard.

How effectively poor groups respond when given the chance is shown in an IFAD-supported project in Bolivia, in the Santa Cruz region where 90% of the population lived in poverty. The project, cofinanced by the OPEC Fund and the World Food Programme, has built credit facilities and extension services and improved local roads. It also strengthened grassroots farmers' and women's organizations helping to create most of the elements of the Micro-Environment. The farmers, especially women,





grasped these opportunities eagerly and have doubled their production and incomes, raising themselves above the poverty line for the first time in their lives.

But new challenges are emerging for poor producers as policy reforms and decentralization foster market-driven processes of growth that offer opportunities for those able to participate, but risks for those who cannot. To take advantage of the opportunities, poor farmers and rural micro-entrepreneurs must be helped to develop linkages with private investors and more efficient systems for input supply, processing and marketing. Otherwise, they will be left even further behind, further impoverished.

A recent Fund-financed project in Uganda demonstrates the possibilities. There we are helping smallholder cultivators of oil palm and vegetable oilseeds to link with commercial processors. Given an assured market and fair prices, the farmers will be able to increase their production and incomes. On the other hand, the oil mill processors will have a reliable raw material supply allowing them increased production levels, reducing the country's dependence on imports. The farmers through this project will not only be able to raise themselves out of poverty but at the same time make a significant contribution to Uganda's national development. More than half of the project's USD 60 million investment cost will be provided by private investors.

Market-oriented reforms are creating growing potential in many other countries in sub-Saharan Africa and elsewhere. Equipping our clients, the rural poor, to benefit from these reforms will be an important theme of our efforts to eradicate poverty.

Mr Chairman,

Individual projects need to be placed in a strategic context. To that end we are formulating country frameworks that identify constraints that entrap the poor and the options available to overcome the obstacles. This is still a work-in-progress but it is already having an impact on the design of our interventions.

Good design, achieved through a participative process, is the starting point. Even more important is translating that design into reality. Strengthening implementation is thus a key goal to which we have been giving considerable attention. One measure of this is the rate of disbursements, and I am happy to note that annual disbursements on IFAD's Regular Programme loans have risen by 85% between 1995 and 1998.

In parallel we have developed a fresh approach to managing our project portfolio. A more careful monitoring system has been set up to track and deal with problems as early as possible. This information is then aggregated to provide a regular overview of the health of the project portfolio as a whole. The results will be reported regularly and allow our shareholders to judge better our performance.

The effectiveness of investment depends on the knowledge that guides it. IFAD has accumulated a great deal of experience in investing in the poor. We are now trying to bring out more systematically operational knowledge from this experience and putting it to work, not only within the institution, but shared with others to strengthen the international effort against poverty.

Mr Chairman,

Cooperation with other institutions has long been a priority in IFAD and it is also one of the major thrusts of the reform process the Secretary-General has launched in the United Nations. I am happy to say that the relationship with our sister agencies in Rome is now the strongest it has ever been. We have just brought out a joint publication, *Working Together to Fight Hunger and Poverty*, which



provides an overview of the close cooperation among FAO, IFAD and WFP. The publication is available here and I hope you will all have a chance to look at it.

We are also working to strengthen our cooperation with other United Nations organizations, particularly our partners in the Joint Consultative Group on Policy, as well as the World Bank and the regional development banks.

Our relationship with the international financial institutions has been of great importance since the Fund's beginning. In recent years we have tried to transform these into more strategic relationships. The cofinancing of IFAD projects by the World Bank and the regional banks allows us to combine support for the poor with large-scale complementary investments. The IFAD-initiated Sohag Project in Egypt approved by the Board last year, which has substantial World Bank/IDA cofinancing, is a characteristic example of such cooperation. On the other hand our cofinancing of projects from their pipelines strives to take the benefits of infrastructure and sectoral investments to the poor.

A fresh dimension to our collaboration with other institutions has been added by the selection of IFAD as host agency of the Global Mechanism of the United Nations Convention to Combat Desertification. Land degradation and desertification pose an enormous risk to millions of poor farmers in semi-arid and rainfed zones. The Desertification Convention offers a major opportunity to forge a coalition of interested bilateral and multilateral organizations to address these issues. Building on our extensive experience in promoting environmentally sustainable projects, we will do everything we can to realize the full potential of the Convention.

Mr Chairman,

We recognize that for us to mobilize more resources in support of poverty eradication we must demonstrate our capacity to use them as cost-effectively as possible. In this context, I am glad to say that our proposed Administrative Budget for 1999 is again based on zero real growth. We have thus had either zero growth or actual reductions in each of the last six years. As a result the proposed 1999 Budget and project development costs are actually 17% lower in dollar terms than they were in 1993. Over the same period IFAD's Programme of Work, the projects we deliver, has been raised by 35%, from US 350 million to USD 473 million.

All these changes and the associated financial rigour have greatly increased the intellectual and physical burden on our staff. The manner in which they have borne these challenges and continue to make important suggestions to improve further our work processes has been for me a particularly heartening experience. It reconfirms that IFAD's staff are the institution's primary asset.

Mr Chairman,

We in IFAD look forward to making full use of our experience and knowledge to play our part in a meaningful international response to the challenge of poverty. Our current programme of USD 450 million in real terms is already under pressure to meet the needs of our traditional borrowers and the expectations of our new members. In the aftermath of the crises on the one hand and to take advantage of the new opportunities emerging as a result of economic reforms, a special initiative or programme would be required. IFAD's shareholders need to consider how best the institution's capacity could be used to respond to the needs of the poor.

The Fourth Replenishment of the Fund's resources, covering the three-year period 1997 to 1999 was completed at the Governing Council two years ago. In the course of the coming year we will need to reach agreement on new funding arrangements to cover the next three-year period from 2000 to 2002. The Executive Board at its December Session recommended to the Council a Resolution on the



Establishment of a Consultation to Review the Adequacy of the Resources Available to IFAD. I hope this Resolution meets with the Council's approval which will enable the Consultation process to start in a timely manner.

The Consultation will review the resources available to IFAD, the institution's lending programme and the consequent requirement of additional resources in the form of Member contributions. We will provide background documentation on these issues to assist the Consultation's deliberations.

Mr Chairman,

All too often in the past IFAD's replenishment process has proved lengthy, protracted and painful to Member States and the institution alike.

We now have in place a new governance structure adopted by the Council. We have also had the Rapid External Assessment which re-affirmed the Fund's mandate and set us demanding goals. IFAD has responded vigorously to these challenges, strengthening its strategic outreach, its operational impact, its cost-effectiveness and its cooperation with partner agencies.

With these elements in place I would express my deep hope that the funding process can be completed this time in an expeditious way. The recent successful Replenishment exercises for IDA 12 and the concessional windows of the regional development banks, involving contributions far higher than those involved in IFAD's replenishments, should inspire us to achieve our timetable. Responsive and effective programmes, cost-efficiency and timely funding should be our legacy for IFAD for the new century.

Mr Chairman,

In all our efforts to strengthen IFAD and equip it for the new millennium we should keep in mind the larger context of our operations. I said earlier that some 1.3 billion human beings are condemned today to conditions of absolute poverty. Behind these aggregate figures lies the tragedy of chronic deprivation, deep suffering and early deaths, a stark denial of human rights.

Poverty is not inevitable. What societies have created they can eliminate. Support for poverty eradication should not be seen as a matter of charity although a sense of human solidarity, even a sense of outrage, should certainly inspire us to act. Rather it is a matter of collective self-interest. How effectively poverty is tackled will deeply affect a whole host of issues central to our common future – environmental degradation, large scale movements of populations, even violence and war.

The world cannot turn its back on these millions of the absolute poor nor ignore the tragedies of their wasted lives. Above all IFAD, the only international institution with an exclusive mandate on poverty and hunger, cannot. Give us the means and your support and we will meet their expectations. In that spirit IFAD looks forward with humility as well as hope to the new millennium.

Thank you.



**Statement by the Chairman  
His Excellency Shah A.M.S. Kibria  
Closing the Twenty-Second Session of the Governing Council**

Mr. President,  
Distinguished Governors and Delegates,  
Ladies and Gentlemen,

We have come to the end of the Twenty-Second Session of the Governing Council. I would hope that the decisions made during this Session will be the starting point for further deliberations that will lead IFAD to continue its operations at the pace and level needed to ensure that its commendable work continues well into the new millennium.

The Governing Council was honoured by the participation of the Vice-President of the Council of Ministers of the Italian Republic, His Excellency Sergio Mattarella. The inaugural message he delivered on behalf of His Excellency Massimo D'Alema, President of the Council of Ministers, impressed upon us all the need to consolidate efforts to provide for the hungry by establishing partnerships across all levels of society. Indeed, Italy's proposed alliance for agricultural development, not only within FAO, IFAD and WFP but also with non-governmental organizations and the private sector, could go a long way towards assuring every human being the right to food.

The Council welcomed the message from the Secretary-General of the United Nations, Mr Kofi Annan, which underlined the importance of IFAD's place in the United Nations system as a crucial actor in eradicating poverty. With regard to global development challenges, his message stressed that, notwithstanding the present atmosphere of donor fatigue and frustration with the pace of progress, there is no other way forward except that of continued solidarity and deeper partnership.

Mrs Catherine Bertini, Executive Director of the World Food Programme, delivered an impassioned statement on the work of the Programme, on the issues that still need to be addressed, on the ideals shared by the three Rome-based sister agencies and, most importantly, on how they work together to achieve those ideals.

These ideals were echoed in the message from the Director-General of the Food and Agriculture Organization of the United Nations, Mr Jacques Diouf. The message emphasized the great tragedy of our generation, where in a world of plenty and vast technological achievement, so many millions of people still go hungry and it called for renewed commitment on the part of the entire international community to bridge the gap between the rich and the poor.

Governing Council sessions have always provided an ideal forum in which the Governors of IFAD can express their countries' concerns, comments and suggestions. The numerous statements delivered during this Session have once again provided us with insight into how our Member States perceive the work of the Fund, the direction they would like to see it take and the momentum at which they believe it should proceed. I would take this opportunity to once again thank the Governors who, through their statements, have shown that IFAD's Member States remain strongly committed to the cause of the hungry and to the work of the Fund.

Distinguished Governors,

Over the last two years, we have closely followed the progress made with regard to the Fourth Replenishment of IFAD's resources. After the prolonged negotiations it underwent, the



Replenishment became effective in record-breaking time. It was indeed heartening to note, at this Session, that contributing Member States have continued to demonstrate their resolve in this exercise – so much so that the receipt of instruments of contribution and payments against pledges not supported by an instrument of contribution have now reached 96.1% of the total pledges made. We can take pride in this achievement.

The Governing Council approved the administrative budget of IFAD for 1999 at a level of USD 55.42 million, including a contingency of USD 400 000 plus a separate amount of USD 343 400 for the funding of Consultation meetings during 1999. This level represented, for the third consecutive year, zero real growth. Taken alone, this is in itself an impressive feat. However, when considering that this follows three previous years of budget reduction, totalling 26%, I believe the Fund should be praised for the efforts it has made to reduce its operational costs without detracting from the high level of efficiency it has come to be known for.

The Council also adopted a Resolution authorizing the Fund's Executive Board to amend the ceiling of the General Reserve. Having thus delegated this authority to the Board, it has allowed for the amendment of this ceiling to be effectuated during 1999 should the need arise. Our trust goes to the Executive Board to review the adequacy of the present USD 100 million ceiling and to decide accordingly.

Distinguished Governors,

The single most important decision we have made has been to establish the Consultation to Review the Adequacy of the Resources Available to IFAD. After President Al-Sultan's statement yesterday, I had said we all wished the Fund continued success. Allow me now to expand on that and to say that I truly believe a major portion of IFAD's success lies with us, the Governors of its Member States. Although our belief in and moral commitment to the work of the Fund is most important, financial support remains indispensable. The Council must not feel satisfied with too little too soon. To my mind, the goal of ensuring adequate supplies of food for all, remains not only distant but somewhat elusive. No one mentioned how many children actually go to bed hungry every night. Are we sure that the number is decreasing? If not, we must not falter in our commitment.

With the Fourth Replenishment resources covering the three-year period ending in February 2000, it is now our duty to focus on the Fund's resource requirements from the year 2000 on. We have entrusted this task to 46 countries of our membership and we look to them to undertake a thorough review of the impact of IFAD programmes, the Fund's lending level, the resources available and, consequently, the additional resources required. I am confident that I speak on behalf of the entire Council in saying that we look forward to achieving a timely consensus on these matters so that we can consider them when we next meet.

With regard to the timing of our sessions, the Council amended its Rules of Procedure to allow for more flexibility. By expanding the possibility of holding sessions from one specific month to the first three months of any given year, we have made it possible for the Fund's Secretariat to provide us with both a draft Annual Report and information on the financial statements of the year immediately preceding our sessions – a practice we would like to see continued.

At its last Session, the Governing Council adopted a Resolution allowing IFAD to house the Global Mechanism of the United Nations Convention to Combat Desertification. Today we heard an encouraging report on the progress made in setting out its administrative modalities and in developing an operational strategy. We stress our expectation that the Global Mechanism will help realize the important potential of the Convention to Combat Desertification to assist millions of poor farmers who live in dryland areas prone to desertification.



IFAD also takes part in another important collaborative enterprise – the Popular Coalition to Eradicate Hunger and Poverty – whose work perfectly complements the Fund’s mandate. The Council was given a report on the progress the Coalition has made over the past year.

These reports are a clear indication that our Fund is not only willing to participate in combined efforts centred around a common commitment, but that it is willing to learn from others’ experience and to share its own knowledge. Each of us here today can appreciate the importance of this, as history has repeatedly demonstrated the strength of a united front.

The Council also listened with interest to the report on progress made with regard to the Fund’s Headquarters accommodation. It was pleased to hear of the efforts that the host country, Italy, has made in this regard and looks forward to a successful and early conclusion.

Finally, taking advantage of modern communications technology, and in the spirit of an organization whose work is open to all, the Council approved that the documents presented to this Session be publicly disclosed on the IFAD Internet Website.

Distinguished Governors,

I would now wish to express my appreciation for having been honoured with the duty of presiding over these past two historic sessions of the Governing Council. Being Chairman of the Council has indeed been an enriching experience I will always fondly remember. I must thank my colleagues on the Bureau for their support and assistance and I must thank you, fellow Governors, for having so greatly facilitated my work.

All our thanks should go to the staff of IFAD, which unfailingly demonstrates dedication, skill and competence in the preparation of these meetings, and in responding to the demands made of them by Member States. I should also like to thank, most sincerely, the interpreters, technical staff, conference personnel and messengers who graciously help us to communicate and to understand one another.

Ladies and Gentlemen,

This is the last Session of the Governing Council in this millennium, the last fifty years of which are noteworthy in that we have seen the willingness of countries to collaborate in a global effort to help those less fortunate. Just about 21 years ago, a sense of crisis about the adequacy of global food supply led to the establishment of IFAD. Mankind felt threatened, and IFAD was a response to the threat of widespread hunger. I wonder if Member States — especially the developed ones — still view the situation with an equal sense of urgency and seriousness. Those of us in Asia, Africa and Latin America who are struggling to ensure a good harvest to avert food shortage do not feel any complacency about the situation. Food availability, entitlement and nutrition are still issues of the highest priority in my country. Alleviating poverty and raising farm income on a long-term basis are goals which will remain unattainable for many countries if there is a slackening of effort on the part of the global community. We in Bangladesh have made much headway in the last few years but a lot more remains to be done. IFAD’s agenda, in my view, must include these basic issues in its vision for the 21st century.

A young, vital organization, the Fund has already worked on 520 projects in 113 countries and assisted over 300 research and training programmes. It is a tribute to IFAD that more than 200 million men, women and children are enjoying a better life as a result of its efforts. But, let me add, many more are yet to enjoy life free of hunger and malnutrition. I am personally pleased to have



taken part in this Council, which has reaffirmed its confidence in the Fund by providing it with the means to review its resource requirements – resources that we all recognize are essential if it is to continue assisting the all-too-many millions still living below any acceptable standard. It is for them that we must ensure the continuity of IFAD's work.

With these words of hope for the future I hereby close the Twenty-Second Session of the Governing Council.

Thank you.



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council – Twenty-Second Session**  
Rome, 17-18 February 1999

**LIST OF PARTICIPANTS TO THE TWENTY-SECOND  
SESSION OF THE GOVERNING COUNCIL**

**Liste des participants à la vingt-deuxième  
session du conseil des gouverneurs**

**Lista de los participantes en el 22º período  
de sesiones del Consejo de Gobernadores**

Chairman : Shah A.M.S. Kibria (Bangladesh)  
Président :  
Presidente:

Vice-Chairmen : Kirsti Lintonen (Finland)  
Vice-Présidents : Alhaji Alfa Wali (Nigeria)  
Vicepresidentes :





**MEMBERS STATES**

**ÉTATS MEMBRES**

**ESTADOS MIEMBROS**



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Alternate Permanent Representative  
of the Federal Republic of Germany  
to IFAD  
Rome

Adviser  
Achim JOHANNSEN  
Assistant Head of Division  
Federal Ministry of Economic  
Cooperation and Development  
Bonn



## **GHANA**

Governor	Mike Kwabena AKYEAMPONG Deputy Minister for Food and Agriculture Accra
Alternate Governor	Aanaa Naamua ENIN Ambassador of the Republic of Ghana to IFAD Rome
Adviser	Samuel Kojo DAPAAH Chief Director Ministry of Food and Agriculture Accra
Adviser	Mallam Issah SEIDU Minister Counsellor Alternate Permanent Representative of the Republic of Ghana to IFAD Rome

## **GREECE**

Alternate Governor	Dionyssios KYVETOS Deputy Permanent Representative of the Hellenic Republic to IFAD Rome
Adviser	Dimitri DADIOTIS Consultant International Organizations and Economic Cooperation Division Ministry of Foreign Affairs Athens

## **GUATEMALA**

Gobernador (interino)	Rita CLAVERIE DE SCIOLLI Encargada de Negocios, a.i. Representante Permanente Adjunta de la República de Guatemala ante los Organismos de las Naciones Unidas Roma
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## **GUINEA**

Gouverneur	Jean Paul SARR Ministre de l'agriculture, des eaux et des forêts Conakry
Gouverneur suppléant (provisoire)	Ibrahima Cherif BAH Gouverneur de la Banque centrale de Guinée
Conseiller	Souhaib Deen BANGOURA Ambassadeur de la République de Guinée auprès du FIDA Rome
Conseiller	Kémo CONDE Inspecteur Banque centrale de Guinée Conakry
Conseiller	Ibrahima Kalil TOURE Chef de l'Antenne FIDA à Conakry Conakry

## **HAITI**

Gouverneur (provisoire)	Jean DRICE Chef de cabinet Ministère de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince
Conseiller	Jean WALNARD DORNEVAL Ministre Conseiller Chargé d'affaires, a.i. Ambassade de la République d'Haïti Rome
Conseiller	Suze PERCY Conseiller Ambassade de la République d'Haïti Rome



## HONDURAS

Gobernador (interino)	Oscar KAFATI Embajador de la República de Honduras ante el Gobierno Italiano Roma
Gobernador Suplente (interino)	Manuel Hernando REYES PINEDA Consejero Representante Permanente Alterno de la República de Honduras ante los Organismos de las Naciones Unidas Roma

## INDIA

Governor (acting)	Vinjamuri GOVINDARAJAN Additional Secretary (Fund Banking) Department of Economic Affairs Ministry of Finance New Delhi
Adviser	Neela GANGADHARAN Minister (Agriculture) Embassy of the Republic of India Rome

## INDONESIA

Governor (acting)	Soendaroe RACHMAD Ambassador of the Republic of Indonesia to Italy Rome
Alternate Governor	Mochammad ROSUL Director Bureau of Planning and International Cooperation Ministry of Finance Jakarta
Adviser	Hadiono BADJURI Minister Counsellor Embassy of the Republic of Indonesia Rome



## **INDONESIA (cont'd)**

Adviser  
Kiki Tjahjo KUSPRABOWO  
Official of the Directorate of Multilateral  
Economic Cooperation  
Ministry of Foreign Affairs  
Jakarta

Adviser  
Adek Triana YUDHASWARI  
Third Secretary  
Embassy of the Republic  
of Indonesia  
Rome

## **IRAN, ISLAMIC REPUBLIC OF**

Governor  
Pirouz HOSSEINI  
Director-General  
International Specialized  
Agencies Department  
Ministry of Foreign Affairs  
Teheran

Adviser  
Mehdi EBRAHIMI  
Alternate Permanent Representative  
of the Islamic Republic of Iran  
to the United Nations  
Rome

Adviser  
Abdolreza SHAGHAGHI  
First Secretary  
Expert in Economic Affairs  
Embassy of the Islamic  
Republic of Iran  
Rome

## **IRAQ**

Governor  
(acting)  
Badr Jassim ALLAWI  
Ambassador of the Republic of Iraq  
to the United Nations Agencies  
Rome

## **IRELAND**

Governor  
(acting)  
Ruaidhri DOWLING  
Deputy Head  
Multilateral Aid Department  
Development Cooperation Division  
Department of Foreign Affairs  
Dublin



## ITALY

Gouverneur	Alfredo DIANA Président de la Fédération nationale "Cavalieri del Lavoro" Rome
Gouverneur suppléant (provisoire)	Luigi Maria FONTANA GIUSTI Ambassadeur de la République italienne auprès du FIDA Rome
Conseiller	Augusto ZODDA Directeur général Affaires internationales Ministère du Trésor Rome
Conseiller	Filippo ALESSI Conseiller 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
Conseiller	Raffaella DI MARO Directeur Chef de Division Ministère du Trésor Rome
Conseiller	Maria Alessandra FABI Conseiller Direction générale du Trésor Ministère du Trésor Rome
Conseiller	Roberto PASCA DI MAGLIANO Professeur titulaire en économie Université La Sapienza Rome



## **JAPAN**

Governor (acting)	Nobutaka SHINOMIYA Minister Embassy of Japan Rome
Adviser	Yukio NUMATA First Secretary Embassy of Japan Rome
Adviser	Kosuke KUROE Officer Multilateral Cooperation Division Ministry of Foreign Affairs Tokyo
Adviser	Hirofumi KUGITA Director for International Agriculture Organizations International Cooperation Planning Division Ministry of Agriculture, Forestry and Fisheries Tokyo

## **JORDAN**

Governor (acting)	Nabil AMMARI Minister for Planning Amman
Alternate Governor	Hashem AL-SHBOUL Secretary-General Ministry of Agriculture Amman
Adviser	Mustafa ZAHRAN Director Productive Projects Department Ministry of Planning Amman
Adviser	Suheil FARIS Minister Counsellor Embassy of the Hashemite Kingdom of Jordan Rome



**JORDAN (cont'd)**

Adviser  
Jehab Abu MUSHREF  
Director  
Projects Department  
Ministry of Agriculture  
Amman

**KAZAKHSTAN**

Alternate Governor  
Olzhas SULEIMANOV  
Ambassador of the Republic  
of Kazakhstan to Italy  
Rome

Adviser  
Valery TOLMACHEV  
First Secretary  
Embassy of the Republic  
of Kazakhstan  
Rome

Adviser  
Barlybay SADYKOV  
Second Secretary  
Embassy of the Republic  
of Kazakhstan  
Rome

Adviser  
Alim MURATBEKOV  
Third Secretary  
Embassy of the Republic  
of Kazakhstan  
Rome

**KENYA**

Governor  
W. Musalia MUDAVADI  
Minister for Agriculture  
Nairobi

Alternate Governor  
Bob Francis JALANG'O  
Ambassador of the Republic  
of Kenya to IFAD  
Rome

Adviser  
Eliazar Babu MUGA  
Economist  
Ministry of Agriculture  
Nairobi





**KENYA (cont'd)**

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

**LEBANON**

Gouverneur Boutros Gerges ASSAKER  
Ambassadeur  
Chargé d'affaires, a.i.  
Ambassade de la République  
libanaise  
Rome

Gouverneur suppléant Adel CHOUËRI  
Directeur général  
Ministère de l'agriculture  
Beyrouth

Conseiller George MANSOUR  
Directeur des Études et  
de la coordination  
Ministère de l'agriculture  
Beyrouth

**LESOTHO**

Governor Kelebone Albert MAOPE  
Deputy Prime Minister and  
Minister for Agriculture,  
Cooperatives and  
Land Reclamation  
Maseru



**LESOTHO (cont'd)**

Alternate Governor	Moeketsi Joseph MASILO Principal Secretary Ministry of Agriculture, Cooperatives and Land Reclamation Maseru
Adviser	Tieiso Maxwell KHALEMA Counsellor Chargé d'affaires, a.i. Embassy of the Kingdom of Lesotho Rome
Adviser	Maphutheho RANOOE First Secretary Embassy of the Kingdom of Lesotho Rome
Adviser	Victoria LESENYA Planning Officer Ministry of Agriculture, Cooperatives and Land Reclamation Maseru
Adviser	Moeketsi TSIBOHO First Secretary Protocol Division Ministry of Foreign Affairs Maseru

**LIBYAN ARAB JAMAHIRIYA**

Governor (acting)	Milad Abdessalam SCHMEYLA Permanent Representative of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome
Alternate Governor (acting)	Mansour Mabrouk SEGHAYER Counsellor Alternate Permanent Representative of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome



## LUXEMBOURG

Gouverneur (provisoire)	Paul FABER Ambassadeur du Grand-Duché de Luxembourg auprès du FIDA Rome
Gouverneur suppléant (provisoire)	Miguel MARQUES Attaché de Gouvernement Ministère des finances Luxembourg

## MADAGASCAR

Gouverneur suppléant	Georges RUPHIN Ambassadeur de la République de Madagascar auprès du FIDA Rome
Conseiller	M. MONJA Ingénieur d'équipement rural Représentant permanent adjoint de la République de Madagascar auprès du FIDA Rome

## MALAYSIA

Alternate Governor	Ramanathan VENGADESAN Ambassador of Malaysia to Italy Rome
Adviser	Azmi ZAINUDDIN First Secretary Embassy of Malaysia Rome

## MALDIVES

Alternate Governor	Ahmed SHIHAB Director Ministry of Finance and Treasury Malé
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## **MALI**

Gouverneur  
(provisoire)                      Sekou CISSE  
Premier Conseiller  
Chargé d'affaires, a.i.  
Ambassade de la République  
du Mali  
Paris

Conseiller                      Amel B. SALL  
Professor  
Ambassade de la  
République du Mali  
Bruxelles

## **MALTA**

Governor                      Francis Montanaro MIFSUD  
Ambassador of the Republic  
of Malta to IFAD  
Rome

## **MAURITANIA**

Gouverneur                      Sidi El Moctar OULD NAJI  
Ministre des affaires économiques  
et du développement  
Nouakchott

Gouverneur suppléant  
(provisoire)                      Houssein Ould Sidi ABDALLAH  
Premier Conseiller  
Chargé d'affaires, a.i.  
Ambassade de la République  
islamique de Mauritanie  
Rome

Conseiller                      Mohamed El Hassen Ould BOUKHREISS  
Directeur adjoint du financement  
Ministère du Plan  
Nouakchott

## **MAURITIUS**

Governor                      Arvin BOOLELL  
Minister for Agriculture, Food  
Technology and Natural Resources  
Port Louis



## **MAURITIUS (cont'd)**

Alternate Governor	Ramprakash NOWBUTH Principal Assistant Secretary Ministry of Agriculture, Food Technology and Natural Resources Port Louis
Adviser	Denis CANGY Consul of the Republic of Mauritius Rome

## **MEXICO**

Gobernador Suplente	José ROBLES-AGUILAR Consejero Representante Permanente Adjunto de los Estados Unidos Mexicanos ante el FIDA Roma
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## **MOROCCO**

Gouverneur	Abdeladim LHAFI Secrétaire général Ministère de l'agriculture, du développement rural et des pêches maritimes Rabat
Gouverneur suppléant (provisoire)	Fouad SAMIR Chef de la Division des financements et des relations multilatéraux Ministère de l'économie et des finances Rabat
Conseiller	Ahmed AFAILAL Ministre plénipotentiaire Représentant permanent adjoint du Royaume du Maroc auprès du FIDA Rome



**MOROCCO (cont'd)**

Conseiller  
Allal CHAALI  
Ingénieur en chef  
Division de la coopération  
Ministère de l'agriculture,  
du développement rural  
et des pêches maritimes  
Rabat

**MOZAMBIQUE**

Governor  
Luisa Dias DIOGO  
Vice-Minister for Planning  
and Finance  
Maputo

Alternate Governor  
(acting)  
Joana David SARANGA  
General Manager  
Central Bank of the  
Republic of Mozambique  
Maputo

Adviser  
Carlos Francisco COMISSAL  
Adviser  
Ministry of Planning  
and Finance  
Maputo

Adviser  
Ananias Benjamin SIGAÚQUE  
Second Secretary  
Alternate Permanent Representative  
of the Republic Mozambique to  
the United Nations Agencies  
Rome

**MYANMAR**

Governor  
(acting)  
Khin NYEIN  
Ambassador of the Union  
of Myanmar to IFAD  
Rome

Adviser  
Kyi WIN  
Third Secretary  
Alternate Permanent Representative  
of the Union of Myanmar to IFAD  
Rome



## **NAMIBIA**

Governor	Stan WEBSTER Deputy Minister for Agriculture, Water and Rural Development Windhoek
Alternate Governor (acting)	Desmond R. TSHIKESHO IFAD Project Coordinator Director of Extension and Engineering Services Ministry of Agriculture, Water and Rural Development Windhoek
Adviser	Beata Iyaloo NAMBUNDUNGA Chief Agricultural Economist Ministry of Agriculture, Water and Rural Development Windhoek

## **NEPAL**

Governor	Surya Nath UPADHYAY Secretary Ministry of Agriculture Kathmandu
Alternate Governor	Madhav Prashad DHAKAL Under-Secretary Ministry of Finance Kathmandu

## **NETHERLANDS**

Governor (acting)	Robert A. VORNIS Director Multilateral Development Financing and Macroeconomic Policies Department Ministry of Foreign Affairs The Hague
Alternate Governor (acting)	Ewald Johannes Nicolas BROUWERS Deputy Permanent Representative of the Kingdom of The Netherlands to IFAD Rome



**NETHERLANDS (cont'd)**

Adviser  
Bartjan WEGTER  
Senior Officer  
Multilateral Development  
Financing and Macroeconomic  
Policies Department  
Ministry of Foreign Affairs  
The Hague

**NEW ZEALAND**

Governor  
Peter Robert BENNET  
Ambassador of New Zealand  
to Italy  
Rome

Alternate Governor  
Jeremy Paul PALMER  
First Secretary  
Embassy of New Zealand  
Rome

**NIGER**

Gouverneur  
(provisoire)  
Idi Ango OMAR  
Ministre d'État de l'agriculture  
et de l'élevage  
Niamey

Gouverneur suppléant  
(provisoire)  
Adamou CHEKOU  
Ambassadeur de la République  
du Niger auprès du FIDA  
Rome

Conseiller  
Gisèle ILLO AICHATOU  
Directrice des organisations  
et conférences internationales  
Ministère des affaires étrangères  
et de l'intégration africaine  
Niamey

Conseiller  
Hadjia Saoudé OUBANDAWAKI  
Opérateur économique  
Ministère de l'agriculture  
et de l'élevage  
Niamey





**NIGER (cont'd)**

Conseiller	Abdoul Karim MAMALO Directeur des Études et de la Programmation Ministère de l'agriculture et de l'élevage Niamey
Conseiller	Idi MAMAN Directeur du Programme spécial Niger-FIDA Ministère de l'agriculture et de l'élevage Niamey
Conseiller	Zakou MOUSSA Directeur du Project intégré de Keita Ministère de l'agriculture et de l'élevage Niamey
Conseiller	Adam MAIGA ZAKARIAOU Conseiller Représentant permanent adjoint de la République du Niger auprès du FIDA Rome
Conseiller	Amadou SOUNNA Conseiller Ministère des affaires étrangères et de l'intégration africaine Niamey
Conseiller	Sabadou BAWA Responsable de l'Unité des politiques agricoles Ministère de l'agriculture et de l'élevage Niamey

**NIGERIA**

Governor	Alhaji Alfa WALI Federal Minister for Agriculture and Natural Resources Abuja
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**NIGERIA (cont'd)**

Alternate Governor  
(acting)

Jonah MADUGU  
Minister of State for  
Agriculture and Natural  
Resources  
Abuja

Adviser

Oloche Anebi EDACHE  
Director  
Federal Department of Agriculture  
Federal Ministry of Agriculture  
and Natural Resources  
Abuja

Adviser

Ramsey MOWOE  
Director  
Multilateral Institutions Department  
Federal Ministry of Finance  
Abuja

Adviser

Onyeabo Emmanuel ONWUKEME  
First Counsellor  
Alternate Permanent Representative  
of the Federal Republic of Nigeria  
to the United Nations Agencies  
Rome

**NORWAY**

Governor

Kjell HALVORSEN  
Director-General  
Department of Multilateral  
Development Cooperation  
Ministry of Foreign Affairs  
Oslo

Alternate Governor

Ingrid GLAD  
Assistant Director-General  
Bank Section  
Department of Global Issues  
Ministry of Foreign Affairs  
Oslo

Adviser

Dag BRISEID  
Minister Counsellor  
Permanent Representative  
of the Kingdom of Norway  
to the United Nations Agencies  
Rome



**NORWAY (cont'd)**

Adviser  
Mari SKÅRE  
Adviser  
Bank Section  
Department of Global Issues  
Ministry of Foreign Affairs  
Oslo

**OMAN**

Alternate Governor  
Said Khalifa Moh'd AL-BUSAIDY  
Ambassador of the Sultanate  
of Oman to IFAD  
Rome

Adviser  
Yousuf Abdullah Nasser AL-AFIFI  
First Secretary  
Alternate Permanent Representative  
of the Sultanate of Oman to IFAD  
Rome

**PAKISTAN**

Governor  
(acting)  
Arif AYUB  
Ambassador of the Islamic  
Republic of Pakistan to Italy  
Rome

Adviser  
Adnan BASHIR KHAN  
Agricultural Counsellor  
Alternate Permanent Representative  
of the Islamic Republic of Pakistan  
to IFAD  
Rome

**PANAMA**

Gobernador  
Ismael BERNAL MAURE  
Embajador de la República  
de Panamá ante el FIDA  
Roma

Gobernador Suplente  
Horacio MALTEZ  
Ministro Consejero  
Representante Permanente Adjunto  
de la República de Panamá  
ante el FIDA  
Roma



## PARAGUAY

Gobernador  
Oscar CABELLO SARUBBI  
Embajador de la República del  
Paraguay ante el FIDA  
Roma

Asesor  
Roberto Hugo BENITEZ  
Primer Secretario  
Representante Permanente Alterno  
de la República del Paraguay  
ante el FIDA  
Roma

## PERU

Gobernador  
(interino)  
Ana María DEÚSTUA CARAVEDO  
Embajadora de la República del Perú  
ante el FIDA  
Roma

Asesor  
Eliot GAVIRIA  
Tercer Secretario  
Representación Permanente 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

## PORTUGAL

Governor  
Carlos Manuel Inácio FIGUEIREDO  
President of the Financing  
and Support Institute for  
the Development of Agriculture  
and Fisheries  
Lisbon

Alternate Governor  
Carlos Manuel DOS SANTOS FIGUEIREDO  
Head of Division  
Directorate General for European  
and International Affairs  
Ministry of Finance  
Lisbon



## **QATAR**

- Governor  
Ali Bin Said AL-KHAYARIN  
Minister for Municipal Affairs  
and Agriculture  
Doha
- Adviser  
Jaber Hajaj AL-CHEHWANI  
Director  
Office of the Minister for  
Municipal Affairs  
and Agriculture  
Doha
- Adviser  
Ahmed Jaber SOROUR  
Director  
Agricultural Development  
Management Office  
Ministry of Municipal Affairs  
and Agriculture  
Doha
- Adviser  
Jassim Ali Hilal AL-MUHANNADI  
Director (Expert)  
Arab and International  
Agriculture Affairs  
Ministry of Municipal Affairs  
and Agriculture  
Doha
- Adviser  
Ifahad Ibrahim AL-MANA  
First Secretary  
Embassy of the State  
of Qatar  
Rome
- Adviser  
Akeel AL-KHALDY  
Alternate Permanent Representative  
of the State of Qatar to IFAD  
Rome

## **REPUBLIC OF KOREA**

- Governor  
CHUNG Tae-ik  
Ambassador of the Republic  
of Korea to IFAD  
Rome



**REPUBLIC OF KOREA (cont'd)**

Alternate Governor	RHO Kyeong-Sang Agricultural Attaché Deputy Permanent Representative of the Republic of Korea to IFAD Rome
Adviser	KWON Sae-Young First Secretary Alternate Permanent Representative of the Republic of Korea to IFAD Rome
Adviser	HONG Jin-Wook Assistant Director United Nations Economic Affairs Division Ministry of Foreign Affairs and Trade Seoul
Adviser	KWON Jae-Han Third Secretary Alternate Permanent Representative of the Republic of Korea to IFAD Rome

**ROMANIA**

Gouverneur suppléant	Constantin Mihail GRIGOIRE Ambassadeur de la Roumanie auprès du FIDA Rome
Conseiller	Ioan PAVEL Conseiller Représentant permanent adjoint de la Roumanie auprès du FIDA Rome

**SAINT VINCENT AND THE  
GRENADINES**

Governor	Jeremiah C. SCOTT Minister for Agriculture and Labour Kingstown
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**SAINT VINCENT AND THE  
GRENADINES (cont'd)**

Alternate Governor  
Philimore ISAACS  
Chief Agricultural Officer  
Ministry of Agriculture  
and Labour  
Kingstown

Adviser  
Gilbert TELEMAQUE  
Project Manager  
Ministry of Agriculture  
and Labour  
Kingstown

**SAUDI ARABIA**

Governor  
(acting)  
Abdallah Bin Abdel Aziz BIN MOAMAR  
Minister for Agriculture  
and Water  
Riyadh

Alternate Governor  
(acting)  
Ahmad Ben Souleiman Al-AQUIL  
Minister Plenipotentiary  
Permanent Representative of  
the Kingdom of Saudi Arabia  
to the United Nations Agencies  
Rome

Adviser  
Hamid Ben Mohammed ABO JEBAL  
Director-General  
Office of the Minister for  
Agriculture and Water  
Riyadh

Adviser  
Waleed ELKHEREIJI  
Director-General  
Agriculture and Water  
in the Western Region  
Department  
Ministry of Agriculture  
and Water  
Riyadh

Adviser  
Zeid EL HOWAISHEL  
Director  
External Relations  
Ministry of Agriculture  
and Water  
Riyadh



**SAUDI ARABIA (cont'd)**

Adviser  
Bandar AL-SHALHOOB  
Alternate Permanent Representative  
of the Kingdom of Saudi Arabia  
to the United Nations Agencies  
Rome

**SENEGAL**

Gouverneur  
(provisoire)  
Mame Balla SY  
Ambassadeur de la République  
du Sénégal en Italie  
Rome

Gouverneur suppléant  
(provisoire)  
Moussa Bocar LY  
Ministre Conseiller  
Ambassade de la République  
du Sénégal  
Rome

Conseiller  
Abdoukarim DIOUF  
Deuxième Conseiller  
Ambassade de la République  
du Sénégal  
Rome

Conseiller  
Amadou Moustapha KAMARA  
Directeur de l'agriculture  
Ministère de l'agriculture  
Dakar

Conseiller  
Mouhammed El Habib LY  
Directeur de l'Unité de  
politique agricole (UPA)  
Ministère de l'agriculture  
Dakar

**SIERRA LEONE**

Alternate Governor  
Umaru Bundu WURIE  
Ambassador of the Republic  
of Sierra Leone  
Bonn

Adviser  
Adbulai SHERIFF  
Assistant  
Embassy of the Republic  
of Sierra Leone  
Bonn





## **SOLOMON ISLANDS**

Governor  
Steve Sanga AUMANU  
Minister for Agriculture  
and Fisheries  
Honiara

Alternate Governor  
Ezekiel WALAODO  
Under-Secretary  
Department of Agriculture  
and Fisheries  
Honiara

## **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  
of South Africa  
Rome

Adviser  
Edward MAKAYA  
Third Secretary  
Embassy of the Republic  
of South Africa  
Rome

## **SPAIN**

Gobernador  
Enrique PANÉS CALPE  
Ministro Plenipotenciario  
Embajada de España  
Roma

## **SRI LANKA**

Governor  
(acting)  
Nimal Felix C. RANAWEERA  
Additional Secretary  
Ministry of Agriculture  
and Lands  
Battaramulla



**SRI LANKA (cont'd)**

Adviser  
Deeptha KULATILLEKE  
Counsellor  
Alternate Permanent Representative  
of the Democratic Socialist  
Republic of Sri Lanka to IFAD  
Rome

**SUDAN**

Governor  
Nafie ALI NAFIE  
Minister for Agriculture  
and Forestry  
Khartoum

Alternate Governor  
Abdul Galil ABDULGABAR  
Minister of State for International  
Cooperation and Investment  
Khartoum

Adviser  
Mahdi Mustafa EL HADI  
Ambassador of the Republic  
of The Sudan to Italy  
Rome

Adviser  
Mohamed Said MOHAMED ALI HARBI  
Counsellor  
Permanent Representative of the  
Republic of The Sudan to IFAD  
Rome

Adviser  
Elsimaih ELSIDDIG ELNUR  
Director  
International Cooperation  
Ministry of Agriculture  
and Forestry  
Khartoum

Adviser  
Mekky Merghani OSMAN  
Adviser  
Ministry of International  
Cooperation and Investment  
Khartoum

**SWAZILAND**

Governor  
(acting)  
Roy FANOURAKIS  
Minister for Agriculture and  
Cooperatives  
Mbabane



**SWAZILAND (cont'd)**

Adviser  
Clement MABUZA  
Counsellor  
High Commission for the  
Kingdom of Swaziland  
London

Adviser  
Khangezile DLAMINI  
Project Coordinator  
Ministry of Agriculture  
and Cooperatives  
Mbabane

**SWEDEN**

Governor  
(acting)  
Lennart BÅGE  
Ambassador  
Division for International  
Development Cooperation  
Ministry of Foreign Affairs  
Stockholm

Alternate Governor  
(acting)  
Pernilla JOSEFSSON  
Desk Officer  
Division for International  
Development Cooperation  
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  
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Adviser Ahmed EL ZOOBI  
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Alternate Governor (acting) Mwalim Haji AMEIR  
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## UGANDA

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## UNITED ARAB EMIRATES

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Department for International  
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**UNITED STATES**

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**Society for International Development**

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**31st December Women's Movement**

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**Trickle Up Program**

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Arab Regional Office  
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**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council – Twenty-Second Session**  
Rome, 17-18 February 1999

**AGENDA**

1. Opening of the Session
2. Adoption of the Agenda
3. Applications for Non-Original Membership
4. Statement of the President of IFAD
5. Progress Report on the Fourth Replenishment of IFAD's Resources
6. General Statements
7. Audited Financial Statements of IFAD as at 31 December 1997
8. Financial Matters:
  - (a) Proposed Budget of IFAD for 1999
  - (b) General Reserve
9. Review of the Adequacy of the Resources Available to IFAD
10. Membership of the Executive Board
11. Timing of Annual Sessions of the Governing Council: Amendment of the Rules of Procedure of the Governing Council



12. Progress Report on the Establishment of the Global Mechanism of the United Nations Convention to Combat Desertification
13. IFAD's Follow-up to the Conference on Hunger and Poverty: Progress Report on the Popular Coalition to Eradicate Hunger and Poverty
14. Report on the Status of the Headquarters Agreement
15. Other Business

Approval of the Disclosure of Documents

**ANNEX III**

**LIST OF DOCUMENTS PLACED BEFORE THE  
TWENTY-SECOND SESSION OF THE GOVERNING COUNCIL**

<b>Document No.</b>	<b>Agenda Item</b>	<b>Title</b>
GC 22/L.1/Rev.1	2	Provisional Agenda and Annotations
GC 22/L.1/Rev.1/Add.1	2	Schedule of Work for the Session
GC 22/L.3 + Add.1	5	Progress Report on the Fourth Replenishment of IFAD's Resources
GC 22/L.4	7	Audited Financial Statements of IFAD - 31 December 1997
GC 22/L.5 + Corr.1 + Add.1	8(a)	Programme of Work and Budget of IFAD for 1999
GC 22/L.6	9	Review of the Adequacy of the Resources Available to IFAD
GC 22/L.7	10	Membership of the Executive Board
GC 22/L.8	11	Timing of the Annual Sessions of the Governing Council: Amendment of the Rules of Procedure of the Governing Council
GC 22/L.9	8(b)	General Reserve
GC 22/L.10	12	Progress Report on the Establishment of the Global Mechanism of the United Nations Convention to Combat Desertification
GC 22/L.11	13	Follow-Up to the Conference on Hunger and Poverty: Progress Report on the Popular Coalition to Eradicate Hunger and Poverty
GC 22/INF.1		Arrangements for the Twenty-Second Session of the Governing Council
GC 22/INF.2		Results of the Governing Council Vote by Correspondence for the Provision of a Supplementary Amount of USD 1 Million to the Budget of IFAD for 1998
GC 22/INF.3		Contribution from Non-Member State



<b>Document No.</b>	<b>Agenda Item</b>	<b>Title</b>
GC 22/INF.4		IFAD's Response to the Consequences of Hurricane Mitch in Central America
GC 22/INF.5		Report on the Implementation Status of the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and Financial Implications for IFAD
GC 22/INF.6/Rev.1		Provisional List of Participants at the Twenty-Second Session of the Governing Council
GC 22/INF.7		Financial Highlights for the Year Ended 31 December 1998
GC 22/INF.8		Statement Adopted by the NGOs Participating in the Ninth IFAD/Non-Governmental Organization Consultation
GC 22/Resolutions		Resolutions Adopted by the Governing Council at its Twenty-Second Session





**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council — Twenty-Second Session**  
Rome, 17-18 February 1999

**PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1999**

1. With reference to Note 1 on the first page of the Programme of Work and Budget of IFAD for 1999 (document GC 22/L.5), the Governing Council is invited to approve the recalculation of the budget at the present prevailing exchange rate for the Italian lira, since the original budget was calculated at ITL 1 734/USD 1.00, the anticipated average exchange rate for 1998.
2. With the introduction of the euro on 1 January 1999, it is necessary to use the prevailing EUR/USD exchange rate and the ITL/EUR fixed conversion rate in order to arrive at the ITL/USD exchange rate. The derived ITL/USD rate of exchange is ITL 1 731.29/USD 1.00, which the President recommends that the Governing Council adopt for the purpose of the recalculation of the Budget of IFAD for 1999.
3. Accordingly, in paragraph 5 of the draft resolution on page i of document GC 22/L.5, the total amount of the Budget of IFAD for 1999 will be USD 55 416 000, including a contingency of USD 400 000, plus a separate amount of USD 343 400 for funding the 1999 sessions of the Consultations to Review the Adequacy of the Resources Available to IFAD.



**DRAFT RESOLUTION ON THE BUDGET OF IFAD FOR 1999**

**Resolution .../XXII**

**Budget of IFAD for 1999**

**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-Fifth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1999 in the amount of SDR 335.2 million;
3. **Noting** that, at the request of the Government of the Republic of Zambia to postpone to 1999 the loan proposed for Zambia in 1998, the Executive Board decided, on an exceptional basis, to approve an additional SDR 9 million for the 1999 Programme of Work for the postponed Zambia loan;
4. **Having considered** the review of the Sixty-Fifth Session of the Executive Board concerning the proposed Budget of IFAD for 1999;
5. **Approves** the Budget of IFAD for 1999, as contained in document GC 22/L.5 in the amount of USD 55 416 000 determined on the basis of a rate of exchange of ITL 1 731.29/USD 1.00, including a contingency of USD 400 000, plus a separate amount of USD 343 400 for funding the 1999 sessions of the Consultation to Review the Adequacy of the Resources Available to IFAD;
6. **Decides** that, in the event the average value of the United States dollar in 1999 should change against the Italian lira 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 the proportion that the actual exchange rate in 1999 bears to the budget exchange rate.



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council — Twenty-Second Session**  
Rome, 17-18 February 1999

**PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1999**

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 1999 Budget to the Governing Council for approval.
2. The Programme of Work for 1999 on which the Budget is based, was reviewed by the Executive Board at its Sixty-Fifth Session and a level of SDR 335.22 million was approved for planning purposes. An additional amount of SDR 9 million was also approved on an exceptional basis for a loan to Zambia which was postponed to 1999. The Executive Board noted the regional lending levels, and in particular the renewed focus on the African region, and expressed the need for a review of the current situation in Central America and Asia.
3. The Executive Board, at its Sixty-Fifth Session, also reviewed the proposed Budget of IFAD for 1999. The Board expressed satisfaction at the efforts made by the Fund over the past seven years to reduce the Budget, and noted the proposed 1999 Budget level with zero real growth amounting to USD 55.4 million, including a contingency of USD 400 000, plus a separate provision of USD 343 000 for the funding of Consultations on the Future Financial Needs of IFAD. 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 adopt the attached draft resolution, approving the 1999 Budget in the amount indicated therein.

## DRAFT RESOLUTION OF THE BUDGET OF IFAD FOR 1999

### Resolution .../XXII

#### Budget of IFAD for 1999

#### 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-Fifth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1999 in the amount of SDR 335.2 million;
3. **Noting** that, at the request of the Government of the Republic of Zambia to postpone the project proposed for Zambia, the Executive Board agreed, on an exceptional basis, to approve an additional SDR 9 million to the 1999 Programme of Work for the Zambia loan which was postponed to 1999;
4. **Having considered** the review of the Sixty-Fifth Session of the Executive Board concerning the proposed Budget of IFAD for 1999;
5. **Approves** the Budget of IFAD for 1999, as contained in document GC 22/L.5 in the amount of USD 55 366 000<sup>1</sup> determined on the basis of a rate of exchange of ITL 1 734/USD 1.00, including a contingency of USD 400 000 plus a separate amount of USD 343 000 for funding the 1999 Consultations on the Future Financial Needs of IFAD;
6. **Decides** that in the event the average value of the United States Dollar in 1999 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 the proportion that the actual exchange rate in 1999 bears to the Budget exchange rate.

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<sup>1</sup> This figure will require adjustment in accordance with the prevailing 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-Second Session of the Governing Council. Due to the introduction of the Euro, which comes into effect on 1 January 1999, the prevailing Euro/United States Dollar exchange rate will be also provided to facilitate comparison in future years.



**SECTION**

**I. INTRODUCTION AND OVERVIEW**

**II. STRATEGIC DIRECTIONS IN THE 1999 PROGRAMME OF WORK AND BUDGET**

- A. 1998 Corporate Strategy Implementation to Date and the Effect on 1999
- B. Operational Strategy and Corporate Work Programme
- C. Resource Strategy
- D. Other

**III. REVIEW OF RESOURCES AND COMMITMENTS**

**IV. PROGRAMME OF WORK FOR 1999**

- A. Loan Programme
- B. Technical Assistance Grant Programme

**V. THE MAJOR ISSUES AFFECTING THE 1999 BUDGET**

- A. The World Bank's Supervision Costs
- B. 1999 Up-Front Costs Relating to Re-Engineering
- C. Consultation on IFAD's Future Financial Needs

**VI. THE 1999 BUDGET**

- A. Governing Bodies and Other Official Meetings
- B. Staff Costs
- C. Payments for Appraisal, Supervision and Evaluation
- D. Office and General Expenses
- E. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization
- F. Contingency Items

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TABLE 6	Staff Costs
TABLE 6A	Staff Levels in 1999
TABLE 7	Payments for Appraisal, Supervision and Evaluation
TABLE 7A	Evaluation and Studies
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TABLE 9	Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization



## CHARTS AND GRAPHS

The 1999 Programme of Work

IFAD Loans and Grants

Number of NGOs Collaborating in ongoing IFAD Projects and ECP Programmes

Administrative Budget: 1990-1998 Trend versus Actual

Composition of the Administrative Budget

Budgeted Project-Cycle Costs and the Active Loan and Grant Portfolio

The Productivity of Supervision: Costs versus Disbursements

Administrative Budget as a Ratio of Net Loan Commitment and Resources Available for Commitment

Administrative Budget as a Ratio of Total Assets

Number of IFAD Staff Appointed during the Years 1996-1998 and Expected Number of Staff Appointments from 1999-2002

Number of IFAD Staff Separated during the Years 1996-1998 and Expected Number of Separations from 1999-2002

Cost of Appraisals and Supervision

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- |           |  |
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| ANNEX V   | Overview of the Regional Strategies for 1999   |



## I. INTRODUCTION AND OVERVIEW

1. At its Sixty-Fourth Session in September 1998, the Executive Board reviewed the Preview of the Programme of Work and Budget of IFAD for 1999 (document EB 98/64/R.5), which provided the Fund's strategic directions for the medium and long term as well as the objectives for 1999.
2. IFAD's corporate strategy framework for 1999 will continue to focus on its core mandate of eradicating rural poverty and will be guided by the five Strategic Thrusts identified in 1997 (see Box 1). The medium-term objectives that have been set consist of jointly developed goals which will be measurable for the first time against the Corporate Scorecard. Critical linkages between divisional goals and objectives will be closely monitored.
3. IFAD's proposed 1999 Programme of Work of 472.77 million United States dollars (USD) (equivalent to 335.22 million Special Drawing Rights, or SDRs) contains a lending level similar to that of 1998, including a price increase of 3%. An additional amount of USD 12.63 million, equivalent to SDR 9.0 million, was also approved by the Sixty-Fifth Session of the Executive Board for a loan to Zambia. The amount was transferred from the 1998 Programme of Work on an exceptional basis as, due to special circumstances, the project had to be postponed to 1999. The proposed Technical Assistance Grant (TAG) Programme is approximately USD 35.45 million, or 7.5% of the overall Programme of Work.
4. As in 1998, the Administrative Budget will show zero real growth. The 1999 Budget totals USD 55 366 000, including Contingency Items of USD 400 000. This total excludes an amount of USD 343 000, which management proposes be dealt with separately, i.e., the funding for the Consultation on IFAD's Future Financial Needs. As can be seen from Box 2, 1999 will represent the seventh consecutive year that no real increase has been made to the IFAD Administrative Budget.
5. In accordance with the Criteria for the Selection of Projects under Direct Supervision, the Executive Board members noted, that by the end of 1998, 13 projects had been approved for direct supervision by IFAD and that the remaining two projects identified for direct supervision will be presented to the Sixty-Sixth Session of the Executive Board. For the purposes of consistency, budgetary coverage has been calculated for full project equivalents (FPEs), which are foreseen as at 1999 to be ten.
6. A time-bound task force has been created to oversee the development and implementation of a Corporate Year 2000 Compliance Programme to ensure that all IFAD systems comply with the relevant requirements. A separate information paper on this issue (document EB 98/65/INF.2) was presented to the Sixty-Fifth Session of the Executive Board.
7. The year 1999 will see the completion of the activities outlined in the Human Resource Strategy implementation plan. The job competency review and workload study will have been completed by the end of 1998. A preliminary outline of these reviews and analyses and the details regarding the next stages in personnel and change management are provided in the following pages, together with the impact foreseen on budgetary allocations.
8. As previously advised to the Executive Board, the World Bank has indicated the need to increase its average costs in conjunction with a decision to increase the level of supervision of projects with the aim of improving quality and impact. IFAD's zero-growth budget limitation has not allowed the absorption of these increases and, notwithstanding intense negotiations with the World



Bank, relocation of the majority of projects for which the World Bank charges IFAD for supervision to alternative cooperating institutions (CIs) has been inevitable.

9. As outlined in the Preview of the Programme of Work and Budget of IFAD for 1999, which was endorsed by the Executive Board, IFAD, in its efforts to streamline operations, is considering the introduction of a long-term investment decision tool called “capital budgeting”, so as to identify where planned expenditures will have returns that are expected to extend beyond one year. Given the nature of IFAD’s activities, capital budgeting is currently intended to be used in the areas of computing and information technology to improve the efficiency and effectiveness of the Fund’s long-term operations. A number of major areas have been identified, such as human resource management, payroll, resource mobilization, contributions management and accounts receivable as well as the loans and grants and treasury systems, in terms of integration with the rest of the financial system, and, as part of the capital-budgeting exercise, a feasibility study on the design, strategy and implementation of capital budgeting alternatives is planned during 1999.

10. It is to be noted that for ease of presentation, the document format has been slightly revised with Tables 4 through 9, Charts and Graphs, and Annexes inserted at the end of the document.

**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 network.
- E. Develop a human-resource and management system that supports accountability, teamwork and decentralized decision-making.





## II. STRATEGIC DIRECTIONS IN THE 1999 PROGRAMME OF WORK AND BUDGET

### A. 1998 Corporate Strategy Implementation to Date and the Effect on 1999

11. IFAD's Corporate Strategy is articulated into five Strategic Thrusts, each subdivided into objectives with quantifiable annual targets for IFAD's organizational units. The Corporate Scorecard is the mechanism through which the achievement of annual targets is monitored.

12. In this first year of implementation, the institution has made excellent progress in achieving the targets that it set for itself in 1998. In fact, the current pace of achievement of the 1998 Corporate Scorecard objectives and targets makes it possible to forecast the successful implementation of the medium-term Corporate Strategy Thrusts. There are, however, two critical areas where additional efforts will have to be made to achieve the medium-term goals that the Fund has outlined in the corporate strategy:

- (a) **ensuring participation of the poor** in project design and implementation. While action has been taken for improving participatory methods in 1998, carrying out this objective will require increased attention and additional resources; and
- (b) **improving IFAD's portfolio performance**, especially in terms of identifying problem projects and providing the necessary backstopping to put these projects back on track.

13. In terms of corporate objectives, other areas to which IFAD will need to devote increased attention in 1999 include:

- (a) **Assessing IFAD's future resource requirements.** Preparations, including studies, consultations and related logistics, as requested by the Governing Bodies, will be carried out;
- (b) **Mobilization of supplementary funds.** IFAD will continue its efforts to raise supplementary resources by maintaining relationships with existing donors, identifying potential new donors, analysing areas of strategic interest and how IFAD's mandate reflects evolving priorities;
- (c) **Partnerships with the private sector.** A framework for private-sector partnerships will be tested with a select number of private-sector networks and partners. These partnerships are being considered at project, corporate and along thematic and sectoral lines;
- (d) **Use of advanced information technology.** Where necessary, advanced management information systems will be adopted to increase the Fund's efficiency and enable it to better exchange information with its partners;
- (e) **The Global Mechanism initiative.** With the housing of the Global Mechanism and the recent appointment of its managing director, the Fund is looking forward to complementing planned resource development and operational efforts within the purview of the Convention to Combat Desertification (CCD).



## **Strategic Linkages/Cofinancing**

14. IFAD continues to work on defining a strategic mix of operations to achieve its objective of becoming an established knowledge organization in rural poverty eradication. This implies a multitiered approach that includes: (i) the development of small-scale, innovative projects; (ii) participation in policy-oriented activities that help redefine important areas of intervention; and (iii) a renewed emphasis on attracting cofinancing to activities and projects that focus on combating rural poverty.

15. An example of support for innovative projects is the Electronic Network for Rural Asia/Pacific Projects (ENRAP), which connects IFAD's projects in Asia, CIs, IFAD headquarters and regional research institutions. The ENRAP will help strengthen project management, create local networks and thus help improve capacities and sustainability at the local level. In this manner, the needs of project managers and beneficiaries will eventually drive information and communication activities among projects, and between them and IFAD.

16. In defining policy-oriented issues, the recent Brainstorming Workshop on IFAD's Strategic Focus on Poverty became another element in the institution's drive to create a clearer strategic focus for the future. Bringing together international academics and development practitioners from multilateral and bilateral donors and agencies, non-governmental organizations (NGOs) and research centres, the Fund is exchanging knowledge and experience on the nature of rural poverty and the challenges confronting the institution in combating it.

17. The Fund continues in its efforts to focus on increasing levels of cofinancing, both in terms of additional resources for IFAD-initiated projects and IFAD support for activities initiated by CIs. As of December 1998, IFAD had cofinanced a total of five projects from the pipelines of other institutions and attracted cofinancing for a total of 15 IFAD-initiated projects. Efforts to increase cofinancing levels, in order to build closer partnerships and maximize operational impact will continue in 1999.

18. Sharing knowledge and expertise internally within the project development process is accomplished through an interdepartmental consultative process. A better articulation of country strategies continues. The concept of the Project Development Team (PDT) that brings together relevant expertise from all units has now been institutionalized and PDTs are active in the design and development of all projects.

## **B. Operational Strategy and Corporate Work Programme**

### **Operational Strategy**

19. The main elements of the Fund's operating strategy in 1999 will include:

- continuing the focus on well-defined poverty groups and gender awareness;
- cofinancing and strengthening efforts to mobilize resources in support of the poor;
- ensuring the participation of the poor;
- strengthening the focus on Africa;
- strengthening the information base on the poorest of the poor;
- strengthening portfolio management to increase impact on the poor;
- continuing the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI); and
- implementing the Flexible Lending Mechanism.



## **Plan of Continued Focus on Well-Defined Poverty Groups**

20. IFAD projects in 1999 will continue to focus on the poorest of the poor, the landless and the near landless, marginal farmers, small-scale artisanal fishermen, indigenous populations, displaced groups and women. IFAD recognizes that poverty afflicts various groups differently, depending on the nature of evolving circumstances, both macro and micro. Emphasis will therefore be placed on the identification of the poor and their specific characteristics through field surveys in order to capture the changing boundaries and perceptions of poverty. Sharpening IFAD's focus on the poor in view of the changing dynamics of poverty will thus be the cornerstone of IFAD's operations. An inclusive strategy, within its mandate and resources, will enable IFAD to offer better alternatives to help lift the poor out of poverty. The Corporate Scorecard for 1999 will ensure that all projects are designed to take gender issues into account and that women are increasingly present and active in project-related decision-making bodies.

## **Cofinancing - Mobilizing Additional Resources in Support of the Poor**

21. The Fund will continue to stress the importance of cofinancing as a method of creating and enhancing strategic and operational linkages with other multilateral institutions in order to augment the flow of resources to the poor. While recognizing the difficulties involved in raising cofinancing from bilateral and multilateral donors, the Fund will continue to select projects from the pipelines of CIs when suitable opportunities, in line with IFAD's mandate, are identified. A combination of programming approach, flexible lending operations and selective grant activities will be pursued to ensure that the targets regarding cofinancing and the scaling up of innovative IFAD projects are achieved.

## **Participation of the Poor in the Development and Implementation of Projects**

22. IFAD's key thrust in 1999 will be its emphasis on sharpening methodologies for ensuring increased participation of the poor in the development and implementation of projects. This approach will follow a number of simultaneous tracks: (i) supporting policies and programmes of decentralization to the benefit of the poor; (ii) developing and instituting participatory monitoring systems, thus enabling IFAD to ensure the involvement of the poor in project design and implementation; (iii) ensuring the involvement of the poor in the decision-making process of projects; and (iv) building capacity and providing critical training so that the poor can effectively participate in articulating their needs and translating them into projects and components.

## **Focus on Africa**

23. An important element of IFAD's operational strategy will be to increase its emphasis on the African continent in terms of its lending operations and project activities. Efforts will be made to restore the lending level in Africa in view of last year's slippage (in addition to the plans submitted to the Executive Board last year). This will require extra effort in terms of project-preparation activities and pipeline development in line with the critical needs of the regions. The grant programme will support activities towards developing a strong and responsive lending programme. Development of grass-roots institutions at the field level will also be required to ensure that these can effectively fill the gaps left by the state institutions that have pulled back.



## **Information Base on the Poor and IFAD's Project-Related Database**

24. Development of quality projects and their successful implementation requires access to relevant and up-to-date information on IFAD's target groups and various implementation parameters. IFAD has already initiated a corporate database on aspects related to project portfolio management. The objective is to make on-line information available to authorized users on a real-time basis. This information will also be linked to the databases of CIs, so that up-to-date information on project status and its impact on the poor is available in order to take corrective action as and when required. The operating strategy in 1999 focuses on fine-tuning this database, with timely input of relevant data, and ensuring that its coverage and depth serve the stated objective and meet corporate requirements.

25. IFAD will also strengthen its effort to make information on rural development and poverty alleviation available to the poor and to development practitioners through further elaboration of this information network. The experience with Internet-based System of Information Exchange for IFAD Programmes throughout Latin America (FIDAMERICA) will be replicated in other regions and modern information technology and multimedia channels will be used to support this objective.

26. At the same time, the Fund will provide key information on the identified poor and make it available to a wide audience to increase awareness of the nature and causes of poverty, mobilize resources and encourage others to take action for rural poverty alleviation.

## **Project Portfolio Management**

27. One of the primary objectives of IFAD's corporate strategy is to ensure that projects and programmes supported by IFAD have the desired field-level results. Accordingly, and in response to recommendations of the report of the Joint Review on Supervision Issues for IFAD-Financed Projects, IFAD is giving increased importance to the management of its portfolio. As a result, the portfolio review process is being intensified within the Fund and between IFAD and its CIs. The new process involves: assessing implementation progress and disbursement performance; detecting critical project-specific and generic problems; identifying remedial actions for follow-up in collaboration with CIs; and, finally, generating and managing knowledge from past performance for future project design. In this regard, a separate Progress Report on Project Implementation will be submitted to the Sixty-Sixth Session of the Executive Board. Training in the use of logframes will continue and, *inter alia*, will be used to define more focused performance indicators for project management and measurement of project results.

## **Heavily-Indebted Poor Countries Debt Initiative**

28. To date, the Fund has committed itself to net present value (NPV) debt relief totalling USD 22.4 million for six countries (Bolivia, Burkina Faso, Côte d'Ivoire, Guyana, Mozambique and Uganda). Mali reached "decision point" in September 1998 and will be submitted for Executive Board decision in April 1999. Additional countries expected to come forward within the next two years could include: Chad, Ethiopia, Guinea, Guinea-Bissau, Mauritania, The Congo, Togo and Viet Nam. The first six HIPC DI interventions alone imply an estimated nominal debt relief for IFAD of SDR 3.8 million for 1998 and 1999, and SDR 4.0 million for 2000. The financial implications of additional HIPC DI initiatives will become known as the debt-sustainability assessments evolve and the Executive Board will be kept fully informed. These resources constitute assistance to the countries in addition to the regular programme of work. As a consequence of HIPC DI, future loan reflows will be reduced from the countries in question, thus implying the need for additional



resources. The upper ceiling of the costs of IFAD's participation in HIPC DI was estimated at USD 60 million. The World Bank and International Monetary Fund (IMF) executive boards recently decided to extend the eligibility period from September 1998 until the end of 2000. In addition, discussions are ongoing that could result in: (a) broadening the outreach of HIPC DI to additional countries, including possibly post-conflict countries; and (b) deepening HIPC DI, by providing higher levels of debt relief. This could increase IFAD's corporate resource requirements. The Netherlands' complementary contribution to the Fourth Replenishment, equivalent to approximately USD 15.0 million, will assist the Fund in honouring its HIPC DI commitments, but more resources will be required. At its Sixty-Fifth Session, the Executive Board approved a transfer of USD 16 million, in four equal yearly instalments to commence as of 31 December 1998, from the uncommitted accumulated surplus of IFAD's regular resources to the IFAD-HIPC DI Trust Fund.

### **Flexible Lending Mechanism**

29. With the Executive Board approval of the Flexible Lending Mechanism (FLM) policy paper at the September 1998 Session, one FLM loan to Mali was approved at the December 1998 Session, with start-up foreseen in 1999. The overall objective of FLM is to increase flexibility in IFAD project design and implementation. It will match project time frames with the pursuit of long-term development objectives in instances where it is judged that an extended implementation period is more suitable to the attainment of those objectives. Key elements of FLM include: a longer loan period, 10-12 years, as opposed to the typical loan of 5-6 years, with clear articulation of long-term development objectives; an iterative and phased design process over this extended time period to permit greater flexibility in resource allocation and planning in the attainment of the long-term objectives; a detailed design process for the initial cycle of project activities, with a set of clearly specified "trigger" conditions for proceeding to subsequent cycles; and an enhanced role for monitoring and evaluation (M&E) in ensuring that the project is on track in its pursuit of immediate and long-term objectives.

## **C. Resource Strategy**

### **Plan of Action to Ensure Future Financial Needs**

30. A number of interlinked initiatives are under way to help the Fund sharpen its cutting edge in an arena to which increasing numbers of new actors are attracted. These initiatives should contribute to maintaining and hopefully elevating the position of IFAD in receiving resources through development-assistance packages:

- the outcome of the Rapid External Assessment (REA), which confirmed the important role of IFAD in poverty alleviation;
- the adoption of the recommendations of REA to increase the impact of IFAD projects and extend the Fund's outreach;
- the re-engineering process, growing out of internal dynamics, to increase the Fund's competitiveness and cost-effectiveness in resource transfer to the local level and the poor; and
- the adoption of a series of policies for improved internal resource management.

31. In order to maintain the type of leadership and credibility that it has acquired in the realm of rural development and poverty eradication, and taking into account the evolving global circumstances and its own experience, the Fund is now reviewing what the future level and strategic pattern of its annual lending should be. This exercise is guided by three basic principles:



- enhancing the catalytic role that IFAD resources can play;
- sharpening the impact of its projects by systematic introduction of lessons learned; and
- maintaining its cost-effectiveness in resource transfer.

32. These principles, along with the relevant set of policies to be considered later by the Governing Bodies of the Fund, will determine the level of the Fund's future financial needs. In other words, an objective and programme-driven target for the future resource base will replace the usual *ad hoc* levels, which were perceived as achievable under the previous replenishments. This target will be supported by the corporate strategy that articulates broad strategic goals and precise operational and management objectives.

33. Taking the above into consideration, steps should be taken to begin the process associated with the examination and securing of financial needs in a timely manner. A plan of action is to be formulated around the agreed target level, and will be based on the expectation that the new governance structure will save the Consultation from the frustrating hurdles experienced in the past. Consequently, a one-year negotiation period, beginning in February 1999, is proposed, subject to the adoption of the Resolution to be submitted to the Twenty-Second Session of the Governing Council to establish the Consultation to review the adequacy of the resources available to IFAD. The First Consultation, to be convened just after the Governing Council in February 1999, will, however, decide on an appropriate timetable.

34. Prior to this, the President will also have held consultations with representatives of each of the three lists so as to be in a position to forward some ideas for the consideration of the Executive Board. Within IFAD, the President will be assisted by interdepartmental efforts that encompass all relevant organizational units. Efforts will be harmonized to ensure that all relevant capacities within the Fund are engaged.

### **Mobilization of Complementary Resources**

35. Options for further developing IFAD resources to underpin its regular activities are being explored. These include the development of relationships with the private sector and the analysis of innovations to IFAD's liability structure. Private-sector collaboration will be pursued on the basis of a policy framework in support of current operations, with three main entry points:

- through IFAD's projects;
- through IFAD-managed thematic facilities (e.g., in collaboration with the Global Mechanism and the Popular Coalition); and
- on a corporate-wide basis.

36. In the short term, the highest returns will be gained through the **project approach**, which should attract additionally resources that support IFAD's own thrust in given countries. As experience is gained, thematic facilities will receive increased attention and corporate link-ups can be envisaged at a later stage.

- Private sector-IFAD linkages must be concluded, however, on the basis of a mutually beneficial partnership. Consequently, IFAD's added value to the private sector will directly determine the private sector's willingness to be associated with the Fund.



- Private-sector contributions can take a number of forms: financial resources; training (transfer-of-technology, maintenance, etc.); in-kind (equipment, machinery, etc.); management support (project office, project monitoring, etc.); knowledge management (information systems, telecommunications, etc.); upstream partnerships (provision of material inputs, etc.); downstream partnerships (processing, sales, marketing, etc.); and advocacy.

### **Partnership Development in Support of Poverty Eradication**

37. In support of IFAD's mandate, the Fund will continue to support both the strengthening of existing partnerships and the development of new ones with diverse constituencies. These will include NGOs, civil-society groups, parliamentarians, private-sector groups and the media. Partnerships are seen as a means of: enhancing IFAD's effectiveness in operations; optimizing resource use and leveraging through advocacy efforts; increasing support for IFAD's corporate objectives; and maintaining government commitment to official development assistance.

38. The Fund's resource-development effort will be linked to and guided by a corporate communications and marketing strategy. This strategy will encompass media relations, partnership development and donor relations, in order to ensure that IFAD's core messages are communicated consistently and clearly to each major IFAD client category. It is also paramount that IFAD have access to advanced technology and the means for propagating its message and image. A specific media strategy for the promotion of the future resource requirements and programme activities will be developed in line with IFAD's corporate objectives.

## **D. Other**

### **Human Resources Action Plan**

39. IFAD's approach to human resources and personnel management brought about far-reaching changes in 1997. Re-engineering efforts continued throughout 1998 and will continue through the years ahead with the aim of generating higher levels of cost-effectiveness, increasing accountability, developing teamwork, improving IFAD's outreach and strengthening it as a knowledge organization. Such efforts included the introduction of a new performance management system, a training programme based on support to the organization and division goals and the alignment of work and compensation through an IFAD-wide classification review. Managers have received coaching throughout this process. A team of consultants working with IFAD managers and staff on the human resources management strategy may complete, by the end of 1998, the workload study and job classification review of the organization. The workload study forms the foundation for the confirmation of staffing levels and equitable redistribution of work.

40. These achievements usher in new challenges for 1999 and future years, which IFAD will have to address for its human resource strategy is to take root. With this objective in mind, the Fund must focus on providing staff with tools to operate in the new environment from 1999.

41. In order to meet these challenges, three primary objectives will be addressed in 1999: (a) monitor and fine-tune the implementation of Human Resource Strategy initiatives undertaken in 1998; (b) provide a broader range of training and development opportunities for staff in support of the organization's goals; and (c) apply quality-management techniques to processes in order to identify, streamline and eliminate redundant procedures.



## **A Recognized Knowledge Organization**

42. The common denominator of IFAD's evaluation and studies activities planned for 1999 remains the Corporate Strategic Thrust on knowledge generation and dissemination. The Programme of Work for 1999 will consolidate the previous achievements and continue to provide strong support to the regional divisions by:

- maintaining a high level of project, programme and country evaluations in order to generate field-based knowledge;
- deepening and conceptualizing further the knowledge already gained in the field, and, as a result, produce even more lessons learned and thematic evaluations;
- promoting exchanges of evaluation knowledge with our development partners and international financial institutions (IFIs), including the success stories of Learning From Each Other's Success (LEOS) that have a potential for replication and scaling up; and
- storing and disseminating evaluation knowledge through efficient means, such as the computerized Evaluation Knowledge System (EKSYST) and its Internet version (the IFADEVAl web site), publications, workshops and support missions.

43. The evaluation activities will enhance efficiency in project implementation by providing technical support to the programme divisions. IFAD will continue to develop methodological tools that permit better baseline assessments of the incidence and depth of poverty at project inception, and to monitor progress during implementation, which also comprises perceptions of beneficiary problems. Result-oriented M&E systems will be developed with a logical framework approach that is both dynamic and participatory.



### III. REVIEW OF RESOURCES AND COMMITMENTS

44. **Commitment levels from 1993 to 1999.** The amounts of the loans and grants approved by the Executive Board for the period 1993 to 1998 and a proposal for the 1999 Programme of Work are presented in Table 1, while Table 2 shows projections of resources available up to the end of 2000.

**TABLE 1**  
**LOANS AND GRANTS APPROVED (EXCLUDING CANCELLATIONS) 1993-98**  
**AND PROPOSAL FOR 1999**

	1993	1994	1995	1996	1997	1998 Approved	1998 Projected	1999 Proposed
Number of loans	32	29	33	32	29	33	30	34
(SDR million, rounded)								
Total value of loans	264	243	261	275	288	312	303	310
Total value of grants <sup>2</sup>	17	12	15	19	23	24	24	25
Total value of loans and grants	281	255	276	294	311	336	327	335 <sup>3 4</sup>

<sup>2</sup> For 1992-93, grants included Services to Member States, which were shifted to the Administrative Budget in 1994; from 1995 on, grants include the Project Development Fund (PDF).

<sup>3</sup> This is equivalent to the 1998 USD level adjusted for inflation by 3%, as described further in Table 3.

<sup>4</sup> To this an additional amount of SDR 9.0 million was approved by the Executive Board at its Sixty-Fifth Session, on an exceptional basis, for a loan to Zambia which was postponed from 1998 to 1999.

**TABLE 2**  
**IFAD RESOURCES VERSUS COMMITMENTS, 1997-2000**  
**(SDR million)**

	Actual 1997	Forecast 1998	Forecast 1999	Forecast 2000
Resources at the beginning of the year <sup>5</sup>	235	287	390	293
Loan cancellations and other adjustments <sup>6</sup>	39	44	44	44
Subtotal	274	331	434	337
Members' Contributions				
Third Replenishment <sup>7</sup>	12			
Fourth Replenishment <sup>8</sup>	110	197		
Loan reflows	118	121	138	149
Investment income <sup>9</sup>	121	109	109	109
Operating expenses <sup>10</sup>	(37)	(38)	(39)	(41)
Provisions <sup>11</sup>		(3)	(5)	(5)
Resources after expenses	598	717	637	549
Commitments - loans and grants <sup>12</sup>	(311)	(327)	(344)	(345)
Resources at the end of the year	287	390	293	204

<sup>5</sup> "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.

<sup>6</sup> Loan cancellations are projected on the basis of past experience and expected project closures.

<sup>7</sup> 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.

<sup>8</sup> The total amount of USD 419.6 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment by the end of 1998. It is the policy of IFAD to make loan and grant commitments only against actual payments in the form of cash or promissory notes.

<sup>9</sup> Investment income on IFAD's investment portfolio is expected to yield 7% nominal return per annum in 1999 and 2000.

<sup>10</sup> For operating expense allocations, close to full utilization is assumed for 1998.

<sup>11</sup> These include provisions to fund the ASMC actuarial deficit (USD 2.6 million) starting in 1999 and the HIPC DI Fund (USD 4.0 million) starting in 1998, as approved by the Sixty-Fifth Session of the Executive Board.

<sup>12</sup> For the Programme of Work, close to full utilization is assumed for the grants in 1998 whereas, for loans in 1998 and 1999, an adjustment has been made based on the postponement of a loan for Zambia.

#### IV. PROGRAMME OF WORK FOR 1999

45. As indicated to the Executive Board at its Sixty-Fourth Session in September 1998, the planned overall Programme of Work for 1999 is being maintained at the same real level as in 1998, adjusted for projected inflation (3%). This results in a proposed overall total of approximately USD 473 million, or approximately SDR 335 million, compared with an approved 1998 Programme of Work of USD 459 million, or approximately SDR 336 million.

46. Details on the overall planned 1999 Loan and Technical Assistance Grant (TAG) 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 15 October 1998 (SDR 1.00 = USD 1.41031). Table 3 and paragraph 48 below exclude the additional amount of USD 12.63 million (SDR 9.0 million) which, on an exceptional basis, the Sixty-Fifth Session of the Executive Board agreed to add to the 1999 Programme of Work for a loan to Zambia which was postponed to 1999.

**TABLE 3**  
**1998 APPROVED AND 1999 PROPOSED PROGRAMME OF WORK**

	1998 (SDR million, at 1.36521 USD/SDR restated) <sup>13</sup>	1998 (USD million)	Price Increase (USD million)	Real Increase (Decrease) (USD million)	1999 Proposed (USD million)	1999 Proposed (SDR million, at 1.41031 USD/SDR) <sup>1</sup>
Loan Programme	312.4	426.5	12.80	(1.98)	437.32	310.09
Technical Assistance Grant Programme <sup>1</sup>	23.8	32.5	0.97	1.98	35.45	25.13
Total	336.2	459.0	13.77	0	472.77	335.22

##### A. Loan Programme

47. **1998 projected versus actual.** The 1998 lending programme included 33 projects 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 fact, 30 projects were approved during 1998, for a total of SDR 303 million with an average loan size of SDR 10.1 million. In view of the difficulties experienced in 1997, the lending allocation of Western and Central Africa (Africa I region) was reduced to SDR 42.48 million for seven projects (13.6% of the 1998 approved lending programme) and that of Eastern and Southern

<sup>13</sup> For 1999, the percentage of the TAG Programme to the overall Programme of Work is 7.5%. (The 1998 level was 7.08%).



Africa (Africa II region) to SDR 60.65 million for seven projects (19.4%). However, the former secured a higher than originally anticipated lending programme with the same seven projects (as a result of higher overall average loan size). Western and Central Africa's share of the actual 1998 lending programme was SDR 47.40 million (USD 63.78 million), or 15.6%. Overall lending to Africa was approximately 35% of the 1998 expected lending for 12 projects, a marked improvement over the 1997 level of six projects including the grant to Rwanda.

48. **The 1999 lending programme.** In 1999, 34 projects are expected to be submitted for approval for a total of SDR 310.09 million (USD 437.3 million) and an average loan size of SDR 9.12 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 (document EB 97/61/R.5/Add.1), some temporary upward adjustments are proposed in the 1999 lending targets for the Africa I and II Divisions, in an effort to restore their lending level in view of the difficulties encountered in 1997 (security and arrears problems in the case of Africa I and some policy and institutional issues in the case of Africa II). It is proposed that the lending share of each of these two divisions be 21.3%, which when combined, represents a total lending of 42.6%. This temporary upward trend will lead to some temporary adjustments in the other three regions. As previously indicated, these are considered to be temporary adjustments in regional lending targets, with the expectation that in 2000, IFAD will be able to revert to the lending structure approved by the Governing Council. So far, only a limited number of cooperating institution-initiated projects have been identified for 1999, remaining below the expected target. However, efforts are currently being exerted with a view to identifying suitable opportunities for joint collaboration in 1999.

## **B. Technical Assistance Grant Programme**

49. **Support for the lending programme.** 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; and (e) environmental assessment. While remaining within the Executive Board 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. In order 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 has reviewed its current policy and practice in providing grants and, within this context, is developing future directions and strategy for the allocation of such resources. At its Sixty-Third Session, the Executive Board considered a paper on IFAD Policy and Strategy for Grant Financing and expressed the wish to have adequate time to develop a more informed response to it. In September 1998, an informal seminar was organized to discuss the above-mentioned paper and Board members provided valuable guidance for further study. A final paper that takes into consideration the previous comments of the Board will be presented to the Sixty-Sixth Session in April 1999.

50. Agricultural research and training grants are critical instruments 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. They represent 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 both expand its own understanding of poverty-eradication issues and contribute to the promotion of such understanding throughout the development community.



51. 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 the former. 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.

52. Increased focus will be placed on addressing issues arising from and providing support to projects funded by loans. Adequate attention will be given to priority areas forming the basis for prospective programmes of assistance of the Fund. Project-related issues of regional and international importance will be supported through grants to member institutions of CGIAR and other regional institutions of high repute. In 1999, it is proposed that the agricultural research TAGs remain within the 3.5% ceiling of the overall Programme of Work.

53. 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: two workshops are planned in 1999 in those regions that were not covered by the previous workshops. The location will be decided upon after careful analysis and based upon the needs of project managers and administrators in the field. The need for a project financial system emerged from 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.

54. 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. These will involve, for instance, water support improvement in Africa, poverty-management skills development in Asia, support for rural financial institutions and participatory monitoring in South America, and gender concerns in rural development in the Near East and North Africa. In line with the lending strategies for the various regions, action-research activities will be pursued, along with the promotion of knowledge networks on specific themes closely linked to the Fund's operations. For example, a grant will be provided for the participatory research on rainfed agriculture in Asia. Meanwhile, regional consultations and workshops will be held on themes such as the cassava strategy, indigenous peoples and project implementation.

55. Provision is made to provide a grant to the CCD Support Facility to the Global Mechanism, subject to the finalization of the Memorandum of Understanding between IFAD and the Conference of Parties. It is expected that this contribution will catalyse voluntary contributions from other sources into the facility.

56. The 1999 TAG Programme is proposed at a level of SDR 25.13 million (USD 35.45 million), thus reaching 7.5% of the overall Programme of Work, which is the TAG Programme ceiling established by the Executive Board. Details on grant activities planned for 1999 compared with the 1998 approved level are provided in Table 3A below.

57. **Project Development Fund (PDF).** As indicated in Table 3A, an allocation of USD 8.77 million will be made available under PDF for the formulation of approximately 27.9 FPEs. IFAD will ensure that more of the required technical design work is completed at the project formulation stage. A portion of the resources will continue to be used to undertake country portfolio

reviews, strategy development and design and development of technical assistance grants. The PDF allocation proposed for 1999 is higher than that provided for in the 1998 Programme of Work and Budget. Details regarding regional activities for project development in 1999 are provided in Annex I.

58. **IFAD/NGO Extended Cooperation Programme (ECP).** 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 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.

**TABLE 3A**  
**APPROVED 1998 AND PROPOSED 1999 TAG PROGRAMME**  
**(USD million)**

	1998		1999	
	Approved (USD million) <sup>14</sup>	% of Overall TAG Programme	Proposed (USD million)	% of Overall TAG Programme
Agricultural research	8.50	26.19	8.51	24.01
Other research, training and other	9.14	28.17	13.67	38.56
Project Development Fund (PDF)	7.88	24.28	8.77	24.74
IFAD/NGO Extended Cooperation Programme (ECP)	2.53	7.79	2.35	6.62
Environmental assessment	0.40	1.23	0.40	1.13
Special Operations Facility (SOF)	2.11	6.48	1.75	4.94
Special activities	1.90	5.86	-	-
<b>Total</b>	<b>32.46</b>	<b>100.00</b>	<b>35.45</b>	<b>100.00</b>

59. **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.

60. **Special Operations Facility (SOF).** The 1999 proposal for SOF grants is USD 1.75 million, lower than the amount provided in 1998. These grants provide for the costs of project start-up and early implementation support activities, which ultimately contribute to a high impact lending programme.

<sup>14</sup> Revised pursuant to document EB 97/61/R.5.



## **V. THE MAJOR ISSUES AFFECTING THE 1999 BUDGET**

61. The major policy issues affecting the 1999 Budget were previewed to the Executive Board in September 1998. For the most part, they reflect the measures that will be undertaken to implement the corporate and operational strategies.

### **A. The World Bank's Supervision Costs**

62. An IFAD mission headed by the Vice President visited the World Bank in October 1998 to discuss the World Bank's supervision costs and commence arrangements for relocating a large part of IFAD's portfolio to the custody of other CIs. (EB 98/65/INF.3 with the background and detailed information on this subject was tabled during the Sixty-Fifth Session of the Executive Board.) A limited number of projects, however, will have to remain with the World Bank until their completion. These include projects closing by the end of 1999 for which any relocation would interrupt their smooth functioning. The World Bank will continue to supervise a few other projects for technical reasons. For these reasons, it is planned that 8.7 FPEs will remain with the World Bank which, according to the latest figures provided, will represent, at approximately USD 120 000 per FPE, an increase of approximately 266% over the 1998 FPE cost. For this purpose, a sum of USD 640 000 has been added to the Budget for these extraordinary price increases, to absorb the cost increase due to external factors that are beyond IFAD's control.

### **B. 1999 Up-Front Costs Relating to Re-Engineering**

63. The sum of USD 1.15 million has been provided for up-front, one-off costs required for implementation of the next set of recommendations of IFAD management. Details on the amounts recommended for the various activities are provided in the next table.



	1998 Budget (at 1 788 ITL/USD)	1998 Budget restated (at 1 734 ITL/USD)	Real Increase (Decrease)	1999 Budget (at 1 734 ITL/USD)
Information systems development	724	724	(129)	595
Information Security Programme	0	0	55	55
Year 2000 Compliance Programme	0	0	200	200
Migration to 32-bit Computing Environment	0	0	228	228
Technical Environment of IFAD Intranet	0	0	70	70
Information systems - FIS implementation	624	624	(582)	42
Information systems development - HR	100	100	(100)	0
Special legal professional assistance - direct supervision	0	0	28	28
Special professional assistance for investigation services	0	0	80	80
Separation and placement issues	0	0	350	350
Human resource assessment	450	450	(390)	60
Communications campaign to support future resource consultations			40	40
<b>Total</b>	<b>1 174</b>	<b>1 174</b>	<b>(21)</b>	<b>1 153</b>

**(i) Information Systems Development**

64. An amount of USD 595 000 has been included for 1999 to cover up-front investment costs relating to systems development in the following areas of information management:

- (a) **Information Security Programme.** The Fund faces a continuing growth in the use of information technology (IT) by staff at all levels and has an increasing reliance on information systems to support its core operations. This situation calls for the appropriate funding of resources to ensure that all information assets are adequately protected and that critical information systems are available under all circumstances. To this effect, the duties and responsibilities of one existing position have been redefined, thus establishing the function of IT Security Officer. The programme of work of this new function requires some limited initial investment in 1999 for the acquisition of specialized security software and expert assistance for the timely implementation of the most urgent measures. For this purpose, a total amount of USD 55 000 is proposed in 1999, noting that a similar level of investment will likely be required in the following year to complete the basic programme.
- (b) **Year 2000 Compliance Programme.** As indicated in the Preview of the Programme of Work and Budget of IFAD for 1999, IFAD identified in 1997 the need to modify the personnel and payroll system to face the “year 2000





compliance” problem due to the obsolescence of “Millennium”, the main-frame development and operating environment on which the system is based. Subsequently, IFAD identified the need to extend the scope of the year 2000-related activities beyond the IT boundaries and the President decided to establish a time-bound task-force to oversee the development and implementation of a Corporate Year 2000 Compliance Programme. More information about this programme is given in the relevant information document. An amount of USD 200 000 has been included to cover the costs for the implementation of the Corporate Year 2000 Programme. This amount includes USD 100 000 for one-time activities to review all relevant business aspects and to ensure the compliance of IFAD’s counterparts, and USD 100 000 for the 1999 portion of the costs for the development, testing and implementation of the necessary changes to the personnel and payroll computer system. The estimated cost of the system changes is USD 185 000, of which USD 85 000 has been covered for in 1998 in order to initiate the project as early as possible.

- (c) **Migration to 32-bit Computing Environment.** There is a strong, expressed demand from user divisions to upgrade IFAD’s suite of office productivity tools to the current release. An amount of USD 227 600 is included for the one-time costs related to the acquisition of the licenses of the current release of Microsoft Office 97/98. It should be noted that the lease of adequate personal computers, a prerequisite for the installation of the required 32-bit operating system software, is part of the ongoing cost of maintaining the technical infrastructure, and is funded under Headquarters Expenses - Computer Services.
- (d) **Technical Environment of IFAD Intranet.** The expansion of IFAD’s corporate web site is required if the initial implementation of static pages is to evolve to dynamic web pages, which give access on-demand to various database applications. Similarly, a number of requests for more flexible access to corporate information will be addressed through a combination of web-based query tools through IFAD Intranet. An amount of USD 70 000 is included in the budget to expand the relevant infrastructure by acquiring and installing web authoring and deployment tools and web site management tools.
- (e) **Information systems - FIS implementation.** One-time costs of USD 42 000 are provided in 1999 to cover costs related to implementation, roll-out to users and training on the new financial information system, FIS2.

(ii) **Special Legal Professional Assistance - Direct Supervision**

65. The request for four additional months of short-term professional assistance in the Office of the General Counsel relates to IFAD’s direct supervision of projects. The experience drawn from two 1998 projects shows a need for legal involvement, specifically in procurement issues, an overall rules and procedures system, and regulating and clarifying different relationships with the United Nations Office for Project Services (UNOPS). A substantial amount of work, including participation in the Task Force Committee and analysing the rules applicable, was undertaken in 1998. Much remains to be done in 1999. It was also demonstrated that the Office of the General Counsel’s participation in supervision missions is increasingly needed for directly supervised projects. An amount of USD 28 000 is provided here.



**(iii) Special Professional Assistance for Investigation Services**

66. The need for such services is unpredictable and is of a non-recurring nature. Should a case arise, then funds must be identified and released quickly so that immediate action may be undertaken. The allocation of USD 80 000 provides a ready funding source for investigation-related expenses in 1999 and covers any unexpected costs of ongoing cases.

**(iv) Separation and Placement Issues**

67. Combined with the advent of the IFAD performance management system, job competencies have been identified, skills for the diverse job requirements within the organization have been concretely reviewed and a workload study has been undertaken. As a fall-out of these reviews and analyses, and in order to satisfy the priorities of the organization, redeployment and separation may be expected. A first course of action will attempt to keep concerned staff in their present posts and provide them with appropriate training to enable them to match their skills and performance to those required for the post. If this is not possible, the next step will be to determine whether, through training and coaching, the staff will be able to carry out the functions of another job, either within the division, the department or in another department. These two courses of action may mean a significant training investment for a number of the staff. In cases where both courses fail, it will mean separating those concerned from service. IFAD will endeavour to provide counselling and support measures to redeployed staff, which will include training to update skills for career transition, assistance in dealing with the impact of these changes and assistance in searching for a job within the organization. In order to facilitate this process, some up-front budgetary allocations are necessary.

**(v) Human Resource Assessment**

68. During 1999, the Human Resources Management Strategy Team will complete the activities as outlined in the implementation plan in 1998. A provision of USD 60 000 is included for this in 1999.

**(vi) Communications Campaign to Support Future Resource Consultations**

69. In 1999, IFAD's information and communications strategy will focus much more on promoting IFAD's corporate identity through a clearer and more coordinated marketing strategy. The strategy will entail: the development of key messages that express IFAD's core values, strategy and objectives; the production of briefing materials and other communications tools targeted to IFAD's distinct stakeholders; and the dissemination of information on IFAD experiences and best practices, knowledge of poverty-eradication processes and future priorities through different means. These include print, internet-based communications and audio-visual forms. An integrated approach will be taken in the development of content of the messages addressed to the various stakeholders. This will ensure that the results of recent studies of IFAD project-effectiveness and impact, regional priorities and lending strategies, and emerging concerns with current poverty trends (related to, among others, regional and global economic trends) are properly reflected and balanced.

**C. Consultation on IFAD's Future Financial Needs**

70. As indicated to the Executive Board in the Preview of the Programme of Work and Budget of 1999, IFAD anticipates beginning future resource requirement negotiations during 1999. For this purpose, a series of consultation meetings are envisaged, together with a necessary provision for one-time costs relating to these meetings. The level of this provision will depend upon the timing, length

and frequency of the meetings. It is expected that the timetable will be agreed upon by the Twenty-Second Governing Council. In an effort to minimize costs, it is proposed that these meetings be held, wherever possible, in conjunction with Executive Board meetings. A figure of USD 343 000 is provided to this end.

## VI. THE 1999 BUDGET

<b>Box 2</b>		
<b>Administrative Budget<sup>15</sup></b>		
Seven 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)
** 1999		(0.04)

\* Excluding Early Retirement Programme.

\*\* Excluding Consultations on Future Financial Needs.

71. The total 1998 Budget approved at the Twenty-First Governing Council (at the then prevailing rate of ITL 1 788 = USD 1.00) was USD 51 537 000, including Contingency Items of USD 400 000. This level has been adjusted to USD 51 937 000 for the 1998 portion (USD 400 000) related to the supplement of USD 1 million approved by the Governors through a vote by correspondence recommended by the Executive Board, on the International Labour Organisation Administrative Tribunal (ILOAT) decision regarding General Service salary levels. The 1999 Budget, including Contingency Items of USD 400 000, but excluding a provision of costs for Consultations on IFAD's Future Financial Needs, is proposed at USD 55 366 000.

72. A summary of the expenditure for all 1999 Budget categories as well as a comparison with 1998 approved levels can be found in Table 4. The 1998 allocations have been restated using the latest projected average ITL/USD exchange rate for 1998 (ITL 1 734 = USD 1.00) for comparison purposes. As indicated to the Sixty-Third Session of the Executive Board, when the Budget is presented to the Twenty-Second Session of the Governing Council, a restatement of ITL/USD as well as EURO/USD may be necessary. Current 1998 projections envisage full utilization of each of the budget headings as well as utilization of most of the contingency funds for the retroactive United Nations Joint Staff Pension Fund (UNJSPF) contributions of long-term temporary staff (LTT), as authorized by the Sixty-Fourth Session of the Executive Board.

<sup>15</sup> As published in each year's budget document.



73. Table 4 also shows the projected expenditure levels for 1998. As may be noted, overall projected 1998 expenses are expected to be in line with the approved 1998 level in all categories, including the contingency described below.

74. Since no move to a new headquarters building is foreseen in 1998, no expenditure will be incurred under the Contingency Item for expenses on the new facility. As authorized by the Executive Board at its Sixty-Fourth Session, however, the contingency funds were reallocated to cover retroactive UNJSPF contributions of the LTTs 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 1998. Consequently, at the time of preparation of this document, full utilization is projected.

75. As in previous years, the proposed 1999 Budget estimates have been calculated using appropriate factors for each type of expenditure and basing projections upon current trends and past years' experience.

76. 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, a general inflation rate of 2.3% has been applied to all Rome-based expenses based on the projected average Italian inflation rate for 1999;
- (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 (ICSC). 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 1999:
  - (i) approximately 2.5% on salaries and post adjustments to cover the annual/biennial within-grade step increases and expected movements in grade;
  - (ii) a 3% cost-of-living increase for the General Service staff, effective 1 November 1999;
  - (iii) a provision of 1.65% for anticipated movement in the post-adjustment scale for Professional staff as from March 1999;
  - (iv) a 3% increase in pensionable remuneration for the Professional category as from November 1999;
  - (v) an expected 5% increase in medical plan contributions and after-service medical costs as from January 1999;



- (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 4% for airfares and 2% for the Daily Subsistence Allowance (DSA) applicable to Rome and 3% for other capitals worldwide.

77. The projected cooperating institution charges for supervision and loan administration of IFAD projects reflect increases that have been communicated, as well as estimated increases (4%) for which confirmation had not yet been received when preparing this document.

78. 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 1999 Budget analysis by organizational department and division.

### **A. Governing Bodies and Other Official Meetings**

79. The costs of the Twenty-Third Session of the Governing Council, three Sessions of the Executive Board, three one-day meetings of the Evaluation Committee and four meetings of the Audit Committee planned during 1999 are detailed in Table 5. There is a real overall reduction of USD 17 000 under this Budget category even though there has been an increase in translation costs for the Audit Committee. The savings arise mainly in the area of Executive Board meetings and are realized primarily through savings related to the reduced hiring of non-local translation staff, a more efficient flow of documentation and the increased use of remote translation. The overall proposed 1999 allocation includes a provision for price increases of USD 76 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs.

### **B. Staff Costs**

80. 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 and has completed the job classification review. Preliminary results indicate that there are six staff members currently classified under the General Service category who are carrying out Professional functions. This situation has arisen over the years as organizational and operational activities have evolved with the assignment of additional duties to the staff positions concerned. It is therefore recommended that these be converted to the Professional category. Any minimal costs associated with the conversion of the six posts from General Service to the Professional category will be absorbed though savings engendered by recruiting staff against vacant posts at grades lower than those assigned to former incumbents.

81. As shown in Table 6, the total projected 1999 Staff Costs are USD 27 834 000. This includes normal expected price increases of USD 1 033 000 in accordance with paragraph 76(b) above, as well as an overall increase of USD 123 000 which is explained below.

82. Table 6A reflects the expected grade changes in the staffing table. Overall staffing numbers are being maintained at the 1998 level. The figures therein may have to be changed once the HRMS Team has completed its workload study throughout the organization. Other key items are as follows:



- (a) **Salaries and post adjustment.** For Professional staff, provisions totalling USD 220 000 are made for within-grade step increases and an increase in the post-adjustment scale, in accordance with paragraph 76(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 291 000. These price increases total USD 511 000, equivalent to an increase of approximately 3%.
- (b) **Education grants and other allowances** The price increase of USD 44 000 relates to the projected increases for education grant allowances, in accordance with the new ceiling increase proposed from 1 January 1999, as well as for dependency allowances for both categories of staff effective on the same date.
- (c) (i) **Pension and medical plan contributions.** The real increase of USD 89 000 is due to an increase in the number of participants in the medical and After-Service Medical Coverage (ASMC). A 3% increase in the scale of pensionable remuneration is expected to be effective as of November 1998, and a similar increase is projected for November 1999 for both staff categories.
- (ii) **Impact of After-Service Medical Coverage.** It was brought to the attention of the Twenty-First Session of the Governing Council (document GC 21/L.5) that the current multi-employer ASMC (FAO, World Food Programme (WFP), IFAD, etc.), which operates on a pay-as-you-go basis, is unsustainable over the long term due to demographic changes and escalating medical costs. An actuary engaged by FAO determined that there was an unfunded cumulative liability for active staff and retirees of USD 212.5 million, of which IFAD's share would be USD 10.8 million as of the end of 1996. The actuary updated the estimate to 31 December 1997, resulting in an unfunded liability of USD 229 million, of which IFAD's share was calculated as USD 12.9 million. These are preliminary figures and IFAD and other Rome-based UN agencies are following up with FAO to agree on their share of the unfunded liability. IFAD presented the outcome of its discussion with FAO and the recommended funding proposal to the December 1998 Audit Committee, as part of its review of the Adequacy of the General Reserve of IFAD. In this regard, at its Sixty-Fifth Session, the Executive Board authorized annual transfers of USD 2.6 million from the accumulated surplus of IFAD's resources for five years starting in 1999, in order to build up a provision to fund the after-service medical scheme actuarial deficit. Meanwhile, it is proposed that the full provision should continue to be made for annual service costs in line with the decision made by the Executive Board. The incremental annual cost of ASMC, on the basis of estimated figures supplied by FAO, amounts to USD 517 000.
- (iii) **Compensation for injury, illness or death of staff members.** In accordance with the Personnel Policies Manual, IFAD provides insurance coverage for its staff for compensation in the event of injury, illness or death. Several recent large claims have induced the underwriters to review the profitability of the policy. Initial figures received indicate a possible 20% increase in premiums for 1999. Management is presently studying a report which outlines possible cost-saving alternatives.



The resulting total anticipated price increase amounts to USD 350 000 and includes the estimated provision for price increase for the medical plan and insurance contributions.

- (d) and (e) **Home leave, repatriation and separation payments.** Price increases reflect an increase in airfares for home leave of USD 13 000; those for repatriation and separation of Professional and General Service staff total USD 37 000. The slight decrease of USD 17 000 brings the total 1999 proposed amount to USD 315 000 for home leave and USD 1 442 000 for repatriation and separation payments.
- (f) **Relocation and recruitment.** As can be seen from the graphs, the rate of staff turnover in the Professional category during the period 1993-1997 was relatively stable, averaging seven cases per year. In 1998, the number of separations from service due either to retirement or resignation totalled 14, of which 50% were unforeseen resignations. Due to the lack of budgetary provisions to recruit against the vacancies flowing from these unforeseen separations in 1998, recruitment against those vacancies has been deferred to 1999. Thus, recruitment and relocation costs will significantly increase in 1999. The total relocation allocation has been increased by USD 73 000. Price increases of USD 14 000 reflect the inflation increase for appointment and interview travel, removal of household goods and the Rome DSA increase, which impacts both the interview travel and the appointment costs of Professional staff.
- (g) **Temporary staff.** As mentioned previously, a review of the long-term temporary staff has been carried out within the organization. There is a real decrease of USD 13 000 and with price increases of USD 44 000 the total becomes USD 1 102 000.
- (h) **Overtime.** The 1998 allocation is slightly reduced by USD 9 000. With a price increase of USD 7 000, it totals USD 226 000 for 1999.
- (i) **Training.** The total amount proposed for 1999 is USD 439 000, which includes expected price increases of USD 13 000. During 1998, the Fund invested in staff training in the following areas: management development workshops; performance management; language, writing and editing skills; educational assistance grants; Project Management Department-related training, such as project supervision, participatory project design and portfolio management; and various training courses for General Service staff in relevant and economic issues. In addition, staff received training identified through the Individual Performance System (IPS) submissions. As a result of the training activities and rigorous needs analyses conducted during 1998, a training programme has been developed for 1999 that focuses on supporting change in the management culture and developing staff skills. A Training and Development Advisory Committee was established in June 1998 to ensure representation from each department in confirming training needs identified through IPS, identifying new staff development needs and developing strategies. During 1999, the Fund will be building on the foundation and systems put in place earlier. Whereas there was a heavy reliance in the past on external consultants, IFAD continues to strengthen its internal capacity in human resource and staff development expertise. It should be noted that development activities to support change in management culture require long-term training. Each year, modules will be introduced that build upon previous experience. For this reason, some training activities will continue to form part of



the training programme over the next three to five years. The 1999 training programme will focus on two main areas:

- (i) **Training to support change.** The first area of human resources training supports changes in management culture. Although there will be a variety of interventions specific to group needs, there are common elements in each to ensure that the management culture being introduced throughout the organization is consistent. These include understanding individuals and cultures, problem solving, communications skills, quality management and customer service.
  - (a) **Management and supervisory skills workshops.** These are intended to support staff who did not participate in the 1998 Management Development Workshops. A series of workshops will be designed to address the needs of those staff who manage external and internal staff and clients.
  - (b) **Team-building workshops.** Begun in 1998 as part of the Human Resources Management Programme, they have proven to be a very effective method for staff and managers of each organizational unit to meet and discuss issues affecting them and their unit. It is an opportunity to extend management skills to the staff at all levels and is considered fundamental for sustainable change.
  - (c) **Performance management.** During 1998, a new IPS was implemented for the entire organization. The Fund will conduct an annual assessment from December 1998 through March 1999, along with a series of orientation sessions to support managers in the implementation of this final stage of the IPS, including the management review process and writing performance appraisals.
  - (d) **Knowledge management and experience exchanges.** The activities proposed in this area support internal dissemination of knowledge and experience. The initiative taps internal resources to capture knowledge and share it through presentations and computer-based orientation sessions. Costs are related to staff training (e.g., to train-the-trainer and presentation skills), and the design and technical development of orientation programmes on IFAD's operational policies and procedures, rural development issues, etc.
  - (e) **Resource mobilization and advocacy management.** In support of the resource mobilization strategy, funds have been reserved for staff development related to resource mobilization and advocacy management.
- (ii) **Training to enhance staff technical skills.** The second major area addresses training to enhance staff technical skills. The following training activities, which were identified as part of the 1998 IPS process, may be updated with those stemming from the 1999 IPS:





- (a) **Technical skills training.** This includes accounting, financial, administration, and economics foundation courses, work planning, organization skills and time management, loan disbursement and servicing policies, publication processes and inventory management, etc. The skills-development needs will be addressed through a variety of learning techniques, including self-learning packages, coaching, internal workshops and classes, and external training courses.
- (b) **Project Management Department-related training.** As a continuation of 1998 activities, funding will be provided for participatory project design, portfolio management, procurement and direct project supervision.
- (c) **Risk management** continues as part of the 1998 activities.
- (d) **Writing and editing skills, language classes and education assistance grants** are ongoing activities for the organization.

### **C. Payments for Appraisal, Supervision and Evaluation**

83. Table 7 provides the 1999 projected costs which total USD 14 914 000.

#### **Appraisal and Related Costs**

84. It is proposed that IFAD undertake 33 full appraisal equivalents in 1999. This represents an increase of one additional full appraisal equivalent over the 1998 level. While regional divisions are currently exerting efforts to contain the overall average appraisal cost by ensuring that most of the technical design work is finalized during the project formulation stage through PDF, the level of appraisal resources has been determined after taking into account: (a) the number of projects proposed for submission to the Executive Board during 1999, including a small reserve of projects to allow for unforeseeable slippage as has occurred in the past; and (b) the need to begin appraisal work for projects planned for submission to the April Board of 2000, thus allowing a better spread of projects for presentation to the Board.

85. Contacts are currently being established with various IFIs (e.g., the World Bank, the African Development Bank (AfDB), etc.) to identify suitable projects for cofinancing by IFAD. Therefore, the final number will depend on the outcome of these consultations. The total proposed allocation of USD 1 990 000 includes a slight real decrease of USD 6 000 and price increases of USD 52 000.

#### **Supervision and Related Costs**

86. 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. Subsequently, a Task Force for the Implementation of a Time-Bound Action Plan for Recommendations 1 through 5 of the Report of the Joint Review on Supervision Issues for IFAD-Financed Projects was set up to examine the related issues, including the financial implications. To this end, a workshop was convened with IFAD's CIs on 13 February 1998, to provide a forum for reflecting on ways of strengthening the supervision process in response to the goals articulated in IFAD's major strategic thrusts.



87. The above task force completed the format of a new letter of appointment that defines the detailed functions and requirements for contracting out loan administration of directly supervised projects. The task force is also fine-tuning direct supervision guidelines for directly supervised projects. On the cost side, however, the signals received thus far from various CIs clearly indicate that reductions are not feasible. The AfDB and the West African Development Bank (BOAD) have indicated their need to increase annual average costs. IFAD was recently informed of the World Bank's policy to apply a "uniform costing system" to all services, both internal and external, which represents a significant cost increase. In addition to the cost issue, the World Bank has indicated the need to increase the level of supervision of projects in response to a concerted effort to improve the quality of implementation and overall impact. This will no doubt put an enormous strain on IFAD's budgetary resources, particularly at a time when the objective of maintaining zero real growth is sought. As provided in paragraph 62, a separate information note was tabled at the Sixty-Fifth Session of the Executive Board

88. Moreover, efforts are being made to contain, to the extent possible, the portfolio size (in terms of FPEs) by rigorously examining proposals for loan extensions within the context of IFAD's Policy Framework for Defining Project Implementation Periods and Extensions of Loan Closing Dates (document EB 97/61/R.10). Of the 24 projects expected to close in 1998, 14 have already done so and ten are expected to close before the end of the year. Two IFAD-financed projects in Bangladesh were extended with the objective of assisting the country, as long standing flooding has dramatically affected the rural poor. However, IFAD appears to be on the right track in terms of containing the size of the portfolio. It is estimated that resources will be required for approximately 204.18 FPEs. At the end of 1998, the Executive Board approved 13 projects to be directly supervised by IFAD and it is expected that two further projects for direct supervision by IFAD will be approved at the Sixty-Sixth Session of the Executive Board. The need to provide adequate budgetary provision (in terms of FPEs) stems from the fact that work towards meeting conditions of effectiveness and expeditious project start-up will become of overriding importance. Part of the budgetary provision will also be provided to cover the loan administration and procurement services to be rendered by UNOPS for approximately 14 pilot direct supervision projects (a comprehensive annual fee of USD 12 000 to cover each project under supervision). One project will be administered by the Arab Fund for Economic and Social Development (AFESD).

89. **Audits of loans and grants initiated by IFAD.** As reflected in the Preview of the Programme of Work and Budget of IFAD for 1999, it is proposed that audits of certain projects and grants be initiated and undertaken from time to time by IFAD if covenants in loan or grant agreements are not adhered to. Such interventions, which constitute an integral part of IFAD's control over the proper use of its funds, may sometimes be paid directly by the Fund. In light of general problems in terms of timely delivery of audit reports on the part of borrowers and recipients, IFAD has found it appropriate to introduce the possibility, in the revised General Conditions, that a special auditor may be called upon to conduct the auditing of a project. This possibility may also be used if there is a suspicion of misuse of funds. The expected costs of these activities in 1999 is shown separately under the heading, Audit of Loans and Grants Initiated by IFAD, within the Payments for Appraisal, Supervision and Evaluation category. Approximately half of the USD 45 000 will be used by the Office of Internal Audit to fund its 1999 programme of audits of grants, focusing on grant activities that are not audited by external auditors. The remainder of the allocation will be used for special audits of project activities. Such interventions will be initiated in exceptional circumstances by the Programme Management Department and will be performed in coordination with the Controller's Office, the Office of Internal Audit, the cooperating institution and the borrower.

90. **Follow-up by IFAD** in 1999 will decrease marginally over 1998 and will be used to: (a) underpin the new strategic emphasis on implementation and portfolio management; and (b) 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 since only very few countries have had access to 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. The total allocation, inclusive of price increases of USD 27 000, is proposed at USD 1 120 000.

91. **Supervision of TAGs.** To maintain participation in the area of grant-portfolio management, a figure of USD 187 000 has been proposed for 1999 to accommodate the supervision of active and new grants.

### **Staff Travel**

92. **Appraisal and IFAD 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. It is anticipated that some efficiencies will be achieved through the use of non-endorseable airfares. Thus, a slight real decrease of USD 26 000, with price increases of USD 35 000, brings the proposed 1999 allocation to USD 1 059 000.

93. **Direct supervision.** In contrast, as the number of projects under IFAD direct supervision is increasing, the proposed allocation for 1999 has been increased to USD 78 000.

### **Evaluation and Studies**

94. Details on the activities planned in this area for 1999 can be found in Table 7A.

## **D. Office and General Expenses**

95. Details for Office and General Expenses are shown in Table 8. As in previous years, this heading includes Headquarters Expenses, Professional Services and Miscellaneous expenditures. Further information is provided below.

### **(a) Headquarters Expenses**

96. Expenditure under this heading provides for the costs of running the Rome headquarters premises, as well as office equipment and administrative supplies. The 1999 proposed level of USD 4 673 000 has been reduced slightly compared to that of 1998.

- (i) **Security and custodial services.** The 1999 Budget allocation of USD 353 000 includes provision for the security contract as well as technical assistance for the security systems at IFAD/HQ and IFAD/2. The 1998 level has been decreased by USD 20 000 following the revision of the security contract for the newly acquired IFAD/2 offices (7th and 8th floors) and the cancellation of services related to the Annex offices. The allocation includes price increases of USD 8 000.
- (ii) **Communications.** This allocation covers estimated 1999 charges for the integrated set of voice, fax and telex communications services totalling USD 581 000. The 1998 level has been maintained, with price increases of USD 13 000, notwithstanding a substantial increase in the volume of all types of traffic, with the exclusion of telexes, as a result of outsourcing to international carriers and close monitoring of market conditions.



- (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 IFAD/2 offices, electricity, water, gas consumption and improvements to the premises not financed by the Host Government. The 1999 proposed allocation of USD 1 304 000 includes a real increase of USD 37 000, which provides for the cleaning, utilities consumption and additional building maintenance services following the acquirement of additional office space in IFAD/2, and price increases of USD 30 000.
- (iv) **Supplies and printing.** This covers print shop operations and related equipment maintenance, document reproduction, office supplies and stationery. The 1999 level has been decreased by USD 64 000 compared to 1998 due to an improved distribution of office computer supplies, stationery and up-front purchasing of paper in 1998. The 1999 level is USD 438 000, including price increases of USD 10 000.
- (v) **Office equipment and maintenance.** This covers the purchase, replacement and maintenance of headquarters office equipment, which includes vehicles, safes, audio-visual equipment and various standard office fittings and the relative maintenance. There is a slight decrease from the 1998 level, which brings the 1999 proposed allocation to USD 179 000, inclusive of price increases.
- (vi) **Computer services** The proposed 1999 allocation of USD 1 683 000 will cover the following types of expenditures for ongoing information technology services and tools required to support the operations of the Fund.

	USD
Purchase of equipment	47 100
Purchase of standard software	73 300
Fees for maintenance of software products	215 300
Fees for technical assistance for equipment	133 600
Fees for FAO and ICC computer services	194 900
Fees for rental of desktop computers and network servers	516 900
Fees for data communication lines	111 300
Fees and other expenses for specialized technical training	94 700
Fees for short-term specialist support	36 900
Manpower for hotline, end-user training and support, computer operations	259 000
<b>Total</b>	<b>1 683 000</b>



The same expenditures can be reclassified into five major areas according to the services and facilities provided to IFAD:

	USD
Operations and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	965 600
Support of end-users in the use of standard applications through hotline assistance and training at various levels	215 400
Maintenance and support of corporate systems in operation	169 100
External computer services for mainframe applications and internet-connectivity	296 000
Enhancement of technical infrastructure to increase capacity and services	36 900
<b>Total</b>	<b>1 683 000</b>

- (vii) **Other.** This allocation includes expenditure for headquarters insurance coverage, cafeteria-equipment replacement and maintenance, medical supplies and a variety of miscellaneous services. The 1999 allocation includes a real increase of USD 10 000, which provides for increased insurance coverage, catering equipment and services necessary following the acquirement of additional office space in IFAD/2, together with a price increase of USD 3 000. This brings the 1999 proposed allocation to USD 135 000.

**(b) Professional Services**

97. This heading covers costs of external professional services used mainly for normal office and financial administration. The proposed 1999 Budget is USD 825 000.

- (i) **External Auditors' fees and expenses.** The External Auditors' fees and expenses for the 1999 IFAD audit have been projected at USD 100 000, which includes an estimated price increase of USD 2 000.
- (ii) **Financial services.** This allocation covers costs incurred by IFAD Treasury for subscriptions to an on-line financial-market information service, a rating agency service, publications and professional services. The 1998 level has been reduced by USD 16 000, with a price increase of USD 5 000, bringing the proposed 1999 allocation to USD 181 000.
- (iii) **Translators - External.** In previous years, this item covered the costs of external translation not related to official meetings, including translations into English from non-official languages and related editing requirements. No allocation is proposed in 1999.



- (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 1999 allocation of USD 26 000 includes a price increase of USD 1 000.
  - (v) **Building - Technical services.** This heading provides for technical support services. In 1998, a retainer arrangement with an architectural consultancy firm was established to advise on technical matters related to the provisional headquarters building, technical projects for building improvements and assistance *vis-à-vis* the Italian technical authorities. The 1998 allocation of USD 21 000 is being maintained for 1999 in real terms.
  - (vi) **Specialist audit services.** This new proposed allocation of USD 80 000 replaces the prior year's allocation for consultants for systems development and will provide the Office of Internal Audit with adequate funding for its planned outsourcing programme of specialist audit services. External skills will be engaged under the responsibility of the Office of Internal Audit to complement existing internal resources in specialist audit areas (e.g., information technology, Treasury). The outsourcing initiative is a key element in the audit strategy for building up the capacity of the IFAD internal audit function and to provide a more effective audit service in specialist areas.
  - (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 total allocation remains at the 1998 level. The latter function was 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 previous years' levels. For 1999, such a situation must be corrected so as to provide an adequate level of support to corporate applications. In this respect, it is essential to implement the corporate application development and support team approach presented in the Preview of the Programme of Work and Budget of IFAD for 1999. The 1999 proposed allocation is maintained at the 1998 level and, with a price increase of USD 13 000, totals USD 427 000.
- (c) **Miscellaneous**
- (i) **Hospitality.** The USD 46 000 requested reflects a slight increase of USD 1 000 over 1998 and a price increase of USD 1 000.
  - (ii) **Library, books and periodicals.** The 1998 level is increased slightly by USD 1 000, and a price increase of USD 2 000 brings the total proposed 1999 allocation to USD 80 000.
  - (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 IMF, the Inter-American Development Bank, numerous NGOs and other multilateral aid efforts and conferences that take place in those two cities. In 1999, the allocation is



being maintained and, with price increases of USD 9 000, the proposal amounts to USD 325 000.

- (iv) **FAO charges.** This allocation covers FAO charges for medical services and language testing. In 1999, it is expected that FAO will increase the Fund's share of costs by USD 16 000. The additional amount will cover costs related to a phased-in approach of a new methodology to cost-sharing arrangements among FAO, WFP and IFAD, as opposed to the previous bases of the FAO charges on time reporting for services rendered to IFAD. The 1999 level with price increases of USD 5 000 brings the 1999 proposed allocation to USD 50 000.
- (v) **Other.** The 1999 allocation, which covers minor office expenses, local taxi fares, newspapers, urgent stationery supplies, etc., is being reduced slightly by USD 4 000 over the 1998 level. Inclusive of price increases, this now totals USD 36 000.

### **E. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization**

98. This Budget category, shown in detail in Table 9, includes the items described below.

99. **Duty travel.** As in 1998, this heading includes staff travel but excludes PD staff travel related strictly to appraisal and supervision, which is provided for separately as mentioned under paragraphs 92 and 93. Regular duty travel is decreased by USD 105 000, due mainly to efficiencies achieved by most departments/divisions through the use of reduced airfares using non-endorseable tickets. The proposed 1999 allocation, including price increases of USD 60 000, is USD 1 689 000.

100. **Special studies.** It is periodically necessary to provide support through special studies on certain activities, specific topics and operational guidelines. Such support activities are expected to slightly decrease in 1999 by USD 1 000. The 1999 proposed allocation, inclusive of price increases of USD 3 000, is therefore USD 120 000.

101. **Media, communications and networking.** In 1999, IFAD's media, communications and networking effort will give priority to supporting the process of Consultation on IFAD's Future Resource Requirements. As such, the information and communications strategy will be closely aligned to the resource mobilization effort. The strategy aims to: (a) build public awareness of IFAD's mandate, experience and strengths in poverty eradication; (b) strengthen alliances with key decision-makers in government, parliaments and aid agencies in support of common development priorities; and (c) further develop partnerships of an operational nature with private-sector actors, the non-governmental and civil-society sector, and intergovernmental agencies.

102. Traditional reporting activities and media relations will also be pursued in 1999. These will entail ensuring media coverage for all official visits of IFAD's President, Executive Board meetings, Governing Council meetings, loan-signings and various events at headquarters, in donor countries and in the field. Media field visits will be organized so that selected journalists representing the international media can cover the Fund's achievements, specifically innovative institutional arrangements that lead to project success. Special public information events and projects planned for 1999 involve media briefings, panel discussions and press conferences highlighting distinctive events/days, in selected Organisation for Economic Co-operation and Development and the Organization of Petroleum Exporting Countries' capitals.



103. New and expanded media activities for 1999 will focus on a wide and interlinked approach to information dissemination through the establishment of an information network of media correspondents, and incorporating the potential of Internet, multimedia systems and electronic linkages with developing countries. A network of partners and advocates as well as dialogues with recipient governments' information and press offices will also be established. The provision of newsworthy information and the expansion of digital audiovisuals and photographic material specifically tailored to diverse needs as they arise is also included. The total proposed allocation for 1999 is USD 268 000, including a price increase of USD 8 000.

104. **Annual Report.** The Annual Report describes the operations and regional activities undertaken during the year and contains the audited financial statements. It is provided to Member Governments, other financial and development institutions, NGOs and the public at large who are interested in IFAD's work. This report has become a key reference publication, and requests for such information have increased in recent years. In line with cost-cutting efforts, the 1999 proposed allocation of USD 137 000 includes a real reduction of USD 5 000, offset by price increases of USD 2 000.

105. **Publications.** Publications contribute to achieving IFAD's corporate strategic objectives and therefore support IFAD's position as a knowledge organization. IFAD's publications aim to disseminate the Fund's achievements, promote its policies, build support for its activities and increase understanding of rural poverty.

106. As a result of the re-engineering, the production of publications is more systemized and cost-effective due to the establishment of a new process involving content review, the availability of internal graphic design services and desktop publishing, and more cost effective printing and dissemination strategies. A dramatic increase of publications during the last two years has shown the benefits of the new process. Following the same line of cost-effectiveness, the 1998 allocation is being increased by USD 38 000 due to greater demand and, together with price increases of USD 5 000, brings the 1999 proposed allocation to USD 234 000.

107. **Contributions to UN committees and other committees.** IFAD continues to provide contributions to the budgets of certain UN-sponsored committees, other committees related to project or administrative work and to other regional or sectoral bodies that are broadly representative of key stakeholder constituencies or which contribute to furthering IFAD's policy or programme priorities. Such contributions are typically required to contribute to overhead expenses associated with the management of the specific partnership. In 1999, it is proposed that some be discontinued, thus decreasing the overall 1999 allocation to USD 57 000, inclusive of price increases of USD 2 000. Details of the planned 1999 contributions are provided below:

- (i) **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 UN 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.





**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 ICSC, the cost of the CCAQ secretariat is shared in proportion to the number of staff. It is expected that the 1999 total contribution will be around USD 30 000.

- (ii) **The Non-Governmental Liaison Service (NGLS)** acts as a catalyst to bring together certain NGOs 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 allocation is maintained at USD 12 000.
- (iii) **The Consultative Committee on Programme and Operational Questions** advises and assists the Administrative Committee on Coordination (ACC) on a wide range of issues with a view to promoting complementarities, and mobilizes the United Nations system's analytical, normative and agreed strategies. It also ensures an ongoing dialogue regarding major strategies, approaches and issues relevant to the development activities of the United Nations system. It promotes programme coordination and collaborative arrangements around substantive priority themes among the organizations of the system and reviews their progress periodically. The amount of USD 6 000 is being maintained for 1999.
- (iv) **Economic Research Forum (ERF)** is a forum for Arab Countries, Iran and Turkey, created in 1993 to meet the need for closer interaction between the regional economic research constituency, the decision-making community and the interest groups of civil society. The ERF provides policy-relevant research, disseminates research results to scholars, policy makers and the business community, and maintains a databank and documentation library. The ERF is an independent, non-governmental, non-profit organization. For its support, IFAD receives access to working papers, newsletters and periodic conferences. IFAD's contribution in 1999 will be USD 9 000.

108. **Participation in and hosting of meetings.** No increase over the 1998 allocation is foreseen in the 1999 Budget. This is to cover the cost of essential conference staff and services for meetings other than those of the Governing Bodies that may be held at headquarters or elsewhere. The proposed 1999 allocation of USD 35 000 is inclusive of price increases of USD 1 000.

## F. Contingency Items

109. **Expenses on the new headquarters building.** 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, which has now become a more feasible option as the building has been completely vacated.



110. Therefore, provision is again made for costs to contract appropriate professional assistance to prepare technical specifications for works and to ensure that the works meet IFAD's requirements. In the 1994 Budget, the contingency amount for the headquarters building was reduced from USD 400 000 to USD 200 000, and a provision of only USD 150 000 has been included since 1996. This same figure is proposed for inclusion for 1999, taking into consideration that this allocation will have to be increased in the Budget for 2000.

111. **Contingency for unforeseen expenses.** As in 1998, this contingency of USD 250 000 is provided for unforeseen expenses and possible inflationary pressure in excess of that anticipated.

112. As previously suggested and agreed by the Executive Board, at its Sixty-Fifth Session the Board authorized the President to allocate from contingency to other categories of expenditure as the need arises. It is understood that the President will always inform the Executive Board of any such action.

**TABLE 4**  
**COMPARISON OF 1997 ACTUAL, 1998 AND 1999 BUDGETS**  
**(USD '000)**

	1997	1998				1999			
	Actual (at 1 684)	Original Approved (at 1 695)	Projected Expenditure <sup>1</sup> (at 1 788)	Budget <sup>1</sup> (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)	
1. Governing Bodies and Other Official Meetings	1 910	1 811	1 740	1 740	1 781	( 17)	76	<b>1 840</b>	<i>see Table 5</i>
2. Staff Costs	24 809	26 686	26 114	26 114	26 678	123	1 033	<b>27 834</b>	<i>see Table 6</i>
3. Payments for Appraisal, Supervision and Evaluation	14 379	14 288	14 182	14 182	14 242	43	629	<b>14 914</b>	<i>see Table 7</i>
4. Office and General Expenses	5 560	6 045	5 815	5 815	5 945	( 55)	155	<b>6 045</b>	<i>see Table 8</i>
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 120	2 582	2 512	2 512	2 553	( 94)	81	<b>2 540</b>	<i>see Table 9</i>
6. Contingency Items			400						
(a) Expenses on the New Headquarters Building		150		150	150			<b>150</b>	
(b) Unforeseen Expenses		250		250	250			<b>250</b>	
<b>Subtotal</b>	<b>48 778</b>	<b>51 812</b>	<b>50 763</b>	<b>50 763</b>	<b>51 599</b>		<b>1 974</b>	<b>53 573</b>	
Upfront Costs Relating to Re-Engineering <sup>2</sup>	1 143	1 174	1 174	1 174	1 174	( 21)		<b>1 153</b>	<i>see Section V-B</i>
<b>TOTAL</b>	<b>49 921</b>	<b>52 986</b>	<b>51 937</b>	<b>51 937</b>	<b>52 773</b>	<b>( 21)</b>	<b>1 974</b>	<b>54 726</b>	
Extraordinary Price Increase							<b>640</b>	<b>640</b>	<i>see Section V-A</i>
<b>GRAND TOTAL</b>	<b>49 921</b>	<b>52 986</b>	<b>51 937</b>	<b>51 937</b>	<b>52 773</b>	<b>( 21)</b>	<b>2 614</b>	<b>55 366</b>	
Consultation on IFAD Future Financial Needs								<b>343</b>	<i>see Section V-C</i>

<sup>1</sup> Inclusive of USD 400 000 relating to 1998 portion of the supplementary budget approved by GC vote by correspondence regarding ILOAT decision.

<sup>2</sup> The 1997 Actual is inclusive of USD 600 000 which relates to expenditures for the Early Retirement Programme.

<b>IMPACT</b>	
<b>Real Increase (Decrease) Overall</b>	<b>= (0.04)%</b>
<b>Nominal Price Increase</b>	<b>= 3.74%</b>
<b>Extraordinary Price Increase</b>	<b>=1.21%</b>
<b>Final Nominal Increase</b>	<b>=4.91%</b>

**TABLE 5**  
**GOVERNING BODIES AND OTHER OFFICIAL MEETINGS**  
**(USD '000)**

	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
<b>(a) GOVERNING COUNCIL</b>						
Professional Staff (salaries/allowances/subsistence), Interpreters, Translators and Other	319	159	161	(6)	5	160
Temporary Support Staff (salaries/allowances/subsistence)	185	167	172	3	17	192
Travel Expenses	32	34	34	0	1	35
Communications, Security and Other Services	85	99	103	(3)	2	102
Supplies, Printing and Miscellaneous	147	95	98	(8)	2	92
<b>Subtotal</b>	<b>768</b>	<b>554</b>	<b>568</b>	<b>(14)</b>	<b>27</b>	<b>581</b>
<b>(b) EXECUTIVE BOARD AND SUBCOMMITTEES</b>						
Professional Staff (salaries/allowances/subsistence) Interpreters, Translators and Other	637	635	645	0	20	665
Temporary Support Staff (salaries/allowances/subsistence)	328	286	294	26	21	341
Travel Expenses	87	83	85	(7)	3	81
Executive Directors - Travel and Subsistence	40	128	133	(27)	3	109
Communications, Security and Other Services	19	25	26	5	1	32
Supplies, Printing and Miscellaneous	31	29	30	0	1	31
<b>Subtotal</b>	<b>1 142</b>	<b>1 186</b>	<b>1 213</b>	<b>(3)</b>	<b>49</b>	<b>1 259</b>
<b>GRAND TOTAL: GOVERNING BODIES AND OTHER OFFICIAL MEETINGS</b>	<b>1 910</b>	<b>1 740</b>	<b>1 781</b>	<b>(17)</b>	<b>76</b>	<b>1 840</b>



**TABLE 6  
STAFF COSTS  
(USD '000)**

	1997	1998		1999			<i>Professional</i>	<i>General Service</i>	<i>Other</i>
	Actual (at 1 684)	Budget <sup>1</sup> (at 1 788)	Restated <sup>1</sup> (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)			
(a) Salaries and Post Adjustment	15 795	16 004	16 384		511	16 895	10 778	6 086	31
(b) Education Grants and Other Allowances	1 591	1 666	1 708		44	1 752	1 597	155	
(c) Pension and Medical Plan Contributions	4 182	4 744	4 809	89	350	5 248	2 991	1 740	517
(d) Home Leave	344	311	319	( 17)	13	315	314	1	
(e) Repatriation and Separation Payments	1 341	1 381	1 405		37	1 442	765	677	
(f) Relocation and Recruitment	196	320	328	73	14	415			415
<b>Regular and Fixed-Term Staff</b>	<b>23 449</b>	<b>24 426</b>	<b>24 953</b>	<b>145</b>	<b>969</b>	<b>26 067</b>	<b>16 445</b>	<b>8 659</b>	<b>963</b>
(g) Short-Term Temporary Staff	631	1 047	1 071	( 13)	44	1 102	309	793	
(h) Overtime	189	221	228	( 9)	7	226		226	
(i) Training	540	420	426		13	439			439
<b>GRAND TOTAL: STAFF COSTS</b>	<b>24 809</b>	<b>26 114</b>	<b>26 678</b>	<b>123</b>	<b>1 033</b>	<b>27 834</b>	<b>16 754</b>	<b>9 678</b>	<b>1 402</b>

<sup>1</sup> Inclusive of USD 400 000 relating to 1998 portion of the supplementary budget approved by a GC vote by correspondence regarding the ILOAT decision.





TABLE 6A  
STAFF LEVELS IN 1999 <sup>1</sup>

	Professionals and Higher Grade Staff							Support Staff
	AP	D-2	D-1	P-5	P-4	P-2/3	Total	Total
<b>Office of the President (OP)</b>								
Office of the President			1				1	3
Internal Audit				1	1	1	3	1 <sup>2</sup>
Office of Evaluation and Studies			1	3	3		7	6
Office of the General Counsel			1	1	3		5	4
<b>TOTAL OP</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>16</b>	<b>14</b>
<b>Office of the Vice-President (VP)</b>								
Office of the Vice-President								1
Controller's Office			1	4	2	1	8	25.5 <sup>2</sup>
Treasury			1	1	1	2	5	7
<b>TOTAL VP</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>33.5</b>
<b>Programme Management Department (PD)</b>								
Office of the Assistant President	1			2	1	1	5	3
Africa I Division		1		6	3		10	6
Africa II Division			1	6	3		10	6
Asia and the Pacific Division			1	7	1		9	6
Latin America and the Caribbean Division		1		4	3		8	5
Near East and North Africa Division		1		4	3		8	4
Technical Advisory Division			1	7			8	4
<b>TOTAL PD</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>36</b>	<b>14</b>	<b>1</b>	<b>58</b>	<b>34</b>
<b>Economic Policy and Resource Strategy Department (ED)</b>								
Office of the Assistant President	1	1		3	6	1	12	11
<b>TOTAL ED</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>12</b>	<b>11</b>
<b>Management and Personnel Services Department (MD)</b>								
Office of the Assistant President	1						1	1
Administrative and Protocol Services				1	1	2	4	23.5 <sup>2</sup>
Management Information Systems			1	1	4	3	9	7.5 <sup>2</sup>
Office of the Secretary			1	2	7	4	14	25.5 <sup>2</sup>
Personnel Division			1	2	1	1	5	8 <sup>2</sup>
<b>TOTAL MD</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>13</b>	<b>10</b>	<b>33</b>	<b>65.5</b>
<b>GRAND TOTAL</b>	<b>3</b>	<b>4</b>	<b>11</b>	<b>55</b>	<b>43</b>	<b>16</b>	<b>132</b>	<b>158</b>

<sup>1</sup> The President and the Vice-President are not included in the staffing figures.

<sup>2</sup> Includes the conversion of one general service staff to the professional category, which totals six.

**TABLE 7**  
**PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION**  
**(USD '000)**

	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
<b>1. Appraisal and Related Costs</b>	<b>2 659</b>	<b>2 005</b>	<b>2 020</b>	<b>( 16)</b>	<b>54</b>	<b>2 058</b>
(a) Strategy Development	38	76	76	( 10)	2	68
(b) Appraisals	2 621	1 929	1 944	( 6)	52	1 990
<b>2. Supervision and Related Costs</b>	<b>8 863</b>	<b>9 269</b>	<b>9 282</b>	<b>60</b>	<b>494</b>	<b>9 836</b>
(a) Cooperating Institutions <sup>1</sup>	7 592	7 902	7 902	( 282)	453 <sup>1</sup>	8 073 <sup>1</sup>
(b) Direct Supervision	0	95	96	304	11	411
(c) IFAD Follow-Up	1 111	1 105	1 115	( 22)	27	1 120
(d) Supervision of Technical Assistance Grants	160	167	169	15	3	187
(e) Audits of Loans and Grants initiated by IFAD	0	0	0	45	0	45
<b>3. Staff Travel</b>	<b>994</b>	<b>1 083</b>	<b>1 098</b>	<b>0</b>	<b>38</b>	<b>1 136</b>
(a) Appraisal and IFAD Follow-Up	994	1 034	1 049	( 26)	35	1 059
(b) Direct Supervision	0	49	49	26	3	78
<b>4. Evaluation and Studies</b>	<b>1 863</b>	<b>1 825</b>	<b>1 842</b>	<b>( 1)</b>	<b>43</b>	<b>1 884</b>
<b>GRAND TOTAL : PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION</b>	<b>14 379</b>	<b>14 182</b>	<b>14 242</b>	<b>43</b>	<b>629 <sup>1</sup></b>	<b>14 914 <sup>1</sup></b>

<sup>1</sup> Excludes the extraordinary price increase (USD 640 000) levied by the World Bank. This is shown separately on Table 4 and assumes 8.7 projects remain entrusted to the World Bank.



**TABLE 7A**  
**EVALUATION AND STUDIES**  
**(USD '000)**

	1998		1999		
	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
<b>4. EVALUATION AND STUDIES</b>					
Mid-Term Evaluations	214	216		5	221
Interim Evaluations	392	395	( 2)	8	401
Completion/Ex-Post Project Missions	397	401	( 1)	10	410
Country Portfolio Evaluation	113	114	1	4	119
Lessons Learned and Thematic Studies	275	277	( 11)	7	273
Evaluation Knowledge System	44	45			45
Preparation of Technical Assistance Grant on M&E	15	15	( 1)		14
Training Activities/Workshops/Seminars	148	150	( 20)	2	132
Methodology Research/Publications	114	115	10	3	128
OE/PD Activities in Evaluation Partnerships	66	67	( 1)	1	67
Evaluation Knowledge Web	27	27		1	28
LEOS Programme	20	20		1	21
Information Technology			24	1	25
<b>GRAND TOTAL:</b>					
<b>EVALUATION AND STUDIES</b>	<b>1 825</b>	<b>1 842</b>	<b>( 1)</b>	<b>43</b>	<b>1 884</b>





**TABLE 8**  
**OFFICE AND GENERAL EXPENSES**  
**(USD '000)**

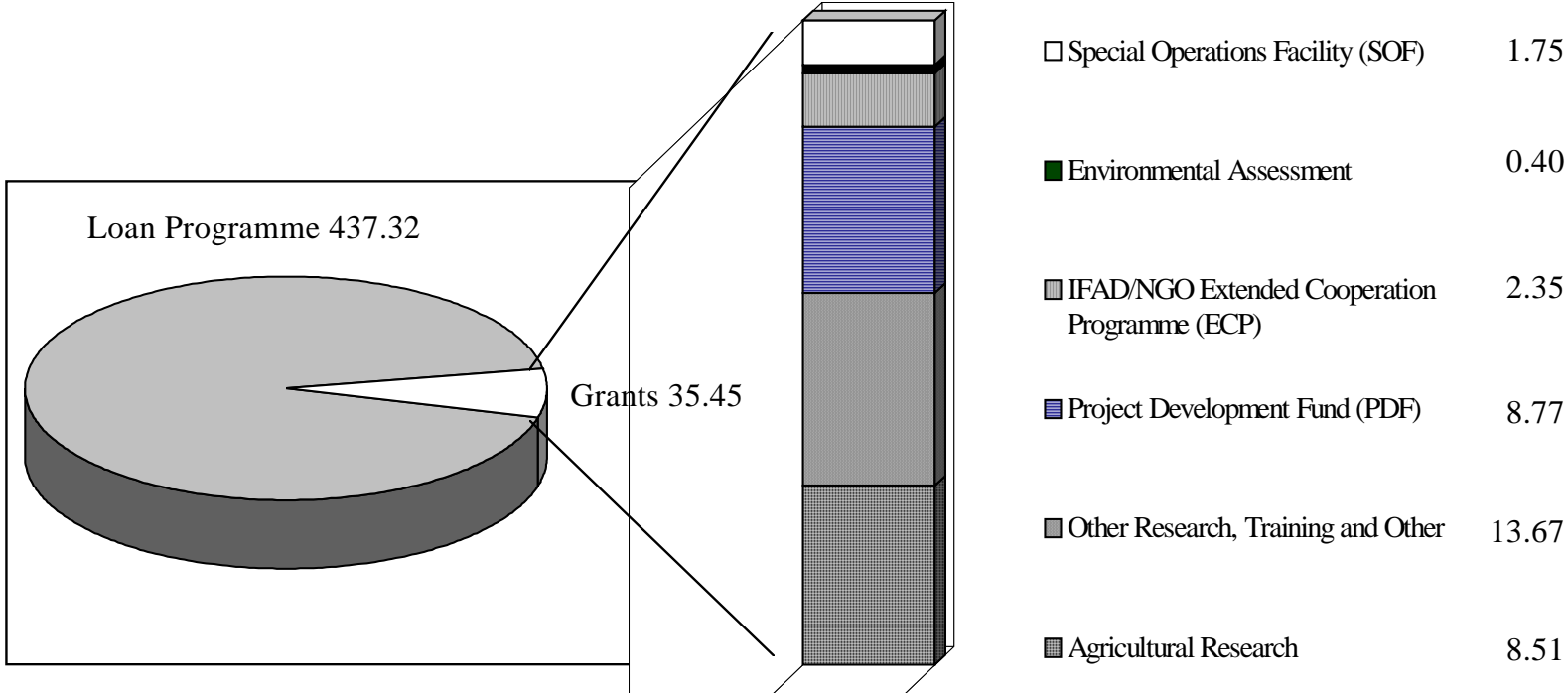
	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
Security and Custodial Services	317	354	365	(20)	8	353
Communications	565	551	568	0	13	581
Utilities and Premises	1 096	1 199	1 237	37	30	1 304
Supplies and Printing	471	477	492	(64)	10	438
Office Equipment and Maintenance	162	174	179	(4)	4	179
Computer Services	1 590	1 606	1 635	0	48	1 683
Other	108	119	122	10	3	135
<b>Headquarters Expenses</b>	<b>4 309</b>	<b>4 480</b>	<b>4 598</b>	<b>(41)</b>	<b>116</b>	<b>4 673</b>
External Auditors' Fees and Expenses	99	95	98	0	2	100
Financial Services	187	189	192	(16)	5	181
Translators - External	12	10	10	(10)	0	0
Legal Services	26	24	25	(0)	1	26
Building - Technical Services	17	21	21	0	0	21
Consultants for Systems Audit		50	50	(50)	0	0
Specialist Audit Services				80	0	80
Consultants - MIS - System Development	402	412	414	0	13	427
<b>Professional Services</b>	<b>743</b>	<b>801</b>	<b>810</b>	<b>4</b>	<b>21</b>	<b>835</b>
Hospitality	39	43	44	1	1	46
Library, Books and Periodicals	65	76	77	1	2	80
UN Liaison	295	316	316	0	9	325
FAO Charges	26	29	29	16	5	50
Other	54	38	39	(4)	1	36
<b>Miscellaneous</b>	<b>479</b>	<b>502</b>	<b>505</b>	<b>14</b>	<b>18</b>	<b>537</b>
Funding of Credit Union Manager	29	32	32	(32)	0	0
<b>Credit Union</b>	<b>29</b>	<b>32</b>	<b>32</b>	<b>(32)</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL: OFFICE AND GENERAL EXPENSES</b>	<b>5 560</b>	<b>5 815</b>	<b>5 945</b>	<b>(55)</b>	<b>155</b>	<b>6 045</b>

**TABLE 9**  
**OTHER OPERATIONAL EXPENSES INCLUDING CORPORATE STRATEGY,**  
**POLICY AND RESOURCE MOBILIZATION**  
**(USD '000)**

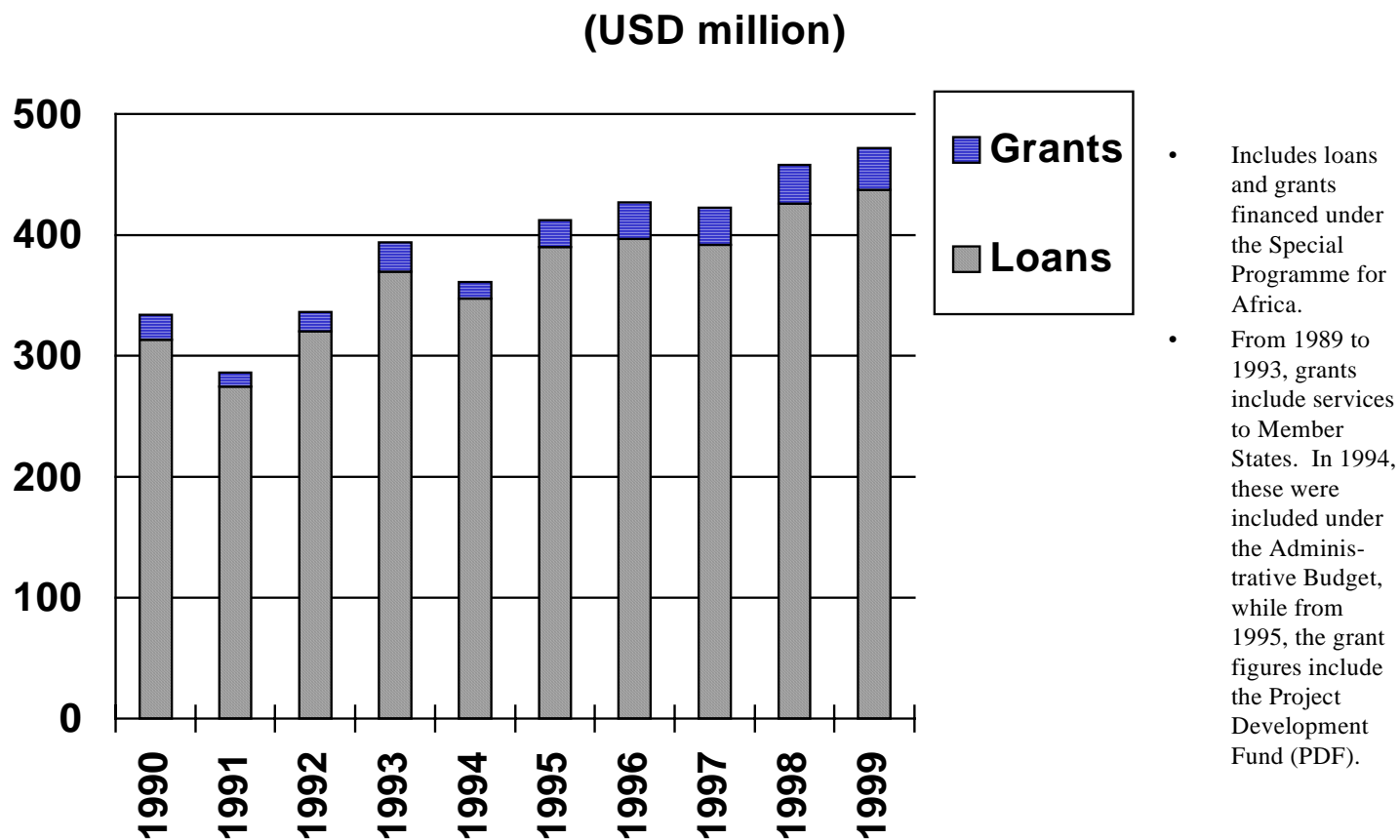
	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
(a) Duty Travel	1 387	1 707	1 734	(105)	60	<b>1 689</b>
(b) Special Studies	106	117	118	(1)	3	<b>120</b>
(c) Media, Communications and Networking	227	258	260	0	8	<b>268</b>
(d) Annual Report	135	136	140	(5)	2	<b>137</b>
(e) Publications	188	185	191	38	5	<b>234</b>
(f) Contributions to UN and other Committees	74	76	76	(21)	2	<b>57</b>
(g) Participation in and Hosting of Meetings	3	33	34	0	1	<b>35</b>
<b>GRAND TOTAL: OTHER OPERATIONAL EXPENSES</b>	<b>2 120</b>	<b>2 512</b>	<b>2 553</b>	<b>(94)</b>	<b>81</b>	<b>2 540</b>



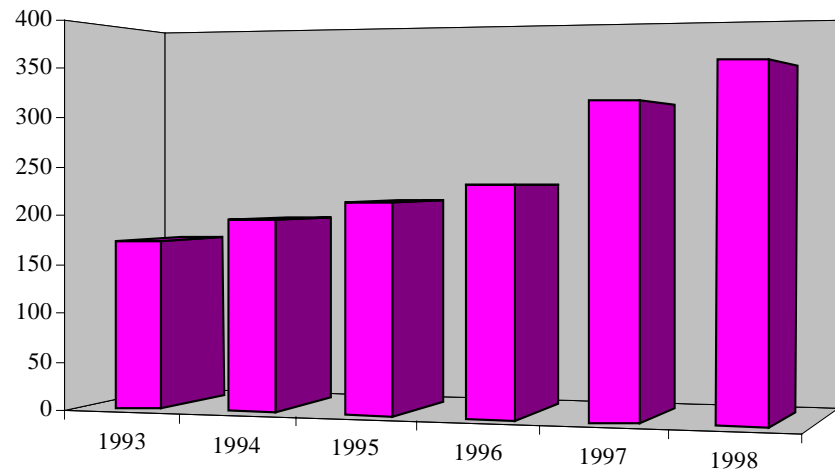
# THE 1999 PROGRAMME OF WORK (USD million)



IFAD LOANS AND GRANTS  
EXCLUDING CANCELLATIONS  
Approved 1990-1997, Projected 1998 and Proposed 1999

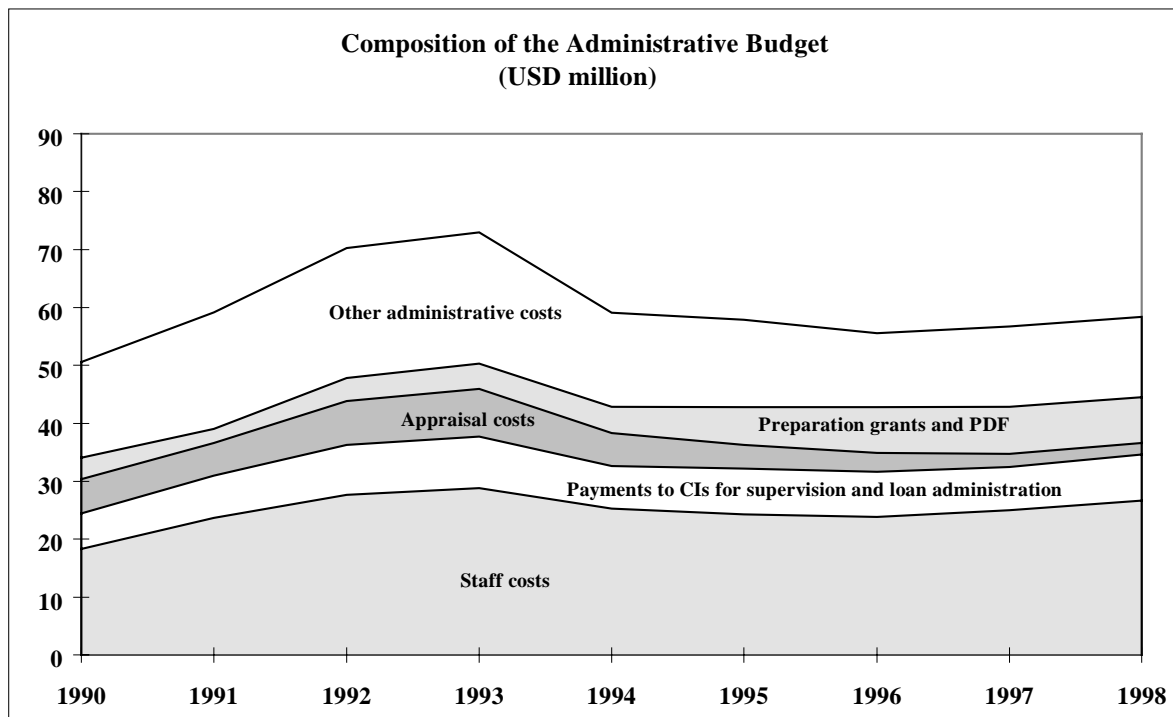
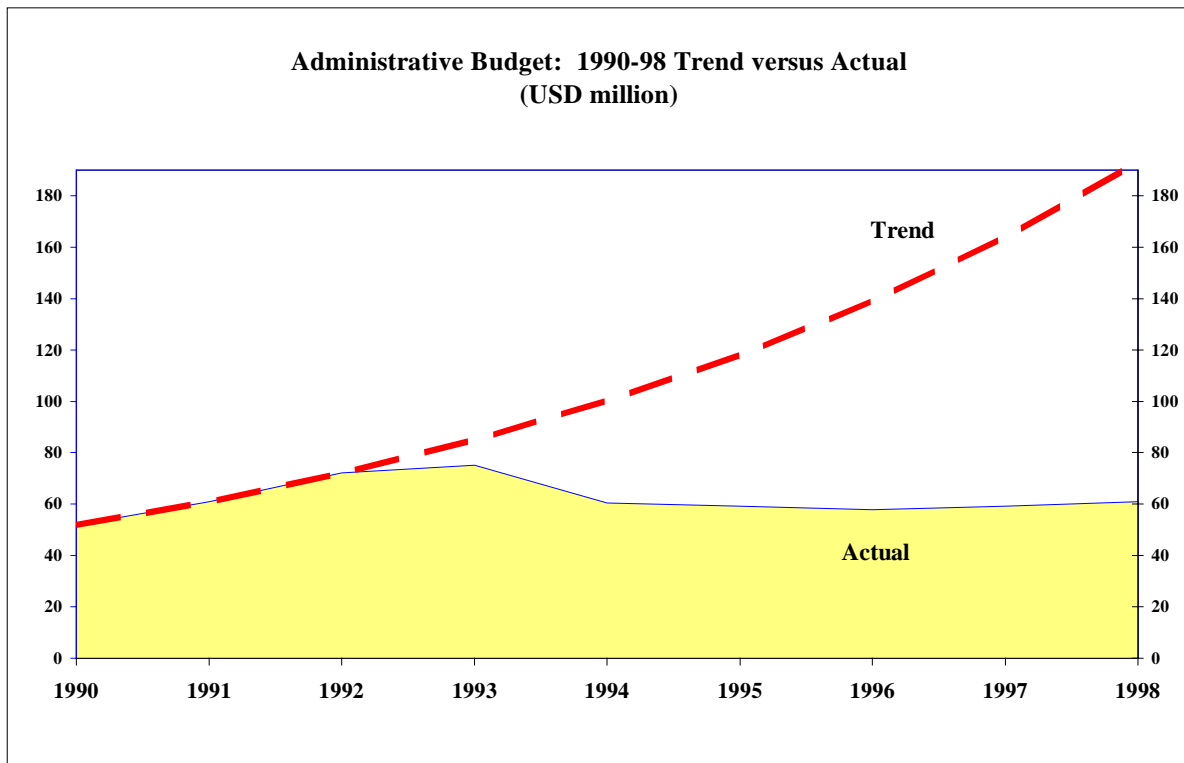


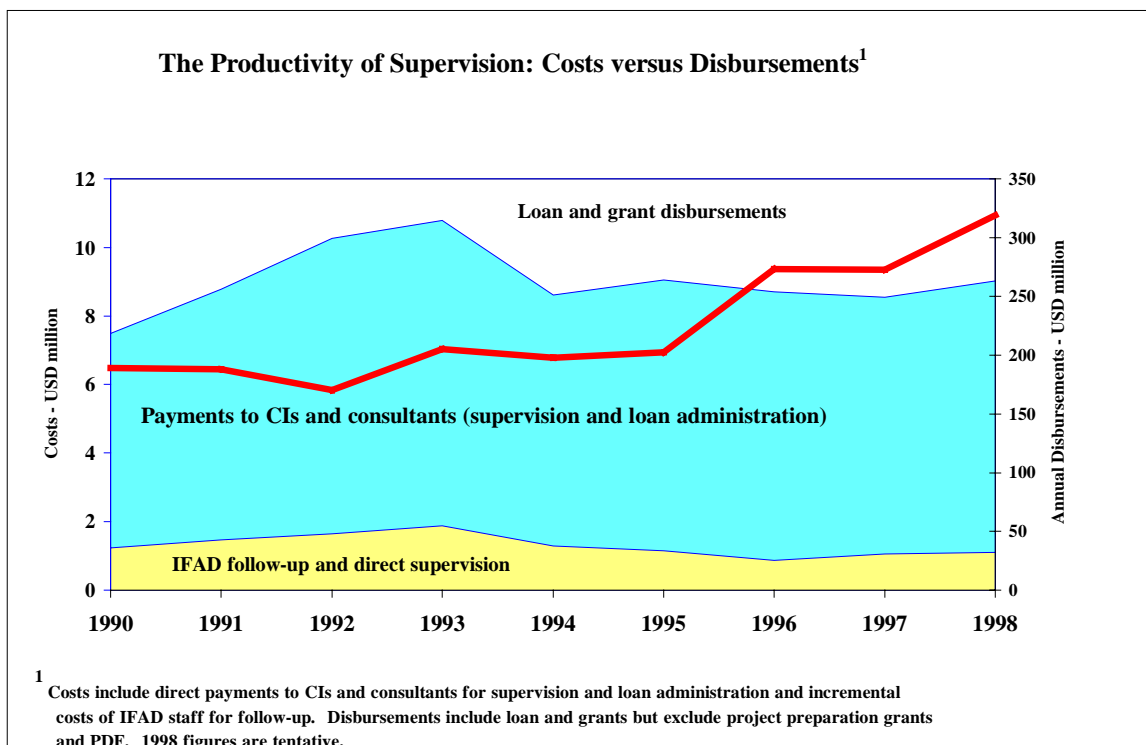
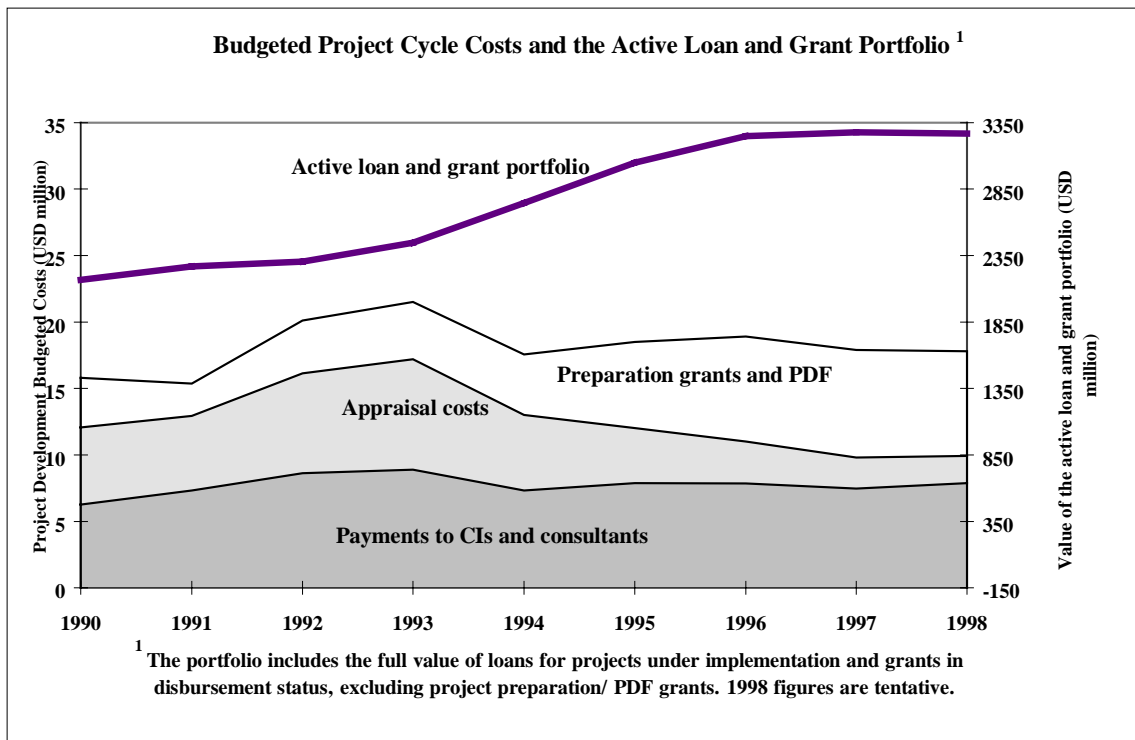
### Number of NGOs collaborating in ongoing IFAD projects and ECP programmes<sup>1/</sup>



<sup>1/</sup> 1998 figures are tentative.

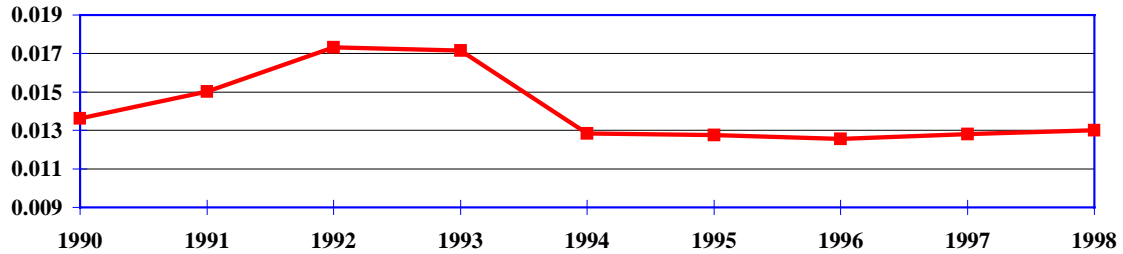






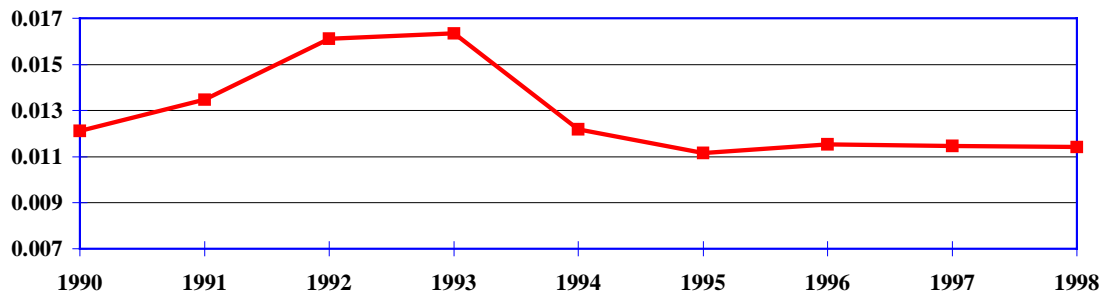


**Administrative Budget as a Ratio of Net Loan Commitments and Resources Available for Commitment <sup>1</sup>**



<sup>1</sup> Defined as the value of approved loans less cancellations, less repayments, plus resources available for new loan commitments. Figures for 1998 are tentative.

**Administrative Budget as a Ratio of Total Assets <sup>1</sup>**

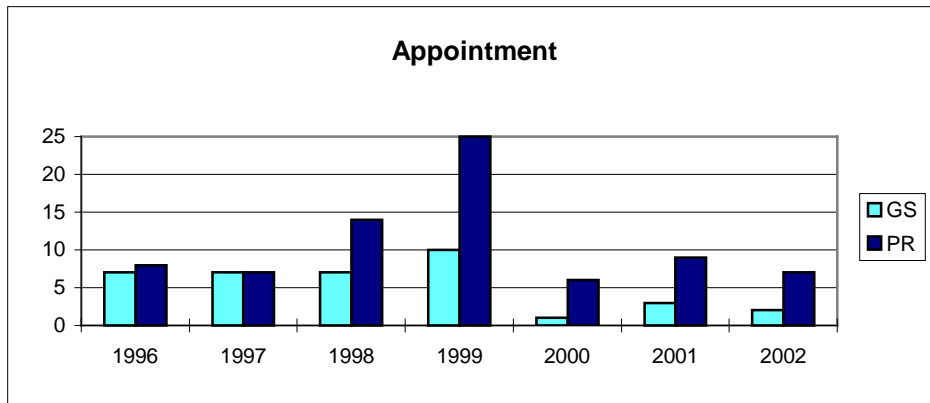


<sup>1</sup> Total Assets comprise promissory notes net of provisions established, unrestricted cash and investments, amounts receivable from Member States net of provisions, other receivables and disbursed unrepaid loans. Figures for 1998 are tentative.

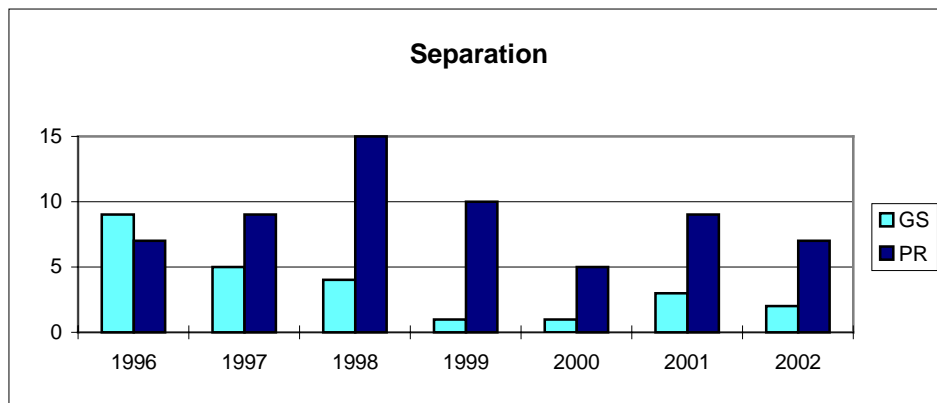


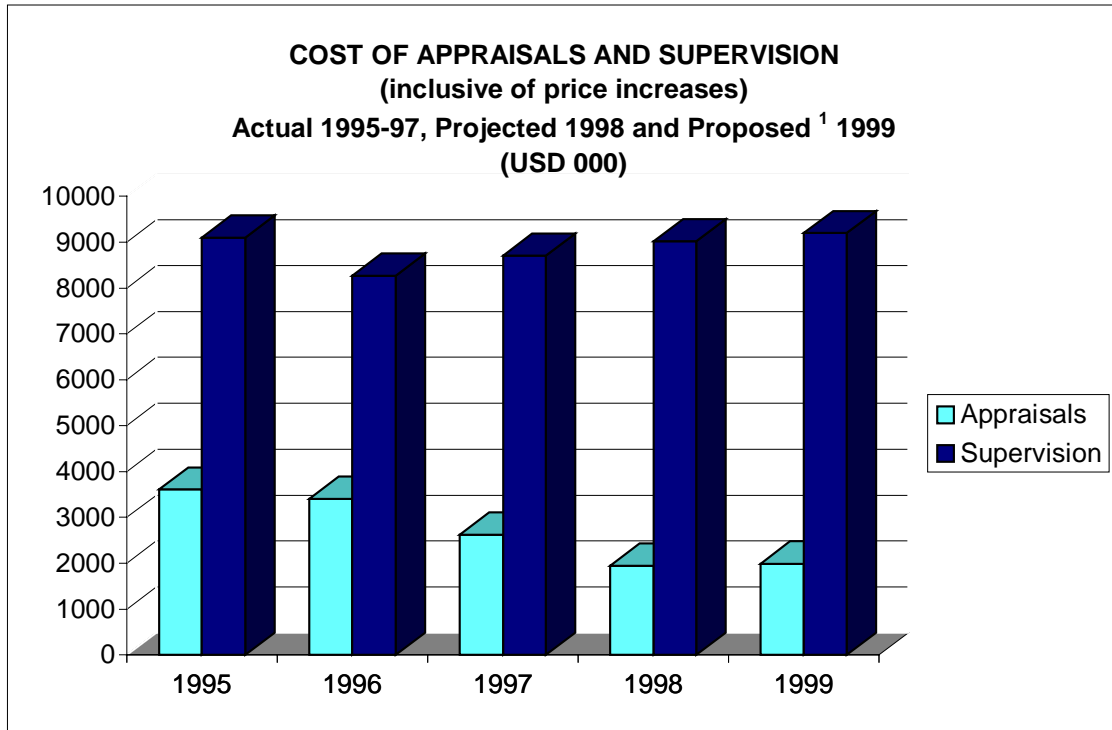


**Number of IFAD Staff Appointed During the Years 1996 - 1998  
and Expected Number of Staff Appointments from 1999 - 2002**



**Number of IFAD Staff Separated During the Years 1996 - 1998  
and Expected Number of Separations from 1999 - 2002**





<sup>1</sup> Excludes the extraordinary price increase levied by the World Bank.



## PROGRAMME MANAGEMENT DEPARTMENT

## WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE

	1999 Proposed	%
<b>PROJECT DEVELOPMENT FUND</b> <sup>1 2 3</sup>		
Africa I	5.5	19.7
Africa II	5.1	18.3
Asia and the Pacific	6.1	21.9
Latin America and the Caribbean	5.0	17.9
Near East and North Africa	5.0	17.9
Technical Advisory Division	1.2	4.3
<b>TOTAL</b>	<b>27.9</b>	<b>100.0</b>
<b>APPRAISAL</b> <sup>1</sup>		
Africa I	9.0	27.3
Africa II	7.0	21.2
Asia and the Pacific	5.0	15.2
Latin America and the Caribbean	6.0	18.2
Near East and North Africa	6.0	18.2
<b>TOTAL</b>	<b>33.0</b>	<b>100.0</b>
<b>PLANNED PROJECTS</b> <sup>4</sup>		
Africa I	9.0	26.5
Africa II	7.0	20.6
Asia and the Pacific	8.0	23.5
Latin America and the Caribbean	5.0	14.7
Near East and North Africa	5.0	14.7
<b>TOTAL</b>	<b>34.0</b>	<b>100.0</b>

<sup>1</sup> These operations include projects originating in the pipelines of other international financial institutions; as their connected project-development costs would be less, the actual number of operations may differ.

<sup>2</sup> Includes partial project-development costs due to the impact of activities that may have commenced but not been completed by the end of 1998. Similarly, partial costs for commencement in 1999 may also be incurred.

<sup>3</sup> These percentages indicate numbers rather than financing levels as shown in Table 3A.

<sup>4</sup> These percentages indicate numbers rather than financing levels as shown in Annex II and do not include the additional amount of SDR 9.0 million (USD 12.63 million), approved by the Sixty-Fifth Session of the Executive Board on an exceptional basis, for a project to Zambia which was postponed to 1999.

**PROGRAMME MANAGEMENT DEPARTMENT - LOAN PROGRAMME**  
(USD '000 and SDR '000)

	1997			1998						1999		
	Actual <sup>1</sup>			Original Approved			Actual <sup>3</sup>			Proposed		
	USD	SDR	%	USD <sup>2</sup>	SDR	%	USD	SDR	%	USD	SDR <sup>4 5</sup>	% <sup>6</sup>
<b>LOAN PROGRAMME</b>												
Africa I	18 255	13 450	4.67	58 000	42 484	13.60	80 479	58 450	19.26	93 149	66 049	21.30
Africa II	34 470	25 300	8.78	82 800	60 650	19.41	64 690	47 400	15.62	93 149	66 049	21.30
Asia and the Pacific	175 057	128 750	44.67	130 250	95 407	30.54	106 872	77 450	25.51	124 286	88 127	28.42
Latin America and the Caribbean	83 499	61 450	21.32	72 950	53 435	17.10	74 031	53 000	17.46	71 021	50 358	16.24
Near East and North Africa	80 747	59 300	20.57	82 500	60 430	19.34	91 883	67 250	22.15	55 715	39 505	12.74
<b>TOTAL</b>	<b>392 028</b>	<b>288 250</b>	<b>100.00</b>	<b>426 500</b>	<b>312 406</b>	<b>100.00</b>	<b>417 955</b>	<b>303 550</b>	<b>100.00</b>	<b>437 320</b>	<b>310 088</b>	<b>100.00</b>

<sup>1</sup> The 1997 Actual is shown in USD at the rate prevailing on the Executive Board approval date.

<sup>2</sup> As approved by the Executive Board at SDR 1 = USD 1.36521.

<sup>3</sup> For loans approved at the April, September and December Sessions of the Executive Board, the USD equivalent is shown at the rate prevailing on the Executive Board approval date.

<sup>4</sup> Calculated using the 15 October 1998 rate of SDR 1 = USD 1.41031 (see Table 3).

<sup>5</sup> This excludes the additional amount of SDR 9.0 million (USD 12.63 million) approved by the Sixty-Fifth Session of the Executive Board, on an exceptional basis, for the loan to Zambia which has been postponed to 1999.

<sup>6</sup> 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)

	1997 Actual (at 1 684)	1998 Approved Budget Restated (at 1 788)	1998			1999 Proposed Budget (at 1 734)	1999 Estimated Number of Projects Under Supervision	1999 Number of Projects for which Charges Under are Projected <sup>1</sup>
			Approved Numbers	Real Increase (Decrease)	Price Increase			
World Bank (including IBRD and IDA) <sup>3</sup>	1 185	1 320	29.45	(930)	15 <sup>3</sup>	405	30.20	8.70 <sup>3</sup>
United Nations Office for Project Services	4 336	4 592	104.25	906	245	5 743	124.83	124.83
African Development Bank	355	275	7.00	0	47	322	7.00	7.00
Arab Fund for Economic and Social Development	356	430	14.00	(12)	32	450	13.60	13.60
Asian Development Bank	232	306	5.00	(184)	2	124	8.50	2.00
Caribbean Development Bank	34	58	5.50	(12)	(16)	30	4.40	4.40
United Nations Department for Development Support and Management Services	126	0	0.00	0	0	0	0.00	0.00
West African Development Bank	338	220	12.50	(6)	90	304	12.15	12.15
Central American Bank of Economic Integration	73	113	5.50	(10)	(23)	80	5.00	5.00
Andean Development Corporation	490	554	16.50	0	61	615	16.50	16.50
Inter-American Development Bank	67	34	1.00	(34)	0	0	1.00	0.00
<b>SUBTOTAL</b>	<b>7 592</b>	<b>7 902</b>	<b>200.70</b>	<b>(282)</b>	<b>438</b>	<b>8 073</b>	<b>223.18</b>	<b>194.18</b>
Test projects for IFAD direct supervision <sup>2</sup>	0	96	4	304	11	411	10.00	10.00
<b>TOTAL</b>	<b>7 592</b>	<b>7 998</b>	<b>204.20</b>	<b>22</b>	<b>449</b>	<b>8 484</b>	<b>233.18</b>	<b>204.18</b>

<sup>1</sup> Numbers include *pro rata* apportionments for projects proposed during 1998 and exclude projects that may be approved during 1999. This methodology is also applied to projects under IFAD direct supervision. 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.

<sup>2</sup> 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.

<sup>3</sup> Assumes 8.7 projects remain entrusted to the World Bank. See extraordinary price increase indicated separately on Table 4 (USD 640 000).



**1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**

(USD '000)

	<b>Total 1999 Proposed (at 1 734 )</b>	<b>Office of the President</b>	<b>Office of the Vice- President</b>	<b>Programme Management Department</b>	<b>Economic Policy and Resource Strategy Department</b>	<b>Management and Personnel Services Department</b>
1. Governing Bodies and Other Official Meetings	1 840				55	1 785
2. Staff Costs	27 833	3 214	3 952	9 653	2 039	8 976
3. Payments for Appraisal, Supervision and Evaluation <sup>1</sup>	15 554	1 929		13 578	47	
4. Office and General Expenses	6 045	107	294	25	325	5 294
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 540	512	231	751	540	506
<b>TOTAL</b>	<b>53 812</b>	<b>5 762</b>	<b>4 477</b>	<b>24 007</b>	<b>3 006</b>	<b>16 560</b>

<sup>1</sup> Includes extraordinary price increase of USD 640 000, details of which are provided in Table 4.



**1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Office of the President (OP)**  
**(USD '000)**

	Office of the President	Internal Audit	Office of Evaluation and Studies	Office of General Counsel	Totals (OP)
<b>2. Staff Costs</b>	<b>658</b>	<b>347</b>	<b>1 237</b>	<b>972</b>	<b>3 214</b>
2.a - Regular and Fixed-Term Staff	647	336	1 119	818	2 920
2.e					
2.g Short-Term Temporary Staff		10	109	145	264
2.h Overtime	11	1	9	10	30
<b>3. Payments for Appraisal, Supervision and Evaluation</b>	<b>0</b>	<b>45</b>	<b>1 884</b>	<b>0</b>	<b>1 929</b>
3.2 <b>Supervision and Related Costs</b>	0	45	0	0	45
3.4 Evaluation and Studies	0	0	1 884	0	1 884
<b>4. Office and General Expenses</b>	<b>19</b>	<b>81</b>	<b>0</b>	<b>7</b>	<b>107</b>
4.b Professional Services		80	0	0	80
4.c Miscellaneous <sup>1</sup>	19	1	0	7	27
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>76</b>	<b>38</b>	<b>298</b>	<b>100</b>	<b>512</b>
5.a Duty Travel	76	38	210	100	424
5.b Special Studies	0	0	88	0	88
<b>TOTAL</b>	<b>753</b>	<b>511</b>	<b>3 419</b>	<b>1 079</b>	<b>5 762</b>

<sup>1</sup> Includes "Hospitality" and "Other" to be suballocated to OP divisions during 1999.



**1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Office of the Vice-President (VP)**  
**(USD '000)**

	<b>Office of the Vice-President</b>	<b>Office of the Controller</b>	<b>Treasury</b>	<b>Totals (VP)</b>
<b>2. Staff Costs</b>	<b>352</b>	<b>2 537</b>	<b>1 063</b>	<b>3 952</b>
2.a - Regular and Fixed-Term Staff	340	2 436	1 018	3 794
2.e				
2.g Short-Term Temporary Staff	6	82	39	127
2.h Overtime	6	19	6	31
<b>4. Office and General Expenses</b>	<b>3</b>	<b>106</b>	<b>185</b>	<b>294</b>
4.b Professional Services	0	100	181	281
4.c Miscellaneous	3	6	4	13
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>32</b>	<b>131</b>	<b>68</b>	<b>231</b>
5.a Duty Travel	32	131	68	231
<b>TOTAL</b>	<b>387</b>	<b>2 774</b>	<b>1 316</b>	<b>4 477</b>





**1999 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)
<b>2. Staff Costs</b>	<b>902</b>	<b>1 660</b>	<b>1 615</b>	<b>1 595</b>	<b>1 368</b>	<b>1 320</b>	<b>1 193</b>	<b>9 653</b>
2.a - Regular and Fixed-Term Staff	824	1 642	1 588	1 572	1 352	1 284	1 166	9 428
2.e								
2.g Short-Term Temporary Staff <sup>1</sup>	71	13	16	17	6	24	20	167
2.h Overtime	7	5	11	6	10	12	7	58
<b>3. Payments for Appraisal, Supervision and Evaluation</b>	<b>170</b>	<b>2 882</b>	<b>3 075</b>	<b>2 870</b>	<b>2 150</b>	<b>2 245</b>	<b>186</b>	<b>13 578</b>
3.1 Appraisal and Related Costs	21	541	422	302	362	362	0	2 010
3.2 Supervision and Related Costs <sup>2</sup>	41	2 133	2 447	2 384	1 642	1 711	72	10 430
3.3 Staff Travel	108	208	206	184	146	172	114	1 138
<b>4. Office and General Expenses</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>25</b>
4.c Miscellaneous	6	3	3	3	3	5	2	25
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>66</b>	<b>105</b>	<b>100</b>	<b>136</b>	<b>126</b>	<b>144</b>	<b>74</b>	<b>751</b>
5.a Duty Travel	66	105	100	136	126	144	74	751
<b>TOTAL</b>	<b>1 144</b>	<b>4 650</b>	<b>4 793</b>	<b>4 604</b>	<b>3 647</b>	<b>3 714</b>	<b>1 455</b>	<b>24 007</b>

<sup>1</sup> Includes projected requirements for certain PD divisions relating to temporary staff benefits in the amount of USD 58 000.

<sup>2</sup> Includes extraordinary price increase of USD 640 000, details of which are provided in Table 4.



**1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Economic Policy and Resource Strategy Department (ED)**  
**(USD '000)**

	Office of the Assistant President	Totals (ED)
<b>1. Governing Bodies and Other Official Meetings</b>	<b>55</b>	<b>55</b>
1.a    Governing Council	55	55
<b>2. Staff Costs</b>	<b>2 039</b>	<b>2 039</b>
2.a 2.e    Regular and Fixed-Term Staff	1 936	1 936
2.g    Short-Term Temporary Staff	81	81
2.h    Overtime	22	22
<b>3. Payments for Appraisal, Supervision and Evaluation</b>	<b>47</b>	<b>47</b>
3.1    Appraisal and Related Costs	47	47
<b>4. Office and General Expenses</b>	<b>325</b>	<b>325</b>
4.c (i)    Miscellaneous	0	0
4.c (iii)    UN Liaison	325	325
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>540</b>	<b>540</b>
5.a    Duty Travel <sup>1</sup>	200	200
5.b    Special Studies	32	32
5.c    Media, Communications and Networking	268	268
5.e    Publications	8	8
5.f    Contributions to UN and other Committees	27	27
5.g    Participation in and Hosting of Meetings	5	5
<b>TOTAL</b>	<b>3 006</b>	<b>3 006</b>

<sup>1</sup> Includes USD 21 000 for non-project related travel for all departments.



**1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Management and Personnel Services Department (MD)**  
**(USD '000)**

	Office of the Assistant President	Administrative and Protocol Services Division	Headquarters	Office of the Secretary	Management Information Systems	Personnel Division	Totals (MD)
<b>1. Governing Bodies and Other Official Meetings</b>		<b>293</b>	<b>0</b>	<b>1 473</b>	<b>19</b>	<b>0</b>	<b>1 785</b>
1.a Governing Council		212	0	302	12	0	526
1.b Executive Board		81	0	1 171	7	0	1 259
<b>2. Staff Costs</b>	<b>262</b>	<b>1 813</b>	<b>0</b>	<b>2 754</b>	<b>1 498</b>	<b>2 649</b>	<b>8 976</b>
2.a 2.e Regular and Fixed-Term Staff <sup>1</sup>	256	1 701	0	2 645	1 375	1 597	7 574
-							
2.f Relocation and Recruitment <sup>2</sup>	0	0	0	0	0	415	415
2.g Short-Term Temporary Staff <sup>3</sup>	3	62	0	100	110	187	462
2.h Overtime	3	50	0	9	13	11	86
2.i Training <sup>2</sup>						439	439
<b>4. Office and General Expenses</b>	<b>8</b>	<b>49</b>	<b>2 470</b>	<b>82</b>	<b>2 628</b>	<b>57</b>	<b>5 294</b>
4.a Headquarter Expenses		0	2 470	0	2 199	5	4 674
4.b Professional Services	0	47	0	0	427	0	474
4.c Miscellaneous	8	2	0	82	2	52	146
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>6</b>	<b>54</b>	<b>0</b>	<b>380</b>	<b>17</b>	<b>48</b>	<b>506</b>
5.a Duty Travel	6	8	0	33	17	18	82
5.e Annual Report	0	21	0	116	0	0	137
5.f Publications	0	25	0	201	0	0	226
5.g Contributions to UN and other Committees	0	0	0	0	0	30	30
5.h Participation in and Hosting of Meetings	0	0	0	30	0	0	30
<b>TOTAL</b>	<b>276</b>	<b>2 210</b>	<b>2 470</b>	<b>4 689</b>	<b>4 162</b>	<b>2 754</b>	<b>16 561</b>

<sup>1</sup> Figure indicated under Personnel Division covers allocation for all departments for After-Service Medical Coverage (USD 517 000) and merit pay scheme (USD 31 000).

<sup>2</sup> Figure indicated under Personnel Division covers allocation for all departments.

<sup>3</sup> Figure indicated under Personnel Division includes an allocation of USD 109 000 for maternity leave for all departments.

## OVERVIEW OF THE REGIONAL STRATEGIES FOR 1999

	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA, AND EASTERN AND CENTRAL EUROPE
<b>SOCIO-ECONOMIC TRENDS</b>	<ul style="list-style-type: none"> <li>• Improvements in macroeconomic and sectoral incentives framework.</li> <li>• The 1994 CFA franc exchange rate adjustment created economic and agricultural stimulus.</li> <li>• Opportunities created by structural adjustment, market liberalization and decentralization of decision-making.</li> <li>• Notable recovery in per capita income growth, agricultural growth and rural poverty eradication.</li> <li>• Benefits not evenly distributed, and rural poor need targeted investments.</li> <li>• Some countries still affected by economic, social and political dislocation, and require special efforts.</li> <li>• Arrears remains an issue, but the international debt initiative will provide relief.</li> </ul>	<ul style="list-style-type: none"> <li>• Relative calm, except for border problems in the Horn of Africa.</li> <li>• Structural adjustment has given way to continuous adjustment and liberalization.</li> <li>• Distortions of pricing and foreign exchange regimes have been eliminated or reduced, and farmers sell at fair prices, can save and invest.</li> <li>• The poor have no linkage to markets, government services have withered away and the private sector is reluctant to invest.</li> <li>• The poor cannot grasp opportunities resulting from economic liberalization.</li> <li>• The natural resources endowment determines IFAD's strategic approach.</li> </ul>	<ul style="list-style-type: none"> <li>• The financial crisis increased rural poverty through loss of urban employment and increased prices of agricultural inputs, food and other essential commodities.</li> <li>• Social unrest.</li> <li>• Countries in southern Asia with greatest concentration of poverty, though not affected by the financial crisis, have also experienced slowdown in economic growth.</li> <li>• Smallholder farmers and landless constitute the bulk of the rural poor.</li> <li>• The impact of <i>El Niño</i>.</li> <li>• Indigenous people and ethnic minorities are poor, have low literacy rates and poor health conditions and are environmentally vulnerable.</li> <li>• Women and women-headed households are disadvantaged in terms of access to resources and income.</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty is widespread, irrespective of countries' level of per capita income.</li> <li>• Growth has not reduced aggregate poverty levels or the number of poor.</li> <li>• Rural poverty is heterogeneous and includes small-scale family producers (the main category), landless peasants, indigenous ethnic communities (requiring instrumentalities that are culturally sensitive), artisanal fishermen, and women-headed household.</li> <li>• Main problem is no longer food production, but diversification of agricultural production, environmental sustainability and secure sources of income.</li> <li>• Only small fraction of rural poor are among viable small farmers, but large share of rural poor cannot be helped with land-based production-oriented projects.</li> <li>• Low educational and technical levels constrain entry of rural youth in urban labour markets.</li> </ul>	<ul style="list-style-type: none"> <li>• In Near-East and North Africa: declining rates of economic growth per capita; civil strife and disorder in some countries.</li> <li>• In Eastern Europe and the Former Soviet Union: continued decline of per capita GNP; the rural poor are affected by the withdrawal of the State from investment in production and provision of basic social services; the ability of rural people to benefit from privatization and to enter the market is highly variable.</li> </ul>



	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA, AND EASTERN AND CENTRAL EUROPE
<b>OPPORTUNITIES FOR IFAD</b>	<ul style="list-style-type: none"> <li>• Promote rural financial services, with a rural finance systems development approach.</li> <li>• Support capacity-building for decentralized decision-making and for participatory rural development.</li> <li>• Strengthen natural resources management, focusing on anti-desertification.</li> <li>• Ensure target group participation in defining project objectives and priorities.</li> <li>• Use local knowledge.</li> <li>• Foster the strategic orientation of investments through collaboration with governments, civil society and donors.</li> <li>• Ensure that interventions fit into countries' economic and sectoral development strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Make the opportunities created by liberalization accessible to the rural poor through participatory community organization, and mobilization of capital and technologies to make them internationally competitive.</li> <li>• Foster the linkage of the smallholders to the market economy on the basis of the association between smallholders and private sector operators.</li> <li>• Combine foodcrop support with assistance to cash crops.</li> <li>• Put accent upon development within organizations managed by and answerable to smallholders to ensure equitable relations with formal-sector operators.</li> <li>• In marginal areas, diversify resource use, strengthen natural resource management and optimize local resource use for enhanced food security and reduced drought vulnerability (linked to CCD).</li> <li>• In higher potential areas, assist smallholders to establish a competitive position in deregulated and commercializing agricultural subsectors by increasing productivity of higher-value crops through intensification, and through institution building for smallholder organizations for trade and financial services, linking</li> </ul>	<ul style="list-style-type: none"> <li>• Address impact of the financial crisis on the rural poor.</li> <li>• Address the impact of <i>El Niño</i> through strategic focus on rainfed agriculture and special crops grown by the poor in marginal areas, especially through watershed management.</li> <li>• Address the marginalization of vulnerable ethnic minorities and tribals by creating income-generating opportunities and rural infrastructure.</li> <li>• Address the marginalisation of women by enhancing access to productive resources and technology, and by ensuring that they have more control over their incomes.</li> <li>• Intensify participatory approaches and strategy of empowering local communities and allow them greater control over resources that traditionally belong to them.</li> <li>• Link local communities to markets.</li> <li>• Support transfer of productive resources (e.g., land), small-scale rural enterprise development, skills development and financial services.</li> <li>• Act as advocate and resource mobilizer for health and education investments use grass-roots experience to promote regional and</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and institutional changes resulting from structural adjustment, liberalization, privatization, decentralization, regional integration and globalization, generate opportunities.</li> <li>• Governments have lagged behind in dealing with the social consequences of economic reform: peasant farmers with inadequate land and skills have been prematurely exposed to competitive regional markets, which increased poverty.</li> <li>• Test innovative approaches linked to the ongoing processes of institutional change; and to endogenous rural development processes.</li> <li>• Improve institutional sustainability of projects through beneficiary participation; work with grass-roots organizations; link with governments' anti-poverty programmes; and by relating to decentralization processes.</li> <li>• Support indigenous people of the Amazon Basin, Andean region and Mesoamerica region in their efforts towards self-development, including the management of their own resources.</li> <li>• Support artisanal fishermen and aquaculture development.</li> <li>• Promote a policy dialogue to facilitate the access of peasant groups to subregional free trade.</li> </ul>	<ul style="list-style-type: none"> <li>• In Near-East and North Africa: exploit opportunities to overcome natural resource constraints; work on soil and water conservation problems in rainfed areas; focus on community management of common property resources; diversify economic activity towards microenterprises; promote rural financial services.</li> <li>• In Eastern Europe and the former Soviet Union: facilitate production by the poor farmers and rural entrepreneurs in a market environment; focus on rural financial services to raise level of capital available for on-lending through savings mobilization.</li> </ul>



	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA, AND EASTERN AND CENTRAL EUROPE
<b>OPPORTUNITIES FOR IFAD</b> (cont'd)		to formal sector institutions. <ul style="list-style-type: none"> <li>• Reduce transport and handling charges for agricultural goods.</li> <li>• Exploit opportunities offered by regional integration in foodcrop trading.</li> <li>• Promote rural finance.</li> </ul>	national-level change in favour of the rural poor.	<ul style="list-style-type: none"> <li>• Strengthen capacity for providing financial services to the rural poor.</li> <li>• Promote gender-responsiveness through training and adequate project planning.</li> </ul>	
<b>OPERATING STRATEGIC DIRECTIONS</b>	<ul style="list-style-type: none"> <li>• Maintain regional lending levels and outreach.</li> <li>• Pursue arrears settlement arrangements.</li> <li>• Foster strategic partnerships with cofinanciers.</li> <li>• Ensure beneficiary participation in programme planning.</li> <li>• Establish and use knowledge networks on rural poverty (desertification, rural finance).</li> <li>• Support agronomic research programmes for yams.</li> <li>• Improve project implementation on-the-ground through active portfolio management.</li> <li>• Ensure staff training in loan administration, participatory project design, rural finance, environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Empower the poor through targeted delivery of assets and through capacity-building of viable smallholder organizations for providing services on a commercially sustainable basis.</li> <li>• Support the democratization and decentralization process, and ensure participation of the poor in local public sector planning.</li> <li>• Expand cofinancing to enhance international funding for smallholder agriculture.</li> <li>• Promote strategic partnerships with donors and governments through policy dialogue on smallholder constraints, and through joint field operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote beneficiary participation in project design and implementation through pre-formulation workshops with all stakeholders and through participatory monitoring and evaluation.</li> <li>• Ensure effective portfolio management through local capacity-building, strategic action-research during implementation and workshops.</li> <li>• Establish knowledge networks by linking projects to each other for sharing ideas and experience.</li> <li>• Strategic alliances to establish trust funds targeting the poor and food-insecure households.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve implementation and performance of the portfolio by making better use of country-specific knowledge.</li> <li>• Strengthen the quality of non-lending services, including: dissemination of best practices; linking clients to knowledge networks; and grant-funded pilot operations to test approaches for rural poverty eradication.</li> <li>• Encourage experimental and innovative programmes.</li> <li>• Foster partnerships and build alliances.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure beneficiary participation in implementation planning through NGO/ECP grants and through a technical assistance grant for the development of common interest grass-roots organizations.</li> <li>• Strengthen portfolio management through two subregional project implementation workshops; and through the promotion of the Project Management Information System.</li> <li>• Maintain lending levels.</li> <li>• Expand IFAD's outreach through cofinancing.</li> <li>• Establish IFAD as a knowledge organization through the creation of the Consultative Group for Poverty Alleviation in Arab Countries.</li> </ul>

Source: Table produced on the basis of document EB 98/64/R.5: Preview of the Programme of Work and Budget of IFAD for 1999.