



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

GOVERNING COUNCIL
TWENTY-THIRD SESSION REPORT
ROME, 16-17 FEBRUARY 2000

TABLE OF CONTENTS

CHAPTER	PARAGRAPHS	PAGE
1. INAUGURATION AND PROCEEDINGS	1 – 9	1 – 2
A. Opening of the Session	3	1
B. Agenda and Documentation	4	1
C. Election of the Bureau of the Governing Council	5	1
D. Inaugural Meeting of the Session	6	2
E. Statement of the President of IFAD	7	2
F. General Statements	8	2
G. Closure of the Session	9	2
2. DECISIONS OF THE GOVERNING COUNCIL	10 – 30	3 – 10
A. Progress Report on the Fourth Replenishment of IFAD's Resources	10	3
B. Proposed Budget of IFAD for 2000	11	3
C. Audited Financial Statements of IFAD as at 31 December 1998	12	3 - 4
D. Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD	13	4 - 5
E. Capital Expenditure Budget of IFAD	14	5
F. IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement	15	6
G. Election of Members and Alternate Members of the Executive Board	16 – 23	7 – 8
H. Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification	24	9
I. Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty	25	9
J. Emoluments of the President	26 – 28	9 – 10
K. Report on the Status of the Headquarters Agreement	29	10
L. Approval of Disclosure of Documents	30	10



CHAPTER	PARAGRAPHS	PAGE
3. A. SUMMARY RECORDS (Including a Summary of General Statements Delivered Orally by Governors and Observers)	31 – 335	11 – 58
(i) First Meeting – 16 February 2000	31 – 94	11 – 19
(ii) Second Meeting – 16 February 2000	95 – 172	20 – 33
(iii) Third Meeting – 17 February 2000	173 – 256	34 – 46
(iv) Fourth Meeting – 17 February 2000	257 – 335	47 – 58
3. B. OTHER GENERAL STATEMENTS BY GOVERNORS		59 – 76
Benin		59 – 60
Ethiopia		61 – 64
Guinea		65 – 66
Kenya		67 – 68
Niger		69 – 70
Swaziland		71 – 72
Tunisia		73 – 74
Venezuela		75 – 76
4. STATEMENTS AND SPECIAL ADDRESSES		77 – 112
Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan, on the Occasion of the Visit of His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic		77
Inaugural Message of His Excellency Carlo Azeglio Ciampi, President of the Italian Republic, Delivered on his Behalf by His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic		78
Statement by His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic, on Behalf of the Government of the Italian Republic		79 – 81
Statement of Appreciation by the Governor for the Republic of Kenya on Behalf of the Member States of IFAD, for the Inaugural Message of His Excellency Carlo Azeglio Ciampi, President of the Italian Republic, and the Statement of the Government of the Italian Republic, Delivered by His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic		82
Video Message of Mr Kofi Annan, Secretary-General of the United Nations		83
Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan, on the Occasion of the Visit of His Excellency Idriss Jazairy, Special Representative of the President of the People's Democratic Republic of Algeria and Ambassador of Algeria to the United States of America, to Deliver the Message of His Excellency Abdelaziz Bouteflika, President of the Republic and Chairman of the Organization of African Unity		84



CHAPTER	PAGE
4. STATEMENTS AND SPECIAL ADDRESSES (continued)	
Message of His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria and Chairman of the Organization of African Unity, Delivered on his Behalf by His Excellency Idriss Jazairy, Special Representative of the President of the People's Democratic Republic of Algeria and Ambassador of Algeria to the United States of America	85 – 89
Statement of Appreciation by the Governor for the French Republic on Behalf of the Member States of IFAD, for the Message of His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria Delivered on his Behalf by His Excellency Idriss Jazairy, Special Representative of the President of the People's Democratic Republic of Algeria and Ambassador of Algeria to the United States of America	90
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	91 – 93
Message of the Executive Director of the World Food Programme, Mrs Catherine Bertini, Delivered on her Behalf by Mr A. Namanga Ngongi, Deputy Executive Director	94 – 96
Statement by the President of IFAD, Fawzi H. Al-Sultan, to the Twenty-Third Session of the Governing Council	97 – 103
Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan, on the Occasion of the Visit of His Excellency Carlos Roberto Flores, President of the Republic of Honduras	104
Keynote Address by His Excellency Carlos Roberto Flores, President of the Republic of Honduras	105 – 108
Statement of Appreciation by the Governor for the Republic of Indonesia On Behalf of the Member States of IFAD, for the Keynote Address by His Excellency Carlos Roberto Flores, President of the Republic of Honduras	109
Statement by the Chairperson, Ms Kirsti Lintonen, Closing the Twenty-Third Session of the Governing Council	110 – 112
ANNEXES	
I. List of Participants at the Twenty-Third Session of the Governing Council	113 – 192
II. Agenda	193 – 194
III. List of Documents Placed Before the Twenty-Third Session of the Governing Council	195 – 196
IV. Programme of Work and Budget of IFAD for 2000	197 – 248





CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Twenty-Third Session of the Governing Council of IFAD was held in Rome on 16 and 17 February 2000. The list of participants is attached as Annex I.

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

A. Opening of the Session

3. The Session was opened by Mr A.M.M. Shawkat Ali, Secretary at the Ministry of Agriculture, Food, Disaster Management and Relief of the People's Republic of Bangladesh, on behalf of the outgoing Chairman of the Council, H.E. Shah A.M.S. Kibria, Minister for Finance of the People's Republic of Bangladesh.

B. Agenda and Documentation

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

C. Election of the Bureau of the Governing Council

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

Chairperson	Ms Kirsti Lintonen Under-Secretary of State for International Development Cooperation Ministry of Foreign Affairs of the Republic of Finland
Vice-Chairpersons	His Excellency Ali Yousef Jumma Secretary of the General People's Committee for Agriculture of the Socialist People's Libyan Arab Jamahiriya
	His Excellency Guillermo Enrique Alvarado Downing Secretary of State for Agriculture and Livestock of the Republic of Honduras



D. Inaugural Meeting of the Session

6. The Session was inaugurated by His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic, who delivered both the inaugural message of His Excellency Carlo Azeglio Ciampi, President of the Republic, and a statement on behalf of his Government. A keynote address was delivered by His Excellency Carlos Roberto Flores, President of the Republic of Honduras. A special video message was received from Mr Kofi Annan, Secretary-General of the United Nations, and a message was delivered on behalf of His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria, by His Excellency Idriss Jazairy, Special Representative of the President and Ambassador to the United States of America. Mr David Harcharik, Deputy Director-General of the Food and Agriculture Organization of the United Nations, and Mr Namanga Ngongi, Deputy Executive Director of the World Food Programme, both delivered statements on behalf of the heads of their organizations. 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 97–103.

F. General Statements

8. The general statements delivered by Governors and Observers are summarized in the Summary Records contained in Chapter 3, Part A. Those general statements submitted in writing by Member State representatives 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 Chairperson, Ms Kirsti Lintonen, summarizing the results of the Council's main deliberations and closing the Twenty-Third Session of the Governing Council, is reproduced in full in Chapter 4, pages 110–112.

CHAPTER 2

DECISIONS OF THE GOVERNING COUNCIL

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

10. The Governing Council took note of the Progress Report on the Fourth Replenishment of IFAD's Resources contained in documents GC 23/L.2 and GC 23/L.2/Add.1. It noted that the total value of the Instruments of Contribution and payments in cash or promissory notes against pledges not supported by Instruments of Contribution amounted to USD 403.7 million equivalent, or 96.2% of total pledges. Note was also taken of the fact that total payments in cash and promissory notes amounted to USD 314.8 million, or 75% of total pledges.

B. Proposed Budget of IFAD for 2000

11. After considering the proposed Programme of Work and Budget of IFAD for 2000, as presented in documents GC 23/L.4 and GC 23/L.4/Add.1 (contained in Annex IV of the present report), the Governing Council adopted, on 16 February 2000, the following resolution:

Resolution 114/XXIII

The Budget of IFAD for 2000

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-Eighth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 2000 in the amount of SDR 345.3 million;
3. **Having considered** the review of the Sixty-Eighth Session of the Executive Board concerning the proposed Budget of IFAD for 2000;
4. **Approves** the Budget of IFAD for 2000, as contained in document GC 23/L.4 and its Addendum, in the amount of USD 52 728 000 determined on the basis of a rate of exchange of ITL 1 977.60/USD 1.00, including a contingency of USD 400 000, plus a separate amount of USD 131 000 for funding meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD;
5. **Decides** that, in the event the average value of the United States dollar in 2000 should change against the Italian lira rate of exchange used to calculate the Budget, the total United States dollar equivalent of the Italian lira expenditures in the Budget shall be adjusted in the proportion that the actual exchange rate in 2000 bears to the Budget exchange rate.

C. Audited Financial Statements of IFAD as at 31 December 1998

12. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 1998 and the results of its operations for the year ended



on that date, as contained in Appendixes A to G, inclusive, of document GC 23/L.5 and the Report of the External Auditor thereon.

D. Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD

13. The Governing Council, after considering document GC 23/L.3/Rev.1 which contained the Draft Report of the Consultation to Review the Adequacy of the Resources Available to IFAD, 2000-2002, congratulated the Members of the Consultation for the excellent results achieved in the one-year period since the establishment of the Consultation. The Council also considered document GC 23/L.3/Rev.1/Add.1 and, recognizing that the Consultation's work needed to be continued, that its final Report needed to be approved, and that the draft Resolution on the Fifth Replenishment of IFAD's Resources needed to be adopted as soon as possible, adopted, on 16 February 2000, the following resolution:

Resolution 115/XXIII

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 its Resolution 112/XXII establishing the Consultation to Review the Adequacy of the Resources Available to IFAD, adopted on 17 February 1999;

Further recalling its Resolution 100/XX on the Provision of Advance Commitment Authority, adopted on 21 February 1997;

Having considered the report on the progress made by the Consultation to Review the Adequacy of the Resources Available to IFAD ("the Consultation");

Decides that:

1. The Consultation is requested to continue meeting so as to conclude its deliberations as soon as possible, upon which event it is requested to submit its report and any draft resolutions thereon to the Governing Council for approval and adoption.
2. In the event that the Consultation concludes its deliberations prior to the Twenty-Fourth Session of the Governing Council, the Report and draft resolutions thereon shall be submitted to the Governing Council for approval and adoption by the holding of a vote by correspondence in accordance with Rule 39 of the Rules of Procedure of the Governing Council. For this purpose, in accordance with Rule 45 of the Rules of Procedure of the Governing Council, the operation of Rule 34.1(a) of the Rules of Procedure of the Governing Council is hereby suspended temporarily to the extent that it relates to the adoption of the draft Resolution on the Fifth Replenishment of IFAD's Resources through a vote by correspondence.



3. The Advance Commitment Authority (ACA), together with the Procedures for the Use of the ACA during the Fourth Replenishment Period, provided under Resolution 100/XX is hereby extended until the adoption of the draft Resolution on the Fifth Replenishment of IFAD's Resources by the Governing Council.

E. Capital Expenditure Budget of IFAD

14. The Governing Council, after considering the proposed capital expenditure budget of IFAD for a process re-engineering programme as outlined in document GC 23/L.6, adopted, on 16 February 2000, the following resolution:

Resolution 116/XXIII

The Capital Budget of IFAD for a Process Re-Engineering Programme

The Governing Council of IFAD,

Bearing in mind Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

Noting that, at its Sixty-Seventh Session, the Executive Board endorsed the need, in principle, for a capital budget for a process and information technology support programme for IFAD over a five-year period;

Having considered the review of the Sixty-Eighth Session of the Executive Board concerning the proposed Capital Budget of IFAD for a Process Re-Engineering Programme for 2000 to 2005;

Decides that:

1. The Capital Budget of IFAD for a Process Re-Engineering Programme for a five-year period during financial years 2000 to 2005 is approved, as contained in document GC 23/L.6, in the amount of USD 26 000 000.
2. The President of IFAD is authorized to appropriate the first tranche of the said Capital Budget in the amount of no more than five per cent of the total capital budget (USD 1.3 million) to carry out the detailed design phase of the Process Re-Engineering Programme. The President of IFAD is requested to submit the detailed design document for the said Programme to the Executive Board for its consideration.
3. The second and subsequent tranches of the said Capital Budget shall be appropriated by the President of IFAD only upon submitting a report to the Executive Board on the use of the previous tranche and upon receiving the approval of the Board for a plan for the use of the next tranche. The said plans shall include details of the implementation costs for each capability to be developed, together with the benefits-capture plan and relevant amortization schedule thereof.
4. The President of IFAD is requested to provide a report on progress achieved in the implementation of the overall Programme to each annual session of the Governing Council and a final report on the implementation of the Programme to the Governing Council session in February 2006.



F. IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement

15. The Governing Council, after considering IFAD's involvement in the HIPC DI and its enhancement, as outlined in document GC 23/L.7 and GC 23/L.7/Corr.1, adopted, on 17 February 2000, the following resolution:

Resolution 117/XXIII

IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement

The Governing Council of IFAD,

Recalling its Resolution 101/XX on IFAD's Participation in the Debt Initiative for Heavily-Indebted Poor Countries (HIPC DI), adopted on 21 February 1997, and its Resolution 105/XXI on the Establishment of an IFAD Trust Fund for the Heavily-Indebted Poor Countries Debt Initiative, adopted on 11 February 1998;

Concerned by the effect that a high level of indebtedness may have upon the rural poor of the countries in such a position and on the sustainability of a country's poverty-eradication efforts;

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

Further noting the policy guidelines for the blueprint of an Enhanced HIPC DI framework agreed at the G-8 Summit in Cologne, Germany, during June 1999 and subsequent work by the World Bank and the International Monetary Fund to finalize the design of the enhanced HIPC DI;

Having considered document GC 23/L.7 and its Corrigendum on IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement, and the draft resolution contained therein;

Decides that:

1. IFAD shall fully participate in the enhanced HIPC DI.
2. The Executive Board shall define the financial modalities and procedures for the above-mentioned participation, including through: IFAD's resources; the HIPC DI Trust Fund administered by the World Bank; and the IFAD Trust Fund for the HIPC DI.
3. In doing so, due care shall be taken to minimize the impact thereof on the annual lending programme of IFAD. IFAD shall participate fully in the process of establishing poverty reduction strategies by eligible countries, given its special expertise in combating rural poverty.
4. Member Countries able to do so are invited to contribute to the enhanced HIPC DI either through the HIPC DI Trust Fund of the World Bank, explicitly earmarking those contributions for debt owed to IFAD, or through the IFAD Trust Fund for the HIPC DI.



G. Election of Members and Alternate Members of the Executive Board

16. In accordance with Rule 40.2 of the Rules of Procedure of the Governing Council, on 17 February 2000 the Council elected new Members and Alternate Members to the Executive Board for terms of office of three years.

17. Within List A countries: Canada, France, Germany, Italy, Japan, The Netherlands, Norway and the United States were elected as Members; and, as Alternate Members, respectively, Spain, Belgium, Switzerland, Portugal, Denmark, the United Kingdom, Sweden and Australia. It was agreed among the List A countries that The Netherlands and the United Kingdom will alternate seats for the last two years of the term of office, i.e. 2001 and 2002.

18. Within List B countries, Kuwait, Nigeria, Saudi Arabia and Venezuela were elected as Members and the following as Alternate Members: the United Arab Emirates as Alternate to Kuwait; Indonesia as Alternate to Saudi Arabia; and Algeria as Alternate to Venezuela. As Rule 40.1 of the Rules of Procedure of the Governing Council specifies that any Member against whom an accounting provision existed at the time of election to the Executive Board is ineligible for election or appointment to the Executive Board, there remained a vacant Alternate Member seat associated with Nigeria. It was decided, however, that, during the one-year period between the Twenty-Third and Twenty-Fourth Sessions of the Governing Council, the List B countries could modify their membership to include any ineligible Member State that might acquire eligibility to the Executive Board during that period.

19. Within Sub-List C1 countries for the Africa Group, Angola and Tunisia were elected as Members; and as Alternate Members, respectively, Egypt and Eritrea.

20. Within Sub-List C2 countries for the Europe, Asia and the Pacific Group, China and India were elected as Members. Elections for the respective positions of Alternate Members resulted in Sri Lanka being elected to serve as Alternate to China for the first year, followed by Pakistan for 2001 and 2002. Similarly, the Republic of Korea was elected to serve as Alternate to India for the first year, followed by Bangladesh in 2001 and Romania for 2002.

21. It was decided that, with respect to the agreements reached among the Sub-List C2 countries on the exchange of seats, any subsequent changes within the official term of office will require Governing Council endorsement.

22. Within Sub-List C3 countries for the Latin America and the Caribbean Group, Brazil and Mexico were elected as Members and Panama and Argentina, respectively, as Alternate Members.

23. Accordingly, the composition of the Executive Board for the three-year term of office is the following:



**EXECUTIVE BOARD COMPOSITION
FOR THE THREE-YEAR TERM OF OFFICE OF 2000, 2001 AND 2002**

Member **Alternate Member**

LIST A

Canada	Spain
France	Belgium
Germany	Switzerland
Italy	Portugal
Japan	Denmark
Netherlands	United Kingdom
Norway	Sweden
United States	Australia

(The Netherlands and the United Kingdom will alternate seats for the last two years of the term of office, i.e., 2001 and 2002)

LIST B

Kuwait	United Arab Emirates
Nigeria	--
Saudia Arabia	Indonesia
Venezuela	Algeria

(It was decided that, during the one-year period February 2000 to February 2001, the List B membership could be modified to include any currently ineligible member that might acquire eligibility to the Board during that period.)

LIST C

SUB-LIST C1

Africa

Angola	Egypt
Tunisia	Eritrea

SUB-LIST C2

Europe, Asia and the Pacific

China	Sri Lanka (2000) Pakistan (2001 and 2002)
India	Republic of Korea (2000) Bangladesh (2001) Romania (2002)

SUB-LIST C3

Latin America and the Caribbean

Brazil	Panama
Mexico	Argentina



H. Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification

24. The Governing Council took note of both the written report, document GC 23/L.8, and the oral report given by Mr Cheik Sourang, Senior Programme Manager of the Global Mechanism, on the evolving operational strategy and the activities during 1999 of the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.

I. Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty

25. The Governing Council took note of both the written report, document GC 23/L.10, and the oral report given by Mr Bruce Moore, Coordinator of the Popular Coalition to Eradicate Hunger and Poverty, summarizing six specific areas of activity and examining each based on achievements during the first formative years, as well as the current activities and the forecast for the year ahead. The Council also noted the support that various donors had provided and the efforts to mobilize further resources.

J. Emoluments of the President

26. The Governing Council considered document GC 23/L.11 concerning the re-establishment of a Committee to Review the Emoluments of the President of IFAD and, on 17 February 2000, adopted the following resolution:

Resolution 118/XXIII

Re-Establishment of a Committee to Review the Emoluments of the President of IFAD

The Governing Council of IFAD,

Taking into account Section 6, paragraph 1, of the By-laws for the Conduct of the Business of IFAD, which states, *inter alia*, that the salary, allowances and other entitlements of the President of IFAD shall be determined by resolution of the Governing Council;

Recalling Resolution 76/XVI, adopted by the Governing Council on 23 January 1993, whereby a Committee was established to review the overall emoluments and other conditions of employment of the President of IFAD in relation to other heads of United Nations Agencies and international financial institutions, and Resolution 82/XVII, adopted by the Governing Council on 28 January 1994, whereby the Committee decided on the salary, allowances and other entitlements of the President of IFAD and, *inter alia*, that the Governing Council shall re-examine, together with the salary, allowances and other entitlements of the President of IFAD, the representation allowance prior to the election of the successor to the incumbent President of IFAD;

Having considered document GC 23/L.11, the proposal therein and the Executive Board's recommendation thereon;



Decides:

1. To re-establish a Committee consisting of nine Governors or their representatives to review the overall emoluments and other conditions of employment of the President of IFAD. The Committee shall submit to the Governing Council, through the Executive Board, a report thereon together with a draft resolution on the subject for adoption by the Governing Council at its Twenty-Fourth Session.
2. The Committee shall be provided with specialist staff to provide such support and advice as the Committee may require.

27. At the time of the Session, only three nominations to the Committee had been advised to the Secretariat: those of Brazil, Tunisia and Turkey from List C. It was agreed that the Convenors of Lists A and B would provide the Secretariat with nominations for their respective Lists in due course.

28. Subsequent to the Session, the following nominations were submitted. For List B: Algeria and Saudi Arabia. For List A: Canada, Finland, France and Norway.

K. Report on the Status of the Headquarters Agreement

29. 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 accommodation in the building adjacent to IFAD's current premises.

L. Approval of Disclosure of Documents

30. 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.

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-Third Session held on Wednesday, 16 February 2000, at 10.00 hours

OUTGOING CHAIRPERSON: SHAH A.M.S. KIBRIA (BANGLADESH)
CHAIRPERSON: KIRSTI LINTONEN (FINLAND)

	PARAGRAPHS
Opening of the Session (Agenda Item 1)	32
Adoption of the Agenda (Agenda Item 2)	33
Election of the Bureau of the Governing Council (Agenda Item 3)	34 – 40
Inaugural Address by the Minister for Agricultural Policies and Forestry of the Italian Republic	41 – 46
Video Message of the Secretary-General of the United Nations	47 – 49
Message of the President of the People’s Democratic Republic of Algeria and Chairman of the Organization of African Unity	50 – 52
Message of the Director-General of the Food and Agriculture Organization of the United Nations	53 – 54
Message of the Executive Director of the World Food Programme	55 – 56
Statement of the President of IFAD (Agenda Item 4)	57 – 58
Progress Report on the Fourth Replenishment of IFAD’s Resources (Agenda Item 5)	59 – 61
Proposed Budget of IFAD for 2000 (Agenda Item 8)	62 – 67
Audited Financial Statements of IFAD as at 31 December 1998 (Agenda Item 9)	68 – 73
General Statements (Agenda Item 7)	74 – 93
- France	74 – 77
- Guatemala (on behalf of the Group of Latin America and Caribbean Countries)	78 – 82
- Japan	83 – 86
- Saudi Arabia	87 – 89
- China	90 – 93



31. **The meeting was called to order at 10.10 hours.**

OPENING OF THE SESSION (Agenda Item 1)

32. **Mr ALI** (Bangladesh), speaking on behalf of the outgoing Chairperson, declared open the Twenty-Third Session of the Governing Council and welcomed participants to the first Governing Council Session of the twenty-first century, which he trusted would see continuity and growth in the Fund's invaluable contribution to the fight against hunger. He expressed the continued strong support of Bangladesh to the Fund's work and, in particular, to the process of reviewing the adequacy of its resources.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 23/L.1/Rev.1)

33. **The Agenda (GC 23/L.1/Rev.1) was adopted.**

ELECTION OF THE BUREAU OF THE GOVERNING COUNCIL (Agenda Item 3)

34. **Mr ALI** (Bangladesh) announced that, according to Rule 12 of the Rules of Procedure, the Council should elect a Bureau consisting of a Chairperson and two Vice-Chairpersons to serve for a period of two years. He had been informed of the nomination of Ms Kirsti Lintonen of Finland for the office of Chairperson.

35. **Ms Lintonen (Finland) was elected Chairperson of the Governing Council by acclamation.**

36. **Mr ALI** (Bangladesh) said that he had been informed of the nomination of Mr Ali Yousef Jumma of the Libyan Arab Jamahiriya and Mr Guillermo Enrique Alvarado Downing of Honduras for the offices of Vice-Chairpersons.

37. **Mr Jumma (Libyan Arab Jamahiriya) and Mr Alvarado Downing (Honduras) were elected Vice-Chairpersons of the Governing Council by acclamation.**

38. **Mr ALI** (Bangladesh) conveyed the former Bureau's thanks to the Council and the staff of IFAD for their collaboration and support.

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

40. **The CHAIRPERSON** expressed her gratitude for the confidence placed in her and congratulated the Vice-Chairpersons on their election. After paying tribute to the outgoing Chairperson for his able conduct of the Council's proceedings and expressing her appreciation to the President of the Fund for his leadership, she pointed out that some of the items on the Council's agenda were particularly important for IFAD's future operations. She was sure that she could count on the continued support and cooperation of all Governors in order to guide the Twenty-Third Session to a successful conclusion.

INAUGURAL ADDRESS BY THE MINISTER FOR AGRICULTURAL POLICIES AND FORESTRY OF THE ITALIAN REPUBLIC

41. **His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic, was conducted to his seat.**

42. **Mr AL-SULTAN** (President of the Fund) said it was a great pleasure to welcome His Excellency Paolo De Castro, who would be delivering a message on behalf of His Excellency



Carlo Azeglio Ciampi, President of the Italian Republic, and addressing the Council on behalf of his Government. Mr De Castro's presence was yet another clear indication of the host Government's interest in, and commitment to, the Fund. No small part of IFAD's success in the field of rural poverty alleviation must be attributed to Italy's unwavering moral and financial support of the Fund since its inception, which was matched only by Italy's place in the international community as a major contributor to global aid.

43. **Mr De Castro** (Minister for Agricultural Policies and Forestry of the Italian Republic) delivered an inaugural message on behalf of the President of the Italian Republic and a statement on behalf of his Government, the full texts of which are reproduced in Chapter 4.

44. **The CHAIRPERSON**, on behalf of the Governing Council, expressed her appreciation to Mr De Castro for his encouraging words.

45. **Mr JALANG'O** (Kenya) expressed the sincere gratitude of all participants to Mr De Castro for his message on behalf of the President of the Italian Republic and for his statement, both of which had highlighted Italy's interest in the work of IFAD. Italy's invaluable international role in the worldwide fight against hunger and poverty was universally recognized, as was its important contribution to the Fund's resources. He thanked the Italian people and Government for their generous support, from which countries such as his own had been able to benefit.

46. **His Excellency Paolo De Castro, Minister of Agricultural Policies and Forestry of the Italian Republic, withdrew.**

VIDEO MESSAGE OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

47. **The CHAIRPERSON** informed the Council that a video message had been received from Mr Kofi Annan, Secretary-General of the United Nations, the full text of which is reproduced in Chapter 4.

48. **The video message from the Secretary-General of the United Nations was screened.**

49. **The CHAIRPERSON** expressed the Governing Council's appreciation of the Secretary-General's warm message, which served as an inspiration to all. She asked the President of IFAD to convey the Council's sincere thanks to the Secretary-General.

MESSAGE OF THE PRESIDENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA AND CHAIRMAN OF THE ORGANIZATION OF AFRICAN UNITY

50. **Mr AL-SULTAN** (President of the Fund) recalled that Algeria had played a pioneering role in efforts to bring about a more just international order, one of the fruits of which had been the World Food Conference of 1974, which had led to the establishment of IFAD. It therefore gave him great pleasure to welcome Ambassador Idriss Jazairy, Special Representative of His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria and Chairman of the Organization of African Unity (OAU). Ambassador Jazairy, who had been IFAD's second President, would deliver President Bouteflika's message to the Council.

51. **Mr JAZAIRY** (Special Representative of the President of the People's Democratic Republic of Algeria and Ambassador of Algeria to the United States of America) made a statement, the full text of which is reproduced in Chapter 4.

52. **Mr REMONT** (France) said that Algeria, as an original Member of the Fund, had played an active part in its work, both as a donor and as a recipient country. He felt sure that



President Bouteflika, the current Chairman of OAU, was well aware of the Fund's long-standing efforts on behalf of Africa and of the need to continue them. On behalf of his colleagues, he thanked Ambassador Jazairy for attending the Session and asked him to convey the Council's appreciation to President Bouteflika.

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

53. **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.

54. **The CHAIRPERSON** thanked Mr Harcharik and asked him to convey to Mr Diouf the Governing Council's thanks for his enlightening message and its appreciation of the spirit of cooperation prevailing between the two organizations.

MESSAGE OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

55. **Mr NGONGI** (Deputy Executive Director, World Food Programme) made a statement on behalf of Ms Catherine Bertini, Executive Director of the World Food Programme (WFP), the full text of which is reproduced in Chapter 4.

56. **The CHAIRPERSON** thanked Mr Ngongi and asked him to convey to Ms Bertini the Governing Council's thanks for her stimulating message, which reaffirmed the excellent collaboration between WFP and IFAD for the benefit of the many who were still in desperate need of food security.

STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 4)

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

58. **The CHAIRPERSON** expressed the Governing Council's appreciation of the visionary statement made by the President, under whose guidance IFAD had become a leader in the development of sustainable poverty alleviation strategies and had strengthened its role as an innovator of effective rural poverty eradication instruments, as a catalyst in the field of development and as a knowledge organization. Consequently, the Fund could play its due part in taking up the challenge of reducing, in the first 15 years of the new millennium, the number of people living in extreme poverty.

PROGRESS REPORT ON THE FOURTH REPLENISHMENT OF IFAD'S RESOURCES (Agenda Item 5) (GC 23/L.2 and GC 23/L.2/Add.1)

59. **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 4 February 2000, 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 403.7 million equivalent, or 96.2% of total pledges. As of the same date, total payments in cash and promissory notes had amounted to USD 314.8 million equivalent, or 75% 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 4 February 2000, Belgium had made six promissory note payments amounting to USD 21.3 million equivalent, or 84% of its pledge, and The Netherlands had made two cash payments amounting to USD 4.6 million equivalent, or 30% of its pledge.



60. He earnestly hoped that those governments which had not yet done so would proceed to meet their obligations under Resolution 87/XVIII by depositing their Instruments of Contribution and making payments in settlement of those obligations.

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

PROPOSED BUDGET OF IFAD FOR 2000 (Agenda Item 8) (GC 23/L.4 and GC 23/L.4/Add.1)

62. **The CHAIRPERSON** said that the Executive Board had reviewed the proposed Budget of IFAD for 2000 in detail at its Sixty-Eighth Session and had recommended its submission to the Governing Council for approval.

63. **Mr WESTLEY** (Vice-President of the Fund) recalled that the Executive Board had approved the Programme of Work for 2000 at its Sixty-Eighth Session in an amount of USD 482.8 million or SDR 345.3 million. In real USD terms, the programme remained at the same level as in 1999, having been adjusted only for projected inflation.

64. After three consecutive annual reductions during the period 1994-1996, followed by zero growth in 1997 and 1998, the administrative budget for 2000 was proposed at zero real growth. Based on the exchange rate of ITL 1 805/USD 1.00 prevailing at the time of preparation of the document, the proposed budget of USD 55.39 million included a contingency of USD 400 000, plus a reduced amount of USD 131 000 to fund meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD (the Consultation).

65. A main issue to be addressed in 2000 was the additional emphasis directed at the improvement of business processes to achieve further efficiencies, for which purpose the Executive Board had recommended the introduction of the Capital Expenditure Budget, which would be taken up separately.

66. The total administrative budget was normally recalculated at the USD/ITL exchange rate prevailing at the time of approval by the Governing Council. As the rate applicable on 31 January 2000 stood at ITL 1 977.60/USD 1.00, the draft Resolution approving the Budget had been amended in document GC 23/L.4/Add.1 to read USD 52.73 million, including a contingency of USD 400 000, plus a separate amount of USD 131 000 to fund meetings of the Consultation in 2000.

67. **Resolution 114/XXIII was adopted.**

AUDITED FINANCIAL STATEMENTS OF IFAD AS AT 31 DECEMBER 1998 (Agenda Item 9) (GC 23/L.5)

68. **The CHAIRPERSON** said that the Executive Board had reviewed the Audited Financial Statements for 1998 at its Sixty-Sixth Session and had recommended that they be submitted to the Governing Council for approval.

69. **Mr WESTLEY** (Vice-President of the Fund), after drawing attention to the conclusions of the External Auditor's report attached to document GC 23/L.5, referred to the arrears in loan repayments covered in Appendix G of the Audited Financial Statements. Most of them related to the Africa region, where a number of loans remained suspended as a consequence of overdue debts. The Fund was continuing its follow-up action with each of the governments concerned to obtain settlement of their obligations.



70. Arrears on donor contributions remained a problem, causing the Fund to maintain provisions against promissory notes and amounts receivable from contributions and to exclude them from committable resources. As at 31 December 1998, a total of USD 188.9 million had been so excluded. He called on the countries concerned to fulfil their commitments in the interests of the Fund's beneficiaries. In 1998, the second year of investment diversification into different asset classes, investment income had increased by USD 24 million to reach a level of USD 187.9 million, an average rate of return on investment of 8.5% compared to 7.54% in 1997. Administrative expenses for 1998 had amounted to USD 52.2 million – approximately 2% lower than the approved administrative budget for that year. Management continued to pursue its policy of improvement and efficiency in operations.

71. The 1999 Financial Statements were currently being finalized and examined by the External Auditor. Preliminary results indicated that investment income in 1999 had amounted to approximately USD 196.5 million compared with USD 187.9 million in 1998, an average rate of return of 8.7% as compared with 8.5%. The investment portfolio at market value as at 31 December 1999 stood at USD 2.3 billion, almost unchanged from the previous year. Administrative expenses had once again been lower than the approved budget. Loan arrears overdue by more than three months as at 31 December 1999 had increased as compared with the end of 1998. In 1999, the Executive Board had approved debt relief for Mali. There were now seven developing countries benefiting from the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI). The Financial Statements for 1999 would be reviewed by the Audit Committee in March and presented to the Executive Board in May.

72. **The CHAIRPERSON** invited the Council to adopt the draft decision in paragraph 4 of document GC 23/L.5.

73. **It was so decided.**

GENERAL STATEMENTS (Agenda Item 7)

74. **Mr REMONT** (France) said that dialogue among countries within the framework of international organizations and agreements – an innovative example of which was the Lomé Convention – was of paramount importance in meeting the challenges of alleviating poverty, ensuring food security and promoting harmonious development in the coming millennium. Development assistance and multilateral organizations, among them IFAD, also had a crucial role to play. The three priority thrusts of the Fund's future action should be to continue the fight for food security and rural development, to hold its own among multilateral development organizations and to seek to ensure efficiency and the prudent management of official development assistance.

75. With regard to the first of those goals, in a context of continuing malnutrition and rural poverty IFAD's expertise and resources should be focused on three priority objectives – concentrating assistance on the poorer countries so that they could develop and structure their agriculture and thus ensure food security and develop export commodities; taking action against the marginalization of rural areas in some of the more advanced countries by targeting vulnerable populations and fostering equitable growth; and taking part in the current debate on new approaches to the issue of staple commodities. The African continent deserved priority attention in that regard.

76. Secondly, IFAD should occupy its rightful place at the heart of the international community so that its unique expertise could benefit all development funding organizations so as to influence their perception of the rural world and its needs. That meant continued cooperation with other multilateral bodies and extension of cofinancing arrangements, and also participation in HIPC DI, a historic initiative that should be seen as a poverty reduction strategy and an opportunity for development. France alone would be providing over EUR 7 billion in bilateral aid and would contribute substantially to the alleviation of multilateral debt. IFAD should make use of the flexibility



of its own resources to contribute to the financial effort and provide eligible countries with the benefit of its specific knowledge of rural poverty.

77. The difficulties of the poor countries could not be overcome solely by alleviating the debt burden. France and Europe, which provided more than half of the world's official development assistance, were strongly in favour of maintaining substantial flows of such assistance. The third main point to bear in mind was the need for efficient, prudent management of those scarce resources. Strategic guidelines to ensure high standards of efficiency and stringency had been worked out during the recent Consultation exercise. The outcome had been satisfactory and France would continue to participate fully in the Consultation with a view to reaching agreement on the replenishment of IFAD's resources.

78. **Mr VALENZUELA BONILLA** (Guatemala), speaking on behalf of the Group of Latin America and Caribbean Countries (GRULAC), said that 1999 had been a difficult year for the Latin America and the Caribbean region, with most countries registering negative growth. For the second year running, many countries had been struck by natural disasters, in particular Venezuela, where there had been some 70 000 victims. All those factors had contributed to ever-greater levels of poverty in the region, making it essential for government efforts to be backed up by organizations which, like IFAD, dealt with the needs of the weakest groups. The huge gap between rich and poor could not be tackled at national level: what was needed was political and moral will on the part of the entire international community to help eliminate the source of poverty. The eradication of rural poverty and the promotion of development were at the very core of IFAD which, as an international organization, was in a privileged position to assist governments in those tasks. In the final analysis, the Fund's activities were designed to achieve the main objective of the United Nations – to promote peace and justice throughout the world.

79. Despite the unanimous recognition of IFAD's work, it was regrettable that negotiations on its future resource levels had not yet been concluded. He hoped that agreement on the Fifth Replenishment would be reached as soon as possible to enable the Fund to continue its good work, and that the traditional burden sharing arrangement would be retained. The level of activities, in terms of projects, foreseen in the proposed budget for 2000, seemed to him a minimum and he hoped that the share of Latin America and the Caribbean would be maintained, or even increased. In that connection, GRULAC supported the Fund's strategy for the region, under which activities would continue to be centred on the most vulnerable groups. In future, he felt that an item on the follow-up to the World Food Summit should always be included in the agenda.

80. IFAD should take a realistic approach to its involvement in the enhancement of HIPC DI, avoiding committing resources to it that were intended for projects. He commended the Fund's excellent work as the housing institution of the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) and drew attention to the results achieved at the Third Conference of the Parties held in Brazil in November 1999. Like other developing regions, many areas of Latin America and the Caribbean were affected by desertification and looked forward to receiving support from the Global Mechanism.

81. Turning to his own country, he pointed out that the President of the Republic of Guatemala had pledged his full support for IFAD's work. The country's agricultural and livestock policy was designed to assist small and medium-sized farmers, who were usually excluded from the development mainstream, and the Government would continue to accord priority to sustainable agriculture and to respecting the peace agreements. IFAD's projects in Zacapa and Chiquimula had achieved positive results and a new project designed to improve the management capacity of rural communities and promote the export of produce had been approved. He welcomed the visit of the President of the Republic of Honduras, which underscored the importance attached by the region to IFAD.



82. Finally, Guatemala had pledged USD 250 000 to the Fifth Replenishment of IFAD's Resources.

83. **Mr SEKI** (Japan) said that despite hopes for a brighter future many people throughout the world still lived in hunger, poverty and uncertainty. IFAD had played a significant role in assisting agricultural development in the poorest regions of the developing world, while widely involving non-governmental organizations (NGOs) and community-based organizations in its work. However, as the poor became even poorer, IFAD's responsibility for finding innovative approaches to alleviating poverty was becoming all the greater. In that connection, he recalled that since its inception the Fund had played a pioneering role in microfinancing.

84. Japan was determined to help eradicate poverty in the developing countries by drawing upon its own experience and noted that its policies for solving the problem were very much in line with those of IFAD. As far as its total financial contributions to the Fund were concerned, his country ranked third among the Member States and intended to meet its proper responsibilities in relation to the Fifth Replenishment, despite severe economic conditions. Japan strongly hoped that IFAD would continue to fulfil its vital mission in the future.

85. IFAD's efforts in the area of gender development were to be commended. In support of such activities, Japan had set up and contributed USD 4.5 million to the Special Fund for Women in Development, that amount being over and above its regular contribution. The very successful symposium on the Asian crisis and the rural poor, held in July 1999, had been financed from the Fund, as had the CD Rom entitled "Gender and Household Food Security" provided to participants at the current Session of the Governing Council.

86. In July 2000, Japan would be hosting the G-8 Summit in Okinawa. Since the summit was to be held in the Asia region, the development of the developing countries would be a suitable topic for discussion among world leaders. He trusted that the results would provide encouragement for the aspirations of Japan's friends in the developing world.

87. **Mr BIN MOAMMAR** (Saudi Arabia) said that the establishment of a free market and the liberalization of world trade boded well for the strengthening of international cooperation and the creation of a climate that would enable the developing countries to benefit from economic change and strengthen their own capabilities. In that connection, he hoped that IFAD would enhance its effectiveness in helping them to realize their objectives of expanding agricultural growth, achieving food security and exporting their agricultural produce through the adoption of ambitious plans and policies for the sustainable development of agriculture.

88. Saudi Arabia had strengthened its cooperation with developing countries and was now the country which provided the highest amount of development aid in relation to its gross national product (GNP); between 1973 and 1998, 72 developing countries had benefited from its aid of USD 73 billion, which represented 4% of its GNP. Moreover, it was the second largest donor to IFAD, having contributed USD 367 million in all, which amounted to 11% of all contributions and 37% of contributions from member countries of the OPEC. In that connection, he was pleased to reaffirm his country's continuing support of the Fund during the current negotiations concerning the Fifth Replenishment.

89. Having examined the Programme of Work and Budget of IFAD for 2000, he was gratified by the continued efforts to contain administrative costs while still ensuring that the Fund carried out its work to the required standard. It was important, however, that it should rely on its own resources by diversifying its investments, thus reducing its reliance on the contributions of Member States, with a view to fulfilling its mission and achieving its objectives in a sustained and independent manner.



90. **Mr LIU** (China) was pleased to note the efforts made by IFAD during 1999 to reduce its administrative expenditures, enhance its work efficiency and contribute to poverty alleviation and rural economic development in the developing countries. It should continue to pursue its specific role in the field of poverty alleviation, and China would do everything in its power to leverage sufficient resources to further strengthen its work. Encouraged by the progress so far achieved in the negotiations concerning the Fifth Replenishment, he hoped that Member States would react in a more flexible and positive way with a view to completing the work on time.

91. His Government had given priority to the alleviation of poverty and starvation and to the agricultural development of poverty-stricken areas, mobilizing forces from the whole of society to support economic development. Since that reform, and in particular since the large-scale measures introduced in the mid-1980s, the numbers of the poor, particularly in rural areas, had fallen from 250 million in 1978 to 40 million at the present time. China's poverty-relief standard, however, still remained low and it was therefore pursuing its efforts in that field, increasing capital inputs and improving management. It was also extending microcredit to households and introducing scientific technology to enhance the quality of work and administration.

92. At the turn of the century, the Chinese Government had taken the significant decision to develop its western regions on a major scale. It was planned to improve infrastructure, strengthen environmental protection, restructure industry, develop science, technology and education, train personnel and open up to the outside world.

93. In conclusion, he reiterated China's consistent support for the work of IFAD, with which it hoped to strengthen its cooperation for the alleviation of starvation and poverty and the acceleration of agricultural development throughout the world.

94. **The meeting rose at 13.10 hours.**



- (ii) Summary Record of the Second Meeting of the
Twenty-Third Session held on Wednesday,
16 February 2000, at 15.00 hours

CHAIRPERSONS: **GUILLERMO ENRIQUE ALVARADO DOWNING (HONDURAS)**
KIRSTI LINTONEN (FINLAND)

	PARAGRAPHS
IFAD Millennium Film	96 – 98
General Statements (Agenda Item 7) (continued)	99 – 126
- Sweden (on behalf of the Nordic countries)	99 – 104
- Pakistan	105 – 108
- Germany	109 – 110
- Syria	111 – 113
- Italy	114 – 117
- Egypt	118 – 120
- Sudan	121 – 123
- Burkina Faso	125 – 126
Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD (Agenda Item 6)	127 – 134
Capital Expenditure Budget of IFAD (Agenda Item 10)	135 – 141
General Statements (Agenda Item 7) (continued)	142 – 171
- Mauritania	142 – 143
- Sri Lanka	144 – 147
- Mauritius	148 – 150
- Zimbabwe	151 – 152
- Bangladesh	153 – 154
- Angola	155 – 157
- D.P.R. Korea	158 – 161
- Ghana	162 – 164
- Libyan Arab Jamahiriya	165 – 168
- Cuba	169 – 171



95. **The meeting was called to order at 15.10 hours by Mr Alvarado Downing (Honduras).**

IFAD MILLENNIUM FILM

96. **The CHAIRPERSON**, introducing the IFAD Millennium Film, said that it charted the history and work of IFAD, showing how it had been able to help over 230 million men, women and children to become self-sufficient, and highlighting its support to poor rural women to help them to build on their indigenous technical knowledge and skills and thus improve their access to important resources and services. It included an interview with Her Royal Highness Princess Basma, sister of the late King Hussein of Jordan, who spoke of the importance of United Nations organizations such as IFAD and the critical need to maintain and increase support for sustainable development in the future. Using computer graphics and commentary, the film explained how the Fund had improved its management and operational skills since its inception and had gained an understanding of the specific needs and capabilities of the rural poor, who, if given the opportunity, had shown that they could build more secure lives for themselves and their families. IFAD's job was to give them a chance.

97. **The IFAD Millennium Film was projected.**

98. **The CHAIRPERSON** congratulated the Fund's management on a well-documented and enjoyable production.

GENERAL STATEMENTS (Agenda Item 7) (continued)

99. **Mr BÅGE** (Sweden), speaking on behalf of the Nordic countries (Denmark, Finland, Norway and Sweden) expressed continued support for IFAD's strong commitment to rural poverty eradication and appreciation for its demonstrated strength as an efficient institution in the international development community. In a world context characterized by globalization and worsening poverty despite years of prosperity in many parts of the world, it could be seen that economic growth was a necessary but not sufficient condition to ensure poverty eradication. Only a balanced and comprehensive approach encompassing matters such as well-being, health, community, opportunity, gender equality, security, freedom, peace and dignity would ensure the social and economic inclusion of the poor. The situation and needs of rural women and their families, in particular, should be addressed in a focused manner and be given high priority, as should the mainstreaming of gender aspects in all of IFAD's programmes.

100. Action was needed at all levels — global, national and local. IFAD, with its very clear mandate, had a key role to play in assisting national governments and civil society, especially in the poorest countries, in finding ways of combating poverty. The Nordic countries supported IFAD's vision of becoming, to an ever increasing extent, a knowledge organization. The many dimensions of poverty indicated that more innovative and replicable approaches and solutions were needed. Local ownership and participation were crucial: the poor must be the prime actors in their own development and must be empowered for that role. Participation was an area in which further innovations were needed and where IFAD had an important part to play. The Nordic countries strongly supported innovative efforts to strengthen social inclusion and to operationalize participatory approaches and best practices.

101. IFAD's experience, notably in rural policy formulation, should be more widely shared with other development actors. Continued and strengthened efforts in land and agricultural reform, land use and tenurial rights and action to combat desertification were welcome, as was the work on a better understanding of poverty issues. In that connection, the Rural Poverty Report 2000 might usefully benefit from a United Nations system-wide consultation. To ensure ownership at the national level, IFAD projects must be an integrated part of countries' overall poverty reduction strategies, which



meant that more attention should be given to the development of IFAD's own country strategies. Efforts to increase the focus on strategic work in the Executive Board were to be commended.

102. Effective agricultural and rural development also require an enabling policy environment. This is directly linked to the effective use of scarce resources and it was urged that this be clearly taken into account in decisions on loan proposals in the Executive Board. There was also a need for better coordination in order to simplify procedures, improve collaboration and avoid duplicative reporting requirements that overburdened local capacity in developing countries. IFAD should increase its collaboration with other actors and work in partnership with national governments and civil society. Although it was gratifying to note the closer partnerships between IFAD and the other Rome-based institutions, they could be further strengthened. In the conviction that IFAD's catalytic impact should be enhanced, the Nordic countries welcomed intensified joint programmes and joint or parallel financing with other institutions. The Fund must also take a pro-active part in ongoing cooperation such as the development of the Comprehensive Development Framework (CDF) and the United Nations Development Assistance Framework (UNDAF).

103. Stressing the importance of a successful conclusion to the resource Consultation, he urged all Member States to do their utmost to finalize it in the near future. It was gratifying to note that agreement had been reached on a clear direction and policy focus for the next replenishment period. The broad-based, shared funding of IFAD, reflecting Member States' commitment to rural poverty eradication and to the Fund, was one of IFAD's unique strengths which must be reinforced by a successful Fifth Replenishment.

104. The Nordic countries welcomed IFAD's full participation in the enhanced Heavily-Indebted Poor Countries Debt Initiative (HIPC DI), urged all parties to continue to support it through sufficient funding and pledged continued Nordic financial support.

105. **Mr AHSAN** (Pakistan), outlining the challenges facing the developing countries, among which poverty, hunger and food insecurity loomed large, said that agriculture had assumed renewed priority in Pakistan. It was the single largest income-generating sector in the country, employing about half of the population, but it continued to face stagnation. In response, the Government had taken a new initiative to revive the sector, revolving around six parameters: alleviation of rural poverty, sustainable agriculture, social equity, self-reliance, enhanced productivity and export orientation. A poverty alleviation plan had recently been approved through reprioritization of the annual development programme and adjustments in non-development expenditure, including the defence budget. The focus on poverty alleviation within a reoriented institutional framework was expected to mitigate the adverse impact of structural adjustments on the poor and form the basis of a sustained fight against poverty. It was hoped that all bilateral and multilateral agencies, including IFAD, would join with Pakistan in a partnership towards that end.

106. IFAD was the only organization which specifically focused on poverty alleviation through sustainable agricultural development. That unique position was enhanced by its role as an innovator and a knowledge institution, enabling it to guide the way to poverty alleviation through partnerships and by upscaling its successes. In Pakistan, IFAD projects continued to set an example, and its methodologies and experiences had been successfully replicated by other agencies. He reiterated Pakistan's confidence in and support for the Fund.

107. It was regrettable that Member States were once again being asked to endorse a Programme of Work at zero real growth level, which was hardly sufficient to enable IFAD to contribute meaningfully to poverty alleviation and to policy and institutional reforms in the recipient countries. He welcomed the Process and Information Technology Support Programme as being conducive to cost-efficiency, ultimately freeing resources for the Programme of Work. He further noted the



progress made on the Rural Poverty Report 2000 and hoped that it would provide a strategic focus for the Fund's future activities.

108. In principle, Pakistan continued to support IFAD's involvement in HIPC DI, even under the enhanced scenario that had emerged from the G-8 Summit in Cologne, but could not support participation in the initiative at the cost of the financial integrity of IFAD or its regular lending programme. Pakistan therefore joined in the appeal to donors to find additional ways and means of financing IFAD's contribution to the enhanced level. The Consultation had gone a long way towards achieving consensus on many thorny issues, although much remained to be done to complete the process. He therefore urged all Member States to do their utmost to ensure its early completion and confirmed Pakistan's readiness to continue to share the burden.

109. **Mr HOFMANN** (Germany) said that IFAD's focus on the rural population and poverty reduction in rural areas remained indispensable. In order to fulfil that mission, three points were of particular importance. First, Germany expected IFAD to participate in a consistent manner in the new consensus on international development assistance. With particular reference to the importance of an enabling policy environment for sustainable development, governments that created conducive conditions merited more — or at least special — support. Good governance implied the full participation of civil society in transparent decision-making and conditions conducive to a fair distribution of public resources. Secondly, IFAD must cooperate and coordinate its action with other development institutions, acting as a catalyst for further action by others with more resources, and its development approaches should follow best practices and be replicable. Active participation was required in cofinancing arrangements and in the new international cooperation schemes such as CDF and UNDAF. The Fund's experience should influence the whole development community. Thirdly, a prerequisite for participation in international cooperation frameworks was transparent country planning involving the Executive Board, but, over and above project and country planning, the Board should devote considerable time to strategic tasks in general, such as discussing lessons learned from past projects and drawing conclusions for future projects. Although the Consultation had made considerable progress on those three points, implementation was what counted. IFAD's management should follow closely the Consultation's recommendations.

110. One of IFAD's unique features was its funding structure. It had been founded on the expectation of sustained funding by OPEC member countries. He recalled the over 40% initial share of the Group, deplored the mere 9% contributed by the List B countries to the Fourth Replenishment, and expected that the downward trend would be reversed in the Fifth Replenishment, for which more balanced burden sharing was required. In principle, Germany supported alternative methods of increasing commitment capacity, but urged a cautious approach guided by the principles of financial solidity and prudence, and trusted that the management would be governed by those principles. It welcomed IFAD's willingness to participate in the enhanced HIPC DI, making use of internal resources and also seeking external resources. In conclusion, he assured the Fund of Germany's continued support.

111. **Mr MUSTAFA** (Syria) expressed his appreciation for the support which IFAD provided to the developing countries in building their local capacities and developing their agricultural sectors by various means, including the involvement of civil society and a greater role for women in the development process. He also commended the Fund's outstanding efforts to expand its activities and projects under difficult circumstances. In Syria, under the leadership of President Hafez Al-Assad, the agricultural sector had received priority in national economic development plans. In that context, projects financed by IFAD had been instrumental in securing a stable livelihood for farmers by successfully turning infertile soil into productive land. Much still remained to be done, however, to boost production, reduce costs and improve marketing. Plans were therefore under way to improve the quality of agricultural produce, introduce modern irrigation techniques, conserve natural resources and develop agricultural research.



112. Syria was engaged in a twofold endeavour to achieve food security through agricultural and economic development and to achieve a just and comprehensive peace in accordance with the principles and resolutions of the United Nations. Neither endeavour, however, could succeed as long as the occupation of its territory and southern Lebanon continued.

113. He reaffirmed his view that the Fifth Replenishment should not entail a reduction of resources in view of the growing need to combat poverty and assist Member States to participate effectively in today's wide-scale development process. In that connection, agriculture played a leading role and the Fund was the major partner in agricultural development in the developing countries. In conclusion, he expressed support for the Programme of Work and Budget of IFAD for 2000, thanked all those international financial institutions (IFIs) and organizations which had assisted agricultural development in Syria and other developing countries, and commended the host country on its support of the Fund.

114. **Mr D'AMICO** (Italy) said that IFAD's relatively small size had not prevented it from achieving encouraging results in often difficult working conditions. As a major international issue, the problem of poverty had been placed at the forefront of the activities of the relevant United Nations bodies and those IFIs dealing with development. In the current climate of globalization, however, it was increasingly difficult to separate macroeconomic and structural policy measures from their effects on the poorest countries. Enormous resources would continue to be needed to deal with the world's growing poverty and hunger, and without decisive action, the gap between the industrialized and poor countries would widen and various social ills would increase.

115. IFAD's special position as a member of the United Nations family that was also a financial institution enabled it to play a fundamental role in addressing such problems by developing agriculture while simultaneously making an important contribution to alleviating debt. Its involvement in HIPC DI was important both as a signal of the direct participation of the United Nations in efforts to revive the economies of the beneficiary countries and as a concrete contribution to increasing the still-lacking resources made available to World Bank trust funds. Considerable progress had been made in the Fifth Replenishment negotiations, although his Government believed that the aid programme for the next three years was inadequate. In his view, the burden sharing exercise should not prove too much of a problem, particularly if the Fourth Replenishment was taken as the starting point.

116. It was important to reach agreement on the macroeconomic and structural policies to be implemented by the beneficiary countries in the interests of good governance. In that connection, his Government was prepared to play its part and had already demonstrated its sensitivity to the problems of the poor countries by announcing a contribution of USD 70 million to the HIPC DI Trust Fund. During the Jubilee period, Italy's debt-relief initiatives were inspired by the values of solidarity and human dignity and had the support of local authorities and NGOs. Within the United Nations system, the agrofood institutions such as IFAD, FAO and WFP had made considerable progress in coordinating their activities with other United Nations agencies. Cooperation with IFIs, however, was essential to improving the use of limited resources.

117. IFAD had significantly modified its procedures and structures in order to reduce the time that elapsed between the approval and the commencement of projects and to improve their quality. He greatly appreciated the participatory approach which had been adopted and welcomed the importance which IFAD attached to women during the draft project phase with a view to ensuring that they received equal benefits and opportunities. He also urged IFAD to facilitate women's access to productive activity, resources and support services. IFAD's objectives would be further advanced by encouraging ownership of its projects by the beneficiary countries themselves. It should reinforce its



comparative edge by engaging in genuine discussion with local authorities in order to identify specific problems and propose a suitable response.

118. **Mr KHALIFA** (Egypt), after citing statistics to demonstrate the alarming state of hunger and poverty in the world, said that the right to food had still not been achieved and that the spread of hunger in a world of plenty was a paradox that could not be justified. Every effort should therefore be made to ensure that measures to combat hunger constituted a priority, as peace, democracy and sustainable development would otherwise fail to endure. In the face of that situation, IFAD had to shoulder an even greater responsibility and it was thus essential to strengthen its financial resources with a view to enabling it to combat hunger and achieve both food security and sustainable development in the developing countries.

119. Egypt aimed to create food security by increasing crop production and reclaiming land for cultivation, as a result of which its agricultural exports and investments had increased. Other related achievements included progress in agricultural research and the participation of women in sustainable agricultural development. Since agriculture formed the backbone of the Egyptian economy, a strategy for the twenty-first century had been formulated that was designed to provide food for every citizen in the near and distant future.

120. Egypt supported the proposed Programme of Work and Budget of IFAD for 2000 and was taking part in the Consultation. It considered that the Fund's resources should be increased and that more emphasis should be placed on research and extension and on furthering the participation of women in agricultural development.

121. **Mr ELHAG ADAM** (Sudan) said that, in addition to the tremendous economic and political changes which had taken place over the past decade, the heavy external debt burden facing some developing countries had hampered their economic and social development efforts. IFAD therefore had a major role to play in helping to alleviate rural poverty in such countries. He was pleased by its involvement in HIPC DI and hoped that the necessary procedures would be speeded up for the benefit of the countries concerned. The same applied to the work of the Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD), which he welcomed, together with the Popular Coalition to Eradicate Hunger and Poverty (the Popular Coalition).

122. The positive political developments which had taken place in The Sudan during 1999 coincided with the successes of its economic reform programme, supported by the International Monetary Fund (IMF). His Government's commitment to implementing the programme would undoubtedly help to build a solid foundation for sustainable economic development and pave the way for the normalization of its relations with IFIs. Efforts would now be made to further that process and to normalize relations with regional institutions. Foreign investment in The Sudan's oil and gold industries had also helped to cement its economic policies and enhance its ability to fulfil its international obligations.

123. Given that the agricultural sector was the backbone of the Sudanese economy, it was crucial to provide more support to small farmers, particularly in the rain-fed areas, and to rebuild the rural infrastructure. The concerns of The Sudan matched the objectives of IFAD aimed at boosting rural incomes by increasing production and productivity, alleviating poverty, achieving food security and developing rural areas. In that connection, the Sudanese system of government was such as to enable the effective participation of the rural population and strengthen IFAD's efforts. He was pleased to note that the Programme of Work and Budget of IFAD for 2000 encompassed a strategy for furthering those objectives, with special emphasis on Africa and the participation of target groups, and hoped that IFAD's long-standing efforts in The Sudan and its support in accordance with the agreed loan programme would continue. In conclusion, he reaffirmed the high priority which his country gave to



its relations with IFAD, as demonstrated by the fulfilment of its obligations and its support of the Fund's activities.

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

125. **Mr ZONGO** (Burkina Faso), said that, in view of the changed political and economic circumstances prevailing in the year 2000, countries should have a clear development strategy and a greater capacity to anticipate, while IFIs should exercise greater foresight and flexibility in their approaches by taking into account the specific situation in each country. Efforts should also be made to attain IFAD's objectives by better targeting its activities. He expressed sincere thanks to the Fund and all donors for the commitment which they had shown in helping his country to become self-sufficient in food, achieve food security and alleviate poverty. During 2000, IFAD needed to consolidate its gains with a view to further improving its efficiency. In that connection, he appreciated its new strategic guidelines, as well as its new institutional framework. Its activities in the field would be strengthened by the studies and workshops being conducted in order to contribute to the drafting of the Rural Poverty Report 2000.

126. The Fund clearly needed more resources in order to fulfil its mission in line with its objectives and he therefore hoped that the Fifth Replenishment negotiations would bear fruit. Despite its own lack of financial resources, his Government had decided to make a contribution of USD 40 000 to IFAD's budget in the firm belief that additional resources would enable the Fund to achieve even better results. In its fight against desertification and rural poverty, Burkina Faso enjoyed a long-standing partnership with IFAD, which now so opportunely housed the Global Mechanism of UNCCD. Such combined efforts were vital to furthering development and eliminating suffering throughout the world. In conclusion, he conveyed the gratitude of the President of Burkina Faso to IFAD for its work on behalf of the poor in Burkina Faso and elsewhere.

PARTNERSHIPS FOR ERADICATING RURAL POVERTY: REPORT OF THE CONSULTATION TO REVIEW THE ADEQUACY OF THE RESOURCES AVAILABLE TO IFAD (Agenda Item 6) (GC 23/L.3/Rev.1 and GC 23/L.3/Rev.1/Add.1)

127. **The CHAIRPERSON** recalled that at its previous Session the Governing Council had adopted Resolution 112/XXII establishing the Consultation to Review the Adequacy of the Resources Available to IFAD. The Consultation had made an exhaustive review of the impact of the Fund's past work, its role in rural poverty eradication, the main issues to be addressed in future, the most effective lending level and the level of resources it needed to sustain such work. Documents GC 23/L.3/Rev.1 and GC 23/L.3/Rev.1/Add.1 were the result of the Consultation's deliberations, although the draft report was not yet complete and might be subject to further minor changes. Some rewording of the executive summary heading the report would be necessary to make it consistent with the Consultation's recommendations on the Fund's participation in the enhanced HIPC DI. She congratulated the members of the Consultation on their efforts.

128. **Mr SHIBATA** (Assistant President, Economic Policy and Resource Strategy Department) said that six sessions of the Consultation had been held since its establishment, five in 1999 and another on the day before the current Session of the Governing Council. Much progress had been made and the Consultation was close to agreeing on a target for replenishment that in combination with internally generated resources would permit the Fund to move ahead with confidence. At the Fifth Session of the Consultation, broad consensus had been reached on the objective of maintaining a stable annual programme operation of USD 450 million in real terms for the next three years.

129. The Consultation had encouraged IFAD to intensify its strategic partnerships with other donors and development partners, especially civil-society institutions, and to work with broader cooperation from frameworks such as UNDAF and CDF. The objectives would be to improve mutual



learning, explore the scope for complementary actions, share institutional capacity and strengthen the potential for replication and expansion of best practices in poverty alleviation. The Consultation had also reaffirmed the importance of ensuring the fullest participation of prospective beneficiaries and other stakeholders in project design and implementation and had recommended that priority be given to strengthening the Fund's ability to assess policy environment, improve impact assessment, document innovative features and implement a strategy for sharing lessons learned with other stakeholders. The search for innovative solutions in key areas such as the environment, household food security, grass-roots organizations, capacity building, rural financial services and gender could likewise enhance the Fund's effectiveness. The Consultation had also addressed recent developments with regard to HIPC DI. It recommended that IFAD participate fully in the enhanced HIPC DI through internal and external resources and encouraged Member States that were able to do so to contribute to that effort.

130. There was general satisfaction with the draft report of the Consultation, which included recommendations for the policy and strategic orientation of the Fund's operations over the coming three years, the period covered by the Fifth Replenishment. The Consultation had endorsed the recommendation of the Ad Hoc Committee on Regional Allocations that 67% of IFAD's resources should be channeled to the poor countries. It also recommended that grant resources should be used to further the Fund's core objectives. It was expected that the Consultation would continue its work with a view to enabling the Governing Council to complete the Fifth Replenishment in the next few months through a vote by correspondence. In conclusion, he emphasized the Consultation's view that the Fund must continue to play an important role in poverty eradication and contribute towards the achievement of the poverty alleviation and food security goals established by the international community for the year 2015.

131. **Mr CODRAI** (Acting General Counsel) introduced the draft resolution in document GC 23/L.3/Rev.1/Add.1, which contained three operative paragraphs. The first requested the Consultation to continue its deliberations and to submit its final report and a draft resolution to the Governing Council for approval and adoption. The second paragraph dealt with the eventuality that the Consultation might conclude its work well in advance of the Twenty-Fourth Session of the Governing Council, in which case it would be desirable to finalize the Fifth Replenishment as soon as possible through a vote by correspondence. After citing Rules 39 and 34 of the Rules of Procedure, which did not permit the approval of a replenishment through a vote by correspondence, he recalled that in 1991, when the Governing Council had been postponed owing to the Gulf War, the operation of Rule 34.1 had been temporarily suspended by Resolution 62/XIV in order to permit the approval of the budget by correspondence. A similar procedure was being proposed in the present instance with respect to Rule 34.1(a) so that the draft resolution on the Fifth Replenishment could likewise be adopted by correspondence. The third paragraph extended the Advance Commitment Authority until the date of the adoption of the draft resolution on the Fifth Replenishment.

132. **The CHAIRPERSON** said she took it that the Council wished to note the draft report of the Consultation to Review the Adequacy of the Resources Available to IFAD (GC 23/L.3/Rev.1) and to adopt the draft resolution on the Consultation (GC 23/L.3/Rev.1/Add.1).

133. **The Governing Council noted the draft report of the Consultation to Review the Adequacy of the Resources Available to IFAD.**

134. **Resolution 115/XXIII on the Consultation to Review the Adequacy of the Resources Available to IFAD was adopted.**



CAPITAL EXPENDITURE BUDGET OF IFAD (Agenda Item 10) (GC 23/L.6)

135. **The CHAIRPERSON** said that, in reviewing the proposed Capital Expenditure Budget of IFAD (GC 23/L.6), the Executive Board had recognized at its Sixty-Eighth Session the importance to the Fund of continuing the re-engineering exercise commenced five years previously. It had also recognized that planning the expenditure for such a long-term endeavour lent itself to capital budgeting and had decided to recommend to the Governing Council that it approve the capital budget proposal of up to USD 26 million to finance the programme over the period 2000-2005, subject to periodic Executive Board review. The management of IFAD had subsequently come to the conclusion that the title "Process Re-engineering Programme" would be more appropriate.

136. **Mr WESTLEY** (Vice-President of the Fund) said that the first round of re-engineering initiatives, undertaken over the past five years, had proved very effective in such areas as the project cycle and documents management. A key lesson learned had been that a change in work processes should precede any investment in information technology (IT) and that such changes had to be made within the context of an organization-wide effort. That, however, required funding which could not be accommodated under the annual administrative budget. IFAD was now preparing for a second, more comprehensive, re-engineering phase for which it proposed to use the previously approved capital budgeting mechanism.

137. The major objective of the Process Re-Engineering Programme was to enhance both the operational effectiveness of the Fund and its role as a knowledge organization. The overall efficiency of the enabling processes would be increased, thereby reducing human resource requirements in support areas and freeing up both resources and staff time for redeployment to core areas. Detailed programme design would take place over a period of four to six months and be presented to the Executive Board in December 2000, when a decision would be made as to whether and how to proceed with the first phase of the implementation plan.

138. He had been appointed by the President as Programme Sponsor of the Process Re-engineering Programme. A manager and a co-manager appointed from the staff were already working full-time on the project. With the approval of the Governing Council, external consultants would be recruited to assist in the work and key staff members would be released from their activities to participate in the design phase on a full- or part-time basis, as required. Their unattended activities would be covered by funds allocated for hiring temporary replacement manpower provided for in the capital budget.

139. IFAD was facing an exciting challenge and looked forward to completing the re-engineering work that had served it so well over the past five years. Full implementation, of course, would not proceed until the Executive Board gave its approval. However, feasibility work undertaken thus far showed that IFAD now had a real opportunity to become more effective in contributing to rural poverty reduction. He was confident that IFAD would again rise to the challenge and that the second phase of re-engineering would serve the organization well.

140. **The CHAIRPERSON** said she took it that the Council wished to adopt the draft resolution contained in document GC 23/L.6 on the Capital Budget of IFAD for a Process Re-engineering Programme.

141. **Resolution 116/XXIII on the Capital Expenditure Budget of IFAD for a Process Re-engineering Programme was adopted.**



GENERAL STATEMENTS (Agenda Item 7) (continued)

142. **Mr OULD NANY** (Mauritania), commending IFAD's efforts to reduce poverty, said that poverty alleviation and improving living standards had always been his Government's highest priority. The implementation of macroeconomic policies and reforms had resulted not only in economic growth but also in social development, environmental protection, poverty reduction and improved education, health and access to drinking water, which were all to be seen against a background of stability and peace in the country. Further poverty alleviation measures were, however, necessary, and the Government had responded by launching an ambitious poverty alleviation strategy up to 2015, the first phase of which covered the period 2000-2002. The comprehensive national strategy was aimed at speeding up economic growth and strengthening competitiveness, improving poverty indicators, promoting balanced regional development and harmonious land development and promoting equity and the full participation of populations. The full success of the strategy and its implementation depended on the mobilization of all national actors and development partners.

143. Several IFAD-funded projects had been successfully carried out in Mauritania. The relevance of the Fund's objectives, their conformity with his Government's policies and strategies and the need for IFAD to be provided with the resources it needed to consolidate its action on behalf of eligible countries accounted for Mauritania's readiness to participate in the Fifth Replenishment of the Fund's resources.

144. **Mr JAYARATNE** (Sri Lanka) said that his country had benefited greatly from IFAD's assistance to integrated rural development programmes in several areas. Outlining the challenges of globalization, he noted that agriculture continued to be the mainstay of Sri Lanka's economy, and real output in agriculture had increased. His Government had taken bold steps to promote research, introduce advanced technologies, organize and make available resources and promote higher productivity, notably by providing high-quality seed and diversifying the agricultural sector. Sri Lanka's strategy for that sector, through its six-year plan up to 2005, focused on achieving full self-reliance in food requirements, notably by developing hybrid varieties of various crops, particularly rice. Further technical help was needed in that regard.

145. A major problem was the decreasing availability of water for crop production. The future of agricultural development would therefore depend on the mobilization of scarce water resources, for example through innovative irrigation systems. Another problem was large-scale post-harvest losses. The Government had established an Institute for Post-Harvesting Technology, to be developed into a centre of excellence in the Asia region.

146. Institutional support programmes included the Farmer Insurance and Pension Scheme, a Farmer Bank and farmers' meeting centres. Encouragement was given to farmers to establish viable farmer organizations and enterprises and emphasis had been placed on rural development strategies and on poverty alleviation through employment and additional income generation, with an IFAD-assisted project now under way in one district.

147. His Government looked forward to working closely with IFAD on those matters and requested IFAD's assistance in helping to mobilize new technologies that would not only help to increase output but also look into the issues of minimizing post-harvest losses, raising added value and improving quality and marketing. In conclusion, he deplored the fact that increasing numbers of people throughout the world were still going hungry.

148. **Mr BOOLELL** (Mauritius) said that the problems of food security, food safety and water were the crises of the new millennium. Those who would suffer most from those and other problems, compounded by the surge in the price of crude oil, were the net food-importing countries, many of which were small island developing states (SIDS). Up to now, preferential trade accords, such as the



Lomé Convention, had enabled those countries to remain afloat, but trade preferences were being eroded in the wake of globalization and, in particular, of liberalization driven by the World Trade Organization (WTO). It should be noted that even strong proponents of trade liberalization considered that SIDS should be given special and differential treatment in WTO. Fair trade should enable SIDS to consolidate sectors in which they had a comparative advantage and thus improve the quality of life of their people. The shortage of water in those countries was a major handicap to development.

149. IFAD occupied a prominent role in the international community's endeavours to promote sustainable development and combat poverty and had made vigorous efforts to secure the resources needed for its operations. The participatory approach promoted by the Fund was the key to successful implementation of projects, although the efforts of the least developed countries (LDCs) and SIDS were hampered by their increasing debt burden.

150. A reversal of policies to ensure fair trade, not free trade, was the panacea to the ills of those countries. His Government was deeply grateful to IFAD for its technical and financial assistance in the fight against rural poverty and the revitalization of potential growth centres, in particular through its rural diversification programme. IFAD had demonstrated its capacity to mobilize international solidarity for the poor, and he appealed to developed countries to step up their financial support to the Fund.

151. **Mr KANGAI** (Zimbabwe) commended IFAD's achievements in improving the agricultural productive capacity and raising the standards of living of rural communities in the Third World, especially Africa, and was grateful to IFAD for supporting programmes and projects aimed at increasing access to productive resources by smallholder farmers, enhancing food security through sustainable development, improving the agricultural productive capacity of smallholder farmers and raising the living standards of rural communities. Zimbabwe had worked closely with IFAD in developing a portfolio of programmes and projects for the benefit of the rural poor in such areas as agricultural extension and research and agricultural credit and export promotion. IFAD was currently cofinancing the Dry Areas Programme, with three main projects. His country also appreciated the approval by IFAD in December 1999 of a Technical Assistance Grant to the Southern African Development Community (SADC) for its Multi-Donor Food Security and Rural Development Hub. Zimbabwe had recently hosted a regional workshop for all IFAD-funded projects in East and Southern Africa.

152. He encouraged Member States, beneficiaries and other organizations, including civil-society bodies, to renew their commitment and support to IFAD's basic goal of eradicating hunger and poverty, and likewise urged Member States to renew their commitment and pledges to the Fifth Replenishment, without which the Fund's programme of work could not be successfully implemented. Zimbabwe had already made its pledges for the Fifth Replenishment. He trusted that IFAD would continue to work to strengthen the beneficiaries' institutional capacity in agriculture and would pursue its dialogue and cooperation with other United Nations agencies.

153. **Mr ALI** (Bangladesh) said that the continuing debate on poverty alleviation raised a number of issues to which there were no ready solutions. To begin with, the fact that poverty alleviation remained an elusive goal called for alternative strategies, so that it became a product rather than a process. The second issue was to move away from a top-down to a bottom-up approach to poverty elimination. Microcredit was one new approach, but it could not by itself alleviate poverty, since farmers could not repay their loans unless they obtained the right prices at the right time for their products. The third issue was that of ownership of aided projects. The problem there was that each of the institutions and funding sources had its own policies, procedures and conditionalities; the question that needed to be addressed was how to ensure genuine ownership by the beneficiaries themselves.



154. The fourth issue was that of participation by the intended beneficiaries. The present system involving brief missions by aid-giving sources to the recipient countries did not genuinely ensure the people's participation. Serious consideration must be given to improving that system, possibly by strengthening the institutional framework. Finally, there was the issue of ensuring sustainability, which needed more careful consideration. A more pragmatic approach should be adopted in addressing all those issues, although he conceded that there was no single recipe for such an approach. What was needed was to endeavour to do better than in the past. Poverty was a multi-dimensional issue and called for a multi-dimensional approach. The success of all poverty alleviation and food security efforts would be contingent on maintaining a food/population balance and opting for a sustainable agricultural system.

155. **Mr LUTUCUTA** (Angola), after thanking IFAD for its support to his country, said that following many years of war his Government was now seeking to bring about lasting peace and to solve the country's social and economic problems. In 1999, the Government had launched a comprehensive programme for that purpose, designed to revive agricultural production, alleviate poverty, reduce the food deficit, resettle persons displaced by the war and stabilize the macroeconomic indicators. Such measures were helping to rebuild the rural economy and he expressed his gratitude for the solidarity and assistance offered to his country.

156. It was a matter of concern that, at the beginning of the third millennium, hunger and poverty still affected millions of persons living in the developing countries, particularly in Africa. Coherent policies and sustainable strategies for overcoming that situation were urgently needed at the national, regional and international levels.

157. His Government welcomed the results so far obtained during the Consultation and was pleased to note that the five regional assessments for the Rural Poverty Report 2000 had been completed. His delegation approved the Programme of Work and Budget of IFAD for 2000, as well as the Audited Financial Statements, and urged all Member States that had not yet done so to fulfil their commitments in regard to the Fourth Replenishment. His Government would have no difficulty in approving the draft resolution on the Fifth Replenishment and wished to announce that, despite the difficult situation it was facing, it had decided to contribute USD 100 000 to the Fifth Replenishment.

158. **Mr RI** (D.P.R. Korea) commended IFAD on having provided over USD 6 billion in loans to developing countries over the last 20 years and on the important role it played in ensuring world food security and rural development. He was pleased to note the brisk headway made by the Fourth Replenishment and the approval in 1999 of loan projects totaling more than USD 400 million.

159. IFAD projects were being successfully implemented in his own country. The Sericulture Development Project aimed at increasing cocoon production, thereby improving the living standards of farmers and of women engaged in sericulture. Planned investment was also being made in cooperative farms and individual households under the stock-farming rehabilitation project, which had led to threefold increases in livestock production.

160. In recent years, his Government had focused on agriculture as a key area for economic growth, channeling its efforts into seed selection, two-crop farming, potato production, land re-zoning and leveling and raising grass-fed domestic animals. Care was taken to choose the right crops for the climate and soil conditions. Comrade Kim Jong II attached the greatest importance to solving the people's food problems and a Korean-style economic system adapted to the local situation had been adopted. The assistance provided by international organizations such as IFAD had helped to normalize agricultural production. He thanked all the organizations and governments which had offered assistance to his country in overcoming the effects of natural disasters and achieving sustainable agricultural development.



161. His delegation considered that the Programme of Work and Budget of IFAD for 2000 reflected the wishes of Member States and thought it most important to complete the Fourth Replenishment and to gear up pledges to the Fifth Replenishment. His Government would continue to participate resolutely in the work of the Fund, including the securing of financial resources.

162. **Mr AKYEAMPONG** (Ghana) said that IFAD-funded projects in Ghana, of which there had been ten since 1980, had contributed to gender awareness, provided potable water and credit to the rural poor and promoted environmental protection through sustainable production and agroforestry. There was a growing demand for more IFAD assistance on account of the continued prevalence of poverty. The Fund had developed a sound poverty reduction programme, using methods that had now become part of mainstream development approaches in several development institutions. Ghana therefore called for the mobilization of increased resources for the Fund's operations.

163. He supported the draft resolution on the Programme of Work and Budget of IFAD for 2000, although he was in favour of a higher budget level in view of continuing malnutrition and rural poverty, especially in Africa, where those problems were compounded by conflicts. He was satisfied with the efforts made by the Fund to reduce the administrative budget, an example which Ghana was endeavouring to follow in the implementation of projects. Some savings were being achieved through the Government's decentralization policy, with most project implementation activities being undertaken by existing agencies in the field.

164. After expressing satisfaction with the progress made by the Global Mechanism of UNCCD, he particularly encouraged the preparation of regional and subregional action plans. If allowed to continue unchecked, the current trend in environmental deterioration would jeopardize the food security of future generations. The problem posed by global warming, drought and deforestation could only be solved by the joint efforts of all countries in the subregion, with assistance from the international community. Moreover, all efforts to solve the problem of global food insecurity would be in vain if the debt issue was not tackled in a very concrete way by rescheduling payments and reducing the principal amount and service payments where possible. Ghana continued to support IFAD's work, which would be advanced through cooperation between the Fund and its Member States.

165. **Mr JUMMA** (Libyan Arab Jamahiriya) said that his country, even though the embargo imposed on it had undermined many of its development projects, remained committed to the objectives of IFAD and would honour its obligations in that respect. Having emphasized the bilateral assistance which the Libyan Arab Jamahiriya was providing to developing countries in Africa and elsewhere, he expressed the hope that IFAD would fund agricultural projects aimed at helping those countries to benefit from their natural resources in their efforts to increase production.

166. The combined efforts of all countries were needed to address the growing problem of famine and hunger, which was reaching particularly alarming proportions in rural areas throughout the world. To that end, IFAD should play a greater role in supporting existing projects and creating new programmes aimed at eradicating rural poverty. It was also essential to create an effective mechanism for ensuring that needy countries received the loans and grants provided to them in full.

167. The Global Mechanism of UNCCD, for which IFAD had been selected as the housing institution, should make every effort to alleviate the major problem of desertification in various areas of Africa and Asia. The work so far carried out by the Popular Coalition was also considered crucial.

168. In conclusion, he said that soft loans incurring nominal interest should be granted to poor African countries, in particular with a view to enabling them to develop and exploit their rich natural resources. The interest should be rechannelled into their agricultural development, especially in sub-Saharan areas. Care should be taken to avoid the adoption of policies and measures that would



impede the access of the rural poor in the poor countries to loans and assistance granted by IFAD, which should be used to improve production.

169. **Mr NUIRY SÁNCHEZ** (Cuba) said that the fact that the current Session of the Council was taking place at the beginning of the year 2000 called for serious reflection and commitment. Before thinking of the future, however, stock should be taken of the events of the past, which had witnessed profound changes in the political and economic arena as well as great scientific advances. The United Nations system had been set up following the carnage of the Second World War with the aim of “beating swords into ploughshares” and eliminating the scourge of hunger. In 1977, IFAD had been created for the specific purpose of helping the developing countries to fight rural poverty by financing agricultural development projects. In his view, the time had now come to pose some serious questions, and in particular to ask what IFAD was doing, within its sphere of activities, to implement the recommendations of the 1996 World Food Summit.

170. To begin with, he wondered whether it was really possible to eliminate hunger without protecting the environment, given the destruction of forests and animal and plant species, the pollution of air and water and the amount of carbon dioxide that industrialized countries were discharging into the atmosphere. Another problem was foreign debt, which had now become an eternal rather than an external one. Pope John Paul II had recently spoken out in favour of debt relief, but what had been done? Latin America and the Caribbean had suffered great damage from floods and hurricanes and had become one of the regions most in need of international support, and of IFAD support in particular. Furthermore, in defiance of international law, food was being used to exert political pressure. For eight successive years the United Nations General Assembly had rejected the blockade of Cuba and in November 1999, in a demonstration of international solidarity with the Cuban people, a resolution had been adopted by 157 votes to 2 calling for the embargo to be lifted. Once again, he raised his voice in protest against an inhuman blockade that violated the agreements reached at the World Food Summit. Nor should events at the “Millennium Round” in Seattle be forgotten, much less the 235 million victims in Latin America and the Caribbean of structural adjustments imposed by neo-liberalism.

171. As a founder Member, Cuba had historical ties with IFAD. His Government had full confidence in the Fund and felt sure that solutions could be found to the problem of eliminating hunger in the world.

172. **The meeting rose at 18.10 hours.**

- (iii) Summary Record of the Third Meeting of the
 Twenty-Third Session held on Thursday,
 17 February 2000, at 9.30 hours

CHAIRPERSONS: ALI YOUSEF JUMMA (LIBYAN ARAB JAMAHIRIYA)
 KIRSTI LINTONEN (FINLAND)

	PARAGRAPHS
General Statements (Agenda Item 7) (continued)	174 – 183
- Republic of Korea	174 – 176
- Switzerland	177 – 179
- India	180 – 183
 Keynote Address by the President of the Republic of Honduras	 185 – 191
 General Statements (Agenda Item 7) (continued)	 192 – 225
- Tanzania, United Republic of	192 – 194
- Lesotho	195 – 197
- United Kingdom	198 – 200
- United States	201 – 203
- Mexico	204 – 206
- Nepal	207 – 209
- Romania	210 – 212
- Spain	213 – 214
- Jordan	215 – 216
- Peru	217 – 219
- Indonesia	220 – 222
- Portugal	223 – 225
 IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement (Agenda Item 11)	 226 – 229
 Election of Members and Alternate Members of the Executive Board (Agenda Item 13)	 230 – 240
 Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification (Agenda Item 12)	 241 – 246
 General Statements (Agenda Item 7) (continued)	 247 – 255
- Uganda	247 – 249
- Madagascar	250 – 252
- Panama	253 – 255



173. **The meeting was called to order at 09.40 hours by Mr Jumma (Libyan Arab Jamahiriya).**

GENERAL STATEMENTS (Agenda Item 7) (continued)

174. **Mr TAE-IK** (Republic of Korea) commended IFAD on its successful implementation of rural poverty alleviation programmes over the last two decades and on the structural reforms it had introduced. He also encouraged the practice of producing Country Strategic Opportunities Papers (COSOPs) on which basis newly proposed projects could be approved by the Executive Board. However, an effort was needed to broaden the participation of beneficiaries in the work programmes and to develop more effective food security programmes to address the needs of chronically vulnerable developing countries. In that context, he fully supported IFAD's efforts to empower rural women to play an increasing role in the implementation of rural development projects.

175. Cooperation with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) should be stepped up in order to enhance the effectiveness of rural development programmes and bring about greater synergy. To that end, consideration might be given to setting up a standing committee to serve the common goals of the three agencies, allowing them to coordinate food security and rural development projects and encouraging donor participation. Furthermore, to ensure close coordination between United Nations agencies and non-governmental organizations (NGOs) engaged in development projects in the same country at the same time, he suggested the establishment of a division or office to be responsible for overall project management.

176. Over the last decade, an increasing number of donors had turned to direct bilateral assistance while global investment in agriculture had declined. To tackle that trend, IFAD should increase the share of cofinancing in total loan amounts from 20 to 30%. So far, cofinancing had been mostly confined to development projects undertaken jointly with international financial institutions (IFIs) or other United Nations agencies. Consideration should be given to extending that arrangement to NGOs and the private sector.

177. **Mr CART** (Switzerland) expressed satisfaction with the draft report of the Consultation, which clearly recalled IFAD's mandate, its role among the international institutions, and the strategies and methods it should follow. It would shortly be supplemented by a Plan of Action (2000-2002), setting out IFAD's operational priorities. Studies showed that the Fund was well on the way to achieving financial independence, a goal that might be brought closer by an appropriate funding mechanism. Nevertheless, substantial Fifth and Sixth Replenishments were required in order to raise the level of operations financed by IFAD. In that connection, he recalled the statement by the Special Representative of Algeria, a former President of the Fund, intimating that his country might revert to its previous level of contribution. He hoped that would be the case and that other oil-producing countries would follow suit. It was difficult to speak of equitable burden sharing among the countries of the Organisation for Economic Co-operation and Development (OECD). The fact that the contribution of a small country like Switzerland was over half that of other much larger countries posed problems for the Swiss authorities, and the same was true for other comparable countries. He hoped that the negotiations would produce a higher figure than for the previous replenishment, that every country would do its very best, and that no country would resort to comparisons as an excuse for reducing its pledge.

178. Switzerland had always supported the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and was a major contributor to the World Bank Trust Fund. It endorsed the enhanced debt initiative, on condition that debt alleviation was additional, that the financial integrity of the multilateral institutions was maintained, that all multilateral creditors contributed as much as possible to the total cost, and that countries which were not beneficiaries of International Development Association (IDA) loans or of development funds made a substantial bilateral contribution. Under



those conditions, his Government supported the draft resolution before the Council. There should, however, be no illusions: the cost of the operation would not be neutral. It should also be noted that IFAD would have an important role to play over and above its financial contribution. To become eligible for the debt initiative, the heavily indebted countries had to take severe macroeconomic measures and introduce specific social policies. The Fund should stand ready to place its long experience at their disposal.

179. In his opening statement, the President of IFAD had said that access for the poor to land, water, credit and technology, underpinned by full participation in the design and management of interventions, were the central elements of poverty alleviation. He urged the Fund to take up that challenge and make a solid contribution towards meeting it.

180. **Mr SHARMA** (India) said that the twentieth century had witnessed unprecedented growth and prosperity, but that instabilities and inequalities in the world economy over the last two decades had brought new issues and challenges to light. Poor people in the developing countries had had to bear a disproportionate part of the burden of greater world economic integration, which called for national and international safety-net programmes to prevent the poor from becoming even more marginalized. Increased agricultural production remained the key to alleviating poverty in many poor countries. His Government assigned top priority to developing the social sector, giving special attention to primary processing, marketing facilities and infrastructure with a view to integrating the farming community into the global market. IFAD could play an important part in introducing innovative approaches to those problems. Since its inception, it had assisted the developing countries through an array of development programmes which were deeply appreciated.

181. It was a matter for concern that, despite much effort, the ongoing Consultation had not yet been concluded. Clearly, the Fund needed more than the current level of USD 450 million in real terms if it was to have a substantial impact on rural poverty. He therefore had no doubt that the community of Member States would rise to the occasion and complete the Fifth Replenishment early and successfully with generous contributions.

182. India greatly valued its membership of IFAD and had endeavoured to contribute as much it could to the institution. Having been engaged in the task of poverty alleviation for 50 years, it had accumulated a wealth of experience and expertise at all levels, which it was ready to share with others through IFAD. To that end, the Government had decided to set up a Trust Fund with an initial contribution of USD 1 million to cover IFAD project and programme preparation. Further funds would be provided on the basis of experience.

183. He commended the Fund's efforts to increase the efficiency and reduce the cost of its operations, which he hoped would release more resources for fulfilling its mandate. While supporting HIPC DI, he emphasized that funds for that purpose should be additional. It was high time for the developed countries to reconsider the level of official development assistance and provide extra resources. In conclusion, after congratulating the President of the Fund on his achievements, he appealed to all Member States to give their full support to IFAD.

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

KEYNOTE ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF HONDURAS

185. **His Excellency Carlos Roberto Flores, President of the Republic of Honduras, was conducted to his seat.**

186. **Mr AL-SULTAN** (President of the Fund) said it was a privilege to welcome His Excellency Carlos Roberto Flores, President of the Republic of Honduras, and the First Lady,



Mrs Mary de Flores. President Flores had only just taken up office in 1998 when his country had been struck by Hurricane Mitch, whereupon the Government of Honduras had immediately devised and implemented a special programme to ensure the transparent use of the funds it was receiving for reconstruction, thus allowing institutions such as IFAD to help at a time of great need. It was hoped that IFAD's most recent intervention in Honduras – to enable farmers to implement their own community development projects in order to alleviate extreme levels of rural poverty – would do just that. The Fund could not, however, work effectively in isolation and needed the collaboration of the governments of recipient countries in addition to that of its international partners in development.

187. He commended the Government of Honduras for the concern it had shown for its people and its constructive leadership. The President's participation in the current Session was additional testimony to the importance Honduras attached to IFAD's work and to the compassion all good leaders must possess.

188. **Mr FLORES** (President of the Republic of Honduras) gave a keynote address, the full text of which is reproduced in Chapter 4.

189. **The CHAIRPERSON**, speaking on behalf of the Governing Council, thanked President Flores for his inspiring address.

190. **Mr FUAD** (Indonesia) expressed the deep appreciation of all Member States to the President of the Republic of Honduras for honouring them with his presence. In his address, President Flores had eloquently described the dramatic situation of the rural poor in Central America, which showed how much remained to be done by the international community. Aware as they were of the devastation suffered by Honduras as a result of Hurricane Mitch, all those present had been most impressed that the President had appealed for assistance for his country's neighbours as well, and were grateful to him for so vividly emphasizing the need for IFAD's mandate.

191. **His Excellency Carlos Roberto Flores, President of the Republic of Honduras, withdrew.**

GENERAL STATEMENTS (Agenda Item 7) (continued)

192. **Mr ASMANI** (Tanzania, United Republic of), referring to the enormity of the task of poverty alleviation, particularly in the sub-Saharan countries, said that the use of correct approaches and methods to sustain rural development in the developing countries would provide rural communities with hope of a better future. The impact of IFAD's efforts to combat poverty and hunger in Tanzania had been positive and the implementation status of the relevant projects was generally good. Efforts to boost crop and livestock production, however, were hampered by major constraints, such as dependence on rain-fed agriculture, unreliable inputs, poor research, inadequate rural financial services, post-harvest losses and structural problems of various kinds. His Government had embarked on policy and institutional reforms to address the decline in agricultural production, with the immediate objective of ensuring food security and increasing agricultural productivity and the overall objective of revamping the national economy. To that end, efforts were being made to strengthen the country's agricultural information system with the ultimate goal of providing the accurate and timely information that was crucial to planning and decision-making.

193. Sustainable agriculture could not be attained in isolation from other income-generating activities which supplemented food security, such as fisheries, forestry and wildlife products. It was therefore essential to prevent further environmental destruction from land degradation and deforestation, to protect watersheds and catchment areas and to harvest water sources for irrigation purposes.



194. Having stressed that the success of IFAD's projects could be replicated in other areas, he pointed out that IFAD was unable single-handedly to solve the problems of hunger and poverty in developing countries. He therefore urged it to strengthen its cooperation with other United Nations agencies, particularly those in Rome, and, where possible, to extend its coverage. It was by fostering such cooperation that IFAD would be able to maintain its unique role of providing continued assistance to the rural poor.

195. **Mr BULANE** (Lesotho), after commending the Fund's efforts to produce a rural poverty report, endorsed the major role of civil-society and non-governmental organizations in empowering rural communities to establish sustainable livelihood systems and thus reduce poverty. He also applauded IFAD's efforts to forge close links with other funding organizations, which would greatly help to ensure the sustainability of poverty-related programmes. The strategy developed with WFP of combining microfinance and food aid, for instance, would increase opportunities for investment in agriculture and off-farm economic activities.

196. His Government was committed to implementing the sustainable agricultural programme for Lesotho's mountain areas, which was financed by IFAD. One of the programme's most important features was the integration of its activities into local government structures. Lesotho was also working with the Fund to develop a new programme aimed at reclaiming degraded land for sustainable agricultural use and at reducing poverty and food insecurity.

197. Lesotho wished to announce that it would support the draft resolution on the Fifth Replenishment of IFAD's Resources and intended to increase its contributions in view of the need to ensure a steady flow of operational resources. Having thanked Iceland for its second voluntary contribution of USD 5 000, he expressed his support for the proposal to welcome contributions from non-Member States. He also endorsed the Programme of Work and Budget of IFAD for 2000, which was at zero growth level to take account of the decline in the economies of many nations. The reduction in financial contributions, however, should not jeopardize the core activities of IFAD and other organizations dealing with agriculture and rural development.

198. **Mr BEATTIE** (United Kingdom) said that the objective set out in the International Development Targets of reducing by one half the number of people living in absolute poverty by 2015 was achievable, although only with the full partnership of governments, the private sector, civil society and the development agencies. His country therefore wished to use its money and influence to rectify a situation in which the United Nations system was underperforming in the key role which it had to play. Over the past three years, the United Kingdom had devoted its energies and resources to developing the sustainable livelihoods approach, which was proving to be a powerful and effective way of dealing with poverty issues in both conceptual and practical terms. In 1999, it had committed over GBP 200 million to livelihoods programmes in some 20 countries and was shortly to sponsor a forum in Italy to share ideas and experiences with that approach.

199. Notwithstanding the intense competition for its resources, the United Kingdom had decided to contribute more money to the Fund in the context of the Fifth Replenishment, bearing in mind the economic significance of the agricultural sector and the proportion of poor people living in rural areas, as well as IFAD's largely impressive overall track record. Above all, his country valued IFAD as an innovator and catalyst, its intellectual assets being arguably far more important than its financial assets in terms of their potential to affect the lives of the poor.

200. Such concepts had figured in the Consultation over the past year. The recently agreed policy framework satisfactorily addressed the question of how, as a niche player, IFAD could make innovative, effective and replicable interventions. He very much welcomed the enhanced role which the Executive Board would be called upon to play and now looked forward to an early and successful conclusion to the Replenishment. His Government was ready in principle to make a substantial



contribution, subject to an agreement on burden sharing which satisfactorily reflected IFAD's unique character. It was also actively seeking opportunities to work more closely with the Fund, both in the field and in developing the institutional infrastructure it needed to become an even more effective innovator and catalyst.

201. **Mr EICHENBERGER** (United States), after pointing out that IFAD's traditions were a source of strength, said that an even more valuable asset was the shared commitment of its Member States to IFAD itself, to its mission and to its future, which lay in using all available assets to build effectively on the traditions, while also investing them enthusiastically in change. The emerging consensus on broad new directions for IFAD boded well for that future and for IFAD's evolving role in a system of multilateral development assistance that was also significantly evolving. He welcomed the support which those basic propositions had now gained as core guidance for IFAD from its Member States. Implementation now constituted the main challenge. He also welcomed IFAD's firm commitment to join other key multilateral financial institutions as a full participant in the expanded HIPC DI, the full implementation of which constituted another challenge that could be met.

202. The competition for limited public resources to address the complex problem of development was now greater than ever before. The resulting new climate placed a premium on stronger focus and clearer results from multilateral financial institutions such as IFAD, while for the donor community it necessitated greater clarity as to priorities, continued support and real selectivity. For borrowing countries, it meant redoubled poverty reduction efforts at home, beginning with the sound policy choices that were the foundation of sustained and equitable economic development.

203. Lastly, with reference to the imperative of partnership, emphasized in the draft Consultation Report he stressed that the long and constructive experience of the United States Treasury Department, of which he was the first representative to the IFAD Governing Council, with multilateral development banks had much to offer IFAD. Those banks also had much to learn from IFAD. His Government was committed to building a deeper relationship with the Fund during the Fifth Replenishment and he looked forward to indicating its new financial commitment in the near future.

204. **Mr MOYA PALENCIA** (Mexico) stressed the importance of the Fund's work in catering for the needs of the most vulnerable rural groups in a global context of widening disparities between rich and poor countries, which called for a reassessment of action to promote development.

205. IFAD's activities in Latin America and the Caribbean had yielded positive results but should be stepped up in future. The region had not enjoyed priority among United Nations programmes and projects, despite the great difficulties it faced. Recent financial crises and natural disasters had compounded existing problems and jeopardized development prospects. Of particular importance to his region were IFAD's policies and programmes concerning the medium-income countries, and that work should continue, although not at the expense of its action in low-income countries. A matter of concern was the decline in the funding available for assistance to the most vulnerable rural populations. Such funds as there were tended to be channelled through NGOs, which meant that the beneficiaries of assistance were selected on the basis of criteria and conditions that were not always consistent with the principles of universality and unconditionality that should prevail in international cooperation, as agreed by the Member States of the United Nations. It was therefore crucial to strengthen IFAD's activities and consider feasible alternatives so that it could fulfil its mandate.

206. Negotiations for the Fifth Replenishment should continue and it was to be hoped that a consensus could be reached that would reflect the actual situation of all the Member States of the Fund. As one of IFAD's founder Members, Mexico continued to support the Fund in the belief that it was of vital importance to the developing countries in their efforts to improve the living conditions of their people.



207. **Mr BASTOLA** (Nepal) said that success in easing the plight of the poor hinged largely on the generosity of the industrialized countries in fulfilling the commitment to allocate 0.7% of GNP to official development assistance. India's contribution of USD 1 million for the establishment of a Trust Fund at IFAD to provide implementation support to Member States in Asia was a heartening development and he urged other countries to make similar contributions.

208. Nepal was now three years into the implementation of a twenty-year agriculture perspective plan and had recently taken a number of additional programme initiatives to address the food and income needs of marginal sections of society. Those areas offered common ground for collaboration with IFAD, as did the need to undertake institutional reforms and mobilize civil society in order to overcome the structural problem of uneven access to productive resources and development decisions. In view of the large-scale underemployment in rural areas, there was an urgent need for gainful off-farm employment to supplement farmers' incomes. The recent strategic thrust of IFAD to promote sustainable upland development was of particular interest to his country, where the upland areas constituted the traditional homelands of the majority of the poor. Most of those areas were chronically food deficient, while their natural environment needed to be conserved. The recently launched Special Programme for Backward Areas provided a common framework for collaboration.

209. Building on the lessons learned from nine successfully implemented IFAD-funded projects, Nepal looked forward to working more closely with IFAD in the future. Access to microcredit by the rural poor was crucial, but the failure of formal commercial banking sectors to mobilize rural resources and deliver microcredit was a matter of concern. Nepal looked to technical guidance and financial assistance from IFAD in creating a specialized rural financial institution to cater to the needs of the rural poor.

210. **Mr STATI** (Romania) commended IFAD's commitment to its core mandate and welcomed its new approach towards Central and Eastern European countries in transition. The Fund's vocation as a catalyst and distributor of resources would become even more important in the future. It was gratifying to note the continued and strengthened collaboration between the three Rome-based organizations.

211. Agriculture was considered to be of national strategic priority for the sustainable development of the country. New strategies for the implementation of a vast structural adjustment programme for Romania's agriculture, in close cooperation with the European Commission and other international institutions, deserved significant financial support. An encouraging development had been the launching of the first IFAD-funded project in Romania. The project concerned sustainable agricultural development in a mountainous region and it was hoped that it would serve as a model for other poverty-stricken mountainous areas. He stressed the need to find new ways and means of cooperation between Romania and IFAD.

212. The Programme of Work and Budget of IFAD for 2000 was a realistic one and Romania had no difficulty in accepting the relevant draft resolution. Credit was due to IFAD for its responsible management, as could be seen from the Audited Financial Statements. Romania supported IFAD's participation in the enhanced HIPC DI, but cautioned that it should not be at the expense of the Fund's other activities. The draft report of the Consultation showed that, although there were still some obstacles to be overcome, progress had been made towards finding satisfactory solutions to the problem of future funding. Lastly, it was essential that a solution be found to the question of the President's emoluments. Romania was in favour of reactivating the Emoluments Committee and accordingly supported the draft resolution to that effect.

213. **Mr DOMEQ** (Spain) said that the current Session was being held at a crucial time of review and assessment of the activities of all international bodies and mechanisms concerned with the



elimination of poverty and hunger in the world. The best possible use must be made of available resources and the challenge facing IFAD was to continue to demonstrate added value. The special characteristics of IFAD were the fundamental part it played as a catalyst in distributing scarce resources, its understanding of priorities and needs as perceived by the populations concerned, and its particular funding structure. His Government appreciated the work carried out by IFAD and would continue to fulfil its commitments to the Fund. It supported the recommendations contained in the draft report of the Consultation and hoped that agreement would be reached as soon as possible on the Fifth Replenishment. As in the past, Spain was ready to contribute the necessary resources.

214. Drawing attention to three points of particular interest to his country, he said, first, that Spain would promote activities relating to the granting of microcredit to farmers in developing areas. In promoting small loans policies, IFAD would have to make sure that the financial entities working with it were solvent and had the necessary experience. The Spanish Government had established a fund for the granting of such small loans, amounting to some ESP 8 000 million in 1998, ESP 12 000 million in 1999 and ESP 8 000 million in 2000. Secondly, it would seek to promote all projects concerned with combating desertification under the Global Mechanism. Thirdly, because of its close links with the Ibero-American countries and as a proposed member of the Executive Board, Spain would endeavour to use its experience of bilateral and multilateral cooperation in the examination of projects intended for that region.

215. **Mr KHASAWNEH** (Jordan) said that his country had endeavoured to mobilize its own resources with a view to developing its agricultural sector, which, despite its diminishing contribution to GNP, would remain essential to the economy because of its role in achieving food security. Agricultural production, however, was unstable as a result of Jordan's limited land and water resources, the demand for which was projected to rise owing to factors such as the high population growth rate and the climate. The agricultural sector would thus inevitably become more reliant on treated water and would also have to compete for land, which was now being increasingly divided into small units that were uneconomic to farm.

216. IFAD's experience had shown that the key to poverty alleviation lay in teaching the poor to help themselves by fostering their participation and cooperating with civil-society and non-governmental organizations. IFAD's wealth of knowledge was also instrumental in improving the lives of vulnerable groups such as poor farmers and rural women by helping them to take on the challenges facing them. Consequently, cooperation with IFAD played a major part in Jordan's efforts to achieve the objectives of its agricultural policy. IFAD's assistance in financing rural development and infrastructure projects in the agricultural sector was invaluable and he therefore wished to convey his Government's great appreciation of the work which it was carrying out in Jordan.

217. **Ms DEÚSTUA CARAVEDO** (Peru) said that IFAD was at the forefront of the fight against hunger and poverty in the low-income, food-deficit areas of the world. Given the serious difficulties facing Latin America and the Caribbean in the rural sector, she hoped that the Fund would maintain its level of participation in the region. The granting of concessional loans should be further strengthened in order to support the special efforts being made by countries such as her own to alleviate dire poverty and combat desertification.

218. Peru was eager to continue its cooperation with the Fund in carrying out projects designed to improve the lives of vulnerable populations living mainly in marginal areas and to promote their personal development and entry into the economic and social mainstream. As a demonstration of its commitment to the aims and objectives of IFAD, her Government intended to contribute USD 200 000 to the Fifth Replenishment.



219. In view of the uncertainty surrounding the Consultation, she appealed to the international community to do its utmost to reach agreement on the Fifth Replenishment in order to provide the Fund with the minimum resources it needed to continue its important work.

220. **Mr FUAD** (Indonesia) said that the Council was meeting at a time when the most dynamic economies of East Asia were beginning to recover from a severe economic and financial crisis that had led, among other things, to a sharp decline in food security in several countries of the Asia and the Pacific region. Indonesia had been one of the countries hardest hit by the crisis, but its economy had now stabilized and GDP was expected to increase by more than 2% during the current year. Agriculture was the backbone of the Indonesian economy and was expected to contribute to job creation, government revenue, domestic savings, economic stability and sustainable development, as well as to poverty alleviation. The new and democratically elected Government gave high priority to the agricultural sector and had substantially increased its budget. The focus was on maintaining food security and promoting the efficient production, processing and marketing of agricultural products. An effort had been made to foster competition in the rice sector, to facilitate the private market delivery of fertilizers and to provide rural credit. As an interim measure, twelve domestic banks had undertaken to finance a farmers' credit scheme and support was available for the export of agricultural commodities.

221. During the crisis, IFAD had provided invaluable assistance to Indonesia and he hoped that it would continue to support a country with a population of some 200 million by assisting programmes to reduce poverty and empower farmers. He expressed his delegation's appreciation for ongoing IFAD projects in Indonesia.

222. His country had participated actively in the Consultation and would, to the extent of its possibilities, maintain its support of IFAD.

223. **Mr FIGUEIREDO** (Portugal) commended IFAD's contribution to the struggle against hunger and poverty throughout the world, especially in rural areas, and underlined his country's commitment to that struggle through its participation in multilateral and bilateral programmes. Portugal had supported HIPC DI and was in favour of its enhancement.

224. In 2000, Portugal would become a member of the Executive Board, which would enable it to work more closely with the Fund in attaining its objectives. It was important that the Fifth Replenishment negotiations should have a very positive result and his country would pledge the same amount as on the previous occasion. He urged all countries to follow suit so as not to reduce the resources available to the Fund.

225. Referring to the question of East Timor, currently going through the process of independence under United Nations administration, he called for increased efforts on the part of the IFIs, IFAD and other United Nations agencies active in that part of the world to contribute to that country's economic reconstruction. Rural poverty and food shortages were widespread and there was a great need to devise investment projects for the building of infrastructure and the production of food.

IFAD'S INVOLVEMENT IN THE HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE (HIPC DI) AND ITS ENHANCEMENT (Agenda Item 11) (GC 23/L.7 and GC 23/L.7/Corr.1)

226. **The CHAIRPERSON** drew attention to the updated status report on IFAD's participation in the HIPC DI which, more specifically, reported on the developments in the HIPC DI policy framework resulting from the call of the G-8 Summit to enhance the framework and the financing options available to IFAD to continue its participation in the Debt Initiative. The enhanced framework would allow for the eligibility of more countries, provide faster debt relief by promoting relief at the



decision point rather than at the completion point, and link debt relief to the pursuit of specific poverty-reduction targets by the governments concerned. The first two of those aspects had raised the total costs of the Debt Initiative, which for IFAD meant a new total cost liability of USD 260 million, or USD 336 million in nominal terms, over and above its normal lending commitments.

227. It was now up to the Fund's governing bodies to decide how IFAD could participate in the enhanced framework while safeguarding its normal operations. After preliminary consideration at the Fourth Session of the Consultation and review by the Executive Board at its Sixty-Eighth Session, the Board had recommended that the Governing Council adopt a resolution whereby IFAD would participate in the enhanced HIPC DI through the HIPC DI Trust Fund administered by the World Bank. IFAD's Member States would be asked to earmark their pledges to the World Bank Trust Fund specifically for IFAD. That proposal was contained in the draft resolution in document GC 23/L.7. After reconsidering the matter at its Sixth Session, the Consultation had decided to recommend a new proposal to the Council, contained in the draft resolution in document GC 23/L.7/Corr.1, which, while still fully endorsing the Fund's participation in the enhanced HIPC DI, specified that IFAD's Executive Board would define the financial modalities and procedures for the Fund's participation, including through IFAD's resources, the HIPC DI Trust Fund administered by the World Bank, and the IFAD HIPC DI Trust Fund.

228. She took it that the Governing Council wished to adopt the draft resolution in document GC 23/L.7/Corr.1.

229. **Resolution 117/XXIII on IFAD's involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement was adopted.**

ELECTION OF MEMBERS AND ALTERNATE MEMBERS OF THE EXECUTIVE BOARD
(Agenda Item 13) (GC 23/L.9 and GC 23/L.9/Add.1)

230. **The CHAIRPERSON**, drawing attention to documents GC 23/L.9 and GC 23/L.9/Add.1, said that all 18 members and 18 alternate members of the new Executive Board would need to be elected. In accordance with Schedule II of the Agreement Establishing IFAD, 8 members and 8 alternate members were to be elected from List A Member States; 4 members and 4 alternate members from List B; and 6 members and 6 alternate members from List C. Referring to Rule 40.1 of the Rules of Procedures of the Governing Council, she said that a list of Member States against which an accounting provision existed, and which were therefore excluded for election, was contained in document GC 23/L.9, updated in document GC 23/L.9/Add.1.

231. She informed the Council that within List A the following countries had been selected as members: Canada, France, Germany, Italy, Japan, The Netherlands, Norway and the United States; and the following as the respective alternate members: Spain, Belgium, Switzerland, Portugal, Denmark, the United Kingdom, Sweden and Australia. It was further proposed that the Council decide to appoint the United Kingdom as the member and The Netherlands as the alternate member for the last two years of the term of office, i.e., 2001 and 2002.

232. Within List B the following composition had been selected: Kuwait, Nigeria, Saudi Arabia and Venezuela as members; and the following as alternate members: the United Arab Emirates as alternate to Kuwait; Indonesia as alternate to Saudi Arabia; and Algeria as alternate to Venezuela. There was one vacant position as alternate member corresponding to the Nigeria member position. Within that List, only three alternate member seats had been filled on account of the provision in Rule 40.1 of the Rules of Procedure. She proposed that the Council should allow List B countries, during the period between the current Governing Council Session and the Twenty-Fourth Session, to adjust their Executive Board membership whenever any currently ineligible List B country acquired eligibility for membership of the Board.



233. Within List C, there were three sub-listings. For Sub-List C1 countries in the Africa region, the following countries had been selected as members: Angola and Tunisia; and the following, respectively, as alternate members: Egypt and Eritrea.

234. For Sub-List C2 countries in the Europe, Asia and the Pacific region, the following countries had been selected as members: China and India; and the following, respectively, as alternate members: Sri Lanka and the Republic of Korea. The understanding was that Sri Lanka would serve for the first year, followed by Pakistan in 2001 and 2002. The Republic of Korea would serve for the first year, followed by Bangladesh in 2001 and Romania in 2002.

235. For Sub-List C3 countries in the Latin America and the Caribbean region, the following countries had been selected as members: Brazil and Mexico; and the following, respectively, as alternate members: Panama and Argentina.

236. There being no objections, she declared the members and alternate members elected to their respective positions on the Executive Board.

237. **The elections were approved.**

238. **The CHAIRPERSON** asked that the final report record the Council's decision to allow List B to adjust its membership in the event of one of its ineligible members acquiring eligibility. She also asked that the final report record the Council's decision to appoint, within List A, the United Kingdom as the member and The Netherlands as the alternate member for the last two years of the term of office. With respect to the agreements reached among the Sub-List C2 countries on the exchange of seats, it should be recorded in the final report that any subsequent changes within the official term of office would require Governing Council endorsement.

239. **It was so agreed.**

240. **The CHAIRPERSON**, speaking on behalf of the Council, congratulated all those elected to the Executive Board.

PROGRESS REPORT ON THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION (Agenda Item 12) (GC 23/L.8)

241. **Mr SOURANG** (Senior Programme Manager, Global Mechanism), drawing attention to some of the main points in the progress report contained in document GC 23/L.8, which he would update orally, said that the most significant event in 1999 had been the Third Session of the Conference of the Parties (COP.3), which had provided the first real opportunity for the Parties to the Convention to discuss the policies, approach and achievements of the Global Mechanism. They had endorsed the emerging approach and work plan of the Global Mechanism and made it clear that they expected the Global Mechanism to focus on support to action plans at national, subregional and regional levels, without neglecting opportunities for developing innovative sources of funding for the Convention.

242. As a facilitator, the Global Mechanism had already undertaken to assist three African countries that had completed their national action programmes in moving from planning to action. Arrangements for active Global Mechanism follow-up to requests for assistance from countries still engaged in the planning process were being worked out in consultation with the members of the Global Mechanism Facilitation Committee. On the demand side, the Global Mechanism was engaged in an active dialogue at country level with the aim of internalizing the development objectives of the Convention into the relevant sectoral and national action frameworks, an exercise that would require



the active collaboration of the Facilitation Committee. On the supply side, the Global Mechanism had initiated contacts with bilateral and multilateral donors so as to help mainstream the objectives of the Convention into their country assistance strategies and related programmes and projects. An encouraging response had been received from those partners. Fruitful working relationships had already been established between the Global Mechanism and the secretariat of the Global Environment Facility (GEF) and its implementing agencies. Two GEF planning grants were now under way and there were plans to mobilize GEF resources in support of national action programmes. A recent promising development had been the endorsement by the GEF Council of a document establishing the linkage between land degradation and the focal areas of GEF.

243. At subregional level, the Global Mechanism was currently seeking endorsement of the Subregional Programme for West Asia. Cooperation with West and Central Africa was developing rapidly and a regional initiative was being pursued in Latin America. High on the agenda of the Global Mechanism were plans to cover other West Asian countries and the beginning of very active work in Southern and Eastern Africa.

244. One of the main tasks of the Global Mechanism was to develop a database that would, *inter alia*, provide information on resource needs and potentially available resources for implementation of the Convention. That work was now well under way and very positive cooperation was being developed with FAO.

245. The Budget approved for the Global Mechanism by COP.3 had, however, been much lower than requested for 2000 and even lower for 2001. That meant that staff could not be hired as initially planned and the funds available for operations were limited, which would have an impact on the rate at which the Global Mechanism could develop its activities. It was, however, anticipated that the budget for 2001 would be revised at COP.4 in October 2000 and that voluntary contributions would be made available to help cover operational expenses. COP.3 had welcomed the generous contribution of IFAD and invited governments, multilateral and regional organizations, the private sector and the member institutions of the Facilitation Committee to follow IFAD's example. The World Bank was currently processing a proposal to that effect and a decision would be made within the next month.

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

GENERAL STATEMENTS (Agenda Item 7) (continued)

247. **Mr MUGERWA** (Uganda) said that, at a time when a new world order was emerging, it was only through concerted effort, solidarity and the unwavering support of agencies such as IFAD that the fight against hunger, malnutrition and poverty would succeed. In that connection, he thanked IFAD for its focus, strategy and approach, which should be further developed and appropriately modified to address evolving challenges.

248. In Uganda, IFAD's projects had achieved positive results and contributed significantly to the growth of the agricultural sector, which, during the 1970s and 1980s, had been devastated by political turmoil and economic mismanagement. IFAD was currently supporting the vegetable oil development project and financing the preparation of a programme on area-based agricultural modernization. His country was now in the final stages of preparing a strategic framework for such modernization with a view to transforming its predominantly subsistence agriculture into a progressively market-oriented one that would lead to the attainment of food security, increased agricultural exports and rapid economic growth. Unfortunately, however, it did not have the resources to finance the strategy and he therefore requested IFAD's help for that purpose.



249. In conclusion, with reference to the Fifth Replenishment, he said that his country would no doubt continue its practice of contributing to IFAD and would also continue to work closely with the Fund in support of the rural poor.

250. **Mr RUPHIN** (Madagascar) said that IFAD and the international community at large should devote special attention to Africa as the region most affected by poverty and most exposed to natural disasters, not to mention the substantial man-made impact on its environment. Sustained action was needed to help rural populations increase their productivity and income, improve their nutritional intake and enhance their quality of life.

251. His country fully supported IFAD's policy framework for the eradication of rural poverty. In that context, the participation of beneficiaries was clearly a prerequisite for the success of any development programme, although the public authorities should be involved in defining the criteria for the eligibility of civil-society and grass-roots organizations and in coordinating their activities. Once again, Madagascar called upon the Ad Hoc Committee on Regional Allocations to consider an increase in the loans granted to sub-Saharan Africa, of which his own country formed part. The recommendations set out in the draft report of the Consultation seemed relevant provided that IFAD was responsible for coordinating the entire process of conducting rural development programmes. As for the Programme of Work and Budget of IFAD for 2000, Madagascar, as a beneficiary country, welcomed the continuation of the strategy defined in 1997 and endorsed HIPC DI, which he hoped that all institutions and Member States would support.

252. Lastly, he expressed his deep appreciation to IFAD for its contribution to eight projects in his country and looked forward to intensifying that cooperation in the future. His Government would shortly be announcing the details of its decision to increase its contribution to IFAD's resources in the context of the Fifth Replenishment.

253. **Ms AMEGLIO** (Panama), after conveying the greetings of Panama's first woman President, who had been born in the countryside and had made agriculture a national priority, said that her Government was engaged in a wide-ranging struggle against poverty and its direct consequences, hunger and malnutrition. Indeed, the entire Latin America and the Caribbean region was facing a series of economic difficulties and natural disasters which, compounded with structural problems, had led to an increase in extreme poverty. While not exclusive to the region, those problems necessitated assistance from international organizations such as IFAD.

254. She therefore supported any initiative designed to strengthen the Fund politically and financially, and considered that any action leading to a decrease in the amount of resources available to it should be forcefully rejected. In that context, she stressed that IFAD's participation in HIPC DI should be with extrabudgetary resources only, so as not to jeopardize its planned programmes.

255. Countries at a medium level of development, like Panama, still required the Fund's support for their rural areas, which had the same problems as those prevailing in more needy countries. It was therefore highly important to bear in mind the objective of the World Food Summit to reduce by half the number of hungry people in the world by 2015, a task in which IFAD had an important part to play. The tragic situation in the developing world could only be solved through political will and international assistance, and she therefore appealed to the more developed countries to give resources to organizations such as IFAD which had worked so effectively to help the poorest of the poor.

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



- (iv) Summary Record of the Fourth Meeting of the
Twenty-Third Session held on Thursday,
17 February 2000, at 15.30 hours

CHAIRPERSONS: ALI YOUSEF JUMMA (LIBYAN ARAB JAMAHIRIYA)
KIRSTI LINTONEN (FINLAND)

	PARAGRAPHS
General Statements (Agenda Item 7) (continued)	258 – 297
- Lebanon	258 – 260
- Zambia	261 – 262
- Albania	263 – 264
- Austria	265 – 268
- Argentina	269 – 271
- Algeria	272 – 273
- Bhutan	274 – 276
- Nigeria	277 – 279
- Canada	280 – 281
- Brazil	282 – 284
- Belgium	285 – 287
- Haiti	288 – 290
- Mali	292 – 295
- Trickle Up Program	296 – 297
Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty (Agenda Item 14)	298 – 304
Emoluments of the President (Agenda Item 15)	305 – 322
Report on the Status of the Headquarters Agreement (Agenda Item 16)	323 – 325
Other Business (Agenda Item 17) Approval of Disclosure of Documents	326 – 329
Closure of the Session	330 – 334



257. **The meeting was called to order at 15.30 hours by Mr Jumma (Libyan Arab Jamahiriya).**

GENERAL STATEMENTS (Agenda Item 7) (continued)

258. **Mr EL-KHOURY** (Lebanon), having expressed his appreciation of IFAD's achievements in the field of agricultural development and its financing of development projects, said that Lebanon was following with close interest the Fund's activities on behalf of the rural poor and their participation in the design, preparation and implementation of projects. It was also keenly interested in the World Food Programme's (WFP) efforts to rehabilitate rural areas, as well as IFAD's restructuring and re-engineering initiatives aimed at strengthening its capacities. With reference to its loan programme, however, he noted that only 15% of loans were disbursed to the countries of the Near East and North Africa, where development projects were sorely needed to raise living standards and combat poverty and malnutrition.

259. He expressed support for the Fifth Replenishment and the technical assistance grant (TAG) programme. Evaluation and studies constituted another important item within the programme of work, as it was essential that projects should be assessed on the basis of their economic, social and environmental impact. He also endorsed the process and information technology support programme and stressed the importance of preparing standard computer programmes for project management and follow-up.

260. Despite the enormous damage which Israel's constant attacks had inflicted on the various sectors of the Lebanese economy, including agriculture, his Government was still carrying out measures to develop the country's food security. In that context, he thanked IFAD for the positive role it had played by providing soft loans and technical assistance to projects such as those aimed at revitalizing livestock production, modernizing irrigation and establishing water-catchment areas.

261. **Mr NGULUBE** (Zambia) expressed his appreciation of IFAD's support for agricultural development efforts. Zambia had accumulated useful experience from the implementation of the Fund's projects over the years and believed that it had an important role to play in monitoring the impact of new economic trends towards sustainable agricultural development. The free market policies and economic restructuring programmes being implemented in developing countries such as his own would promote greater international cooperation and create a climate conducive to economic growth and hence food security. The Fund had helped to reorganize agricultural structures by responding appropriately to needs and emergency situations and managing the scarce development assistance resources available.

262. Efforts were now required to consolidate IFAD's achievements through support for policies and reforms aimed at preventing disasters affecting agriculture. The need to maintain a balance between food production and maintenance of the resource base called for the promotion of appropriate technologies, especially among small-scale farmers. The Zambian Government looked forward to continued cooperation with IFAD and thanked donors who had consistently maintained their contributions to the Fund.

263. **Mr XHUVELI** (Albania) said that agriculture was the mainstay of the Albanian economy, accounting for over 50% of gross domestic product (GDP). More than half of the population was rural, and remote hilly areas accounted for over 70% of its land surface. IFAD's support for Albanian agriculture was therefore much appreciated by his Government. The increase in agricultural output in the previous year had been partly due to IFAD support, reflected in two successful projects to date and a third forthcoming. The Government's strategy for extending existing agricultural development programmes was based on the experience gained from such projects, and Albania looked forward to further assistance for projects which it could not fund single-handedly.



264. In 1999, the massive influx of refugees from Kosovo had created a situation of great difficulty in the northeastern part of the country, where the two IFAD-funded projects were based. Credit was due to the local farming population, the international community and the Albanian Government for responding successfully to that challenge. Albania was grateful to IFAD for its cooperation and understanding of the steps to be taken in common, appreciative of the opportunity for open debate at meetings of the governing bodies and satisfied with the documents before the current Session.

265. **Mr CORNARO** (Austria) said that it was gratifying to hear that Honduras was on the way to recovery in the wake of Hurricane Mitch. IFAD had played and was playing an important part in that endeavour and his own Government, among others, had at the time promptly responded to Honduras' call for help. Underlining the vital part played by IFAD in the multilateral aid system and Austria's support for its vision of leadership in poverty alleviation, he said that the Fund must harmonize its activities with the international financial institutions (IFIs), the comprehensive development framework (CDF) and the United Nations Development Assistance Framework (UNDAF).

266. Since the establishment of the Consultation to Review the Adequacy of the Resources Available to IFAD (the Consultation), considerable progress had been made towards developing a policy framework for rural poverty alleviation. An enabling policy environment was of paramount importance to unlocking the potential of IFAD's beneficiaries. Good governance had a direct bearing on poverty alleviation and on the effectiveness of IFAD's resources. IFAD's poverty reduction strategy now under preparation would have to address the global challenge of poverty alleviation and should contain a political framework under which the more general objectives for rural poverty reduction were translated into regional and country strategies. He was pleased to note that that was reflected in IFAD's new approach to evaluation. The bulk of the Fund's resources should be given to the poorest Member States on highly concessional terms. Fund allocation should be grounded on good project implementation performance and absorptive capacity, and countries with better performance should be rewarded by increased support through a higher lending frequency. Against that background, Austria supported the Fund's lending level for 2000.

267. The Fund's participation in the enhanced Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) was encouraged, but only to the extent that appropriate resources were available. Regarding the replenishment exercise, all participants should commit themselves to fair burden sharing, not only within the donor Lists but also between the Lists. That would be decisive for a successful completion of the negotiations.

268. Austria commended the Fund for having submitted once again a zero real growth budget, which was proof of efficiency and seriousness and facilitated domestic support for IFAD at a time of continued budgetary constraints in donor countries. He encouraged management to continue on that cost-conscious path.

269. **Ms GABARDINI** (Argentina), after endorsing the statement made on behalf of the Group of Latin America and the Caribbean region (GRULAC), said that IFAD's capable response to the profound changes that had affected rural development had given it a comparative advantage which had contributed to its success in fulfilling its mandate. Despite the progress in economic growth made by countries like her own as a result of globalization and liberalization, the gap between rich and poor was widening and hunger continued to be a cruel reality in many parts of the world, affecting vulnerable groups even in middle-income countries such as Argentina. IFAD therefore needed to continue along its innovative path, with a view to achieving globalization based on solidarity, a notable example being the recently approved rural development project for the north-west provinces of Argentina. She hoped that the project's loan operations could be expanded.



270. Another area in which IFAD had an important role to play was in eliminating the persistent barriers to access to food – trade barriers, health and sanitary restrictions used as a means of compensating for productive inefficiency and economic restrictions.

271. Argentina supported the Programme of Work and Budget of IFAD for 2000, placing special emphasis on the regional strategy for Latin America and the Caribbean. She hoped that the Fifth Replenishment would be finalized as soon as possible so that IFAD might continue to fulfil its core mandate. Argentina renewed its commitment to the objectives of the Fund and to international cooperation.

272. **Mr MEGHAR** (Algeria) said that, while IFAD had played a leading role in tackling the development problems which fell within its mandate, it had to come to terms with the needs of a developing world wracked by crisis and challenge. It should therefore be adequately equipped to accomplish its original mission with greater resolve through the design of strategies and programmes, and the harnessing of innovative means, that were more functionally geared to the needs of beneficiary countries. While the objectives that IFAD had first set itself were still valid today, a redoubled effort was needed to overcome any difficulties which impeded the main thrust of its action. It was thus more imperative than ever to make the most of the remarkable experience which it had acquired to focus on target populations in certain developing countries, particularly in Africa, with a view to having a permanent impact on the goals of food security and rural development. Greater joint commitment, more appropriate strategies and the implementation of system-wide initiatives were the keys to the attainment of such an objective.

273. He welcomed the measures adopted to provide debt relief to a number of developing countries and promote greater productivity among rural populations with a view to the eradication of hunger and malnutrition. He also commended IFAD's efforts in the context of the Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD), a new task which bore further witness to the quality of its performance. In conclusion, he stressed that the challenges of development required sustained and innovative efforts to mobilize the necessary resources through the harmonious management of available funds and the quest for new instruments that would further strengthen IFAD's specificity. He reiterated his country's commitment to IFAD and its mission.

274. **Mr RABGYE** (Bhutan), having reaffirmed Bhutan's strong commitment to IFAD's mission and goals, said that the various IFAD-funded projects implemented in his country since 1980 had greatly benefited its rural inhabitants, who constituted over 80% of the total population. Of those benefits he highlighted the tremendous growth in vegetable production and double cropping of rice. It was on the basis of such positive experiences that Bhutan had requested further assistance to implement an area development project in its eastern region. Now in its second phase, it was the country's single biggest agricultural project. Since the programmes and projects supported by IFAD were very much in line with Bhutan's own national policies and priorities, he anticipated no difficulty in connection with their implementation.

275. In common with many of these low-income developing countries, Bhutan was doing its utmost to contribute to IFAD's resources, often under difficult economic circumstances. He hoped that the large donors – the middle- and higher-income countries – would increase their commitments and contributions and bring the Fifth Replenishment to an early and successful conclusion.

276. He confirmed that his Government, which had adopted a people-centred approach in its development programme, was eager to cooperate in the implementation of IFAD's new programme to boost the livelihood of the rural poor in Asia's upland and mountainous areas. In that context, he welcomed India's contribution of USD 1 million for the establishment of a Trust Fund to support IFAD's activities in the Asia and the Pacific region and urged other Member States to make similar



contributions. Lastly, he expressed the gratitude and appreciation of his people and Government for the continued support which they received from IFAD.

277. **Mr DAURA** (Nigeria) was saddened to note that, so many decades after the establishment of world bodies such as the United Nations, whose main purpose was to bring about peaceful and sustainable development around the world, human misery arising from both natural and man-made tragedies and disasters was still commonplace. While it was true that the leadership in some poor countries could partly be blamed for underdevelopment, it was equally true that the leadership in the developed countries bore a share of the blame for failing to take concrete action to alleviate the problem.

278. Since joint effort was crucial to the eradication of poverty, Nigeria, despite its current economic difficulties, had continued to honour its obligations to all international development organizations and agencies. It had contributed USD 91 million to IFAD's funds and had benefited from them to the tune of USD 55.8 million. It fully supported the current effort to mobilize more funds to enable IFAD to discharge its functions more efficiently. In that context, it was important to reassure the traditional contributors that IFAD's original mission, although flexible, remained substantially unaltered. It was also important to note that most beneficiary countries were not usually in a position to contribute significantly to those funds. He therefore appealed to the List A countries to increase their contributions, without, however, taking over control and management to the exclusion of the beneficiary countries.

279. Bearing in mind the "bottom-up" approach to the planning and implementation of poverty alleviation projects, IFAD should improve on its current unsatisfactory involvement of personnel from the developing countries at all levels of its functions. He supported efforts by IFAD to use the strategy of HIPC DI to alleviate poverty, although the mobilization and management of the funds in question should not interfere with its principal mission. Lastly, after inviting the President of IFAD and his technical staff to visit Nigeria in order to discuss some important project proposals, he reaffirmed his support for any plans to increase IFAD's resources.

280. **Mr EHRHARDT** (Canada) said that it was crucial for IFAD to respond to the needs and opportunities of a fast-changing world. After highlighting some of the outstanding events of the past decade, he noted that an international consensus was emerging about the joint efforts needed to attain international development goals such as the alleviation of global poverty. It was fully recognized that results depended on the good governance of countries and institutions alike and that genuine partnerships to produce such results were vitally important. Innovative partnerships linking countries and communities, organizations and families, public and private sectors were needed, together with closer and more effective coordination among donors, including the World Bank, IFAD and other international institutions. In today's climate of scarce resources, care should also be taken to ensure that investments were maximized. Further keys to success were local ownership and full participation by the poor.

281. IFAD should thrive in such an environment in view of its unique characteristics and its strategic niche role as a catalyst in the world of development institutions. It had already commendably improved and streamlined its management and brought administrative costs under control. Governance reform, policy innovation and partnership building, however, were only steps in an ongoing process. Canada considered that IFAD should therefore intensify its efforts to forge new partnerships, sharpen the focus on rural policy, strengthen evaluation, provide compelling reporting and improve coordination with the existing framework of United Nations organizations and IFIs. It should also seek to ensure that its precious resources achieved the best possible results, in which connection he was optimistic that IFAD could make a difference by helping the rural poor to build better lives and a brighter future.



282. **Mr GOMES DOS SANTOS** (Brazil) reaffirmed Brazil's commitment to the elimination of hunger from the world, to which end it had given priority to the overwhelming task of rescuing sections of its population from utter poverty by improving their living standards and promoting the eradication of hunger, the right to food being a fundamental human right. Through the implementation of a rigorous fiscal adjustment programme, the Brazilian economy had improved in 1999, with reserves reaching a comfortable level. The resulting creation of greater employment opportunities had rekindled confidence in the possibility of achieving better living standards for the population, 40% of whom still lived in poverty.

283. Brazil nevertheless faced daily challenges stemming from the major regional and social inequalities which still persisted. Important economic and structural reforms were therefore in the pipeline for congressional approval. In that connection, the improved interaction which now existed between the Federal Government and State and municipal governments had been helpful in implementing reforms aimed at closing the development gaps between the country's different regions. Long-lasting social transformation, however, would only occur if other issues in the international arena were tackled, as it was in the global environment that countries such as Brazil had to deal with the multiple standards characteristic of the policies and economic decisions imposed by a handful of countries that held over 50% of the world's revenues.

284. A notable feature of IFAD was that it gave unequal treatment to the unequal, as in the case of the different loan conditions set for different countries. The purpose behind such treatment was to arrive at a fair distribution of resources among those who needed them. In the past two years, however, and at successive sessions of the Consultation, the criterion of fairness had been called into question. The intention was to increase the contributions of the countries that could least afford it, with a consequent reduction in the contributions of countries that could afford to pay more. In a similar vein, the latter countries were proposing that IFAD funds should be used to finance the HIPC DI, whereas they were constitutionally intended to finance projects in the countries which most needed them in their fight against hunger and poverty. He urged IFAD – the bank with a heart – to maintain the status quo by continuing its unequal treatment of the unequal, which represented an outstanding example of the fair distribution of resources.

285. **Mr DE MONTJOYE** (Belgium) noted with satisfaction that consensus had been reached on the draft report of the Consultation, which established a general policy framework for the Fund's future operations. However, the goal of setting the level of the Fifth Replenishment had not yet been reached. In that connection, Belgium was in favour of a Fifth Replenishment of the order of USD 400-500 million, which would provide IFAD with a yearly volume of operations of some USD 450 million. In a spirit of solidarity, his Government had already earmarked the equivalent of USD 9 million for that purpose and considered that Member States should all make an equitable effort in accordance with their economic strength and their ability to pay, a principle that had not always been respected. He hoped that the negotiations could be concluded in the coming weeks and to that end would support a relaxation of the present drawdown policy on promissory notes to enable the Fund to maintain an adequate commitment level, provided all donors were involved.

286. The Fund should step up its efforts to increase the impact of its operations, taking care to monitor project implementation very closely, either indirectly or through its own staff. Experience acquired in projects jointly financed by IFAD and the Belgian Survival Fund argued in favour of the presence of a duly authorized representative of IFAD in the field to monitor progress and suggest changes in emphasis in good time. The extra costs would be more than offset by the improved results. Experience also suggested that greater attention should be given to the viability and sustainability of the Fund's activities. Too often, incentives of various kinds were offered to local staff with a view to speeding up project execution, but which could, in turn, compromise the prospects of sustainability seriously.



287. Belgium placed great importance on inter-agency cooperation and encouraged IFAD to make more use of the Food and Agriculture Organization of the United Nations (FAO) technical assistance to accompany its investments, along the lines of that provided by the FAO Investment Centre in the formulation of projects. His country urged IFAD to actively seek funds to finance HIPC DI and noted that there was a consensus to use its own resources for that purpose. It was a realistic solution that could be put into effect fairly rapidly. Lastly, he expressed his appreciation for the exemplary way in which the Fund was managed.

288. **Mr SEVERIN** (Haiti) welcomed the consensus that had emerged on the recommendations of the Consultation, since the fight against poverty and the creation of a world free from hunger called for the mobilization of all available resources. In that context, he commended the work of the Popular Coalition and congratulated the Rome-based organizations on their efforts to create greater synergy through the effective coordination of their work.

289. With its limited agricultural resources Haiti had to feed a population of some eight million inhabitants, 65% of whom lived in rural areas and depended on agriculture for a living. Population growth, the degradation of resources, inadequate production of cereals and the decline in foreign earnings from coffee and cocoa compounded the problem. In response, the Government had taken measures to restore and diversify the production of food crops, to introduce agrarian reform, to improve fishing and aquaculture, to rehabilitate livestock infrastructures, to restore irrigation systems, to provide decentralized credit, to make available agricultural equipment, to boost export crops and to improve marketing. He wished to thank IFAD for its assistance in those efforts.

290. In the fight against poverty his Government attached great importance to South-South cooperation, which was already producing satisfactory results. It had adopted a macroeconomic policy to raise resources for investment in agricultural infrastructure, but was aware that progress depended on a stable environment and the participation of civil society. Finally, he confirmed that Haiti would be making a contribution to the Fifth Replenishment.

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

292. **Mr DAGA** (Mali), after expressing his Government's appreciation for the various projects carried out by the Fund in Mali, endorsed the objectives for 2000 set out in the operational strategy. Much still remained to be done and Mali, an agro-pastoral country, hoped that IFAD's resources would be further increased to enable it to accomplish its objectives. Ultimately, however, every country had to rely on itself, working out its own rural development strategy in the light of the needs of the most destitute.

293. In view of the scarcity of resources, IFAD should cooperate more closely with other financial institutions in the identification, implementation and evaluation of projects, which should in future take into account the African countries' deep-rooted desire for regional and subregional integration. If poverty was to be eradicated, such integration was essential, and in that context he welcomed IFAD's participation in HIPC DI.

294. His country, one third of which was covered by desert, took a keen interest in the work of the Global Mechanism of UNCCD and hoped that its activities would help to protect the rural population of his country from the dire effects of desertification.

295. Despite the severe difficulties it was facing, the Government of Mali had decided to contribute significantly to the Fifth Replenishment and looked forward to even closer cooperation with IFAD in the future.



296. **Ms ROBBINS LEET** (Observer for the Trickle Up Program), speaking at the invitation of the Chairperson on behalf of the non-governmental organizations (NGOs), said that the mission of the Trickle Up Program was to reduce hunger and poverty by helping people to create businesses of their own through conditional grants and in-service business training. To that end, for the past twenty years, it had been working in partnership with local NGOs to reach the poorest of the poor. During that period, more than 82 000 microenterprises had been started in 117 countries and over 70% of all the entrepreneurs were women. In 1998, 80% of all Trickle Up businesses were still operative after the first year and 67% had expanded.

297. Her organization and IFAD were currently exploring possibilities for collaboration in specific countries and regions with a view to furthering joint efforts to help people help themselves. She particularly appreciated the Fund's availability to NGOs for consultation on ways of expanding their programmes. That day's session of the Popular Coalition was yet another demonstration of IFAD's emphasis on reaching the people through the NGOs.

PROGRESS REPORT AND FORECAST BY THE POPULAR COALITION TO ERADICATE HUNGER AND POVERTY (Agenda Item 14) (GC 23/L.10)

298. **Mr MOORE** (Coordinator, Popular Coalition to Eradicate Hunger and Poverty), introducing the Progress Report and Forecast by the Popular Coalition (GC 23/L.10), said that the Popular Coalition had now entered an exciting operational phase, in which IFAD was playing a central role. Demand for the support and involvement of the Popular Coalition was growing. The knowledge being disseminated on the experience of civil society and the analysis of emerging land tenure markets were highly appreciated. The lessons learned and the innovations being tested added value at the practical level and, through replication, would demonstrate new ways of improving access to assets by the land poor.

299. The Popular Coalition was now cofunding 23 country and 8 regional nodes comprising the knowledge network known as ARnet. An internet site had been developed in addition to traditional communication tools. Two regional workshops in 1999 had helped to strengthen the network. The Belize workshop had increased the number of farmer and peasant organizations from Latin America and the Caribbean associating with the Popular Coalition, while The Philippine workshop had identified lessons learned on the occasion of the twentieth anniversary of the World Conference on Agrarian Reform and Rural Development. A similar meeting for the Africa region was being planned for early 2000.

300. The Popular Coalition's community empowerment facility (CEF) had financed its first two projects in 1999, one in Zimbabwe involving ten pilot projects to test innovative approaches to beneficiary involvement in resettlement, and the other, in The Philippines, to test ways of helping former agricultural labourers, now land reform beneficiaries, to become profitable smallholder farmers. A number of further proposals were being assessed for funding in early 2000. CEF financed innovative programmes designed to improve and protect access by the rural poor to productive assets, to test the replication and scaling up of successful initiatives in access to land, water and other assets, to assist governments in developing public policies using community-based models to achieve national objectives, to support access by frequently neglected populations, and to address resource conflicts.

301. In 1999, the Popular Coalition had designed activities to raise public and political commitments to the resource requirements of the rural poor. It had held preparatory meetings with FAO to identify countries in which it could collaborate with the national thematic groups of the United Nations Administrative Committee on Coordination (ACC) Network on Food Security and Rural Development.



302. The Popular Coalition was contributing to the Eighth Session of the Commission on Sustainable Development by assisting in the preparation of the FAO task manager's report, preparing, on behalf of the NGO caucus, the land reform paper for the multi-stakeholder dialogue sessions with ministers and preparing a comprehensive ministerial briefing on the nexus of land reform and tenurial security as preconditions for sustainable land management, food security, reducing natural resource conflicts and poverty alleviation. The value of the Popular Coalition was also reflected in heightened donor interest. Support had been forthcoming or was being pledged or considered by Belgium, Canada, Denmark, the European Commission, Italy, Japan, The Netherlands, Switzerland, and the United States Agency for International Development (USAID), in addition to the support and assistance received from WFP, FAO and NGO partners, as well as the earlier funding providing by the World Bank and IFAD to establish CEF. That expanding support addressed the underlying need for the Popular Coalition to establish a diversified funding base.

303. The Popular Coalition was also seen as a model for new ways in which the multilateral community and civil society could work together. In preparation for a United Nations forum in May 2000 on strengthening the relationships of the United Nations system with civil society, the Popular Coalition had presented its experience to the first preparatory meeting and to the World Civil Society conference. The Popular Coalition was a mechanism enabling diverse organizations to merge their common concerns into a coherent strategy to eradicate hunger and poverty, while at the same time promoting the achievement of their individual objectives. It contributed to IFAD's strategic goals of developing new approaches and alliances for a changing global environment, establishing and using knowledge networks to combat poverty and ensuring an effective IFAD presence in the field by expanding its outreach.

304. The Governing Council took note of the Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty.

EMOLUMENTS OF THE PRESIDENT (Agenda Item 15) (GC 23/L.11)

305. **The CHAIRPERSON** said that, prior to the election of the successor to the incumbent President of the Fund, whose term of office would expire in February 2001, the new President's overall emoluments and conditions of employment needed to be determined. She drew attention to the draft resolution recommended by the Executive Board in document GC 23/L.11, re-establishing a Committee to Review the Emoluments of the President of IFAD (Emoluments Committee), composed of nine Governors, to review the matter and submit its findings to the Governing Council at its Twenty-Fourth Session. Regarding membership of the Committee, the following nominations had been received for List C: Brazil, Tunisia and Turkey. Nominations from the other Lists should be submitted to the Secretariat as soon as possible.

306. In reply to a question by **Mr AL-AQUIL** (Saudi Arabia) about the competence of the Emoluments Committee, **Mr PRIEN** (Secretary of IFAD), drawing attention to the explanation given in document GC 23/L.11, said that the reason for re-establishing the Committee was simply that it was the responsibility of the Governing Council to appoint or elect the President and to set his terms and conditions of employment, otherwise known as his emoluments. Such a committee was therefore to be set up as a subcommittee of the Council, its mandate being to review that matter and determine whether the present terms and conditions were still adequate and proper for the next President.

307. **Mr AL-AQUIL** (Saudi Arabia) said that it appeared that the competence of the Committee went beyond emoluments strictly speaking, which he believed to be without precedent. He would therefore appreciate further clarification of the Committee's mandate.

308. **Mr CODRAI** (Acting General Counsel) confirmed that the sole purpose of the Committee, as stated in document GC 23/L.11, was to review the overall emoluments and other conditions of



employment of the President of IFAD and to report back to the Governing Council with any proposals thereon.

309. **Mr AL-AQUIL** (Saudi Arabia) expressed an interest in serving on the Emoluments Committee.

310. **Mr PRIEN** (Secretary of IFAD) said that Saudi Arabia's interest had been noted and would be conveyed to the Convenor of List B.

311. **Mr SADOUDI** (Algeria) likewise expressed his country's interest in serving on the Emoluments Committee.

312. **Mr RACHMAD** (Indonesia) agreed that the terms of reference of the Committee should be specified clearly and proposed that they be circulated to all Members.

313. **Mr HASAN** (Libyan Arab Jamahiriya) said that his country also wished to participate in the deliberations of the Emoluments Committee. The Secretariat should, however, make a clear distinction between the conditions pertaining to the President's emoluments, which came under the mandate of the Emoluments Committee, and the conditions pertaining to the election of the President, which was a quite different matter.

314. **Mr CODRAI** (Acting General Counsel) stressed that the draft resolution before the Council contained the sole terms and conditions of the Emoluments Committee. It stipulated that it would be composed of nine Governors. There would be four from List A, two from List B and three from List C. They would be nominated by the respective Lists and represent them. After outlining the procedure for the election of the President, he confirmed that it was an entirely distinct procedure from the decision now required on the draft resolution setting up a Committee to make recommendations to the Governing Council on the emoluments of the next President.

315. **Mr KHALIFA** (Egypt) considered that the Governing Council should approve the nominations to the Emoluments Committee and said that Egypt, too, wished to participate in its work.

316. **The CHAIRPERSON** reiterated her appeal to Lists A and B to notify the Secretariat of their nominations as soon as possible.

317. In reply to a question by **Mr FEGI** (Ethiopia), **Mr PRIEN** (Secretary of IFAD) said that the procedure followed for the composition of the Committee was for the Convenors of the Lists to make the nominations. The nominations for List C had been provided by the Convenor of that List.

318. **The CHAIRPERSON** said she took it that the Council wished to adopt the draft resolution contained in document GC 23/L.11.

319. **Resolution 118/XXIII on the Re-establishment of a Committee to Review the Emoluments of the President of IFAD was adopted.**

320. **The CHAIRPERSON**, referring to the procedure for the election of the President of the Fund in response to requests for clarification raised during the discussion on the emoluments of the President, said that the procedure set out in Section 6.2 of the By-Laws for the Conduct of the Business of IFAD stipulated that nominations for the office of President should be submitted to the Secretary of the Fund by Members, along with a curriculum vitae, no later than 60 days before the opening of the Governing Council session at which the appointment of the President was to be decided – in the case at hand the Twenty-Fourth Session. The Secretary of the Fund would call for such nominations in due course. The President was required to communicate all nominations received



to all Member States and to the Bureau of the Governing Council no later than 40 days prior to the Governing Council session. Those nominations were then brought forward for the appointment by the Governing Council. Since the dates for the Twenty-Fourth Session had been set at 20 and 21 February 2001, nominations must be received by the close of business on 21 December 2000. In her capacity as Chairperson of the Governing Council, she was prepared, together with the two Vice-Chairpersons, to follow that procedure closely.

321. **Mr AL-AQUIL** (Saudi Arabia), referring to the issue of the appointment of the next President, said he wished to place on record that practice and tradition had been that nominations for the Presidency of the Fund usually came from List B States. He reminded the Governing Council that, according to practice and tradition, that was a right of the OPEC member countries or the developing countries.

322. **The CHAIRPERSON** assured the representative of Saudi Arabia that due note had been taken of his comment.

REPORT ON THE STATUS OF THE HEADQUARTERS AGREEMENT (Agenda Item 16)

323. **Mr LAWSON** (Assistant President, Management and Personnel Services Department) said that negotiations to occupy the building next to the present Headquarters had now been completed and repair and remodelling work had begun. The Government of Italy had formally notified IFAD of its intention to consent to the agreement with the owner. The Fund expected to occupy the building by March 2001. While it would provide enough space to meet office accommodation requirements, it would not be sufficient to house consultation meetings or sessions of the Governing Council. It might therefore prove necessary to revert to that matter at a later stage. Meanwhile, on behalf of the President of IFAD, he conveyed heartfelt appreciation to the Italian Government, and especially to the Ministry of Foreign Affairs, for the assistance provided in bringing the process to a successful conclusion.

324. **The CHAIRPERSON** expressed the Council's appreciation for the progress made over the past year and said she took it that the Council wished to take note of the oral report given by Mr Lawson on the status of the Headquarters Agreement.

325. **It was so agreed.**

OTHER BUSINESS (Agenda Item 17)

Approval of Disclosure of Documents

326. **The CHAIRPERSON** recalled that, at its Twenty-First Session, the Council had approved 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 the final decision on disclosing documents for any particular session should be the prerogative of the governing body concerned. She therefore asked the Council to approve the public disclosure of all the documents that had been approved at 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.

327. She took it that the Council approved the public disclosure of all documents approved at the current Session.

328. **It was so decided.**



329. **The CHAIRPERSON** reminded the Council that at its Twenty-First Session it had requested the Executive Board to review the disclosure policy and procedures at its Sixty-Ninth Session in 2000 and had authorized it to adopt a final disclosure policy.

CLOSURE OF THE SESSION

330. **The CHAIRPERSON** recalled that the Twenty-Third Session of the Governing Council had been honoured by the presence of the Italian Minister for Agricultural Policies and Forestry, who had delivered an inaugural message on behalf of the President of the Italian Republic and a statement on behalf of his Government, in both of which the host country, one of the staunchest supporters of international aid, had confirmed its trust in the Fund. The Governors had also received a message from the President of the People's Democratic Republic of Algeria and Chairman of the Organization of African Unity (OAU), delivered by his Special Representative, the Ambassador of Algeria to the United States. In addition, the Council had heard an address by the President of the Republic of Honduras, eloquently describing the plight of the rural poor in his region. A plea to ensure IFAD's continued ability to fight for the rural poor in all regions had been made by the Secretary-General of the United Nations in a video message to the Council. The statements made by the Deputy Director-General of FAO and the Deputy Executive Director of WFP were testimony to the good working relations among the three United Nations food agencies in Rome. In their general statements, the Governors had once again sent clear messages confirming IFAD's belief in the rural poor, especially women, and the need to invest in them.

331. At its current Session, the Council had received the draft report of the Consultation established at the previous Session, setting out the role of the Fund, the main issues it should continue to address in future and the policies that should guide its work. Not yet final, the report reached no conclusion on the level of resources needed to sustain IFAD's work during the period 2000-2002, although agreement was imminent. Accordingly, the Council had adopted Resolution 115/XXIII requesting the Consultation to conclude its deliberations as soon as possible and allowing for the approval of its final report and the adoption of the draft resolution on the Fifth Replenishment through a vote by correspondence.

332. The Council had approved the administrative budget of IFAD for 2000 at a level of USD 52.73 million, including a contingency provision of USD 400 000 and a sum of USD 131 000 to fund meetings of the Consultation in 2000. Another budget of zero real growth was a tangible example of IFAD's efficiency. The Council had also approved a capital expenditure budget of up to USD 26 million to finance the process re-engineering programme over the years 2000-2005, which constituted the second phase of the re-engineering exercise embarked upon five years ago. IFAD's participation in the enhanced HIPC DI had been approved with a view to removing, to the extent possible, the heavy debt of the poorest countries, which represented an obstacle to the sustainability of their poverty eradication programmes. In addition, a new Executive Board had been elected for a three-year term of office, and she wished it every success in its work. Lastly, the Council had noted the progress reports of two major global partnerships in which IFAD played a particularly active role: the Global Mechanism of UNCCD and the Popular Coalition to Eradicate Hunger and Poverty.

333. After thanking her colleagues on the Bureau and the Governors for their collaboration and paying tribute to the staff of IFAD, she said that the decisions taken at the Session, even the most routine among them, could result in less hunger in the world – a world that had only recently celebrated its entry into the new millennium. It was now up to IFAD to translate those decisions into security and well-being for humankind.

334. She declared the Twenty-Third Session of the Governing Council closed.

335. **The meeting rose at 18.10 hours.**

CHAPTER 3

B. OTHER GENERAL STATEMENTS BY GOVERNORS

Statement of the Governor for the Republic of Benin

Madam Chairperson,
Ladies and Gentlemen of the Governing Council,
Representatives of international organizations,
Excellencies,
Distinguished Delegates and Observers,
Ladies and Gentlemen,

It gives me great pleasure to participate in the deliberations of the Twenty-Third Session of the Governing Council of the International Fund for Agricultural Development (IFAD). At the outset of this third millennium, we are meeting once again to report on action taken, with IFAD support, to help vulnerable people in our towns and countryside and to identify the new directions imposed by the globalization of our countries' economies.

Let me first of all take this opportunity to express, in the name of the Beninese Government and people, our sincere gratitude to the governing bodies of IFAD and especially its President, Mr Fawzi Hamad Al-Sultan, for their unflinching efforts both to turn IFAD into an effective development instrument at the service of the most disadvantaged people and to bring about genuine social equality.

For more than ten years, Benin has benefited from IFAD support in implementing rural development projects and promoting activities in rural areas for the purpose of improving the lives of our most disadvantaged populations.

Ladies and Gentlemen,

At the beginning of this third millennium, countries like Benin are faced with making humankind the main driving force for development and for improving social well-being.

In its overall development policy, Benin gives priority to the fight against poverty and food insecurity and thereby subscribes to IFAD's main objective, which is to target the smallholder farmers.

Any assessment of IFAD's success in meeting its noble mandate calls for an evaluation of the work it has done so far to assist the various target groups and of the demands imposed by the current world economic environment.

What lessons can be drawn?

What actions require more effort?

What is the best way of ensuring that IFAD's gains are consolidated?



What should be done at the national level to build on the organization's valuable experience in solving the crucial problems of poverty and food insecurity that still afflict the urban and rural populations in our countries?

Ladies and Gentlemen,

There is no need for resignation or despair, however. The new era we are now entering and the important issues facing our countries, especially the poorest countries, make it necessary to find ways and means of guaranteeing that the work so far done to improve the lives of the most disadvantaged populations will be sustained and that those persons will become authentic actors in the development arena. IFAD has found a way of achieving that goal, and the preliminary results give us every reason to hope for even greater success in the future.

Thanks to an effective policy for decentralizing financial services through financial service associations, two large-scale IFAD projects are now under implementation in Benin: the Income-Generating Activities Project and the Microfinance and Marketing Project. IFAD has initiated a process for strengthening the capacity of rural populations and for improving their negotiating skills so as to establish a sound basis for financing in the rural areas.

In less than two years, more than 50 financial service associations have been established in Benin. Those associations have mobilized more than FRF 800 000 to date, and approximately 40 000 shares have been distributed to just over 12 000 shareholders.

My country would like to see that model developed further under the guidance of IFAD, whose type of approach is compatible with the different types of decentralized financial services developed by other financing institutions.

The initiative is very praiseworthy and should be continued by IFAD, whose commitment to reducing the debt of highly indebted poor countries has been amply demonstrated.

Madam Chairperson,

It is of vital importance that IFAD's efforts over the last years should be supported in a spirit of solidarity in view of the current economic globalization that our countries are facing. That is why IFAD should be enabled to continue its work to strengthen the capacities of the main target groups of programmes implemented in our countries.

It falls to us to do everything possible to support IFAD in its efforts to fulfil its noble mandate to assist the most disadvantaged in developing countries.

It is my country's sincere desire to see a spirit of comprehension, tolerance and solidarity prevail among IFAD's Member States for the good of the rural populations.

Thank you.



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

Madam Chairperson,
President Fawzi Al-Sultan,
Honourable Governors,
Distinguished Ladies and Gentlemen,

It is a great pleasure and privilege for me to address this Twenty-Third Session of the Governing Council of the International Fund for Agricultural Development, an institution working for a world without hunger.

At the outset allow me to congratulate you, Madam Chairperson, and the two Vice-Chairmen on your resounding election to guide us through the two-day deliberations. I am personally confident that through your able leadership and our full support, these proceedings will be crowned with success.

Allow me also to take this opportunity to put on record my appreciation and gratitude and that of my Government for the management of IFAD under the dynamic leadership of President Fawzi Al-Sultan and the dedicated staff of the Fund. We acknowledge the impressive results achieved during the period under consideration and the strategic directions followed.

It is to be recalled that the Fund has undergone a series of re-engineering and restructuring exercises with a view to making it efficient, effective and responsive to the needs of the rural poor in the struggle to fight hunger and eradicate rural poverty. Now it is time for consolidation, and here we are in agreement with the management of the Fund that what has been achieved in terms of efficiency gains and experiences should be utilized as a benchmark in seeking sustainable solutions to the challenges in rural poverty eradication.

Despite efforts to combat rural poverty at institutional, national, regional and international levels, rural poverty is on the rise and hunger and malnutrition are still to be abated. Food security at the household level is far from being realized in spite of the global abundance of resources and technological means to contain it. Food insecurity challenges remain diverse and inextricably linked with, among other things, the lack of a conducive policy environment, man-made and natural disasters, unfair trade regimes, the debt-servicing burden and the lack of security and stability.

Moreover, as we enter the third millennium these problems are further exacerbated by globalization, trade liberalization, financial crises, and the gap in information technology between the developed and developing world.

On the positive side, in spite of the many difficulties and challenges impacting negatively on food security, it is encouraging to note that there are also tremendous opportunities at national, regional and international levels for joint efforts to eradicate hunger and rural poverty. Many international conferences such as the recent World Food Summit have demonstrated that food insecurity issues are accorded high priorities in United Nations development agendas. It is, however, important that implementation of the action plans of these conferences and recommendations call for coordinated action and synergy to give the desired results.

Furthermore, what is promising is that most national governments in the developing world have invariably taken household food security as one of their priority areas in their development plans. Ethiopia is not an exception in this respect. The country's development plan focuses on rural and



agricultural development. We want to invest a lot more in the agricultural sector. The strategic thrust is to make the sector viable. We have been utilizing domestic resources. However, due to scarce financial resources locally, we have been looking for foreign loan sources, of which IFAD is one.

Our debt-servicing record is without blemish, but we continue to face a debt-servicing burden since Ethiopia largely depends on foreign exchange earnings accrued primarily from agricultural products to service its debt. It is in this connection that we strongly support the approval of the recommendation that IFAD participate in the Heavily-Indebted Poor Countries Debt Initiative, which relieves poor developing countries such as Ethiopia from the onerous burden of debt-servicing.

Madam Chairperson,

Agriculture is the mainstay of our economy, and the sector represents a large share in the gross domestic product, employment-generation and export earnings. But Ethiopian agriculture was very traditional and its performance used to be poor. Our food production largely depends on rainfed agriculture. We have two rainy seasons: the *Meher* (the long rains) and the *Belg* (the short rains). Both fail to provide either sufficient moisture or timely spatial rainfall distribution. This uneven and inconsistent climate pattern results in poor harvests.

With a view to improving the agricultural sector, the Ethiopian Government undertook economic policy reforms and a shift in the production system. It adopted the agriculture-led industrialization policy. In this policy, rural and agricultural development was accorded high priority with the ultimate goal of achieving food security at the household level and overall poverty eradication.

The reorientation of the strategic direction was to bring an increase in agricultural production and productivity at the smallholder-farmer level. The economic reform measures reduced and eliminated distortions in market and agricultural prices. At the farm level, the Government introduced a holistic extension package in which farmer-level activities were getting treatment similar to research demonstration sites in terms of input supplies and the necessary extension assistance to obtain similar results.

The newly adopted national extension system was characterized by a participatory and training approach and focused on the dissemination of four agricultural technologies to respective agro-ecological zones. Consequently agricultural production grew from 5.7 million tonnes in 1991/92 to 10.4 million tonnes in 1996/97. The number of farmers participating in the new extension system increased from 350 000 in 1997/98 to 3.7 million in 1999.

The newly introduced extension intervention programme not only resulted in an increase in production but also raised the demand for the consumption of improved inputs in terms of seed and fertilizer by farmers, and this in turn pushed the need for credit by farmers from 214.9 million Ethiopian birr in 1995/96 to 1 008.8 million Ethiopian birr in 1998/99. Consequently the need for loans and grants at the concessional rate for poor rural farmers is ever-increasing.

This takes us to our established business relationship with IFAD, which goes back to 1981. In the past, IFAD's intervention in Ethiopia focused on:

- provision of credits, strengthening of both formal and informal institutional capacity-building and soil and water conservation;
- rehabilitation of food-production capacity and development of social infrastructure in fragile areas;



- improvement of the livestock sector;
- support to small-scale irrigation and establishment and to water-users' associations;
- production and multiplication of seeds;
- financial services, primary health-care facilities, safe water and basic sanitation.

Presently IFAD, in collaboration with other development partners, is preparing a country strategy for Ethiopia, which focuses on the promotion of rural financial intermediaries and the mobilization of resources to provide the smallholder with better financial services and to support investment in agriculture, particularly in the areas of agricultural diversification, processing, marketing and post-harvest management. The investment to improve irrigated agriculture is something that will be our area of utmost interest in view of the precarious nature of rainfed agriculture in Ethiopia. Here we are happy to note that the strategy under study takes into account the burning issue of small-scale irrigation.

Consistent with its established principles and mandates IFAD continues to assist poor farmers in rural areas through financial and technical supports to development projects. The intervention of the Fund in the rural sector for more than a quarter of a century has made IFAD a centre of knowledge. However, IFAD's intervention, in collaboration with governments, United Nations agencies, development partners and civil societies, did not win the challenge of rural poverty globally, and the fight against hunger and malnutrition still continues. Hence millions of rural people in the developing world, and particularly in Africa south of the Sahara, live below the daily recommended energy requirement of 2 200 kcal. In this context, we wish to express our gratitude and appreciation for the primary focus given by IFAD to our subregion and accompanying increase in allocation of resources for the continent.

In view of the ever-increasing demand for the services of the Fund, a secure and adequate resource base is essential, and the initiative taken by all regional groups to successfully complete the Fifth Replenishment is commendable. In this respect, my delegation wishes to indicate that our contribution to the Fifth Replenishment will be settled shortly.

While IFAD is streamlining its strategic directions with particular emphasis on rural poverty eradication, it has become apparent that the Fund should be equipped with the physical and human infrastructure for efficient and effective delivery of its services. In this regard, the internal capacity-building in respect of human capital and infrastructure development was timely, and in this context, the capital budget allocated for effective delivery of services deserves our support.

In summary, we wish to express our satisfaction as regards our working relation with the Fund, and we would like to take this opportunity to pay tribute to the President and his entire staff for their unflinching support to my country, Ethiopia.

Before closing, our delegation would like to reiterate not only the continued relevance of IFAD as a centre of knowledge but also to acknowledge it as the sole financial institution engaged in rural poverty eradication in remote areas in developing countries. In this connection, our delegation wishes to see the Fund strengthened.

Rural and agricultural development cannot be imagined in marginal areas subject to deforestation and desertification (land degradation in arid, semi-arid and sub-humid areas). In this context, we support IFAD's housing of the Global Mechanism of the Convention to Combat Desertification.



In conclusion, Ethiopia attaches great importance to working with the Fund, and we look forward to continuing this relationship. We are confident that the Fund's intervention in Ethiopia will continue to be instrumental in assisting farmers to secure household food security, and we cannot but emphasize that the support to research, the creation and strengthening of informal financial intermediaries and, most importantly, the support to irrigated agriculture will get the maximum attention to provide lustre to our choice.

Thank you for your kind attention.



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

Madam Chairperson,
Mr President,
Governors,
Distinguished Delegates,
Ladies and Gentlemen,

Allow me, first of all, to convey the fraternal greetings of Mr J. P. Sarr, Minister for Agriculture and Livestock Breeding of the Republic of Guinea, IFAD Governor, who is unable to attend and participate in the deliberations of this Twenty-Third Session of the Council.

I am asked, as Permanent Representative of Guinea to IFAD, FAO and WFP, to present the general statement of our delegation.

Accordingly, it is my pleasure and honour to take the floor now and to associate myself with previous speakers in offering my congratulations to you, Madam Chairperson, on your splendid election, and to the Vice-Chairmen of the Governing Council for the next biennium.

The struggle against poverty, hunger and malnutrition has priority in the overall socio-economic development strategy of my country. This finds expression in the publication "Guinée-Vision 2010". This priority is set forth in the devising of subsectoral strategies for such domains as agriculture, including animal production, forestry, environment, gender and development.

Implementation here is beginning to bear fruit. In the case of agriculture, for example, the results achieved in the field are encouraging, with the main produce ranges showing an uninterrupted growth over the last few years. Thus we have the following estimated output figures for 1998/99:

Rice (paddy):	763 995 tonnes, compared with 715 649 tonnes for 1997/98 – an increase of 6.75%
Maize:	88 690 tonnes, compared with 85 393 tonnes for 1997/98 – an increase of 3.8%
Fonio (cereal):	115 073 tonnes, compared with 110 860 tonnes for 1997/98 – an increase of 3.8%
Groundnuts:	173 682 tonnes, compared with 158 076 tonnes for 1997/98 – an increase of 9.87%
Cassava:	811 869 tonnes, compared with 775 600 tonnes for 1997/98 – an increase of 4.8%

Side by side with this, an analysis of the last seven years shows that commercial imports of rice, our staple consumer item, stood at an average 210 000 tonnes yearly from 1996 to 1999, as compared with 270 000 tonnes for 1993 to 1996, a decrease of 22%.

We are therefore making progress in the right direction, towards our goal of food security. This encouraging result is the achievement, in the first place, of the rural population – representing 70% of the nation – with its tradition of farming, hard work and courage. But we owe it also to the additional support from the donor community, among whom IFAD holds an honourable place.



IFAD is present in three of the country's four natural regions. The new Programme for Participatory Rural Development in Haute-Guinée is due to start field activities soon.

Altogether, IFAD-supported projects take in 17 of our 33 rural prefectures, accounting for nearly 60% of communities up and down the country. Nearly 3 million people benefit from direct IFAD support in terms of the fight against poverty, bottomlands development, improved cultivation practices, high-performance seed, overcoming the isolation of areas of production, training, provision and equipping of community infrastructure, and environmental protection.

The net effect of all this support is positive, since the areas where IFAD is present are among the prefectures where increased agricultural production and productivity has been observed and, as a result, also improved income levels and living conditions for the people.

On behalf of my Government and the people of the Republic of Guinea, I wish to take this opportunity of sincerely thanking IFAD for its much-appreciated support for the development of the rural sector of my country. In particular, I wish to thank His Excellency Fawzi Hamad Al-Sultan for his effective action and all those assisting him within IFAD.

In concluding, I wish all success to the deliberations of the Twenty-Third Session of the Governing Council.

Thank you.

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

Madam Chairperson,
Distinguished Governors,
Distinguished Delegates,
Observers,
Ladies and Gentlemen,

I sincerely apologize for not having attended the Twenty-Third Session of IFAD's Governing Council in person due to other pressing commitments at home.

I want to assure you that although I am not with you during this Governing Council in person, I will be fully supportive through the Kenya delegation of any decisions adopted by the Governing Council. Kenya's support to IFAD over the years has been demonstrated by our level of contribution to IFAD's resources. For instance, for both the Third and Fourth Replenishment of IFAD's resources, Kenya pledged one million United States dollars. At the moment, we are making arrangements to meet the outstanding obligations related to these replenishment pledges.

Madam Chairperson,

Since we started our partnership with IFAD in 1980, IFAD's assistance together with that of the Belgian Survival Fund for the Third World amounts to over USD 60 million. This assistance has been spread over various sectors of our economy with emphasis on the agricultural sector.

In the future, our focus will be concentrated on poverty reduction and growth, with agriculture as the engine of growth. Kenya has noted with concern the decline of IFAD projects, and it appeals to IFAD's management to speed up the preparation of pipeline projects.

Madam Chairperson,

Turning to some of the agenda items for this Session, Kenya had the honour to participate in the work of the Consultation established at the Twenty-Second Session of the Governing Council to Review the Adequacy of the Resources Available to IFAD and therefore supports the Consultation's recommendations. In this connection, Kenya will definitely indicate its pledge to the Fifth Replenishment of IFAD's resources as soon as our budgetary process is finalized.

Kenya notes with concern the negative returns obtained on IFAD's Investment Portfolio during the Third Quarter of 1999 but welcomes positive reports on returns for the last quarter of 1999. Kenya supports the approval of IFAD's Programme of Work and Budget for 2000 amounting to USD 482.2 million. Kenya also supports the approval of IFAD's administrative budget for 2000 in the amount of USD 55.39 million. However, there is general concern among the African group regarding the allocation of technical assistance grants and it is hoped that IFAD's management will look into this issue.

Madam Chairperson,

Kenya welcomes IFAD's involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI), and it hopes for its enhancement as this will go a long way in alleviating the problems faced by these countries.



Finally, once again on behalf of the Government of Kenya and on my own behalf, I wish to thank IFAD for the assistance extended to Kenya during our long-standing cooperation. We therefore look forward to continued cooperation for the benefit of the people of Kenya in the years ahead.

Thank you.



Statement of the Acting Governor for the Republic of Niger

Madam Chairperson,
IFAD Governors,
Representatives of international institutions,
Distinguished Guests,
Ladies and Gentlemen,

Let me, first of all, say that it is a great honour and privilege to speak on behalf of the Government of the Republic of Niger to this august assembly on the occasion of the Twenty-Third Session of the Governing Council of the International Fund for Agricultural Development.

On behalf of my delegation, I wish to associate myself with previous speakers in congratulating the Chairperson and the Vice-Chairmen on their election. I would also like to congratulate the President of IFAD and his staff for their consistently excellent work.

In many African countries, difficulties linked to political and institutional instability still seriously obstruct socio-economic development, particularly in the rural sector. The situation in Niger provides a perfect example of that type of situation. However, after a decade of problems brought about by political instability, my country now has a stable, democratically elected government that is acknowledged as such by all partners in the international community. The President of the Republic, His Excellency Monsieur Tanja Mamadou, accords high priority to promoting rural development during the course of his mandate.

To that end, my Government has strengthened the institutional framework for rural development by adopting the document entitled "Strategy for Sustainable Agricultural Growth", setting out the country's long-term development strategy.

Thanks to that strategy, encouraging results have been obtained at the field level. The consolidation and strengthening of those results have been accorded major priority in the Government's programme of work, the objectives of which are:

- full control of water sources through promotion of small reservoirs of water for use in agriculture or for livestock;
- the diffusion of simple cropping methods suitable for use in diversifying and intensifying production;
- the promotion of agricultural outlets which benefit from comparative advantage for export;
- strengthening farmer organization through the promotion of grass-roots rural communities;
- strengthening the capacity of decentralized financial systems as an alternative to funding activities in rural areas;
- environmental conservation and integrated natural resource management;
- promotion of employment in rural areas.

As you know, for some years the Nigerien economy has been facing a deep and persistent crisis. Dominated by uranium mining activities, the modern sector experienced severe difficulties following the drop in mining revenue from the beginning of the 1980s, obliging the country to resort to outside resources. Over the years, this worsened the country's debt and restricted the State's budgetary resources to tackle basic needs.



With the drop in revenue from uranium mining, the rural sector has today become the main driving force of economic recovery. It contributes:

- 85% to employment
- 25% of total export receipts, between 1991 and 1995
- 100% of non-uranium export revenue.

Madam Chairperson,

Despite all these difficulties, Niger is nonetheless a land of hope, rich in resources, and populated with women and men aware of the need to take their destiny in their own hands.

Hope is justified because there is real awareness of this situation among the population. There are initiatives to reverse the bad trends, notably in the application of sound practices for natural resource management, and women are increasingly taking part in decision-making at all levels.

To ensure this strategy for sustainable agricultural growth is implemented effectively, national deliberation is underway in order to develop the following programmes:

- a national programme for natural resource management;
- a programme to promote rural organizations and sectoral professionalization;
- a programme to intensify, diversify and promote the sectors;
- a programme for technology development and transfer;
- a support programme for funding in rural areas;
- a food security programme;
- a programme to develop the institutional, legal and organizational framework.

At a political level, all these ongoing reforms in our country can only be successful if the country is assisted in the search for a stable political and institutional situation as the basic element enabling national energies to work in favour of development.

As regards the economy and public finances, the debt burden weighs heavily on our will to meet the challenge of eradicating poverty and that is why the Initiative to alleviate the debt of the poorest countries represents in our eyes a measure of international solidarity worthy of the backing and support of the whole international community, in the forefront of which features the international Fund for Agricultural Development and all the representatives of international institutions who have honoured the work of this august assembly with their presence.

To finish, I would like to take this opportunity to state that my country fully supports the project process on:

- the world alliance against hunger and poverty;
- the World Conference on Desertification Control;
- the alliance for food security organized around FAO, IFAD and WFP, whose synergy efforts over many years I would like to acknowledge in passing.

Madam Chairperson,
Governors,

Thank you for your kind attention.



**Statement by the Governor for
the Kingdom of Swaziland**

Madam Chairperson,
Mr President,
Fellow Governors,
Distinguished Delegates,
Ladies and Gentlemen,

It gives me great pleasure to be here today participating in the Twenty-Third Session of IFAD's Governing Council, the first in the twenty-first century. On behalf of my delegation and on my own behalf, I bring with me cordial greetings from the people of Swaziland, His Majesty's Government, the King and the Queen Mother of the Kingdom of Swaziland.

May I congratulate you, Madam Chairperson, first and foremost on your assumption of your tenure of office. I am certain you will do your duties ably.

Madam Chairperson,

The Kingdom of Swaziland has benefited immensely from the relationship with IFAD, which dates back more than twenty years. Currently the country is implementing the Smallholder Agricultural Development Project, which is in its last few years of implementation. Progress is good overall and positive impact is visibly witnessed on the lives of the rural population of the people of Swaziland. Because of these encouraging developments for which IFAD deserves the praise, my country will be calling on your organization for more assistance to improve further the lives of the poor and underprivileged. As I speak, my country is preparing for a donor summit to be held in the not so distant future, of which IFAD will be part.

The country is bracing itself to undertake what could be the largest smallholder irrigation programme in sub-Saharan Africa, the Komati and Lower Usuthu Development Projects. We are confident IFAD will favourably consider supporting the country in its endeavour not only to get people out of poverty but also revolutionize the smallholder sector by turning it around from purely subsistence production systems to commercial production systems.

Smallholder agriculture is gaining momentum in the other subsectors, namely, beef, dairy, pig and poultry production. These initiatives, which are actively encouraged by Government, are in fact the key areas in which the IFAD-supported Smallholder Agricultural Development Project is directly involved.

My Government believes that agriculture will remain the key sector and the engine for economic growth in Swaziland. Furthermore, we believe that this sector offers meaningful hope for the involvement of the rural poor in the economy of Swaziland.

All these efforts reaffirm our commitment in fighting hunger, reducing poverty, combating the causes and inhibiting the wider consequences of both. We believe that the success of every programme we espouse, every project we undertake, every endeavour IFAD and the Government of Swaziland support has to be measured by the extent of their contribution toward alleviating poverty. Time after time IFAD has recommitted itself to this approach.

As we confront the challenges of the new millennium, indeed a new age, let us clarify our vision, deepen our understanding of issues surrounding poverty so that we can appropriately confront their increasing complexity.



Madam Chairperson,

It is saddening that despite the marvels of science realised in the last century we are still failing to harness these marvels so as to end human misery, empower the weak and the marginalized. Previous speakers have eloquently and vividly outlined the magnitude and gravity of this problem. This alone is reason enough for organizations like IFAD to continue supporting the plight of the poor.

As we begin the new century, let us maintain the issue of hunger and poverty high on the global agenda. Let us double our effort in combating these chronic problems, which are robbing a large percentage of the earth's population from fully enjoying life and the socio-economic benefit arising out of man's activities on this planet.

I am aware that there are quite a number of hurdles along the way such as the impact of the aids/HIV pandemic, especially in my part of the African continent, and the floods that my country is experiencing as we speak. All these calamities make it extremely difficult to realize our goals, but we will not despair.

Before I conclude, Madam Chairperson, allow me to comment briefly on one item in our agenda. I am particularly pleased that the Fund has consistently taken a keen interest in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its enhancement. Indeed, debt is one of a variety of elements that has put most of the developing countries in poverty.

At this point I wish to pledge to IFAD's President my country's continued support to the organization and its foremost vision of addressing the problems of the poor among our communities. I wish the organization and its Member States many more successful years in the global endeavour to transform the lives of the rural communities in the developing world.

I thank you.



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

Madam Chairperson,
President of IFAD,
Distinguished Governors,
Ladies and Gentlemen,

Allow me first of all to associate myself with previous speakers in congratulating the Chairperson and Vice-Chairmen on their election.

I am pleased to convey Tunisia's appreciation of IFAD's untiring work to promote food security and agriculture throughout the world and of its contribution, with FAO and WFP, to eradicating poverty and hunger in the needy countries. That work is all the more praiseworthy since IFAD is faced with:

- the need to coordinate its activities with those of other relief organizations in the interests of greater effectiveness;
- the ever-growing number of needy people as a result of natural disasters, economic crises and conflicts; and, in particular,
- decreasing levels of available financial resources, which pose a threat to the relief organizations and give rise to greater concern regarding the world food situation.

On the occasion of this Council, I wish to reaffirm Tunisia's support for FAO, WFP and especially IFAD, and appeal to the international community to help the three institutions to fulfil the tasks entrusted them.

I wish to congratulate IFAD — and especially its President — on the quality of its technical staff and the effectiveness of its work in the fight against poverty.

The Fund's programme of work for 2000 and the goals set are all the more appropriate inasmuch as it is called on to provide facts and figures on a number of pressing concerns.

IFAD's strategy for defining its priority actions meets our requirement inasmuch as it:

- guarantees beneficiary participation, especially rural women;
- ensures an effective IFAD field presence;
- sets up a database on rural poverty; and
- works as a team, in a transparent and decentralized manner.

While noting with satisfaction that IFAD intends to publish a report on rural poverty in September 2000, Tunisia recommends that other specialized organizations be asked to contribute to that effort.

IFAD's participation in the international initiative to provide debt relief to the most heavily indebted poor countries, of which 41 have been identified to date, will go a long way towards eradicating poverty, and Tunisia extends thanks to the countries and organizations that support this action. My country welcomes the idea of linking action aimed at reducing debt with interventions foreseen within the framework of the United Nations Convention to Combat Desertification. We also encourage the Fund to make use of the private sector in the fight against hunger, especially companies involved in processing, marketing, trading and transportation, which have considerable potential in the agrofood sector.



Tunisia recommends that IFAD should further adapt its multidimensional approach in terms of replenishing its financial resources, capitalizing knowledge and experience, and involving voluntary organizations in action to eradicate poverty and hunger.

While congratulating the Council on approving IFAD's Programme of Work and Budget for 2000, Tunisia supports the new replenishment exercise to provide the organization with sufficient resources to meet its responsibilities. As in the past, my country will make a substantial contribution to the replenishment, in accordance with its means, and calls on all Member States to make an additional effort so that the Fund's efforts to assist millions of needy people in the rural areas can be pursued further, in particular by:

- concentrating assistance in the poor countries;
- making rational use of natural resources while respecting biodiversity;
- combating marginalization of the rural areas to provide a stronghold against pollution, hunger and desertification;
- producing sufficient quantities of basic products and supporting sustainable development.

Madam Chairperson,
Ladies and Gentlemen,

Relying essentially on its own resources, Tunisia is firmly committed to the goal of sustainable development. The results so far obtained clearly demonstrate the wisdom of that approach, as the number of people with incomes below the poverty threshold dropped from 12% in 1986 to less than 6% in 1995.

The President of the Republic of Tunisia, His Excellency Zine El Abidine Ben Ali, accords high priority to the country's social and economic development. Support mechanisms implemented to date, such as the National Solidarity Fund 22-26 and the Employment Support Fund 21-22, are effective ways of strengthening development. These funds, which complement Government interventions, are supported by the community and directly concern the most vulnerable strata of the population.

For my country, programmes for promoting agriculture, the conservation of resources and a balanced domestic market constitute an important contribution to the multilateral community's efforts. Tunisia intends to promote and pursue those efforts with the help and support of organizations such as IFAD and with countries that share our faith in these noble ideals.

Thank you.



**Statement of the Alternate Governor
for the Bolivarian Republic of Venezuela**

Madam Chairperson of the Governing Council,
Mr President of IFAD,
Esteemed Governors, Executive Directors,
Ladies and Gentlemen,

Madam Chairperson,

First of all I should like to congratulate you on your appointment, as well as the distinguished Vice-Chairmen, to whom I extend my congratulations.

It is a real honour to represent my country at this Session of the Governing Council, which marks the beginning of the new century.

On this occasion I wish to emphasize that, for Venezuela, being a Member of IFAD means being part of a pioneering, enterprising institution that brings a wealth of experience to the fight against rural poverty in the world. We have given our support to this institution for the more than twenty years of its life, and it can count on our continued presence and active cooperation.

Esteemed Governors, at the end of 1999, just a few weeks ago, Venezuela suffered the worst natural disaster in living memory. The official figures, though not definitive, put the number of dead at more than 20 000, the injured at 150 000, and the missing at more than 6 000 persons. The material damage amounts to USD 25 billion. But the figures are merely indicative. The real scale of the catastrophe will soon become apparent. The Venezuelan Government is making every effort to deal with this terrible tragedy.

In this connection, allow me, in the name of the Government of the Bolivarian Republic of Venezuela, to thank the representatives of the governments of the friendly countries worthily represented here for the consideration, solidarity and sympathy they have shown for the people of Venezuela: these have taken the form of humanitarian actions, including material donations, which have been of enormous help in the work of recovery and reconstruction recently undertaken.

IFAD's help in this endeavour will be greatly appreciated: we hope to relocate part of the affected population to rural areas, in which case we shall need the advice and support of IFAD, of its vast experience, and of the resources necessary for undertaking successful projects.

Despite the natural disaster, we may describe 1999 as a year of important changes in the Venezuelan political scene, characterized mainly by the birth of a Constitution and by the adoption of an economic policy whose implementation will, it is hoped, be improved by the macroeconomic aggregates for the year. We think we can reverse or reduce the decline in economic activity that occurred in spite of the encouraging results in controlling inflation and the favourable performance of the external sector of the economy shown in the overall balance-of-payments surplus.

Moving on to other matters, I should like to refer to the debates of the recent Consultation, the result of which – the report “Partnerships for Eradicating Rural Poverty” – represented an enormous effort to address in one document not only IFAD's resource requirements but the basic lines of the institution's policy for the next few years.

In this connection, we wish to emphasize that IFAD should not forget its *raison d'être*, its fundamental objective, as defined in its mission statement: IFAD's mission is to work with the



poorest populations in the rural areas of developing countries to eliminate hunger and poverty, enhance food security, raise productivity and incomes, and to improve the quality of their lives through improved access to productive resources and empowerment. This mission must be IFAD's main aim, and in order to achieve it no arguments detracting from it should be considered. This is why it is our opinion that the adoption of measures conditioning the granting of loans, above all those relating to governance, should not be the main factor in providing support for populations that receive assistance from IFAD. As they have by no means chosen the way of life that has befallen them, let us not deny them the opportunity of benefiting from our aid.

As regards the other particularly significant issues addressed at this Session, we think it is important to give IFAD the concrete possibility of continuing its work: the Fund should have budgetary levels in line with the activities it performs. We therefore support IFAD's Programme of Work and Budget for 2000, and we congratulate the Executive Board for having achieved consensus on this important matter.

Lastly, the Government of the Bolivarian Republic of Venezuela has decided, in view of the importance it attaches to IFAD and despite the budgetary problems we shall have to deal with in the next few fiscal years, to support the Fifth Replenishment of IFAD's Resources, which we hope will be successfully concluded.

Esteemed representatives, bear in mind that Venezuela, in its dual role as a donor country and a recipient of IFAD assistance, expects to continue its excellent relations with the institution and suitable support, above all in the situation our country is experiencing.

Madam Chairperson,

You may count on Venezuela's full cooperation, with a view to ensuring that the proceedings of the Governing Council, which you worthily direct, may have favourable results. Once again, I assure you of our complete support.

Thank you.



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 Paolo De Castro,
Minister for Agricultural Policies and Forestry of the Italian Republic**

Madam Chairperson,
Distinguished Governors,
Ladies and Gentlemen,

It gives me great pleasure to welcome His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic, who has graciously accepted to deliver the inaugural message of His Excellency Carlo Azeglio Ciampi, President of the Republic, and to address this Council on behalf of his Government. Over the years each of the inaugural sessions of the Governing Council has been honoured by the presence of Italian dignitaries, a clear indication of our host Government's interest in the Fund.

Italy has always played an important role in the life of IFAD. In his first statement to the Governing Council, Mr Abdelmuhsin Al-Sudeary, the founding President of IFAD, stated that there could not be a more fitting venue for such an organization than the ancient city of Rome, which had witnessed so much history – and that on that day history was being made with the creation of this new type of international financial institution. That was in 1977. I am sure you will all agree that as we commence this Session, 23 years later, IFAD has indeed made history in the field of rural poverty alleviation.

No small part of the success the Fund has had in its operations must be attributed to the generosity of our host country. As one of IFAD's original Member States, Italy's unwavering moral and financial support of the Fund is matched only by its place in the international community as a major contribution to global aid.

Mr Minister, your presence here today once again demonstrates your Government's strong commitment to the Fund. I am sure I speak on behalf of all those present in expressing our gratitude to you and, through your Government, to the generous people of Italy. Thank you for joining us here today.



**Inaugural Message of His Excellency Carlo Azeglio Ciampi,
President of the Italian Republic
Delivered on his Behalf by His Excellency Paolo De Castro,
Minister for Agricultural Policies and Forestry of the Italian Republic**

Madam Chairperson,
Distinguished Governors,
Distinguished Heads of Delegation,

IFAD's Twenty-Third Governing Council gives me a welcome opportunity to voice my most sincere appreciation for everything that IFAD is doing to achieve food security and reduce poverty in the developing countries. These objectives are among the great challenges of the new century.

Unfortunately hunger is continuing to spread throughout the world: we perceive this in the recurrent food and humanitarian aid crises, and the World Bank statistics confirm it. In my address to the Diplomatic corps last December, I recalled that despite the most praiseworthy efforts that have already been made, they are still insufficient.

The international community must commit itself more radically still, using the vast available resources to the best possible effect. The United Nations, governments and non-governmental organizations must establish a huge global alliance to combat hunger and poverty. The first essential step is to enhance cooperation among the three main international organizations responsible for agriculture and food: IFAD, the Food and Agriculture Organization of the United Nations and the World Food Programme. I would also like to see national and international operations being monitored, in order to ensure that the resources we are deploying produce the maximum results.

Italy is pleased to be able to host IFAD and the other Rome-based United Nations agencies, and will continue to support their efforts to launch projects designed to raise living standards in the poor areas of the world. This is the spirit underlying Italy's considerable appropriations of financial resources, making her today one of the main donor countries.

I extend a warm welcome to you all and offer you my best wishes for a successful Governing Council and for all IFAD's work.



**Statement by His Excellency Paolo De Castro,
Minister for Agricultural Policies and Forestry of the Italian Republic,
on Behalf of the Government of the Italian Republic**

Madam Chairperson,
Honourable Governors,
Ladies and Gentlemen of the National Delegations,

A few weeks ago, celebrations were held in many parts of the world to mark the arrival of the new millennium.

We commemorated the huge progress made by humankind over the last century, especially in the fields of science, technology and communications, despite terrible disruptions caused by catastrophic and highly destructive wars, including two world wars.

We toasted to a better world, anticipating future decades of conquests, discoveries and developments that until just a few years ago were beyond imagination. At the same time and on the same planet, all too many human beings were suffering from malnutrition, from sickness denied adequate treatment, and from the effects of local armed conflicts.

It is on this other face of the human condition that we must now reflect with a critical and self-critical eye.

We have done so several times before and in various national and international fora, where we have undertaken solemn commitments at the highest political level, one of the most recent occasions being the World Food Summit held here in Rome in November 1996.

It is obvious that we still have a long way to go. The Food and Agriculture Organization of the United Nations (FAO) and the World Bank recently confirmed that the number of people throughout the world suffering from malnutrition or living in poverty has steadily risen rather than gradually decreased as we had hoped it would when we set ourselves the goal of achieving a 50% reduction in poverty and malnutrition by the year 2015.

The efforts made by national governments, by international organizations, by non-governmental organizations (NGOs) and by civil society as a whole, though often generous, have so far proved to be insufficient compared to the gravity and complexity of a situation that is becoming increasingly unacceptable as days go by. It is unacceptable to our moral conscience, and it is unacceptable in terms of the effect it has on the balanced development of our planet and on the peaceful coexistence of the peoples living on it.

Those efforts must be pursued with greater determination. All the actors in the fight against world hunger, in both the public and private sectors and including the beneficiaries themselves, must strive, each in its own domain, to join forces to achieve our common objective.

We cannot accept the idea, or indeed the reality, of a world divided into areas of wealth and growing development, on the one hand, and, on the other, areas beset by poverty and underdevelopment or even undergoing further impoverishment.

The ongoing process of globalization should not contribute to aggravating this situation. The increasingly integrated world in which we live must guarantee not only economic freedoms – that is to say, freedom of enterprise, trade and financial movement – but also and above all the individual freedoms granted to each and every human being in the United Nations Declaration of Human Rights.



More specifically, globalization must protect and foster what is the most precious asset people possess – namely, their dignity.

In this context, each subject has a part to play, and it can clearly be seen how beneficial and meritorious IFAD's specific action is. The Fund has fulfilled its mandate for more than 20 years now, financing a growing number of development projects in a large number of countries, and thereby improving the living standards of millions of households.

IFAD's strategy of developing food and agricultural systems still appears to be the most effective and lasting way to achieve food security. This strategy is the best means of improving the productivity and contribution of agriculture in the poorest countries, and of providing more concrete development prospects for rural areas, in which, we must not forget, the vast majority of poverty-stricken populations are concentrated.

This strategy has become vital for developing countries, and in particular those confronted with food insecurity, to enable them to address the process of worldwide economic globalization and the profound impact it has on international trade and the availability of agricultural and food products.

Securing the sustainable and balanced development of agriculture in rural areas also constitutes a crucial step towards resolving the social and ethnic conflicts that have given rise to the many complex crises and humanitarian emergencies the international community has had to deal with in recent years, and that have entailed the mobilization of considerable resources. We must increase the amount of attention and commitment, including in terms of resources, that we devote to the pursuit of a lasting structural improvement of conditions in rural areas

Through its programmes, IFAD makes a remarkable contribution to demonstrating the value of soft loans as an effective tool for implementing public-sector policies on development assistance. On the operational level, that means granting loans aimed specifically at promoting economically sustainable operations capable of setting a process of social advancement in motion. What is more, the strategy of sharing partnerships with NGOs as well as with new actors, such as the private sector, opens up promising new perspectives and must definitely be encouraged.

In this regard, I would like to emphasize IFAD's specific role, its sound strategy planning and the good governance and operational efficiency that have enabled it to provide a high level of funding and support to rural development. This accomplishment has been further enhanced by the cofinancing and partnership arrangements it has made with other organizations. I would also like to take this opportunity to commend the Fund for the quality of the work it has accomplished for more than 20 years, which should stand as an example to the entire international community.

Another field in which IFAD's insight and skill could be put to beneficial use is that of converting the external debt of developing countries into national investments. If used sensibly, investments thus channelled could provide a huge contribution to developing the food and agriculture sectors of emerging countries.

Food security – that is, the guarantee of basic survival conditions for individuals – is in fact a global problem. Worthy of mention on this subject are the successful results obtained by certain forms of support, such as IFAD's microcredit arrangements for rural development combined with integrated operations to safeguard natural and environmental resources.

Another such result is the fact that IFAD has been entrusted with the Global Mechanism to fund the Convention to Combat Desertification.



Italy has the honour of hosting IFAD as well as FAO and the World Food Programme (WFP). This focal point of food and agriculture in Rome is something we aim more than ever to develop, endowing it with a synergistic and rational intervention capability, and enhancing its role as a multiplier of financial and human resources. In this way, we intend to make it become, in real terms, what it should and must necessarily be: an engine of food and agricultural development in all least developed countries, not only in Africa but also in Asia and Latin America.

We are delighted to see that the efforts made by my country to provide IFAD with a headquarters that befits its mission are paying off, thanks to the dedicated joint action of all those involved.

This is also because Italy earnestly supports the United Nations reform process, the objective of which is precisely that of making the manifold activities of the system more rational, more synergistic and consequently more effective.

In the same spirit, we are heartened by the recent progress made towards renewing the partnership between the three Rome-based international organizations that deal with food and agriculture. FAO, IFAD and WFP, each with its specific operational strategies, have the potential to achieve a significant level of synergy, exploiting their complementary functions to the full. The fact that unlike other international organizations, they share a vocation and a mandate to achieve food security and rural development means that they are able to forge a very strong international alliance in this extremely important sector of sustainable economic and social development.

It is with the very same approach in mind that Italy, supported by the European Union, put forward the idea of a coalition among FAO, IFAD and WFP to pursue food security, a coalition open to outside contributions from the public and private sectors and also to collaboration with NGOs and civil society. Indeed, this approach is in keeping with the reform of the economic and social sectors of the United Nations, a project designed to make the planning and coordination aspects of operations, at both central and field levels, part of one and the same strategy.

Thank you Madam Chairperson.



**Statement of Appreciation by the Governor for the Republic of Kenya
on Behalf of the Member States of IFAD, for the
Inaugural Message of His Excellency Carlo Azeglio Ciampi,
President of the Italian Republic,
and the Statement of the Government of the Italian Republic,
Delivered by His Excellency Paolo De Castro,
Minister for Agricultural Policies and Forestry of the Italian Republic**

Your Excellency,
Ladies and Gentlemen,

It is indeed a pleasure for me to express, on behalf of all the Member States of the Governing Council, our sincere gratitude for Your Excellency's presence here today. Your statement and the message of the President of the Republic have highlighted the interest your country takes in the work of IFAD.

Italy's invaluable international role in the worldwide fight against hunger and poverty is universally recognized. All of us here today are well aware of the important contribution your country has made to the resources of the Fund, an organization that has repeatedly demonstrated its ability to use its resources and expertise to improve the plight of the rural poor. But it is only thanks to countries such as Italy that this is possible.

Mr Minister,

May I take this opportunity to thank the people and the Government of the Italian Republic for their generosity and support of IFAD.

Countries such as mine have been able to benefit from this support, and on this occasion I would like to voice a thank you on their behalf as well.

In conclusion, allow me once again to thank Your Excellency for opening our Session.



**Video Message of Mr Kofi Annan,
Secretary-General of the United Nations**

Excellencies, Ladies and Gentlemen,

I am pleased to convey my best wishes to you as you open your first Governing Council of the twenty-first century. As the century opens, almost half the world's population is forced to live on two dollars or less a day. More than a fifth live in abject poverty. Two billion people have no electricity and 1.5 billion no access to safe drinking water.

Never has the mission of IFAD been more important: to empower the poorest populations in the rural areas of developing countries; to help them increase their productivity and income; to improve their nutrition level. In short, to help them survive and even make a decent living.

The strength of IFAD's work is that it builds on local innovations that come from within rural communities. You have shown that such ideas can form the basis for simple, effective and durable solutions to local problems. Your experience is unique. Building on this is crucial if we are to stand a chance of reversing the plight of the poor.

But even the most innovative approaches to poverty alleviation are bogged down by the continuing burden of debt. IFAD contributes significantly to the Heavily-Indebted Poor Countries Debt Initiative. To be able to carry out its mission effectively, it is essential that Member States do all they can to make IFAD's financial position as strong as possible.

I ask this for the sake of the poorest: for the small farmers, the rural landless, the fisherfolk and the nomads with a few sheep or cattle. For the indigenous people and, across all groups, for the poor rural women. On behalf of the United Nations, I wish you a most productive Session.



**Welcoming Statement by the President of IFAD, Fawzi H. Al-Sultan,
on the Occasion of the Visit of His Excellency Idriss Jazairy,
Special Representative of the President of the People's Democratic Republic of Algeria
and Ambassador of Algeria to the United States of America
to Deliver the Message of His Excellency Abdelaziz Bouteflika,
President of the Republic and Chairman of the Organization of African Unity**

Madam Chairperson,
Distinguished Governors,
Ladies and Gentlemen,

It gives me great pleasure to welcome His Excellency Mr Idriss Jazairy, Ambassador of the People's Democratic Republic of Algeria to the United States of America, who is here to deliver a message from His Excellency Mr Abdelaziz Bouteflika, President of Algeria.

Algeria has played a pioneering role in the effort to bring about a more just and fair international order. One of the fruits of that effort was the World Food Conference of 1974, which led to the establishment of the International Fund for Agricultural Development. It was thus most appropriate that Ambassador Jazairy served as IFAD's second President. We very much appreciate the warm and strong interest that he stills demonstrates for the Fund.

Unfortunately, due to conflicting engagements, President Bouteflika has not been able to be with us here today. We are well aware of the onerous responsibilities he carries, not only within his own country, but in Africa as a whole, as Chairman of the Organization of African Unity. We greatly look forward, however, to hearing the message he entrusted to Ambassador Jazairy.



**Message of His Excellency Abdelaziz Bouteflika,
President of the People's Democratic Republic of Algeria
and Chairman of the Organization of African Unity,
Delivered on his Behalf by His Excellency Idriss Jazairy,
Special Representative of the President of
the People's Democratic Republic of Algeria and
Ambassador of Algeria to the United States of America**

Madam Chairperson,
President of IFAD,
Esteemed Ministers,
Excellencies, Ladies and Gentlemen,

On behalf of His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria, I have the honour of conveying warmest good wishes to this august assembly for the success of its deliberations. The President thanks you sincerely for your kind invitation to attend this important meeting, and has charged me to represent him here. It is in this role that I speak to you now. I take the opportunity of offering my sincere congratulations to the President of IFAD, his Vice-President and Assistant Presidents, for the remarkable task they have accomplished in the service of our organization.

The President of the Republic has asked me to speak on three main points, namely:

- the replenishment of IFAD's resources;
- the Programme of Work and Budget for 2000; and
- the initiative of President Bouteflika for organizing, in Algiers in the late summer of this year, a national conference on the fight against poverty and marginalization.

I. The replenishment of IFAD's resources

In order to grasp the present situation in all its complexity, it is necessary to glance back at the reasons why IFAD came into being. In the first stages, OECD countries discerned in IFAD one way of enabling OPEC developing countries to share in the financial burden of the struggle against rural poverty in developing countries in general. OPEC countries, for their part, wished to take advantage of the rise in oil prices in order to provide a spearhead for a Third World clamouring for more democracy and a more central role in the running of international financial institutions. They accordingly agreed to share in the financing of IFAD, and this, when set against their GNP, was infinitely heavier for them than for their OECD partners. As a countervailing benefit to this and, though voting was rare in IFAD, the developing countries together held two thirds of the voting rights in the Fund. A gentleman's agreement reached at the time the Fund was established reserved key posts among the higher echelons of the organization for these countries. Algeria's deeply felt commitment to IFAD owes something to this original aspect of IFAD's structure and to its mandate. I shall be speaking about the mandate later.

When petroleum prices slumped during the last decade, the other developing countries were asked to share in OPEC's financial efforts. That appeal did not go unheeded. Algeria pays homage to those other countries for the considerable financial effort that they took upon themselves from one Replenishment to the next in order to ensure that the Third World should retain the place that OPEC countries had made possible for it. This means that emerging countries have a right to be represented among the higher levels of the team running IFAD, a team that would gain by ensuring within its



numbers a balance of men and women consonant with the new image of what the institution is about. One could wish that such a balance, which I must admit was not achieved right at the beginning and has not been achieved since, might be brought about when the new management team takes up its duties next year.

The aggregate share borne by the developing countries, standing at 35.75% of the initial resources of the Fund at the beginning, reached its highest level, at 41.38%, at the Second Replenishment, to fall to around 30% at the last two Replenishments. Of course, the reference here is to IFAD's initial resources, on which the burden sharing arrangement has always been calculated. We here have an unprecedented effort of a group of countries taken together, in a world financial institution, contributing more than one third of the USD 3.4 billion capital making up IFAD's initial resources.

Despite the difficulties facing it, Algeria has punctually paid in nearly USD 50 million. It reduced its contribution at the most recent Replenishment to a symbolic level because of the uncertainties surrounding the preservation of the identity of IFAD. On the one hand, there was erosion of the tacit agreement among the countries making up the different categories as to the geographic distribution within the organization's management structure; and, on the other hand, the original character of IFAD's mandate was gradually diluted. The Fund has become the victim of its own success in encouraging the other financial institutions to place the struggle against poverty in the forefront of their priorities.

Whatever the position that one or other OPEC country may take, Algeria is ready to return to making a substantial contribution to the next Replenishment — on two conditions, namely, that:

- In the first place, a halt shall be called to the erosion of the tacit agreement operative in the early days concerning Third World representation, without discrimination, in the management of the Fund. The fact is, we cannot subscribe to a position that goes counter to the Declaration of African Ministers to UNCTAD X where (in paragraph 12) a "greater and effective share in decision-making of the international financial institutions" is claimed for developing countries.
- In the second place, the Fund must be newly inspired in the pursuit of its mandate and retain its lead over the other international financial institutions in the struggle against poverty.

II. The Programme of Work and Budget for 2000

In its earliest years, IFAD disbursed its resources for financing projects chosen for the most part from the portfolios of other financial institutions or for standard projects for integrated rural development. This was justified in the light of its lack of experience. Again, at the time, OECD countries placed emphasis largely on having the burden shared by OPEC countries rather than on innovation at IFAD in project design.

The fall in petroleum prices and its impact on the ability of OPEC countries to pay their contributions aggravated this already unstable equilibrium. One of the principal donors even decided to withdraw from IFAD, which was then – at the time of the Second Replenishment – going through a financial crisis threatening its very existence. A renewed credibility had urgently to be found, by making its ability to be in the vanguard of the fight against rural poverty its true *raison d'être*.

The strengthening of the Economic and Planning Department in terms of its mission in strategic innovation, and the Fund's intervention at the stage of project identification and appraisal conferred on IFAD the necessary authority to take on a convincing leadership role in the struggle against



poverty. Being restored to its rightful level in this way had its effect on the administrative budget in terms of something more important than the mere cofinancing of projects designed elsewhere. Yet it saved the Fund from imminent disappearance. In this way, IFAD was able, in rapid succession, to have two Replenishments in four years. The task of bringing matters back to their rightful level having been completed by 1992, the administrative budget became stabilized in that year; and there was no compelling reason for continuing to increase it at the same rate to the point where, in 1999, we had the astronomic levels contemplated in the Programme of Work and Budget for 2000 (document EB 99/68/R.7, Box 3 on page 17).

As things are, performance is to be appreciated not only in terms of reductions in costs but also in the relationship between the results shown in the account books and the “value added” by what the Fund does during the financial period in question.

The Governing Council provides us with an opportunity to question ourselves as to how our organization can press on in its unremitting quest for excellence.

While we are satisfied with the regular growth in the level of the Fund’s commitment, we regret that Algeria has received no loan for eight years despite its difficult situation. It is our wish that consideration may be given to the particularly acute needs of countries now emerging from periods of strife and that African countries may each year be accorded the share that belongs to them in terms of IFAD’s resources. We encourage the Fund to participate actively in the debt-relief initiative for the highly indebted countries, without thereby denying the funding needed for project implementation.

Where projects are concerned, we encourage the organization to continue to draw on its own facilities for project identification, appraisal and direct supervision of the greatest possible number of projects. In this way, it will be able to ensure that its experience is reflected in the quality of its publications. Its capacity for strategic innovation and for conceptualization through the strengthening of the department responsible for studies and policies would further enable the institution to take on fresh inspiration, and thus interpret its mandate in such a way that this continues to be geared to the rapid changes that the globalization process imposes on us. In this connection, one may rightly take pleasure in the forthcoming publication of IFAD’s Rural Poverty Report 2000. IFAD’s earlier Report on the State of World Rural Poverty dates from 1992. Provided it is strengthened, the department responsible for studies and policies would be able, among other things, to put out a regular publication dealing with documents that could be of help in enhancing the world-wide influence of the Fund as a source of intelligence and know-how.

In general terms, it would be appropriate to have reviews of the cost-benefit situation and of the impact on IFAD’s institutional memory resulting from its reliance on outside expertise instead of having certain functions of the organization “internalized” when these are becoming more or less permanent. The periodic re-examination here suggested would take into account the Fund’s strategic innovation, the re-engineering of its operations or the management of where its liquidities are to be invested – these last two areas in particular giving rise to high consultancy fees.

Following the generalization of the struggle against poverty among the development organizations, IFAD must seize back the initiative in order to continue to create added value over and above that of other donors.

The Fund is **the** organization in this field, and one that should not be content with a material definition of poverty in terms of people living on less than one dollar a day. Such a definition has two things wrong about it:



- on the one hand, it considers poor people as consumers and leads to solutions in the form of social networks for the satisfaction of essential needs, in a context where growth is concentrated on the “modern” sector. Yet the Fund has shown perfectly well that poor populations can prove not to be a social burden for the community but rather become the trump card in the generation of growth policies;
- on the other hand, such a definition ignores non-material forms of poverty, which can be the most cruel of all — be they insecurity, the catastrophic consequences of natural or conflict calamities, the denial of fundamental rights, the absence of equality between the sexes or other forms of exclusion.

In one sense, this non-material poverty is aggravated by the definition that seeks to circumscribe poverty within the one dollar-per-day straightjacket.

The elements for the renewal of IFAD’s mission are there to be found, even now, between the lines of the Programme of Work and Budget for 2000. What remains to be done is to review the weight to be assigned to each element in the coming years as part of a wider conception of poverty, and to find an answer to the following questions:

Can IFAD continue with its beacon role among international financial institutions by evolving towards a phase where its efforts are not geared simply to ensuring beneficiary participation – i.e. in such a way as to enable beneficiaries to comprehend the objectives of IFAD’s projects (Programme of Work and Budget for 2000, paragraph 11(a)(i))? Those efforts should aim even more forcefully at making sure that it is the donor that takes part in projects that his beneficiaries have felt the need for. Emphasis should be placed on action that is not only economic but is also sociological, and geared to encouraging the emergence of groups of users and the development of local institutions able to strengthen the position of the poor, and of women in particular, in society. There we have the condition whereby people whom we continue to refer to as “beneficiaries taking charge of donors’ projects” can become “beneficiaries who get the donors to take charge of projects” that they – the beneficiaries themselves – have chosen with the help of facilitators and not of tutors.

Such an approach could be rendered even more efficient through the help that IFAD might give towards the constitution of a development NGO offering services in developing countries. For that purpose, it could consider strengthening its partnerships with national or international associations.

If this is to be done, then the resources called for under “expanded technical cooperation” with NGOs would need to be considerably enlarged. Trilateral agreements with governments or appropriate NGOs could be entered into in such a way as to involve them in the different stages of the project cycle. And, if the donors were to be interested, a special “window” could be provided within IFAD reserved for funding out of voluntary contributions from associations in the different stages of the cycle. Resources of this kind could also be allocated to cofinancing projects or programmes of interest to IFAD target groups, the projects or programmes being designed by NGOs on the basis of local initiatives and with the approval of the Member State in question.

Actions of the kind, proceeding at the level of bilateral aid, have not yet been rendered systematic at the multilateral level. And yet they display remarkable efficacy in ensuring that the impact of projects for the struggle against poverty shall endure over time.



III. The initiative of the President of the Algerian Republic concerning the organization of a national conference on the struggle against poverty and marginalization

If Algeria permits itself, with due deference, to suggest to IFAD the need for a fresh balancing in the pursuit of its mandate, it is because after thorough reflection, we, too, have to bow before the evidence: evidence that, in the past, we failed to make use of this non-measurable but enormous resource – the strength of those who are not strong, namely, the “social capital” represented by our people. We are now determined to harness that strength to the task of eradicating the most glaring forms of poverty and marginalization within a period five years at the most.

My President’s initiative in organizing this national conference in Algeria in late summer this year is geared precisely towards that objective. The conference will bring together the Government, resource persons in the multilateral sector, representatives of NGOs whose own initiatives have met with success in Asia, Africa and Latin America, representatives of Algeria’s associations and certain major NGOs of OECD countries, as well as research persons in Algeria’s universities.

Attention will concentrate on the causes of poverty and marginalization in the Algerian context, and will examine the problem from the standpoint of women, the urban and rural poor, and handicapped and destitute people in the various age groups.

The conference will be called upon to discern ways and means of removing obstacles to the reduction of poverty, be they matters affecting fundamental rights, housing, access to food or a balanced regime, employment, credit, education, training or extension.

The President of the Republic would wish that a trilateral coalition – Government-private sector-NGO – against poverty might be set up. Holding, as he does, IFAD in great esteem, President Bouteflika decided that this great national cause should be announced for the first time on this day that the Governing Council of IFAD is being held, in order to invite your organization and Member States who might be interested in this initiative to contact the Algerian authorities. Where IFAD specifically is concerned, we should hope that the Fund could make available to the organizing committee in Algiers officers concerned with the different stages of the process of preparing the conference and for the three or four days that it is scheduled to last.

To IFAD and other multilateral institutions lending their support we shall be making a Report, which might conceivably lead to similar trilateral initiatives in other countries.

Thank you for your kind attention.



**Statement of Appreciation by the Governor for the French Republic
on Behalf of the Member States of IFAD,
for the Message of His Excellency Abdelaziz Bouteflika,
President of the People's Democratic Republic of Algeria,
Delivered on his Behalf by His Excellency Idriss Jazairy,
Special Representative of the President of
the People's Democratic Republic of Algeria
and Ambassador of Algeria to the United States of America**

Your Excellency,

Thank you for bringing us today the message of His Excellency Abdelaziz Bouteflika, President of the People's Republic of Algeria and Chairman of the Organization of African Unity, which we have listened to with keen interest.

That message, conveying both confidence and encouragement, bears witness to the excellent reputation that IFAD has gained throughout the world. That confidence is based on recognition of a job well done, good leadership, sound management of the resources entrusted to it and a vigilant staff to ensure that its work is targeted to the poorest.

The specific points mentioned by you show that, far from being threatened by extinction, both IFAD and the international debate carried forward by it are very much alive and kicking. Algeria, as an original Member State of the Fund, has actively been an integral part of IFAD's membership both as a donor and a recipient country. That its new President has bestowed on us the honour of sending this message is further evidence of its trust in IFAD.

Mr Ambassador,

As Chairman of the Organization of African Unity, we are certain President Bouteflika well appreciates IFAD's longstanding efforts in Africa and his message to this Council confirms the need for these efforts to continue. You are also aware of the importance that the Government of France attaches to the role of IFAD in the African Continent.

On behalf of my colleagues here today, let me once again thank you, Ambassador Jazairy, for your participation in this Session and ask you to kindly convey the Council's appreciation to President Bouteflika for his inspiring message.



**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**

Madam Chairperson,
Mr President,
Distinguished Governors,
Ladies and Gentlemen,

It is a pleasure to be with you this morning and to have the opportunity to address this Twenty-Third Session of the IFAD Governing Council.

Mr President let me say at the outset that I was delighted not only to hear the Secretary-General, but also to see his image here this morning. Congratulations on the video, I thought it was excellent.

Also at the outset, I wish to assure you of the strong commitment of FAO as an institution, but also of our Director-General personally, to working closely with IFAD in our shared fight against poverty and hunger in the world.

We in FAO consider it absolutely vital to work in close partnership with IFAD. Over the past year I believe that such collaboration has not only continued but it has grown stronger. Indeed collaboration is alive and well among all three Rome-based agriculture and food agencies and I therefore welcome this opportunity to join with my friend and colleague, Mr Namanga Ngongi, the Deputy Executive Director of the World Food Programme, in your opening ceremony today.

Through the complementary mandates of our three organizations, emphasizing international financial assistance, technical knowledge and food aid, we are supporting country efforts to reduce the number of poor and food insecure and to achieve the targets set by the World Food Summit in 1996.

IFAD, with its focus on the poorest and most disadvantaged in the rural areas, has built up unique knowledge of rural poverty alleviation and has become a repository of invaluable experience on approaches to addressing the problems of hunger and food insecurity. In this context, I note the greatly increased awareness today of the importance ascribed to poverty reduction among the bilateral and multilateral donor community. Indeed, IFAD is well placed to ensure that agricultural development remains an essential element in the strategies of all developing countries and donor bodies concerned with attacking rural poverty.

In this regard, I would like to congratulate IFAD on the excellent Synthesis Workshop on Rural Poverty it organized recently. FAO was privileged to contribute to the workshop's papers and the consultations and we are committed to continue our support and our collaboration with you in this important process.

I am particularly pleased to note how, during the past year, our cooperation has expanded in scope. FAO and IFAD now collaborate in a range of joint activities and services both here in Rome as well as in the field. These have encompassed policy-related concerns, such as the international conference held in Maastricht last September, as well as the ongoing Inter-Agency Forum on Sustainable Livelihood Approaches.



In the field our two organizations continue to work together and FAO supports and assists national teams in the design of IFAD's investment projects and programmes. We are also collaborating on such topics as the Debt Relief Initiative; on the Integration of Agriculture and Aquaculture in Eastern and Southern Africa; on the design of agriculture and rural development strategies; on rural financial services in Central America; and on approaches to assisting Asia's upland poor. We look forward to seeing this solid collaboration strengthened further in the years to come.

We have entered a new century full of promise, yet throughout the world this transition remains scarred by the presence of millions of destitute and hungry and by the millions of poor and suffering people who still lack sufficient food to meet their basic nutritional needs. The past year has seen, yet again, the occurrence of devastating floods and storms, as well as the destruction and suffering resulting from human-made emergencies and civil strife. The world's food systems continue to be extremely vulnerable and food security for all people, the over-arching goal of both of our institutions, continues to face diverse and complex challenges.

We in FAO are spearheading our response to these challenges through the Special Programme for Food Security. This is now operational in 55 low-income food-deficit countries: 32 in Africa, 14 in Asia, 7 in Latin America and 2 in Eastern Europe. In addition, several other developing nations which are not classified as low-income food deficit, have decided to implement the Programme and are managing to find resources to do so.

In all of these countries, the Programme applies a multi-disciplinary pragmatic and participative approach to testing at the farmer level new measures to help improve household-level food security. At the same time, the Programme identifies the technical, institutional, socio-economic and policy constraints that may need to be addressed by wider-ranging policy measures, in order that a future expanded phase will have a sustainable and positive effect at the national level.

It is intended that the experience and lessons acquired during the initial phase will serve as a platform for attracting support in the context of large-scale investment programmes. Already several participating countries are formulating plans for national programmes that will extend the approaches and benefits more widely. Both Senegal and the United Republic of Tanzania plan to extend their Special Programme for Food Security to all the regions of the country and, in the case of Senegal, the Government has already committed significant amounts of its own resources to this effort.

I am pleased to note that the support for the Special Programme continues to grow among both bilateral and multilateral donor communities. IFAD, in particular, is working closely with the programmes in Angola, Ghana, the United Republic of Tanzania and Zambia and our staffs continue to seek avenues for expanded collaboration.

While we strive to respond to the increasing demands from Member Governments in connection with these important initiatives and joint activities, we are, of course, faced with the realities of decreasing resources at our disposal. For the third successive time, FAO's budget for the biennium has been approved in real terms at a level below the previous biennium. We are again seeking ways to streamline our operations, hopefully without foregoing many important activities.

As we go through this belt-tightening process, I would like to assure the Governing Council that our over-arching objective is to ensure that we do not diminish our efforts in support of the poor and hungry in the world.



In this respect, I wish to emphasize that our work with IFAD will be maintained and strengthened wherever possible. I trust that your support for IFAD in the context of the Fifth Replenishment will also manifest itself in the provision of a solid funding base for its continued operations well into this century, and, again, I would call attention to the remarks of the Secretary-General in this regard and I am one of the people who feels that financial commitment is indeed a very good measure of overall commitment.

Madam Chairperson,

On behalf of the Director-General of FAO, I extend to you and the Governing Council every good wish for a most successful Session.



**Message of the Executive Director of the
World Food Programme
Mrs Catherine Bertini,
Delivered on her Behalf by Mr A. Namanga Ngongi,
Deputy Executive Director**

Madam Chairperson,
Excellencies,
Ladies and Gentlemen,

Madam Bertini, who so much enjoys her visits to IFAD and regularly makes statements to the Governing Council, is unavoidably absent from Rome, so it is my privilege to represent her today in this meeting of the Governing Council. She sends her best wishes for a very successful meeting.

Madam Chairperson,

There have been great strides in reducing hunger and disease among the world's poor. As recently as the 1960s, one person in three was chronically hungry. Today that figure is less than one in seven. Smallpox has been eradicated, polio curbed and there has been notable progress in immunizing the world's children, but the eradication of poverty eludes us. Yes, there is a far lower percentage of people who are poor today than half a century ago, but too many have been left out, neglected.

In spite of the targets set and strategies developed in the last decade, the number of abjectly poor people still hovers around 1.2 billion and seemingly we cannot get that figure to budge. These people have a daily wage that could not buy a sandwich here in Rome, or a cappuccino probably, it is really dismal.

The gap between the rich and these "hard-core" poor continues to grow wider and the number of countries categorized as extremely poor has nearly doubled in the last three decades. We can only witness how many countries would like to be treated as LDCs.

We in the United Nations spend a great deal of time bemoaning the fact that the official development assistance (ODA) from richer countries to poorer ones is far from what it should be. That makes poverty reduction harder but ODA, in 1998, which actually rose a bit to USD 51 billion, depending on the figures that we all have access to, was not the major impetus for economic growth in developing countries. ODA was only one-fifth of private flows to aid recipients in 1997, which was about USD 252 billion. In contrast to ODA, private investments skyrocketed by 700% from 1990 to 1997, if I can believe the figures. The problem is that these financial flows largely bypass the people most in need – the people IFAD, FAO and WFP are dedicated to serving. Private investors – and it is hard to blame them – prefer more stable developing countries where they have a better chance of a good return on their investments.

Large-scale international investment and even most of the lending of the development banks bypass many rural poor and that is why IFAD exists and why so much of the development work of WFP and FAO is focused on the countryside. We cannot hope to match the opportunities provided by large-scale private investment but we can create some of the conditions and opportunities needed to move the poorest people out of poverty.

Not long ago UNDP commissioned a study on the relation between economic growth and poverty reduction in 38 countries. The study found that certain patterns of growth were far better than others in lessening poverty and gave, as its strongest example, the economic development in China in



the 1980s and 1990s. There were dramatic decreases in rural poverty in China in the 1980s as the Government focused on agricultural growth and, most importantly, adopted a more free market approach to food production and marketing. The number of rural poor dropped from a staggering 250 million people to 125 million from 1978 to 1985, a period of eight years or so. By contrast, when China shifted to larger investments in industry and production for export in the 1990s, there was no such great dramatic drop in poverty although GNP grew at a staggering rate.

What China did in the 1980s, investing heavily in poor rural areas and agriculture, runs counter to the whole pattern of development assistance in the last few decades. There has been a steady drop in investments in agriculture by the major aid institutions, the World Bank, UNDP, bilateral donors, despite the fact that hunger and poverty are heavily concentrated in rural areas of developing countries, and the migration from these poor areas to the cities is causing major economic, environmental and political problems.

Redirecting more development funds into rural areas and agriculture would be especially useful in addressing the gender dimension of poverty. Seven out of ten of the hungriest and poorest people in the world are female and, at the same time, some 80% of the food producers in Africa are women; nearly 60% in Asia; slightly less, probably 40%, in Latin America. The fact that so much development aid and investment are urban-focused has always placed women at a disadvantage, particularly because it is far more difficult in many cultures for women to be mobile in searching for work. So they stay where they are and they stay poor. Women are often left alone in Africa and in Asia to tend to the family as their husbands migrate in large numbers to the cities looking for jobs.

IFAD, FAO and the World Food Programme are all working hard to help more of the rural poor enter – and profit from – what is now a global economy and, increasingly, we are working together to create the conditions that will allow the rural poor to move into the economic mainstream. FAO and WFP, for example, work together on food aid needs assessments and mapping of vulnerable areas so aid efforts can be targeted better, especially in emergencies like Hurricane Mitch, in Kosovo, East Timor and in other crises.

In 1999 more than 50 WFP country offices had joint activities in which either IFAD or FAO or both participated and planned for that year or for the year 2000. Among these, joint projects with IFAD for 1999 and the year 2000, we had projects which were targeted to 2.2 million people in 18 countries specifically and involving a WFP commitment of some USD 45 million. All are designed in one way or another to help create conditions in rural areas that will allow the hungry poor to take greater advantage of the local economy. WFP provides food-for-work in projects to build or rehabilitate agricultural infrastructure such as water tanks, small-scale irrigation schemes, soil and water conservation, rural roads to local markets and so on.

We are also working together to ensure that the rural poor have the capacity to take advantage of improved infrastructure through training, microfinancing and growing collaboration in gender activities. Last week, the World Food Programme Executive Board approved a new project for China, I seem to be focusing on China today a lot, but it approved a new project for China and noted with satisfaction, I would say great satisfaction, the close collaboration between IFAD and the World Food Programme and specifically asked that this project be used as a model in our joint activities in other countries.

It would be unrealistic to expect that development banks or for that matter developing country governments will change their policies overnight and focus more on agricultural policy reform and investment in helping the rural poor. That is not realistic, but there are worthwhile investments that can be made now, such as those we identified during WFP's recent consultations on the use of food aid for development. Those consultations helped to define better where food aid has comparative



advantages as a development resource. So we can design better collaborative efforts with our United Nations and NGO partners, and especially FAO and IFAD.

With your help, the Ambassadors of the Governing Council of IFAD, the Rome food agencies can mobilize and target more resources on those who need them most – the poorest countries and the poorest people in those countries, especially women. We can try to multiply the benefits from those resources through joint planning and working together even more effectively in the future.



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

Madam Chairperson,
Distinguished Governors,
Ladies and Gentlemen,

May I welcome you warmly to Rome and to this Twenty-Third Session of the Governing Council of IFAD. This year, the beginning of the new millennium, has a special symbolism, underlined by its declaration as the Jubilee Year.

We thank the Minister for Agricultural Policies and Forestry of the Italian Republic, His Excellency Mr Paolo De Castro, for being with us today to deliver the message of His Excellency, the President of the Italian Republic, Mr Carlo Azeglio Ciampi. The message from the President of our host country is deeply inspiring for all of us and re-emphasizes the commitment that Italy has long shown to international cooperation against hunger and poverty.

We are also honoured at the participation at our Council by the President of the Republic of Honduras, His Excellency Don Carlos Roberto Flores. President Flores will be with us tomorrow and will address the Council tomorrow morning.

May I also express my appreciation for the message from the President of the People's Democratic Republic of Algeria, His Excellency Mr Abdelaziz Bouteflika, brought here by His Excellency Mr Idriss Jazairy, who was of course previously President of IFAD and is now Algeria's Ambassador to the United States.

Rome is the headquarters for the major United Nations food agencies. We are grateful to the Secretary-General, His Excellency Mr Kofi Annan, for his warm and eloquent message supporting the efforts that IFAD and others are making to end hunger and poverty. The Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) are important partners of IFAD and in that effort and it is a pleasure to welcome the Deputy Director-General of FAO, Mr David Harcharik, and the Deputy Executive Director of the WFP, Mr Namanga Ngongi among us today. Their presence symbolizes IFAD's close cooperation with our sister agencies in Rome.

Madam Chairperson,

The new millennium has brought predictions about the future marvels that the coming years will bring. I hope that these will be fulfilled and serve to improve the quality of life for the people on the planet. Yet these hopeful expectations contrast starkly and tragically with the everyday reality that today still confronts some 1.3 billion of our fellow human beings, who account for about a fifth of the world's population.

Their poverty has many faces, the isolation of a peasant in a community in the highlands of Bolivia whose main hope is having a usable road to the market town; the misery of a rural family in East Africa with the old and the young, and the adults lost to civil strife or AIDS; the vulnerability of a marginal farmer in Bangladesh struggling to survive in the face of recurrent cyclones and floods. Deprivation and hunger, above all a sense of powerlessness, these are the common elements shared by the absolute poor. At the beginning of this twenty-first century, for hundreds of millions, life continues to be as a seventeenth century English writer characterized it: "poor, nasty, brutish and short".



The international community has now fortunately recognized that hunger and poverty pose what is perhaps the greatest challenge facing humanity in the coming years and decades. The industrialized countries of the Organisation for Economic Co-operation and Development (OECD) and the wider international community in the United Nations, have established an international target to reduce the proportion of those in extreme poverty by half by the year 2015.

This poverty target is within our reach, but it will require sustained commitment and the willingness to make available adequate resources for the task. Poverty eradication has now been accepted as a major objective for all the international development institutions. Yet, paradoxically, though the bulk of the poor live in rural areas, through the 1990s international supply for agriculture and rural development has fallen as a proportion of ODA, which itself has declined significantly.

IFAD is different. Our starting point has been that the poor lack opportunity, not capacity or talent. So for us the key to sustainable poverty alleviation lies not in subsidies or transfers but in helping the rural poor, smallholder farmers, the landless and poor rural women, gain the means to raise their output and build sustainable livelihoods. Drawing on the lessons we have learned in close to 548 projects over the last twenty-two years, we are now building on the major elements that have proved effective in creating opportunities for the poor. Let me highlight four critical areas: credit, water, land and technology.

Smallholder farmers need credit, but they also need access to savings facilities and durable relationships with sustainable institutions. So from microcredit, our interventions are now moving to foster sustainable rural financial systems accessible to the poor, involving a variety of institutions, ranging from informal savings groups and microfinance institutions to commercial banks.

Our longstanding support for small-scale irrigation and participative water control schemes grew out of our focus on the needs of smallholder farmers. Now we are broadening this to a more systematic, conservation-oriented approach to water and soil management for poor farmers. The Fund's role as host organization of the Global Mechanism of the United Nations Convention to Combat Desertification will, I believe, give a new thrust to this effort. We are also supporting initiatives by civil society organizations and others to enhance access by poor farmers to water and land rights, for example in The Philippines, through market-based agrarian reforms.

As regards technology, the demand-driven "lab to land and land to lab" system for technology development and extension that IFAD has promoted, has allowed poor farmers, especially women, to have access to productive technologies relevant to their needs and conditions. Our recent interventions are helping make technology dissemination more local and community-based, allowing smallholder farmers themselves to test and select new varieties and technical packages most suitable to their conditions.

Creating access for the poor to land, water, credit and technology, underpinned by their full participation in the design and management of the interventions, are central elements of the poverty alleviation projects the Fund has supported over the last few years. Each dollar of IFAD lending mobilizes over two dollars more in cofinancing. Thus with its own lending of about USD 450 million per year, the total investment cost of Fund-supported projects averages just under a billion dollars a year. Small though this figure may seem in terms of international capital flows, it is significant in terms of the external support that the rural poor actually receive. In fact as other IFIs have reduced their support for agriculture and the productive activities of the rural poor, IFAD in a number of countries, especially in sub-Saharan Africa, has emerged as a prime source of assistance for agricultural and rural development.



The Fund's projects approved in 1999, on full development, are expected to help some 10 million people gain the means to work themselves out of poverty. If we are assured the resources, IFAD, on these trends, should be able to help some 150 million people move out of poverty between now and the year 2015, a significant contribution to the international poverty reduction target.

Madam Chairperson,

The Fund-supported Zacapa-Chiquimula Smallholders' Rural Development Project (PROZACHI) in Guatemala, cofinanced by The Netherlands, OPEC and WFP, shows how very poor groups are able to respond when offered the chance. The majority of the people in the Zacapa and Chiquimula region where the project is located are indigenous Chorti people, many of whom earned less than one dollar per day and where the majority were illiterate. PROZACHI, working with local NGOs and community organizations, offered these very poor groups credit, an innovative village-based extension system as well as marketing assistance to grow beans, coffee and other tree crops. In addition it also offered poor Chorti women assistance to produce garments that are now finding markets in Guatemala City. Moreover, farmers have been able to raise food production by applying their additional incomes to intensifying food crop cultivation.

The difference can be seen in the words of Matias Suchite, a smallholder coffee grower: "For me it has been a drastic change. In 1995 I was granted a loan for my coffee. Today with fertilizers and technology everything has changed for the better. I now get 20 quintals per *cuerda*, before I had only three. Nowadays we don't have to go to the coffee plantation to earn money".

This same enthusiastic response of the poor is a striking feature of IFAD interventions from Latin America to Africa and Asia. I have seen myself how tribal women in Andhra Pradesh in India, among the poorest of the poor in the country, have been able to change their lives by working in self-help groups, starting income-generating activities and building savings. They have started to overcome their powerlessness and gain dignity within their households and their communities.

But the world faced by the rural poor is changing. Perhaps the main challenge confronting them arises out of the opportunities as well as the risks created by market-oriented reforms adopted by a large number of countries over the last decade. Unfortunately many rural areas suffer from serious market failures as regards credit, technical services and information. There is, thus, a real issue that smallholder farmers and other rural groups, unable to participate in market processes on fair terms, could be further marginalized and impoverished. For IFAD with its specific mandate on poverty, this is now becoming a central challenge, to help our clients, the rural poor, to benefit rather than suffer from the reforms.

An IFAD intervention in Mozambique approved in 1999, the PAMA Support Project, is part of the Fund's response to this challenge.

Mozambique has made enormous progress in recent years in raising food and agricultural production and has adopted an increasingly market-oriented framework. But in Mozambique, as in many other countries, smallholder farmers, suffering from low literacy and without adequate access to market information and technical services, often lack the skills necessary to deal with the market. Rural households, those who sell and those who buy, and the many who do both at different times of the year, are currently victims of the market, obliged to sell low and buy high.

PAMA seeks to change this by promoting a coherent national framework in which smallholder farmers can build positive market linkages and participate on a fair basis in market-led development. In selected areas, PAMA will finance activities that enhance production, give smallholders, particularly women farmers, access to market information, and strengthen linkages with traders and



private sector processing industries. The experience gained from these specific interventions will underpin the national programme.

At the national level, PAMA will promote a policy framework bringing together the private sector, farmers, civil society institutions, government agencies and other donors in a partnership in support of smallholder production. Initially PAMA will benefit the 230 000 households in the selected target areas. Eventually, the lessons and ideas from this experience, incorporated in the national programme, will enable millions of smallholder producers across the country to enjoy more fair market access, allowing increased and diversified production as well as better prices. Mobilizing the power of the market for rural poverty alleviation is a promising and even exciting prospect.

Madam Chairperson,

In parallel with the changes occurring in the wider world, these last seven years have seen important developments within the Fund. Our Member States have taken a number of far-reaching steps to strengthen IFAD's governing structure and have strongly encouraged Management in our efforts to make this institution even more effective and efficient. The re-engineering of our work processes, a regular and systematic review of the project portfolio, the formulation of our Corporate Strategy and Scorecards at the corporate, departmental and unit levels, linked to an Individual Performance System have allowed the adoption of new approaches to managing our staff and material resources.

The diversification of the Investment Portfolio, agreed to by the Governing Council in 1997, has progressed well and resulted in significantly higher investment returns than would have been the case had the diversification not been undertaken.

The Fund's programmes are making a growing impact on rural poverty in increasingly cost-effective ways. However, to sustain this level of impact and fully realize IFAD's potential to contribute towards achieving the internationally agreed poverty target, it is essential for the Fund to have adequate and timely resources.

The Governing Council at its session last February established the Consultation to Review the Adequacy of the Resources Available to IFAD. This Consultation, which just had its sixth meeting earlier this week, had two important and complementary aims. The first was to elaborate a report that sets out the Fund's strategic and policy orientations for the Fifth Replenishment period. The second was to agree on the level of the Programme of Work and the additional resources required to finance this lending programme.

The Consultation report is before the Council. It has succeeded in formulating effectively, and even eloquently, the priorities the Fund should follow in the key areas of operations. In this context, a Plan of Action has been prepared, along with an implementation timetable that identifies specific initiatives and actions the Fund will take over the next three years. The members of the Consultation have done an excellent job in this regard and merit the appreciation of the Council.

The Consultation has also agreed that IFAD should maintain an annual Programme of Work of USD 450 million in real terms over the next three years. Unfortunately, some of the major contributing countries are still not in a position to define fully their contributions to the replenishment. In the light of the excellent progress made in the Consultation, however, we are requesting the Governing Council to agree that the Resolution for the Fifth Replenishment could be approved by Member States through a vote by correspondence, permitting the Fifth Replenishment to be completed over the next few months.



I would like to emphasize in this connection, the urgency of finalizing the Fifth Replenishment this year. If we fail in doing so we may not be able to maintain the agreed Programme of Work for the year 2000, and we will certainly have to reduce sharply the lending level next year. This would be bad for IFAD as an institution and erode its cost-effectiveness. But much worse, it would be devastating for poor men and women who would be deprived of IFAD support next year and who can turn to no other financial international institution for comparable support.

In this context I would like to reiterate the importance we attach to the Heavily-Indebted Poor Countries (HIPC) Debt Initiative. This Initiative has the potential of helping heavily-indebted countries to achieve sustainable debt levels and thus strengthen their development process. However, it is also evident that the HIPC Initiative will succeed effectively only if it is supported by additional funding and not by diverting existing resources. For our part, IFAD, which participated fully in the first phase of the HIPC Initiative, is keen to participate in the expanded HIPC Debt Initiative. The Executive Board in December reviewed the proposal and a draft decision on the HIPC is now before you.

May I appeal to all Member States, especially our major shareholders, to finalize and announce their pledges urgently, and at as high a level as possible. Previous IFAD replenishments have been painful and long-drawn-out affairs damaging both the institution and the rural poor we serve. By making the replenishment a normal, orderly and timely process, we will make a major contribution to the growth of IFAD and to the international effort to eradicate hunger and poverty.

In this regard I would like to express my welcome for an important initiative by the Government of India to establish a Trust Fund in IFAD, with an initial capital of one million dollars to support special programmes in the Asia and the Pacific region. This Trust Fund, which would be in addition to India's contribution to the Fifth Replenishment, is the first by a developing country in IFAD. The establishment of the Trust Fund shows, I believe, the value that Member States place on the Fund's operations.

Madam Chairperson,

In IFAD, we are deeply aware that we must constantly work to enhance even further our efficiency so that the resources provided to the institution make the maximum impact against poverty. In this regard, I am happy to say that our proposed administrative budget for 2000 is again based on zero real growth. Thus in each of the last seven years, we have had either a budgetary reduction or zero growth. As a result, the proposed 2000 budget and project development costs are actually 16% lower in dollar terms than they were in 1993. On the other hand, over those seven years the projects we delivered, our programme of work, has been raised by more than one third.

More for less. But we know that change and reform has to be a continuing process. To this end, we have launched a major initiative, the Process Re-engineering Programme (PRP). The Executive Board in December reviewed this proposal and recommended the five-year programme and a capital budget to finance it to the Council for its approval.

This second phase of re-engineering will address the institution's work processes in a more integrated and holistic way. It will review thoroughly all the procedures and inter-linkages in areas such as financial control, administrative services and human resource management, and rationalize them using the new potential created by recent advances in information technology. The resulting efficiency gains should more than offset the cost of the programme. Beyond that however this re-engineering process will help develop new approaches for project formulation as well as knowledge management on poverty. As a result, the Fund's capacity to deliver innovative poverty projects will be further enhanced and made even more cost-effective. At the same time the institution



will be in a position to fulfil meaningfully its role as a knowledge organization, a challenge set to IFAD by the Rapid External Assessment.

Here I must say a word of appreciation for IFAD staff. In the last few years when so many changes have taken place, the Fund's staff have shown their strong commitment to the needs of our poor clients and the importance of the Fund's mission to end hunger and poverty. In fact, IFAD staff themselves during the first phase of re-engineering took the lead in providing suggestions for improvements. I am sure that they will respond with equal enthusiasm to the challenges of the second phase. We look forward to making this institution, whose cost-effectiveness has already been recognized, even better.

Madam Chairperson,

Overcoming hunger and poverty will require strong collaboration among many partners. Deeply aware of that, we have developed strategic alliances with a variety of official and non-governmental institutions. Last year we initiated a major study, drawing from our own experience and benefiting from the insights of our partners and outside experts, regarding the nature and causes of poverty and the most effective means for overcoming it. In this endeavour we have enjoyed the collaboration of the other Rome-based United Nations agencies, the UNDP, the World Bank and the regional development banks as well as a number of civil-society organizations and NGOs. The Rural Poverty Report 2000/2001 will be published early next year and will generate, I believe, a common understanding of poverty, providing a good basis for further intensifying our cooperation with our partners.

This cooperation is already strong. WFP and other UN organizations as well as regional banks, funds and bilateral donors have joined us in 15 of our 30 projects approved last year. UN agencies including FAO and WFP, as well as the World Bank, are also our partners in initiatives such as the Global Mechanism of the United Nations Convention to Combat Desertification and the Popular Coalition to Eradicate Hunger and Poverty.

Civil-society institutions are increasingly involved as strategic partners in IFAD projects, some 480 today, an increase of more than one third from 1998. Together we have learned how our collaboration can serve to strengthen the participation of the poor in development and promote their empowerment. In the process our civil society partners have strengthened their functioning and outreach. For instance, the NGOs involved in the Fund-supported Tamil Nadu Women's Development Project in India are now helping to replicate the project aims across the whole state. Our strong partnership with civil society is now gaining a parallel, as the Mozambique PAMA project shows, with a growing cooperation with the private sector. Engaging civil society to help create the conditions for poverty eradication and involving the private sector, which can provide additional resources for it, are important new dimensions for IFAD.

Madam Chairperson,

Hunger and poverty are among the oldest afflictions of human society. Yet the scale of poverty today, 1.3 billion human beings, more than the world's entire population a century and a half ago, should outrage our sense of solidarity and challenge our will to act together for our collective well being. Poverty is a tragedy not only for the poor men and women themselves but equally for their societies, representing an enormous economic, social and cultural waste. It is also a root cause of conflict and insecurity.

Given the means, the poor are eager and able to work their way out of poverty. Helping them do so is imperative if this coming century is to be one of stability, growth and achievement rather than one of strife, pandemics and violence.



The poor are always with us, it was said in the past. But it need not, and must not, remain so in this new millennium. IFAD, with your support, stands ready not only to participate in this endeavour to bring about a world without hunger but to lead that effort.

Thank you.



**Welcoming Statement by the President of IFAD,
Fawzi H. Al-Sultan,
on the Occasion of the Visit of
His Excellency Carlos Roberto Flores,
President of the Republic of Honduras**

Your Excellency,

It is indeed a privilege for me to welcome you on behalf of the 161 Member States of this organization.

May I take this opportunity to extend a warm welcome also to the First Lady, Señora Mary de Flores, who shares Your Excellency's active interest in the well-being of the families and, in particular, the children of Honduras. A concern inherent in the work of IFAD.

Mr President,

You had only just taken up office in 1998 when your country was struck by Hurricane Mitch, the worst natural disaster to hit Central America in more than 50 years. The storm killed thousands of people across the region and left many homeless or displaced and, in Honduras alone, destroyed nearly 70% of its major crops.

Reconstruction in Central America will take many years and to this effect the Government of Honduras immediately devised and implemented a special programme to ensure the transparent use of the funds it was receiving for reconstruction. In this way it has allowed institutions such as ours to help in this time of great need. It is hoped that IFAD's most recent intervention in Honduras – to enable farmers to implement their own community development projects in order to alleviate extreme levels of rural poverty – will do just that. But the Fund cannot work effectively in isolation. Apart from our international partners in development, the collaboration of the governments of our recipient countries is of utmost importance.

In this respect I must commend your Government, Mr President, for the concern it has shown for its people. Constructive leadership is never an easy feat. Good leadership in times of crisis is all the more difficult. Your participation in this Session of the Governing Council is additional testimony to the importance you place on the work of our organization and to the compassion all good leaders must possess.

Mr President, it is my pleasure to welcome you to our Governing Council.



**Keynote Address by His Excellency Carlos Roberto Flores,
President of the Republic of Honduras**

Madam Chairperson of the Governing Council of IFAD,
Mr President of IFAD,
Esteemed Governors,
Distinguished Representatives,
Ladies and Gentlemen,

IFAD has honoured my country and distinguished me personally, by inviting me to share with the esteemed Governors some ideas and reflections on the social problems of Latin America and the Caribbean, and, more particularly, on our immediate experience in the Central American region.

Although the countries of the American sub-continent share the same history and have many sociological and cultural aspects in common, each of them has had a different development and experience. It is not always appropriate, therefore, to generalize on the social or economic situation of our countries, because we should run the risk of omitting some national features that make the difference between the success and the failure of some policies, when they are applied indiscriminately or according to formulas that are supposed to foster progress in any part of the world.

First of all, no country is absolutely poor, or has any features that should be considered definitively irredeemable. We all go through distinct stages, some negatively critical and others with positive opportunities for overcoming the barriers of time, circumstances and history. Each of our nations has a history of struggles and sacrifices, of high prices paid through the centuries, in the pursuit of acceptable levels of liberty, development, peace and security

Our countries fought in an exemplary manner first to free themselves politically of their colonisers, and later to consolidate the republics, to get rid of their periodical, recurrent dictatorships, and to achieve peace, which was always elusive, due to constant riots, military uprisings, domestic disturbances and *coups d'état*, which may or may not have been justifiable, with the struggle between rival cliques and groups for power for its own sake almost always prevailing. In short, we are burdened by a history of really painful and critical phases, marked by great instability, much suffering of our peoples and, most regrettably, characterized for the most part by procrastination in solving social and economic problems, which, not being addressed in an appropriate, sustainable and continuous manner, have piled up until in some of our nations they have become enormous and urgent social debts, which the younger generation now has to pay, at very high prices and amid the great impatience, frustration and weariness of our peoples. We have to pay this social debt now, or at least alleviate it, diminish it and reduce it to manageable proportions, so that the coming generations of this century can enjoy a life that is really compatible with human dignity and in keeping with the new times and new scientific and technological developments in the world.

These American phases of great political definitions, of incessant search by Latin Americans for systems of government and economic formulas that would give them stability, development and peace with liberty, were followed by various efforts to lift the sub-continent above its poverty levels and to align its nations with the most advanced ones in the rest of the world. This effort, distinguished Representatives, has been enormous and constant, and cost many sacrifices, battles and struggles in the course of history. Progress has varied, according to the circumstances and opportunities of each country, but the common denominator has been that we have not allowed ourselves to be overcome by the almost prophetic fatalism of "we are poor because we are poor".

Latin America, and I say it emphatically, is not poor, nor should it be considered so. Some of our countries have been systematically impoverished, in the midst of their natural base of wealth and



excellent human potential. The Creator was generous with our continent, and gave it everything man can ask of nature to be happy and live in peace. Our peoples do not lack vigour, intelligence, ambition or vision. What may have failed were the systems, standardized formulas and mistaken policies; and of course, at critical moments, the indispensable leadership and the proper organization of the peoples were lacking. To this must be added the lack of equity and justice in world trade, the very slow transfer of technology and various shortcomings in our countries' access to markets in favourable conditions, plus the well-known difficulties in obtaining fresh capital to finance development and growth effectively.

But one thing is certain. The various advances in the economic and social field achieved comparatively by each of our countries, had to pass and continue passing through agriculture, as the obligatory ante-chamber of everything that can be a process of industrialization. While the great masses of the population of Latin America are located mainly in the country, as is the case in almost all the sub-continent, and these masses lack the capacity to produce and to be the consumers of value-added products, in the first place we shall hardly be able to have domestic markets sufficiently vigorous to produce the next step towards industrialization and, in the second place, it is hardly likely that the governability of our democracies will be permanently assured. Saving our countries' farmers is the indispensable premise for the progress of all the rest, in terms of the economy and the general well-being of our population.

Poverty in rural areas has negative consequences that are transferred to the towns through constant migrations from the countryside. These migrations, which deserve separate analysis, are produced not only because there is poverty in the rural environment and a lack of basic services for daily life; people emigrate also because of the attraction exerted by the towns, which act as a kind of siphon that absorbs whole families that are rural but whose members are not, nor necessarily desire to be, farmers or animal husbanders.

Here an observation should be made. It has long been mistakenly thought that any rural dweller must necessarily be an agricultural producer. And it is well to take this into account when designing programmes for the improvement of rural life. Modern media have taught our rural men and women that there is a very interesting world beyond the frontiers of the agricultural village. The electronic media convey interesting propositions, for instance, that God portioned out the best goods to the townfolk, goods that may not be visible but are imagined, and being imagined, desired. So although poverty may be the main cause of rural migration, it is not the only one. The same concept holds good for the great migrations that are generated by our countries towards others of greater development and greater opportunities. It is, in short, the human soul trying to open up spaces for itself, seeking settlements wherever it can accommodate its dreams, illusions, aspirations and capacities, and its desire to live where its liberties are better guaranteed and its basic human rights respected.

This is largely the nature of migrations. Unfortunately, rural migration brings to the towns its own limits, its scant preparation for work and its difficulties in adapting to this new urban life. In this way, in some of our countries our towns are being ruralized, instead of the opposite, the urbanization of rural areas, taking place.

The very survival of democracy, the system for which we have fought so hard and in which some of our countries have had to invest enormous costs, blood and sacrifice, fundamentally depends on the system's capacity to respond to the huge populations of Latin America's rural areas. Governability is complicated when there are no answers to the demands for the improvement of rural life, because the effects of dissatisfaction and impatience unfortunately spread more rapidly than good results, when the latter are scant and unsustainable.



For some reason many of our countries with a vocation for agriculture and forestry have gone through long periods of repeated disappointment in their constant battle to make agriculture and forestry a source of national wellbeing.

Thus, we have passed to the ups and downs of tests and experiments, today exploring this or that model of social development, tomorrow the latest recipe recommended to us for economic renewal, and the day after that the most novel theory of sustainable development that may be in fashion, each time sure of finding the way to break the suffocating vicious circles of underdevelopment and poverty, only to meet with fresh disappointment and a new dream.

The so-called models of industrialization through import substitution ended up by relegating us to the labyrinth of captive markets, which far from improving the social level of our peoples, led us to the sacrifice of many lost years, further impoverishing us. We saw that in many areas the processes of agrarian reform, which may have produced, as they did, greater equity in land distribution, were complicated by the manipulations of what at one time produced ideological confrontation.

Always, the abundant international supply of agricultural products that generates low prices for the producers, which for the Third World, and apparently only for the Third World, is what economists call the unfavourable terms of trade; the dependence of a mass of small farmers, both men and women, on inefficient cultivation systems, complicated by equally deficient possibilities of financing, transport and market for their products; the obstacles preventing the better use of the comparative advantages imputed to artificial or protectionist barriers that are seen everywhere and intermingled: all these depressed and depressing pictures, rough brushstrokes of oppressive phases of political instability in our regions, of insecurity for investment, of economic uncertainty, dear friends, have undoubtedly helped to make rural life increasingly difficult and distressing, and the path of rural people increasingly uphill. The future has become increasingly uncertain and the distress of our rural peoples even greater, leading to more migrations and disorderly urban growth, with great belts of poverty bordering our cities and a burgeoning social debt, plus increased problems of a social, and consequently a moral, order.

Ladies and Gentlemen,

Today we have to live in a new world, more open to changes, more surprising as regards communications, transport, scientific and technological discoveries, a world that is more sensitive to human solidarity, more determined not to lower the flags of liberty, or to let peace escape its grasp, because it is in peace and liberty that our peoples learned to hope and to raise their spirits to optimism and towards the opportunity, even for small, relatively less developed nations, to write new histories of success, new human enterprises like the ones written by some Asian countries in the second decade of the twentieth century. All these histories tell us that the most important component of the wealth of a nation is not its capital, its resources or anything of a material nature, but its human resources, the potential and talent of its people, their will to do more, their pride in rising up and becoming part of the great development and growth that are on the horizon.

It is up to all of us to increase our efforts, to consolidate international cooperation as the expression of the solidarity of peoples and individuals, so that the horizon of liberty that we opened in an exemplary fashion towards the close of the twentieth century may not be lost or distorted. We have taken important steps towards making our countries democratic; broadened the spaces for civil society; made formerly militarized institutions civilian; made human rights respected and consecrated as the paradigm of the essentials of every human being; made progress on gender issues and respect for cultural diversity and ethnic plurality; at the same time we have striven to protect and save the most vulnerable sectors of our society. To go backwards would be to betray the efforts of more than a century of struggles and sacrifices, made by various generations in Latin America and the Caribbean at enormous cost. It depends on IFAD, and the other organizations created in the last fifty years in



response to human needs, whether development is sustainable, whether our democracies are consolidated and whether our peoples have reason to hope for a dramatic change in the quality of life, at the meeting point of the millennia, until by virtue of time and history, we find ourselves at the beginning of something, situated on the line of departure, with all the opportunity we require to make a start, a beginning that very few generations have the historic privilege to make, with the experience of knowing and taking into account what the past has left us, but with the hope of working and of dreaming with what the future holds in store.

My Government, my people and the nations of Central America as a regional whole, united and fraternal, appreciate the efforts of this institution, which seeks the liberation of rural families and cooperates with a view to changing and improving their lives. We join in the Fund's efforts and are happy to continue implementing those programmes that best interpret our individual and collective aspirations.

In particular, I appreciate the renewed confidence that IFAD has placed in us, to finance other phases in our programmes of care for the men and women of Honduran rural areas. Many thanks in the name of six million fellow citizens. We shall make the best use of these resources, with responsibility and absolute transparency, in keeping with our philosophy and our principles, which are based on ethics and moral integrity.

I do not wish to end my speech without taking the opportunity to express to peoples and governments, institutions and persons, through the worthy Representatives present at this meeting, our appreciation of all the cooperation and timely help that they gave us, during and after the tragedy of October 1998, when we were the victims of one of the worst natural disasters in the last 200 years of our history. This disaster destroyed all we have achieved in the last 50 years. But we are standing up and fighting; we have made progress in the rehabilitation and reconstruction of our country, and we are moving with renewed faith and tenacity towards positive changes: before the hurricane we had a homeland, but now we want a new and better one. With the strength of our people and the fraternal solidarity of our international friends, we have to produce this history of success, this little history of success that may well be a great history, with the generosity of mankind and the effort we are making. Today, at this meeting, we are accompanied by a delegation representative of our country, testifying to the enormous importance we attach to this Fund of the United Nations, to our appreciation of the constant support it has given us and the repeated demonstration that we have seen in the recent, distressing months. In these programmes, in these projects, which go where the nation most needs them, to the rural areas, to the poorest communities and the most vulnerable groups, to strengthen their capacity and raise their dignity. Our delegation includes: my wife, members of my Government, representatives of the principal media of my country, the president and editor of the daily *La Prensa*, the president of the Televisión Centro Corporation and the Ambassador of Honduras to FAO, entrepreneurs, the president of the Honduran Private Enterprise Council, and distinguished representatives and managers of the business sector of my country in town and country, the president of the National Council of Agricultural Producers, the director of the daily, *Tiempo*, and the Vice President of the Central American Parliament, two representatives of rural sectors and the Coordinating Committee of Rural Organizations. With this we wished to give a representative picture of the way in which we are doing things in our country, with the unity that gives us the inspiration to keep our spirits high. I wish to express to you, esteemed Governors, our gratitude for this exceptional invitation.

May God bless you, bless our nations and enlighten us all.



**Statement of Appreciation by the Governor for the Republic of Indonesia
on Behalf of the Member States of IFAD,
for the Keynote Address by
His Excellency Carlos Roberto Flores,
President of the Republic of Honduras**

Your Excellency,

I have the honour and privilege to express, on behalf of all the Members of the Governing Council, our deepest appreciation of your presence here today and for your stirring address.

Your Excellency's words have eloquently described the dramatic situation of the rural poor in Central America: a situation that has brought home to us, more than ever, that these men, women and children deserve to enjoy better lives. If that is to come about, much still has to be done by the international community – the same community that committed itself to do so at the World Food Summit here in Rome in 1996.

Mr President,

All of us in this hall are fully aware of the devastation that Honduras suffered as a result of Hurricane Mitch. We were most impressed that, today, your call for help went out for your neighbours as well.

We thank Your Excellency for participating in this Session but, above all, we thank you for so vividly emphasizing the need for IFAD's mandate.



**Statement by the Chairperson,
Ms Kirsti Lintonen,
Closing the Twenty-Third Session of the Governing Council**

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

We have come to the end of the Twenty-Third Session of the Governing Council, a Session wherein Governors and guest speakers alike joined in the collective call to ensure that IFAD's work does not falter.

The Council was honoured by the presence of His Excellency Paolo De Castro, Minister for Agricultural Policies and Forestry of the Italian Republic, who delivered an inaugural message on behalf of His Excellency Carlo Azeglio Ciampi, President of the Italian Republic. He also delivered a statement on behalf of his Government, and in both statements we once again received confirmation of the trust that our Host Country, one of the staunchest supporters of international aid, places in our organization.

The Governors received a message from His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria and Chairman of the Organization of African Unity, delivered on his behalf by His Excellency Idriss Jazairy, Ambassador of the People's Democratic Republic of Algeria to the United States of America and Special Representative of the President of the Algerian Republic. We were also greatly honoured by an inspiring address by the President of the Republic of Honduras, His Excellency Carlos Roberto Flores, whose words so eloquently described the plight of the rural poor in his region.

On a similar note, a plea to ensure IFAD's continued ability to fight for the rural poor in **all** regions was made by Mr Kofi Annan, the Secretary-General of the United Nations, in a video message to the Council. The statements delivered by Mr David Harcharik, Deputy Director-General of the Food and Agriculture Organization of the United Nations, and Mr Namanga Ngongi, Deputy Executive Director of the World Food Programme, were testimony of the good working relations among the three United Nations food agencies in Rome. Common to the three agencies is the determination to continue, indeed increase, their respective efforts in support of the poor and hungry.

The many statements delivered by Governors sent clear messages, not the least of which was that IFAD believes in the rural poor, in particular rural women, and invests in them. The Fund's Member States have a moral obligation to invest in IFAD.

Distinguished Governors,

At our last Session we entrusted 46 of our Member States with the very important task of reviewing the adequacy of the resources available to IFAD. At this Session we were presented with the fruits of their labour, an all-encompassing report on the role of the Fund, the main issues it should continue to address in future and the policies that should guide it in its work. Our colleagues are to be congratulated for the excellent results achieved in such a short time.

Although the report was not final, as no conclusion was reached on the level of resources IFAD needs to sustain its work during the period 2000-02, it was evident to the Council that a final agreement was imminent. To this effect, the Governing Council adopted a resolution requesting the Consultation to conclude its work in the shortest time possible and, in the hope this occurs before we meet again, allowing for the approval of the final report of the Consultation and the adoption of the



draft Resolution on the Fifth Replenishment of IFAD's Resources through a vote by correspondence. In this way we have renewed our trust in the Consultation. There can be no doubt that, in the words of the Secretary-General of the United Nations, IFAD's financial position must be made as strong as possible.

The Governing Council approved the administrative budget of IFAD for 2000 at a level of USD 52.73 million, including a contingency of USD 400 000, plus an amount of USD 131 000 for funding meetings of the Consultation to Review the Adequacy of Resources Available to IFAD. In this budget we have seen yet another year of zero real growth – a tangible example of IFAD's efficiency.

The Council also approved a capital expenditure budget of up to USD 26 million to finance the Process Re-engineering Programme over the years 2000-05. The programme represents the second phase of the re-engineering exercise the Fund commenced five years ago. We wish both Management and staff every success in this joint endeavour.

At its Twentieth Session, the Governing Council approved IFAD's participation in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) as a means of improving the debt management and repayment capacity of many of the Fund's poorest borrowers. At this Session we approved its participation in the enhanced HIPC DI. Heavy debt, an unfortunate companion of the poorest countries, represents an obstacle to the sustainability of their poverty eradication efforts. We must try, to the extent possible, to remove such obstacles.

A new Executive Board Membership was elected for a three-year term of office. We know full well that the diligent work of the Executive Board helps make our deliberations all the more easy. We therefore wish the new Board every success in its work, and look forward, at our future sessions, to its recommendations.

The Fund has always been aware that to overcome poverty requires strong collaboration among many partners. The Council was presented with the progress reports of two major global partnerships in which IFAD plays a particularly active role: the Global Mechanism of the Convention to Combat Desertification; and the Popular Coalition to Eradicate Hunger and Poverty. Both reports prove the accuracy of that premise.

Fellow Governors,

I would like to thank you for the collaboration you have afforded me. You have made presiding over this Session a feasible task, and my colleagues on the Bureau, who so willingly and ably assisted me in my duties, turned a task into a pleasure.

Needless to say, our appreciation should go to the staff of IFAD that, each year, organizes and runs a truly professional conference. Special mention must go also to the interpreters, technical staff, conference personnel and messengers who make it all seem so effortless. Thank you for the efforts that we know do go into such conferences.

Ladies and Gentlemen,

How does one summarize, in a few short sentences, all the hope, the willingness, the stamina and the determination that underlie most of the decisions taken and the reports given at this Session? For an organization such as IFAD, with a significant and powerful mandate – for power lies not only in quantity but also in quality – even the most routine decisions can equate to less hunger in the world:



a world that has just recently celebrated its entry into a new millennium, secure with the expected advancements in science and technology. How can mankind expect to take, with one foot, such giant leaps and leave its other foot so far behind? We should pride ourselves for being part of an organization which attempts, in its own unique way, to keep mankind in step.

We have done good work at this Session and our trust now goes to the Fund to translate this work into security for mankind and the best for human well-being.

On this note, I hereby close the Twenty-Third Session of the Governing Council.

Thank you.

ANNEX I



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Third Session
Rome, 16 - 17 February 2000

**LIST OF PARTICIPANTS AT THE TWENTY-THIRD SESSION
OF THE GOVERNING COUNCIL**

**LISTE DES PARTICIPANTS À LA VINGT-TROISIÈME SESSION
DU CONSEIL DES GOUVERNEURS**

**LISTA DE LOS PARTICIPANTES EN EL 23º PERÍODO DE SESIONES
DEL CONSEJO DE GOBERNADORES**

الرئيس

Chairperson: Kirsti Lintonen (Finland)
Présidente:
Presidenta:

نائب الرئيس

Vice-Chairpersons: Ali Yousef Jumma (Libyan Arab Jamahiriya)
Vice-Présidents: Guillermo Enrique Alvarado Downing (Honduras)
Vicepresidentes:



MEMBER STATES

ETATS MEMBRES

ESTADOS MIEMBROS



ANNEX I

AFGHANISTAN

Governor
(acting) Hamidullah Nasser ZIA
Minister Counsellor
Permanent Representative of the
Islamic State of Afghanistan
to the United Nations Agencies
Rome

ALBANIA

Governor Lufter XHUVELI
Minister for Agriculture
and Food
Tirana

Alternate Governor
(acting) Leontiev ÇUÇI
Ambassador of the Republic
of Albania to IFAD
Rome

Adviser Leonidha KOSTA
Second Secretary
Alternate Permanent Representative
of the Republic of Albania to IFAD
Rome

Adviser Sali METANI
Director
Foreign Affairs Division
Ministry of Agriculture
and Food
Tirana

ALGERIA

Gouverneur
(provisoire) Idriss JAZAIRY
Ambassadeur de la République
algérienne démocratique et
populaire auprès des États-Unis
et Représentant spécial du
Président de la République
Washington, D.C.

Gouverneur suppléant Hocine MEGHAR
Ambassadeur de la République
algérienne démocratique et
populaire auprès du FIDA
Rome



ANNEX I

ALGERIA (cont'd)

- Conseiller Ahmed SADOUDI
Directeur général du budget
Ministère des finances
Alger
- Conseiller Ahmed HACHEMI
Conseiller
Représentant permanent adjoint
de la République algérienne
démocratique et populaire
auprès du FIDA
Rome

ANGOLA

- Gouverneur
(provisoire) Gilberto Buta LUTUCUTA
Ministre de l'agriculture et
du développement rural
Luanda
- Gouverneur suppléant
(provisoire) Pedro Afonso CANGA
Directeur général
Institut de développement agraire
Ministère de l'agriculture et
du développement rural
Luanda
- Conseiller Kiala Kia MATEVA
Conseiller
Représentant permanent adjoint
de la République d'Angola
auprès du FIDA
Rome
- Conseiller Carlos Alberto AMARAL
Conseiller
Représentant permanent suppléant
de la République d'Angola
auprès du FIDA
Rome
- Conseiller Pedro Agostino KANGA
Chef du Département de la
coopération et des relations
internationales
Ministère de l'agriculture et
du développement rural
Luanda



ANNEX I

ARGENTINA

Gobernador
Hilda GABARDINI
Consejera
Representante Permanente Alternativa
de la República Argentina ante
el FIDA
Roma

Asesor
Ariel FERNÁNDEZ
Secretario
Representante Permanente Alternativo
de la República Argentina ante
el FIDA
Roma

ARMENIA

Governor
(acting)
Hovsep KLOYAN
Deputy Minister for Agriculture
Yerevan

Adviser
Gagik MATEVOSSIAN
Project Director
North-West Agricultural
Services Project
Ministry of Agriculture
Yerevan

AUSTRALIA

Governor
(acting)
Robin DAVIES
Counsellor (Development Cooperation)
Australian Permanent Delegation
to the OECD
Paris

AUSTRIA

Alternate Governor
Markus CORNARO
Minister
Embassy of the Republic
of Austria
Rome



ANNEX I

AUSTRIA (cont'd)

Adviser
Klaus OEHLER
Counsellor
Federal Ministry of Finance
Vienna

BANGLADESH

Governor
(acting)
A. M. M. Shawkat ALI
Secretary
Ministry of Agriculture, Food,
Disaster Management and Relief
Dhaka

Alternate Governor
(acting)
Muhammad ZAMIR
Ambassador of the People's
Republic of Bangladesh
to IFAD
Rome

Adviser
Rafiqul ISLAM
Deputy Chief
Economic Relations Division
Ministry of Finance
Dhaka

Adviser
Mohammad MEJBAHUDDIN
Economic Counsellor
Alternate Permanent Representative
of the People's Republic of Bangladesh
to IFAD
Rome

BELGIUM

Gouverneur
(provisoire)
Jacques DE MONTJOYE
Ambassadeur du Royaume de
Belgique auprès du FIDA
Rome

Conseiller
Christian PANNEELS
Conseiller
Chef de la Section de coopération
au développement
Représentation permanente
du Royaume de Belgique
auprès du FIDA
Rome



ANNEX I

BENIN

Gouverneur	Théophile NATA Ministre du développement rural Cotonou
Gouverneur suppléant	Abdoulaye Soulé MANIGUI Directeur de la programmation et de la prospective Ministère du développement rural Cotonou
Conseiller	Imorou ADAM Directeur de l'agriculture Ministère du développement rural Cotonou
Conseiller	Bio SOUROKOU Directeur du programme spécial Benin-FIDA Ministère du développement rural Cotonou

BHUTAN

Governor (acting)	Sonam Tobden RABGYE Ambassador of the Kingdom of Bhutan to the State of Kuwait Kuwait
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BOLIVIA

Gobernador (interino)	Rosa CHAVEZ Primera Secretaria Representante Permanente Alterna de la República de Bolivia ante el FIDA Roma
Asesor	Claudia Marcela VARGAS Segunda Secretaria Representante Permanente Alterna de la República de Bolivia ante el FIDA Roma

ANNEX I

BOTSWANA

Alternate Governor	Thomas Madubeng TAUKOBONG Deputy Permanent Secretary Ministry of Agriculture Gaborone
Adviser	Atamelang Anthony MOKGARE Principal Agricultural Economist Ministry of Agriculture Gaborone

BRAZIL

Governor (acting)	Julio César GOMES DOS SANTOS Ambassador of the Federative Republic of Brazil to IFAD Rome
Adviser	Roberto BASTOS CARREIRO General Coordinator of Policies and Evaluation Secretariat of International Affairs Ministry of Planning, Budget and Management Brasilia, D.F.
Adviser	Irene PESSÕA DE LIMA CÂMARA Minister Counsellor Deputy Permanent Representative of the Federative Republic of Brazil to IFAD Rome

BURKINA FASO

Gouverneur (provisoire)	Tertius ZONGO Ministre de l'économie et des finances Ouagadougou
Gouverneur suppléant (provisoire)	Noellie Marie Béatrice DAMIBA Ambassadeur du Burkina Faso auprès du FIDA Rome



ANNEX I

BURKINA FASO (cont'd)

Conseiller
André Anatole YAMEOGO
Conseiller économique
Représentant permanent adjoint
du Burkina Faso auprès du FIDA
Rome

BURUNDI

Gouverneur
(provisoire)
Gaspard KABURA
Premier Conseiller
Mission diplomatique de la
République du Burundi
Rome

CAMEROON

Gouverneur suppléant
Michael TABONG KIMA
Ambassadeur de la République
du Cameroun auprès du FIDA
Rome

CANADA

Alternate Governor
Roger EHRHARDT
Director-General
International Financial
Institutions Division
Multilateral Programmes Branch
Canadian International
Development Agency
Hull

Adviser
Jean DEVLIN
Counsellor (Development)
Alternate Permanent Representative
of Canada to the United Nations
Food and Agriculture Agencies
Rome

Adviser
Chris LIEBICH
Senior Programme Officer
International Financial
Institutions Division
Multilateral Programmes Branch
Canadian International
Development Agency
Hull

ANNEX I

CAPE VERDE

Gouverneur	Élvio GONÇALVES NAPOLEÃO FERNANDES Ambassadeur de la République du Cap-Vert auprès du FIDA Rome
Gouverneur suppléant	Adelaide RIBEIRO Directrice de la coopération Ministère de l'agriculture, de l'alimentation et de l'environnement Praia

CENTRAL AFRICAN REPUBLIC

Gouverneur	Daniel Emery DÉDÉ Ministre de l'agriculture et de l'élevage Bangui
Conseiller	Gilbert N'GANGA Directeur du Projet de développement rural de Bouca Ministère de l'agriculture et de l'élevage Bangui

CHAD

Gouverneur (provisoire)	Saleh KEBZABO Ministre de l'agriculture N'Djaména
Gouverneur suppléant (provisoire)	Bintou MALLOUM Ambassadeur de la République du Tchad Bonn
Conseiller	Goundoul GOLONA Conseiller au développement rural Bureau du Premier Ministre N'Djaména
Conseiller	Oumar Chaib HASSANTY Directeur général Ministère de l'agriculture N'Djaména



ANNEX I

CHILE

Gobernador	Victor Manuel REBOLLEDO GONZÁLEZ Embajador de la República de Chile ante el FIDA Roma
Asesor	Humberto MOLINA REYES Segundo Secretario Representante Permanente Alterno de la República de Chile ante el FIDA Roma

CHINA

Governor (acting)	LIU Chenguo Vice-Minister for Agriculture Beijing
Alternate Governor	LIANG Qu Minister Plenipotentiary Permanent Representative of the People's Republic of China to IFAD Rome
Adviser	LONGYUE Zhao Deputy Director-General Department of International Cooperation Ministry of Agriculture Beijing
Adviser	ZHANG Zhongjun Deputy Division Director Department of International Cooperation Ministry of Agriculture Beijing
Adviser	YE Anping Second Secretary Alternate Permanent Representative of the People's Republic of China to IFAD Rome



ANNEX I

CHINA (cont'd)

Adviser
SHENG Qi
Project Officer
Department of International
Cooperation
Ministry of Agriculture
Beijing

Adviser
BING Zhao
Third Secretary
Alternate Permanent Representative
of the People's Republic of China
to IFAD
Rome

COLOMBIA

Gobernador
(interino)
Carlos Eduardo MARTINEZ SIMAHAN
Embajador de la República
de Colombia ante el FIDA
Roma

Asesor
Alfredo ALDANA
Consejero
Representante Permanente Alterno
de la República de Colombia
ante el FIDA
Roma

COSTA RICA

Gobernador
Victoria GUARDIA ALVARADO DE HERNÁNDEZ
Embajadora de la República
de Costa Rica ante el FIDA
Roma

Gobernador Suplente
Yolanda GAGO DE SINIGAGLIA
Ministra Consejera
Representante Permanente Alterna
de la República de Costa Rica
ante el FIDA
Roma



ANNEX I

CÔTE D'IVOIRE

Gouverneur (provisoire)	Aboubakar BAKAYOKO Conseiller Ambassade de la République de Côte d'Ivoire Rome
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CROATIA

Governor (acting)	Branimir CECUK First Secretary Embassy of the Republic of Croatia Rome
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CUBA

Gobernador Suplente	Juan NUIRY SÁNCHEZ Embajador de la República de Cuba ante los Organismos de las Naciones Unidas Roma
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CYPRUS

Governor	George F. POULIDES Ambassador of the Republic of Cyprus to IFAD Rome
Adviser	Andreas ROUSHIAS Agricultural Attaché Alternate Permanent Representative of the Republic of Cyprus to IFAD Rome

D.P.R. KOREA

Governor	RI Won Jung Vice-Minister for Agriculture Pyongyang
Alternate Governor	KIM Hung Rim Ambassador of the Democratic People's Republic of Korea to IFAD Rome



ANNEX I

D.P.R. KOREA (cont'd)

- Adviser YUN Su Chang
Ambassador
Deputy Permanent Representative
of the Democratic People's Republic
of Korea to IFAD
Rome
- Adviser HAN Tae Song
First Secretary
Alternate Permanent Representative
of the Democratic People's Republic
of Korea to IFAD
Rome
- Adviser SIN Ku Sam
Officer
International Organizations Department
Ministry of Foreign Affairs
Pyongyang

D.R. CONGO

- Gouverneur
(provisoire) Malefele MUNWAKU
Premier Secrétaire
Ambassade de la République
démocratique du Congo
Rome

DENMARK

- Alternate Governor Johannes DAHL-HANSEN
Head of Department
United Nations Development
Assistance
Ministry of Foreign Affairs
Copenhagen
- Adviser Jorgen MAERSK-PEDERSEN
Minister Counsellor
Deputy Permanent Representative
of the Kingdom of Denmark to the
United Nations Food and
Agriculture Agencies
Rome



ANNEX I

DENMARK (cont'd)

Adviser
Steen Malthe HANSEN
Head of Section
Ministry of Foreign Affairs
Copenhagen

DJIBOUTI

Gouverneur
(provisoire)
Ali Mohammad DAOUD
Ministre de l'agriculture, de l'élevage
et de la pêche, chargé des
ressources hydrauliques
Djibouti

Gouverneur suppléant
(provisoire)
Djama Mahamoud DOUALEH
Chef du Bureau de programmation
et de suivi
Ministère de l'agriculture, de l'élevage
et de la pêche, chargé des
ressources hydrauliques
Djibouti

DOMINICAN REPUBLIC

Gobernador
(interino)
Juan BORG GIL
Ministro Consejero
Embajada de la República
Dominicana
Roma

ECUADOR

Gobernador
José PARRA GIL
Embajador de la República
del Ecuador ante los Organismos
de las Naciones Unidas
Roma

Gobernador Suplente
Carlos LARREA DÁVILA
Segundo Secretario
Representante Permanente Alterno
de la República del Ecuador
ante los Organismos de las
Naciones Unidas
Roma



ANNEX I

EGYPT

Governor
(acting) Mohamad KHALIFA
Agricultural Counsellor
Deputy Permanent Representative
of the Arab Republic of Egypt
to the United Nations Agencies
Rome

Adviser Reda ZAKI
First Secretary
Alternate Permanent Representative
of the Arab Republic of Egypt
to the United Nations Agencies
Rome

EL SALVADOR

Gobernador Suplente María Eulalia JIMÉNEZ ZEPEDA
Ministra Consejera
Representación Permanente de la República
de El Salvador ante los Organismos de las
Naciones Unidas
Roma

ERITREA

Governor
(acting) Yohannes TENSUE
First Secretary
Alternate Permanent Representative
of the State of Eritrea to the
United Nations Agencies for
Food and Agriculture
Rome

ETHIOPIA

Governor Halima Mohammed FEGI
Ambassador of the Federal
Democratic Republic of
Ethiopia to IFAD
Rome

Adviser Ato Gebrehiwot REDAI
Counsellor
Alternate Permanent Representative
of the Federal Democratic Republic
of Ethiopia to IFAD
Rome



ANNEX I

FINLAND

Governor	Kirsti LINTONEN Under-Secretary of State for International Development Cooperation Ministry of Foreign Affairs Helsinki
Alternate Governor (acting)	Matti AALTOLA Director Department of International Development Cooperation Ministry of Foreign Affairs Helsinki
Adviser	Markku AHO Counsellor Department of International Development Cooperation Ministry of Foreign Affairs Helsinki
Adviser	Seija TORO Counsellor Deputy Permanent Representative of the Republic of Finland to the United Nations Agencies Rome

FRANCE

Gouverneur (provisoire)	Luc RÉMONT Chef du Bureau de l'aide au développement Direction du Trésor Ministère de l'économie, des finances et de l'industrie Paris
Gouverneur suppléant (provisoire)	Philippe BERNIER Attaché principal Bureau de l'aide au développement Direction du Trésor Ministère de l'économie, des finances et de l'industrie Paris



ANNEX I

FRANCE (cont'd)

Conseiller	Alain GUILLOUËT Ministre Conseiller financier auprès de l'Ambassade de France Rome
Conseiller	Sébastien COCHARD Attaché financier Agence financière auprès de l'Ambassade de France Rome
Conseiller	Danick IBAÑEZ-RINALDI Attaché Ambassade de France Rome

GABON

Gouverneur	Barnabé NDAKI Ministre délégué auprès du Ministère de l'agriculture, de l'élevage et du développement rural Libreville
Gouverneur suppléant (provisoire)	Marcel IBINGA-MAGWANGU Ambassadeur de la République gabonaise auprès du FIDA Rome
Conseiller	Hilaire MATHAS Haut Commissaire auprès du Ministre d'État chargé de l'agriculture, de l'élevage et du développement rural Libreville
Conseiller	Ivone Alves DIAS DA GRAÇA Premier Conseiller Représentant permanent suppléant de la République gabonaise auprès du FIDA Rome



ANNEX I

GABON (cont'd)

Conseiller	Lambert EDOU Directeur national de l'APG/FIDA Ministère de l'agriculture, de l'élevage et du développement rural Libreville
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GAMBIA, THE

Governor (acting)	Hassan SALLAH Secretary of State for Agriculture Banjul
Alternate Governor (acting)	Sompo-Ceesay BABOUCAR Permanent Secretary Department of State for Agriculture Banjul

GEORGIA

Governor (acting)	Rusudan LORDKIPANIDZE Ambassador of Georgia to IFAD Rome
Adviser	Malkhaz BAKANIDZE Counsellor Alternate Permanent Representative of Georgia to IFAD Rome

GERMANY

Governor	Michael HOFMANN Director-General Federal Ministry of Economic Cooperation and Development Bonn
Alternate Governor	Wilfried KOSHORRECK Head of Division Federal Ministry of Finance Bonn



ANNEX I

GERMANY (cont'd)

Adviser Rudolf Josef HUBER
Counsellor
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 Kwaku NICOL
Minister Counsellor
Alternate Permanent Representative
of the Republic of Ghana to IFAD
Rome

Adviser Mallam Issah SEIDU
Deputy Director
Ministry of Food and Agriculture
Accra

GREECE

Alternate Governor Vassilis BORNOVAS
Counsellor
Deputy Permanent Representative
of the Hellenic Republic to IFAD
Rome



ANNEX I

GREECE (cont'd)

Adviser
Dimitri DADIOTIS
Consultant
International Organizations and
Economic Cooperation Division
Ministry of Foreign Affairs
Athens

GUATEMALA

Gobernador
Roger VALENZUELA BONILLA
Ministro de Agricultura, Ganadería
y Alimentación
Ciudad de Guatemala

Gobernador Suplente
Rita CLAVERIE DE SCIOLLI
Ministra Consejera
Representante Permanente Adjunta
de la República de Guatemala
ante los Organismos de las
Naciones Unidas
Roma

Asesor
Carlos DE LEÓN PRERA
Asesor
Ministerio de Agricultura, Ganadería
y Alimentación
Ciudad de Guatemala

Asesor
Adelina VITERI FRASER
Agregada
Representante Permanente Alterna
de la República de Guatemala
ante los Organismos de las
Naciones Unidas
Roma

Asesor
María José LOZANO BAUER
Asesora
Embajada de la República
de Guatemala
Roma

GUINEA

Gouverneur
(provisoire)
Souhaib Deen BANGOURA
Ambassadeur de la République de
Guinée auprès du FIDA
Rome



ANNEX I

HAITI

Gouverneur	François SÉVERIN Ministre de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince
Gouverneur suppléant	Jean Walnard DORNEVAL Ministre Conseiller Représentant permanent de la République d'Haïti auprès des Organisations des Nations Unies Rome
Conseiller	Suze PERCY Conseiller Représentant permanent adjoint de la République d'Haïti auprès des Organisations des Nations Unies Rome
Conseiller	Patrick SAINT-HILAIRE Premier Secrétaire Représentant permanent suppléant de la République d'Haïti auprès des Organisations des Nations Unies Rome
Conseiller	Jackson CHOULOUNE Conseiller Ministère de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince

HONDURAS

Gobernador	Guillermo Enrique ALVARADO DOWNING Secretario de Estado en el Despacho de Agricultura y Ganadería Tegucigalpa
Gobernador Alterno	José Rafael FERRARI SAGASTUME Embajador de la República de Honduras ante el FIDA Roma



ANNEX I

HONDURAS (cont'd)

Asesor	Salomé CASTELLANOS Embajadora de la República de Honduras ante el Gobierno Italiano Roma
Asesor	Manuel Hernando REYES PINEDA Consejero Representante Permanente Alterno de la República de Honduras ante el FIDA Roma

INDIA

Governor (acting)	Ram Sewak SHARMA Joint Secretary Department of Economic Affairs Ministry of Finance New Delhi
Adviser	Neela GANGADHARAN Minister (Agriculture) Embassy of the Republic of India Rome

INDONESIA

Governor	Noor FUAD Secretary-General Ministry of Finance Jakarta
Alternate Governor	Soendaroe RACHMAD Ambassador of the Republic of Indonesia to IFAD Rome
Adviser	Mochammad ROSUL Director Bureau for Planning and International Cooperation Department of Finance Ministry of Finance Jakarta



ANNEX I

INDONESIA (cont'd)

Adviser I. Nyoman ARDHA
Agricultural Attaché
Alternate Permanent Representative
of the Republic of Indonesia
to IFAD
Rome

Adviser Adek Triana YUDHASWARI
Third Secretary
Alternate Permanent Representative
of the Republic of Indonesia
to IFAD
Rome

IRAN, ISLAMIC REPUBLIC OF

Governor (acting) Seyed Reza ZARGARBASHI
Director
International Specialized
Agencies Department
Ministry of Foreign Affairs
Teheran

Adviser Mostafa JAFARI
Alternate Permanent Representative
of the Islamic Republic of Iran to the
United Nations Agencies
Rome

Adviser Abdolreza SHAGHAGHI
First Secretary
Embassy of the Islamic
Republic of Iran
Rome

IRAQ

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

Adviser Mutasim AL-FITYAN
Second Secretary
Alternate Permanent Representative
of the Republic of Iraq to the
United Nations Agencies
Rome



ANNEX I

IRELAND

Alternate Governor Anthony DEVLIN
First Secretary (Agriculture)
Alternate Permanent Representative of
Ireland to the United Nations Agencies
Rome

Adviser Sonya Mc GUINNESS
First Secretary
Multilateral Aid
Development Cooperation Division
Department of Foreign Affairs
Dublin

ITALY

Gouverneur Natale D'AMICO
Sous-Secrétaire
Ministère des finances
Rome

Gouverneur suppléant
(provisoire) Raffaele BERLENGHI
Ambassadeur de la République
italienne auprès du FIDA
Rome

Conseiller Augusto ZODDA
Directeur général
Affaires générales, personnel et
processus organisationnels
Ministère du Trésor, du budget
et de la planification économique
Rome

Conseiller Adolfo TREGGIARI
Conseiller
Représentant permanent suppléant
de la République italienne
auprès du FIDA
Rome

Conseiller Filippo ALESSI
Spécialiste
Direction générale de la
coopération au développement
Ministère des affaires étrangères
Rome



ANNEX I

ITALY (cont'd)

Conseiller Daniela LOZZI
Conseiller
Ministère du Trésor, du budget
et de la planification économique
Rome

JAPAN

Governor Hiromoto SEKI
Ambassador of Japan
to Italy
Rome

Alternate Governor
(acting) Keiji YAMAMOTO
Minister
Deputy Head of Mission
Embassy of Japan
Rome

Adviser Shoichi NAKANO
First Secretary
Embassy of Japan
Rome

Adviser Tsukasa CHIBA
Assistant Director
International Cooperation
Planning Division
Economic Affairs Bureau
Ministry of Agriculture, Forestry
and Fisheries
Tokyo

Adviser Masaru HARADA
Officer
Multilateral Cooperation Division
Economic Cooperation Bureau
Ministry of Foreign Affairs
Tokyo

JORDAN

Governor
(acting) Mazen KHASAWNEH
Secretary-General
Ministry of Agriculture
Amman



ANNEX I

JORDAN (cont'd)

Alternate Governor (acting)	Mustafa ZAHRAN Director Productive Projects Department Ministry of Planning Amman
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KAZAKHSTAN

Alternate Governor	Olzhas Omarovitch SULEIMENOV Ambassador of the Republic of Kazakhstan to Italy Rome
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Adviser	Valery TOLMACHEV First Secretary Embassy of the Republic of Kazakhstan Rome
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Adviser	Barlybay SADYKOV Second Secretary Embassy of the Republic of Kazakhstan Rome
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KENYA

Alternate Governor	Bob Francis JALANG'O Ambassador of the Republic of Kenya to IFAD Rome
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Adviser	Paul Kipsigei CHEPKWONY Agricultural Attaché Alternate Permanent Representative of the Republic of Kenya to IFAD Rome
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Adviser	Joseph Kipchirchir BOINNET Second Secretary Alternate Permanent Representative of the Republic of Kenya to IFAD Rome
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ANNEX I

KUWAIT

Governor (acting)	Hisham Ibrahim AL-WOQAYAN Deputy Director-General Operations and Disbursement Kuwait Fund for Arab Economic Development Kuwait
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LEBANON

Gouverneur	Samir EL-KHOURY Ambassadeur de la République libanaise auprès des Organisations des Nations Unies Rome
------------	--

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

Conseiller	Fadj HAJJ ALI Secrétaire Représentant permanent suppléant de la République libanaise auprès des Organisations des Nations Unies Rome
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LESOTHO

Governor	Vova BULANE Minister for Agriculture, Cooperatives and Land Reclamation Maseru
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Alternate Governor	Tieiso Maxwell KHALEMA Counsellor Alternate Permanent Representative of the Kingdom of Lesotho to the United Nations Agencies Rome
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ANNEX I

LESOTHO (cont'd)

Adviser	Mathoriso MOLUMELI Chief Economist Ministry of Agriculture, Cooperatives and Land Reclamation Maseru
Adviser	Maphutheho RANOOE First Secretary Embassy of the Kingdom of Lesotho Rome

LIBYAN ARAB JAMAHIRIYA

Governor	Ali Yousef JUMMA Secretary of the General People's Committee for Agriculture Sirt
Alternate Governor (acting)	Nuri Ibrahim HASAN Ambassador of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome
Adviser	El Taher A. AL-AZZABI Director International Cooperation Office General People's Committee for Agriculture Sirt
Adviser	Issam Mahjoub ZAWIA Counsellor Alternate Permanent Representative of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome
Adviser	Abel Imbeya EL-BUAISHI Director International Cooperation Office General People's Committee for Agriculture Sirt



ANNEX I

LUXEMBOURG

Gouverneur (provisoire)	Paul Victor Joseph FABER Ambassadeur du Grand-Duché de Luxembourg auprès du FIDA Rome
Gouverneur suppléant	Georges HEINEN Conseiller de gouvernement Ministère des finances Luxembourg-Ville

MADAGASCAR

Gouverneur suppléant	Georges RUPHIN Ambassadeur de la République de Madagascar auprès du FIDA Rome
Conseiller	Paul Bernard ANDRIAMORA Directeur de Cabinet Ministère de l'agriculture Antananarivo
Conseiller	M. MONJA Conseiller Représentant permanent adjoint de la République de Madagascar auprès du FIDA Rome

MALAWI

Governor (acting)	Charles J. MATABWA Controller of Agriculture Extension and Technical Services Ministry of Agriculture and Irrigation Lilongwe
Adviser	Clement Peanson MZEMBE Controller of Irrigation Services Ministry of Agriculture and Irrigation Lilongwe

ANNEX I

MALAYSIA

Alternate Governor	Ramanathan VENGADESAN Ambassador of Malaysia to Italy Rome
Adviser	Roseley Haji KHALID Agricultural Attaché Embassy of Malaysia Rome
Adviser	Shahrul Anuwar SARMAN Assistant Secretary Finance, Debt and Investment Management Division Ministry of Finance Kuala Lumpur
Adviser	Syed Mohd Bakri Syed ABDUL RAHMAN Second Secretary Embassy of Malaysia Rome

MALI

Gouverneur	Ibrahim Bocar DAGA Ambassadeur de la République du Mali auprès du FIDA Rome
Conseiller	Modibo Mahamane TOURE Conseiller Représentant permanent suppléant de la République du Mali auprès du FIDA Rome

MALTA

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

MAURITANIA

Gouverneur	Mohamed OULD NANY Ministre des affaires économiques et du développement Nouakchott
Gouverneur suppléant	Melainine Ould Moctar NECHE Ambassadeur de la République islamique de Mauritanie en Italie Rome
Conseiller	Sidi Mohamed Ould BAKHA Directeur du financement Ministère du Plan Nouakchott
Conseiller	Sidi Mohamed Ould MOINE Directeur général Société nationale pour le développement rural Nouakchott

MAURITIUS

Governor	Arvin BOOLELL Minister for Agriculture, Food Technology and Natural Resources Port Louis
Alternate Governor (acting)	Santi Bai HANOOMANJEE 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	Mario MOYA PALENCIA Embajador de los Estados Unidos Mexicanos ante el FIDA Roma
------------	--



ANNEX I

MEXICO (cont'd)

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

MONGOLIA

Governor Seteviin BYAMBAA
Secretary of State for Agriculture
and Industry
Ulanbaatar

Adviser Daydu DALANTAINYAM
Officer
Ministry of Agriculture
and Industry
Ulanbaatar

Adviser Bazar SANJMYATAV
First Secretary
Permanent Mission of Mongolia
to the Office of the
United Nations
Geneva

MOROCCO

Gouverneur Mohamed AIT KADI
Secrétaire général
Direction de la coopération
multilatérale
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



ANNEX I

MOROCCO (cont'd)

Conseiller Ahmed AFAILAL
Ministre plénipotentiaire
Représentant permanent adjoint
du Royaume du Maroc auprès des
Organisations des Nations Unies
Rome

Conseiller Jamila ALAOUI
Secrétaire
Représentant permanent suppléant
du Royaume du Maroc auprès des
Organisations des Nations Unies
Rome

MOZAMBIQUE

Governor Joana David SARANGA
(acting) Administrator
Central Bank of the Republic
of Mozambique
Maputo

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

MYANMAR

Governor Phone MYIINT
(acting) Ambassador of the Union
of Myanmar to Italy
Rome

NAMIBIA

Governor Stan WEBSTER
Deputy Minister for Agriculture,
Water and Rural Development
Windhoek



ANNEX I

NAMIBIA (cont'd)

Alternate Governor
(acting) Desmond R. TSHIKESHO
Director of Extension and
Engineering Services
Ministry of Agriculture, Water
and Rural Development
Windhoek

NEPAL

Governor Chakra Prasad BASTOLA
Minister for Agriculture
Kathmandu

Adviser Suresh Kumar VERMA
Joint Secretary
Ministry of Agriculture
Kathmandu

Adviser Shreeram PANTA
Under-Secretary
Ministry of Finance
Kathmandu

NETHERLANDS

Governor
(acting) Jan BERTELING
Ambassador
Permanent Representative of the
Kingdom of The Netherlands
to FAO, WFP and IFAD
Rome

Alternate Governor
(acting) Ewald Johannes Nicolas BROUWERS
Counsellor
Deputy Permanent Representative
of the Kingdom of The Netherlands
to FAO, WFP and IFAD
Rome

Adviser Yvonne RUIJTERS
Policy Adviser
Coordination and Institutional
Affairs Division
United Nations Department
Ministry of Foreign Affairs
The Hague



ANNEX I

NEW ZEALAND

Governor Peter Robert BENNET
Ambassador of New Zealand
to Italy
Rome

Alternate Governor Godfrey R.B. PAYNE
First Secretary
Embassy of New Zealand
Rome

NICARAGUA

Gobernador Alejandro MEJÍA FERRETTI
Embajador de la República
de Nicaragua ante los Organismos
de las Naciones Unidas
Roma

NIGER

Gouverneur (provisoire) Wassalke BOUKARI
Ministre du développement rural
Niamey

Gouverneur suppléant (provisoire) Abdoul Karim MAMALO
Directeur des études
et de la programmation
Ministère du développement rural
Niamey

Conseiller Idi MAMAN
Directeur du Programme
Spécial Niger-FIDA
Ministère du développement rural
Niamey

Conseiller Adam MAÏGA ZAKARIAOU
Conseiller
Représentant permanent adjoint
de la République du Niger
auprès du FIDA
Rome



ANNEX I

NIGERIA

Governor	Alhaji Sani Zango DAURA Federal Minister for Agriculture and Rural Development Abuja
Alternate Governor (acting)	Ango ABDULLAHI Special Adviser to the President on Food Security Federal Ministry of Agriculture and Rural Development Abuja
Adviser	Oloche Anebi EDACHE Director Federal Department of Agriculture Federal Ministry of Agriculture and Rural Development Abuja
Adviser	Barnabas Chiemeka IHEKIRE Deputy Director Multilateral Financial Institutions Federal Ministry of Finance Abuja
Adviser	Gabriel LOMBIN Minister Permanent Representative Designate of the Federal Republic of Nigeria to the United Nations Agencies for Food and Agriculture Rome
Adviser	Onyeabo Emmanuel ONWUKEME First Counsellor Alternate Permanent Representative of the Federal Republic of Nigeria to the United Nations Agencies for Food and Agriculture Rome

NORWAY

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



ANNEX I

NORWAY (cont'd)

Adviser
Dag BRISEID
Minister Counsellor
Permanent Representative of the
Kingdom of Norway to IFAD
Rome

Adviser
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Executive Officer
Department for United Nations
and International Finance
Institutions
Ministry of Foreign Affairs
Oslo

OMAN

Governor
(acting)
Khalfan bin Salah AL-NABI
Under-Secretary
Ministry of Agriculture
and Fisheries
Muscat

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

Adviser
Mohamed Redha Hassan SULEIMAN
Adviser for Planning
Ministry of Agriculture
and Fisheries
Muscat

Adviser
Hilal bin Saoud AMBUSAIDI
Director of International Relations
and Training
Ministry of Agriculture
and Fisheries
Muscat

Adviser
Yousuf Abdullah Nasser AL-AFIFY
First Secretary
Alternate Permanent Representative
of the Sultanate of Oman to IFAD
Rome



ANNEX I

PAKISTAN

Governor (acting)	Nawid AHSAN Additional Secretary Economic Affairs Division Ministry of Finance and Economic Affairs Islamabad
Alternate Governor (acting)	Arif AYUB Ambassador of the Islamic Republic of Pakistan to IFAD Rome
Adviser	Adnan BASHIR KHAN Agricultural Counsellor Alternate Permanent Representative of the Islamic Republic of Pakistan to IFAD Rome

PANAMA

Gobernador	Rossana Luigia AMEGLIO Embajadora 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 (interino)	Raúl INCHAUSTI VALDEZ Consejero Representante Permenente Alterno de la República del Paraguay ante los Organismos de las Naciones Unidas Roma
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ANNEX I

PARAGUAY (cont'd)

Asesor
Osvaldo ADIB BITTAR
Primer Secretario
Representante Permenente Alterno
de la República del Paraguay
ante los Organismos de las
Naciones Unidas
Roma

PERU

Gobernador
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Embajadora de la República del Perú
ante el FIDA
Roma

Gobernador Suplente
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Primer Secretario
Representante Permanente Alterno 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
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Adviser
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Rome

PORTUGAL

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Carlos Manuel Inácio FIGUEIREDO
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Financing and Support Institute for
the Development of Agriculture
and Fisheries
Ministry of Agriculture, Rural
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ANNEX I

PORTUGAL (cont'd)

Alternate Governor	Carlos Manuel DOS SANTOS FIGUEREIDO Head of Division Directorate General for European and International Affairs Ministry of Finance Lisbon
--------------------	---

QATAR

Governor (acting)	Ahmed Ali AL-ANSARI Ambassador of the State of Qatar to IFAD Rome
Adviser	Akeel HATOOR Adviser 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
Alternate Governor	Rho KYEONG-SANG Agricultural Attaché Deputy Permanent Representative of the Republic of Korea to IFAD Rome
Adviser	Bae JONG-HA Director Multilateral Cooperation Division Ministry of Agriculture and Forestry Seoul

ROMANIA

Gouverneur suppléant	Serban STATI Ambassadeur de la Roumanie auprès du FIDA Rome
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ANNEX I

ROMANIA (cont'd)

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Ioan PAVEL
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Représentant permanent adjoint
de la Roumanie auprès du FIDA
Rome

SAUDI ARABIA

Governor
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Abdallah ibn Abdel Aziz BIN MOAMMAR
Minister for Agriculture
and Water
Riyadh

Alternate Governor
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Ahmad Ben Souleiman AL-AQUIL
Minister Plenipotentiary
Permanent Representative of
the Kingdom of Saudi Arabia
to FAO
Rome

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Office of the Minister for
Agriculture and Water
Riyadh

Adviser
Waleed EL KHEREIJI
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Agriculture and Water
in the Western Region
Department
Ministry of Agriculture
and Water
Riyadh

Adviser
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Secretary
Ministry of Agriculture
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Adviser
Mohammad ALABASSI
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Ministry of Agriculture
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ANNEX I

SAUDI ARABIA (cont'd)

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Rome

SENEGAL

Gouverneur
(provisoire) Mouhammed El Habib LY
Directeur de l'Unité de
politique agricole
Ministère de l'agriculture
Dakar

Conseiller Moussa Bocar LY
Ministre Conseiller
Ambassade de la République
du Sénégal
Rome

Conseiller Abdoukarim DIOUF
Deuxième Conseiller
Ambassade de la République
du Sénégal
Rome

SOUTH AFRICA

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SPAIN

Gobernador Jorge DOMEQ FERNÁNDEZ DE BOBADILLA
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ANNEX I

SPAIN (cont'd)

Gobernador Suplente	María Victoria SCOLA PLIEGO Primera Secretaria Embajada de España Roma
Asesor	Javier PIERNAVIEJA NIEMBRO Agregado de Agricultura, Pesca y Alimentación Representante Permanente Adjunto de España ante los Organismos de las Naciones Unidas Roma

SRI LANKA

Governor	Dissanayake Mudiyanse JAYARATNE Minister for Agriculture and Lands Battaramulla
Alternate Governor (acting)	Jyaraj FERNANDOPULLE Minister for Plan Implementation and Parliamentary Affairs Battaramulla
Adviser	Thelmuth Harris Wilhelm WOUTERSZ Ambassador of the Democratic Socialist Republic of Sri Lanka to IFAD Rome
Adviser	Sandaradura Lal SENEVIRATNE Secretary Ministry of Plan Implementation and Parliamentary Affairs Battaramulla
Adviser	Nimal Felix C. RANAWEERA Additional Secretary Ministry of Agriculture and Lands Battaramulla



ANNEX I

SRI LANKA (cont'd)

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of the Democratic Socialist
Republic of Sri Lanka
to IFAD
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Adviser
Anula YAPA
Private Secretary
Ministry of Agriculture
and Lands
Battaramulla

SUDAN

Governor
Elhag Adam YOUSIF
Minister for Agriculture
and Forestry
Khartoum

Alternate Governor
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Under-Secretary
Ministry of Agriculture
and Forestry
Khartoum

Adviser
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Ambassador of the Republic
of The Sudan to Italy
Rome

Adviser
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Ministry of Agriculture
and Forestry
Khartoum

Adviser
Makki Mirghani OSMAN
Adviser
Ministry of Finance and
National Economy
Khartoum



ANNEX I

SUDAN (cont'd)

Adviser
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Permanent Representative of the
Republic of The Sudan to IFAD
Rome

SWAZILAND

Governor
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Christopher NKWANYANA
Under-Secretary
Ministry of Agriculture
and Cooperatives
Mbabane

Adviser
Khangezile DLAMINI
Project Coordinator
Ministry of Agriculture
and Cooperatives
Mbabane

Adviser
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Counsellor
High Commission for the
Kingdom of Swaziland
London

SWEDEN

Governor
(acting)
Lennart BÅGE
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Head of the 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



ANNEX I

SWEDEN (cont'd)

Adviser
Michael ODEVALL
Minister
Permanent Representative of
the Kingdom of Sweden
to IFAD
Rome

SWITZERLAND

Gouverneur
Henri-Philippe CART
Directeur général adjoint
Direction du développement
et de la coopération
Département fédéral des
affaires étrangères
Berne

Gouverneur suppléant
(provisoire)
Catherine CUDRÉ-MAUROUX
Conseillère scientifique
Secrétariat d'État à l'économie
Département fédéral de l'économie
Berne

Conseiller
Lothar CAVIEZEL
Conseiller scientifique principal
Direction du développement
et de la coopération
Département fédéral des
affaires étrangères
Berne

SYRIA

Governor
Asa'ad MUSTAFA
Minister for Agriculture
and Agrarian Reform
Damascus

Alternate Governor
(acting)
Orfan ALLOUCH
Assistant Minister for
Agriculture and Agrarian
Reform
Damascus



ANNEX I

SYRIA (cont'd)

Adviser	Nabila CHAALAN Minister Plenipotentiary Embassy of the Syrian Arab Republic Rome
Adviser	Hassan QATANA Director Agricultural Affairs Ministry of Agriculture and Agrarian Reform Damascus
Adviser	Basel TELLO Director Arab and International Relations Ministry of Agriculture and Agrarian Reform Damascus
Adviser	Ahmed AL-ZOOBI Adviser Ministry of Agriculture and Agrarian Reform Damascus
Adviser	Bachar AKBIK Second Secretary Deputy Permanent Representative of the Syrian Arab Republic to the United Nations Agencies Rome

TANZANIA, UNITED REPUBLIC OF

Governor (acting)	Albano Lumbe Teneku ASMANI Minister Plenipotentiary Permanent Representative of the United Republic of Tanzania to IFAD Rome
Adviser	Perpetua M.S. HINGI Agricultural Attaché Alternate Permanent Representative of the United Republic of Tanzania to IFAD Rome



ANNEX I

THAILAND

Governor
(acting) Chao TIANTONG
Minister (Agriculture)
Permanent Representative of the
Kingdom of Thailand to the
United Nations Agencies
Rome

**THE FORMER YUGOSLAV REPUBLIC
OF MACEDONIA**

Alternate Governor Viktor GABER
Ambassador of The Former Yugoslav
Republic of Macedonia to the
United Nations Agencies
Rome

Adviser Miomir RISTOVSKI
Minister Counsellor
Deputy Permanent Representative of
The Former Yugoslav Republic of
Macedonia to the United Nations
Agencies
Rome

Adviser Elizabeta ANGELOVA
Assistant Minister
Ministry of Agriculture,
Forestry and Water Economy
Skopje

Adviser Ljubica TRENCEVSKA
Senior Adviser
Ministry of Agriculture,
Forestry and Water Economy
Skopje

Adviser Zivko BRAJOVSKI
Adviser
Ministry of Agriculture,
Forestry and Water Economy
Skopje

Adviser Kenan RAMADANI
Adviser
Ministry of Foreign Affairs
Skopje



ANNEX I

TUNISIA

Gouverneur (provisoire)	Azouz ENNIFAR Ambassadeur de la République tunisienne auprès des Organisations spécialisées des Nations Unies Rome
Gouverneur suppléant (provisoire)	Mahjoub LAMTI Conseiller Représentant permanent adjoint de la République tunisienne auprès des Organisations spécialisées des Nations Unies Rome
Conseiller	Naceur BOUALI Conseiller Représentant permanent suppléant de la République tunisienne auprès des Organisations spécialisées des Nations Unies Rome

TURKEY

Governor	Necati UTKAN Ambassador of the Republic of Turkey to IFAD Rome
Alternate Governor	Ömer GÜCÜK First Secretary Alternate Permanent Representative of the Republic of Turkey to IFAD Rome
Adviser	Ahmet SAYLAM Agricultural Counsellor Alternate Permanent Representative of the Republic of Turkey to IFAD Rome

UGANDA

Governor (acting)	Wilburforce Kisamba MUGERWA Minister for Agriculture, Animal Industry and Fisheries Entebbe
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ANNEX I

UGANDA (cont'd)

Alternate Governor (acting)	Vincent KIRABOKYAMARIA Ambassador of the Republic of Uganda to IFAD Rome
Adviser	Wilber AINEBYONA Principal Economist Ministry of Finance, Planning and Economic Development Entebbe
Adviser	Martin KASIRYE Second Secretary Alternate Permanent Representative of the Republic of Uganda to IFAD Rome

UNITED ARAB EMIRATES

Governor (acting)	Mohammed Fahad AL DUHAIM Ambassador of the United Arab Emirates to the United Nations Food and Agriculture Agencies Rome
Adviser	Ali Mohammed RABIAH Second Secretary Alternate Permanent Representative of the United Arab Emirates to the United Nations Food and Agriculture Agencies Rome
Adviser	Saleh Ahmed Saif ALTHEEB Head of the Technical Cooperation Division Ministry of Financial and Industrial Affairs Dubai

UNITED KINGDOM

Governor (acting)	Anthony BEATTIE Minister Permanent Representative of the United Kingdom to the United Nations Food and Agriculture Agencies Rome
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ANNEX I

UNITED KINGDOM (cont'd)

Adviser N. Barrie HUDSON
List A Facilitator
Gravesend, Kent

UNITED STATES

Governor Joseph EICHENBERGER
(acting) Director
Office of Multilateral
Development Banks
Department of the Treasury
Washington, D.C.

Alternate Governor Laurie J. TRACY
(acting) Minister Counsellor
Acting Permanent Representative to
the United Nations Agencies for
Food and Agriculture
Rome

Adviser James B. ALLEN
International Relations Officer
Office of International
Development Assistance
Bureau for International
Organizations Affairs
Department of State
Washington, D.C.

Adviser Ralph W. CUMMINGS, Jr.
Senior Economist
Office of Agriculture and
Food Security
Bureau for Global Programs,
Field Support and Research
United States Agency for
International Development
Washington, D.C.

Adviser Vonda KIMBLE DELAWIE
First Secretary
Alternate Permanent Representative to
the United Nations Agencies for
Food and Agriculture
Rome



ANNEX I

UNITED STATES (cont'd)

- Adviser Mary Ann KEEFFE
Deputy Administrator for
International Cooperation
and Development
Foreign Agricultural Service
Department of Agriculture
Washington, D.C.
- Adviser David P. LAMBERT
Agricultural Attaché
United States Mission to the
United Nations Agencies for
Food and Agriculture
Rome
- Adviser David WINKELMANN
Special Assistant to the
Deputy Administrator for
International Cooperation
and Development
Foreign Agricultural Service
Department of Agriculture
Washington, D.C.

URUGUAY

- Gobernador Felipe H. PAOLILLO
Embajador de la República Oriental
del Uruguay ante los Organismos
de las Naciones Unidas
Roma
- Gobernador Suplente
(interino) Laura GALARZA
Agregada
Representante Permanente Alternativa
de la República Oriental del Uruguay
ante los Organismos de las
Naciones Unidas
Roma

VENEZUELA

- Gobernador Suplente Consuelo GUTIÉRREZ
Vicepresidenta de Operaciones
Financieras
Fondo de Inversiones
Caracas



ANNEX I

VENEZUELA (cont'd)

Asesor Maria PERÉZ DE RIVAS
Asesora
Vice Presidencia de Finanzas
Fondo de Inversiones
Caracas

Asesor Maritza CAMPO
Ministra Consejera
Embajada de la República
Bolivariana de Venezuela
Roma

VIET NAM

Governor Tran Minh QUOC
Ambassador of the Socialist
Republic of Viet Nam to Italy
Rome

Adviser Nguyen Thi Xuan HUONG
First Secretary
Embassy of the Socialist
Republic of Viet Nam
Rome

YEMEN

Governor Ahmed Salem ALJABALI
Minister for Agriculture
and Irrigation
Sana'a

Alternate Governor Ahmed Aly AL-HAWRI
Counsellor
Permanent Representative of the
Republic of Yemen to IFAD
Rome

Adviser Mansour Abdullah ALAHGERY
Director-General
Office of the Minister for
Agriculture and Irrigation
Sana'a



ANNEX I

ZAMBIA

Governor (acting)	Yotam NGULUBE Deputy Minister for Agriculture, Food and Fisheries Lusaka
Alternate Governor (acting)	Chasiya KAZEMBE Senior Economist Ministry of Finance and Economic Development Lusaka
Adviser	Abedanigo K. BANDA Director Economics and Marketing Development Ministry of Agriculture, Food and Fisheries Lusaka
Adviser	Gertrude Mukuwa KALULU Treasury Counsel Ministry of Finance and Economic Development Lusaka
Adviser	Fredrick MULENGA Principal Extension Officer Forestry Department Ministry of Environment and Natural Resources Lusaka

ZIMBABWE

Governor	Kumbirai Manyika KANGAI Minister for Lands and Agriculture Harare
Alternate Governor	Mary Margareth MUCHADA Ambassador of the Republic of Zimbabwe to IFAD Rome
Adviser	Tobias TAKAVARASHA Permanent Secretary Ministry of Lands and Agriculture Harare



ANNEX I

ZIMBABWE (cont'd)

Adviser	Peter GOKO Principal Agricultural Economist Policy and Planning Division Ministry of Lands and Agriculture Harare
Adviser	Sophia NYAMUDEZA Counsellor Alternate Permanent Representative of the Republic of Zimbabwe to IFAD Rome



OBSERVERS FROM UNITED NATIONS MEMBER STATES

OBSERVATEURS D'ÉTATS MEMBRES DES NATIONS UNIES

OBSERVADORES DE LOS ESTADOS MIEMBROS DE LAS NACIONES UNIDAS



ANNEX I

BULGARIA

Krassimir KOSTOV
Ministre plénipotentiaire
Représentant permanent de
la République de Bulgarie
auprès de la FAO
Rome

HUNGARY

Mariann KOVÁCS
Counsellor
Permanent Representative of the
Republic of Hungary to FAO
Rome

ICELAND

Jón Erlingur JÓNASSON
Resident Representative
Permanent Representation of the
Republic of Iceland to FAO
Rome

SAN MARINO

Daniela ROTONDARO
Counsellor
Embassy of the Republic
of San Marino
Rome

UKRAINE

Amdrii KARTYSH
First Secretary
Embassy of the Republic
of Ukraine
Rome



HOLY SEE

SAINT-SIÈGE

SANTA SEDE



ANNEX I

Agostino MARCHETTO
Observateur permanent du
Saint-Siège auprès du FIDA
Cité du Vatican

Vincenzo BUONOMO
Conseiller
Cité du Vatican

Giovanni TEDESCO
Conseiller
Cité du Vatican



REPRESENTATIVES OF THE UNITED NATIONS AND SPECIALIZED AGENCIES
REPRÉSENTANTS DES NATIONS UNIES ET INSTITUTIONS SPÉCIALISÉES
REPRESENTANTES DE LAS NACIONES UNIDAS Y ORGANISMOS ESPECIALIZADOS



ANNEX I

**Food and Agriculture Organization
of the United Nations**

David HARCHARIK
Deputy Director-General
Rome

David FORBES WATT
Director
Investment Centre
Rome

Michael FITZPATRICK
Chief
Investment Centre
Rome

**Office of the United Nations
High Commissioner for Refugees**

Giuseppe DE VINCENTIS
External Relations Officer
Geneva

Ana Liria FRANCH
Representative
in Italy
Rome

United Nations Information Centre

Staffan DE MISTURA
Director
Rome

United Nations Development Programme

Evlogui BONEV
Senior Adviser
European Office
Geneva



ANNEX I

United Nations Office for Project Services

Bisrat AKLILU
Deputy Executive Director and
Director of Operations
New York

Alberto ORLANDI
Chief
Division for IFAD Programmes
New York

United Nations Population Fund

Alphonse L. MAC DONALD
Director
European Liaison Office
Geneva

World Food Programme

A. Namanga NGONGI
Deputy Executive Director
Rome

Valerie SEQUEIRA
Secretary to the Executive Board
Chief
Inter-Agency Affairs Service
Rome

Scott GREEN
Officer
Inter-Agency Affairs Service
Rome

Yasuhiro TSUMURA
Officer
Inter-Agency Affairs Service
Rome



OBSERVERS FROM INTERGOVERNMENTAL ORGANIZATIONS

OBSERVATEURS DES ORGANISATIONS INTERGOUVERNEMENTALES

OBSERVADORES DE LAS ORGANIZACIONES INTERGUBERNAMENTALES



ANNEX I

African Development Bank

Kebede TAMRAT
Senior Cooperation Officer
Abidjan

**Arab Bank for Economic
Development in Africa**

Wahid HAJRI
Assistant Director-General
of Operations
Khartoum

Mohameden Baba OULD AHMED
Rural Engineer
Khartoum

**Arab Center for the Studies of
Arid Zones and Dry Lands**

Hassan SEOUD
Director-General
Damascus

Salah Al KURDI
Director of Planning
Damascus

Muhammad Fadel WARDEH
Coordinator
ACSAD/IFAD Programme
Damascus

**Arab Fund for Economic and
Social Development**

Mervat BADAWI
Director
Technical Department
Safat

**Arab Organization for Agricultural
Development**

Yahia BAKOUR
Director-General
Khartoum



ANNEX I

**Arab Organization for Agricultural
Development (cont'd)**

El Sadig El Fadil AZRAG
Director
Technical and Scientific
Cooperation Department
Khartoum

Asian Development Bank

Muhammad E. TUSNEEM
Deputy-Director
Agriculture and Social Sectors
Department (West)
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**Consultative Group on International
Agricultural Research**

Alexander VON DER OSTEN
Executive Secretary
Washington, D.C.

European Community

Wilma DU MARTEAU
Permanent Representative to the
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Commission of the European Community
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Attaché
Commission of the European Community
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**Inter-American Institute for
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Deputy Director-General
San José



ANNEX I

**International Center for Agricultural
Research in the Dry Areas**

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**International Organization
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Counsellor
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OBSERVERS FROM NON-GOVERNMENTAL ORGANIZATIONS

OBSERVATEURS DES ORGANISATIONS NON GOUVERNEMENTALES

OBSERVADORES DE LAS ORGANIZACIONES NO GUBERNAMENTALES



ANNEX I

**Centre for Environment and
Development for the Arab Region**

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Executive Director
Cairo

Giordano Dell'Amore Foundation

Felice TAMBUSI
Member of the Board
of Directors
Milan

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ANNEX I

Trickle Up Program

Mildred ROBBINS LEET
President and Co-Founder
New York

ANNEX II



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Third Session
Rome, 16-17 February 2000

AGENDA

1. Opening of the Session
2. Adoption of the Agenda
3. Election of the Bureau of the Governing Council
4. Statement of the President of IFAD
5. Progress Report on the Fourth Replenishment of IFAD's Resources
6. Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD
7. General Statements
8. Proposed Budget of IFAD for 2000
9. Audited Financial Statements of IFAD as at 31 December 1998
10. Capital Expenditure Budget of IFAD
11. IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement
12. Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification
13. Election of Members and Alternate Members of the Executive Board
14. Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty
15. Emoluments of the President



ANNEX II

16. Report on the Status of the Headquarters Agreement

17. Other Business

Approval of Disclosure of Documents

**LIST OF DOCUMENTS PLACED BEFORE THE
TWENTY-THIRD SESSION OF THE GOVERNING COUNCIL**

Document No.	Agenda Item	Title
GC 23/L.1/Rev.2	2	Agenda
GC 23/L.1/Rev.1/Add.1	2	Schedule of Work for the Session
GC 23/L.2 + Add.1	5	Progress Report on the Fourth Replenishment of IFAD's Resources
GC 23/L.3/Rev.1 + Rev.1/Add.1	6	Partnerships for Eradicating Rural Poverty: Draft Report of the Consultation to Review the Adequacy of the Resources Available to IFAD, 2000-2002
GC 23/L.4 + Add.1	8	Programme of Work and Budget of IFAD for 2000
GC 23/L.5	9	Audited Financial Statements of IFAD as at 31 December 1998
GC 23/L.6	10	Capital Expenditure Budget of IFAD
GC 23/L.7 + Corr.1	11	IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement
GC 23/L.8	12	Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
GC 23/L.9 + Add.1	13	Election of Members and Alternate Members of the Executive Board
GC 23/L.10	14	Progress Report and Forecast by the Popular Coalition to Eradicate Hunger and Poverty: Empowering the Rural Poor through Improved Access to Productive Resources
GC 23/L.11	15	Emoluments of the President
GC 23/INF.1		Arrangements for the Twenty-Third Session of the Governing Council
GC 23/INF.2		Status Report on the Rural Poverty Report 2000
GC 23/INF.3		Contribution from A Non-Member State
GC 23/INF.4		Combining Microfinance with Food Aid – Briefing Note on Operational Cooperation Between IFAD and the World Food Programme (WFP)



ANNEX III

Document No.	Agenda Item	Title
GC 23/INF.5		IFAD's Year 2000 Compliance Programme
GC 23/INF.6		Working with a Common Development Agenda: Global Development Partnership Frameworks and IFAD's Relationship to the United Nations Reform Process
GC 23/INF.7		Financial Highlights for the Year Ended 31 December 1999
GC 23/INF.8/Rev.2		List of Participants at the Twenty-Third Session of the Governing Council
GC 23/Resolutions		Resolutions Adopted by the Governing Council at its Twenty-Third Session

ANNEX IV



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty Third Session
Rome, 16-17 February 2000

PROGRAMME OF WORK AND BUDGET OF IFAD FOR 2000

1. With reference to Note 1 on the first page of the Programme of Work and Budget of IFAD for 2000 (document GC 23/L.4), the Governing Council is invited to approve the recalculation of the budget at the latest prevailing exchange rate against the Italian Lira. The budget was originally calculated at ITL 1 805/USD 1.00, the anticipated average exchange rate for 1999.
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 at 31 January 2000 is ITL 1 977.60/USD 1.00, which the President recommends that the Governing Council adopt for the purpose of the recalculation of the Budget of IFAD for 2000.
3. Accordingly, in paragraph 4 of the draft resolution on page 2 of document GC 23/L.4, the total amount of the Budget of IFAD for 2000 will be USD 52 728 000, including a contingency of USD 400 000, plus a separate amount of USD 131 000 for funding meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD.



DRAFT RESOLUTION ON THE BUDGET OF IFAD FOR 2000

Resolution .../XXIII

Budget of IFAD for 2000

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-Eighth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 2000 in the amount of SDR 345.3 million;
3. **Having considered** the review of the Sixty-Eighth Session of the Executive Board concerning the proposed Budget of IFAD for 2000;
4. **Approves** the Budget of IFAD for 2000, as contained in document GC 23/L.4 in the amount of USD 52 728 000 determined on the basis of a rate of exchange of ITL 1 977.60/USD 1.00, including a contingency of USD 400 000, plus a separate amount of USD 131 000 for funding meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD;
5. **Decides** that, in the event the average value of the United States dollar in 2000 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 2000 bears to the Budget exchange rate.

ANNEX IV



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Third Session
Rome, 16-17 February 2000

PROGRAMME OF WORK AND BUDGET FOR 2000

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 2000 Budget to the Governing Council for approval.
2. The Programme of Work for 2000, on which the Budget is based, was reviewed by the Executive Board at its Sixty-Eighth Session. A level of SDR 345.3 million has been approved for planning purposes on the assumption that the Fifth Replenishment negotiations will be completed during 2000. The Executive Board noted that the regional lending levels complied with the recommendations of the Report of the Chairman of the Ad Hoc Committee on Regional Allocations. It also noted the Fund's efforts to continue to increase share of lending to the African region.
3. The Executive Board, at its Sixty-Eighth Session, also reviewed the proposed Budget of IFAD for 2000. The Board expressed satisfaction at the efforts made by the Fund over the past eight years to reduce the Budget, and noted the proposed 2000 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 141 000 for the funding of meetings in 2000 of the Consultation to Review the Adequacy of the Resources Available to IFAD. The Executive Board recommended that the President 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 2000 Budget in the amount indicated therein.



DRAFT RESOLUTION OF THE BUDGET OF IFAD FOR 2000

Resolution .../XXIII

Budget of IFAD for 2000

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-Eighth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 2000 in the amount of SDR 345.3 million;
3. **Having considered** the review of the Sixty-Eighth Session of the Executive Board concerning the proposed Budget of IFAD for 2000;
4. **Approves** the Budget of IFAD for 2000, as contained in document GC 23/L.4, in the amount of USD 55 392 000¹ determined on the basis of a rate of exchange of ITL 1 805/USD 1.00, including a contingency of USD 400 000 plus a separate amount of USD 141 000 for funding meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD.
5. **Decides** that in the event the average value of the United States dollar in 2000 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 2000 bears to the Budget exchange rate.

¹ 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 will be tabled at the Twenty-Third Session of the Governing Council. Due to the introduction of the Euro, which came into effect on 1 January 1999, the prevailing Euro/United States dollar exchange rate will also be provided to facilitate comparison in future years.



TABLE OF CONTENTS

- I. INTRODUCTION AND HIGHLIGHTS: 2000 AS A YEAR OF CONSOLIDATION**
- II. THE CORPORATE STRATEGY: IMPLEMENTATION TO DATE AND AGENDA FOR 2000**
- III. OPERATIONAL STRATEGY**
 - A. The Year 2000 – Meeting Emerging Challenges
 - B. Resource Strategy
 - C. Human Resources Management Strategy
 - D. Information Management Strategy
- IV. REVIEW OF RESOURCES AND COMMITMENTS**
- V. PROGRAMME OF WORK FOR 2000**
 - A. Loan Programme
 - B. Technical Assistance Grant Programme
- VI. MAJOR POLICY ISSUES AFFECTING THE 2000 BUDGET**
 - A. Up-Front Costs Relating to Re-Engineering
 - B. World Bank Supervision Charges
 - C. Consultation Meetings
- VII. THE BUDGET FOR 2000**
 - A. Governing Body 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



ANNEXES

- I. PROGRAMME MANAGEMENT DEPARTMENT – WORK PROGRAMME
BY NUMBER OF OPERATIONS FOR PROJECT CYCLE**
- II. PROGRAMME MANAGEMENT DEPARTMENT – LOAN PROGRAMME**
- III. PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS**
- IV. 2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**
- V. OVERVIEW OF IFAD’S REGIONAL STRATEGIES FOR 2000**



PART I - INTRODUCTION AND HIGHLIGHTS: 2000 AS A YEAR OF CONSOLIDATION

1. At its Sixty-Seventh Session in September 1999, the Executive Board reviewed the Preview of the Programme of Work and Budget of IFAD for 2000 (document EB 99/67/R.8), which provided the Fund's strategic directions for the medium and long term and its objectives for 2000.
2. IFAD's corporate strategy for 2000 will continue to focus on its core mandate of eradicating rural poverty and will be guided by the five strategic thrusts identified in 1997. Critical linkages between divisional goals and objectives will be closely monitored.
3. Since 1995, a number of far-reaching restructuring and re-engineering initiatives have been implemented at IFAD, and the Executive Board has been informed of progress on a periodical basis. Many of the initiatives have been fully implemented; others need critical support for their development and completion. The year 2000 is therefore seen as a year when progress achieved thus far will be consolidated as a basis for enhancing efficiency gains and ascertaining that the Fund's business processes are sustainable and responsive to its needs. Since the current strategy expires in 2001, it will be necessary to start work on reviewing IFAD's corporate strategy during the coming year.
4. As the organization stands on the threshold of a new millennium, the year 2000 is an especially propitious time for looking to the future in terms of the opportunities and challenges that lie ahead in terms of eradicating rural poverty. In this connection, the Fund has begun work on a series of studies and workshops to provide inputs for a rural poverty report that is to be published in September 2000.
5. It is anticipated that the Consultation to Review the Adequacy of the Resources Available to IFAD (hereafter "the Consultation") will be concluded during 2000 and that implementation of its recommendations will be initiated.
6. During the year it is expected that a capital budget approach will be implemented, enabling the Fund to embark on longer-term development of its various work processes. A corporate systems development programme will be developed so as to incorporate the Fund's major information systems requirements for the period 2000-02. A feasibility study has been undertaken to identify the main work processes, projecting costs by component and expected investment returns on the components to be implemented. The outcome of the study provided the basis for formulating a capital budget proposal that was reviewed at the Sixty-Eighth Session of the Executive Board and is provided separately to the Twenty-Third Session of the Governing Council (document GC 23/L.6).

PART II - THE CORPORATE STRATEGY: IMPLEMENTATION TO DATE AND AGENDA FOR 2000

7. The basic thrusts of IFAD's corporate strategy for the year 2000 remain the same as those articulated in 1997, that is, to:
 - support projects and programmes driven by beneficiary participation in both design and implementation;
 - create an effective portfolio management system that ensures desired field-level results;
 - ensure an effective IFAD presence and impact in the field by: (a) maintaining a credible level of lending in real terms; and (b) expanding IFAD's outreach;
 - establish and use knowledge networks on rural poverty in order to create a recognized knowledge organization; and



- develop human resource and management systems that support accountability, teamwork and decentralized decision-making and other goals.

8. The corporate strategy enables the Fund to define its priorities and adopt a long-term approach to attaining its objectives. This enables the Fund to clearly articulate its objectives and ensures that its operations and policies are geared to achieving goals in a coordinated but flexible manner. In this way, broader cooperation with internal and external partners is achieved, while allowing the Fund to remain responsive to change, development and constraints as they arise.

9. Since the adoption of the corporate strategy in 1997, emphasis has been placed on:

- (a) Increased project ownership on the part of the beneficiaries. Project-design workshops, involving all stakeholders, have helped to improve both implementation and the distribution of benefits. Dialogue with governments ensures beneficiary representation in decision-making bodies. Systematic use is made of the Fund's "Household Food and Gender Memory Checks" in project and grant activities to ensure proper gender balance.
- (b) Enhanced project implementation through a project status tracking system. Constraints are identified on a real-time basis, which makes it possible to take appropriate corrective action. By working hand-in-hand with its development partners, IFAD ensures the effective fulfilment of physical and financial conditions for project implementation.
- (c) Seeking partnerships with its clients, sister agencies, Member States and civil society to address the global challenge of eradicating poverty.
- (d) Consistently developing IFAD as a knowledge organization.
- (e) Increasing efficiency and accountability through reengineered business processes.

10. **Opportunities in the future.** IFAD's comparative advantage lies in its ability to identify the concerns, constraints and opportunities of the poor and to support programmes and projects for rural poverty eradication. Combined with its corporate strategy, the future effectiveness of IFAD will depend on its ability to take advantage both of its strengths and of the experience gained over the past 20 years. IFAD is currently examining the challenges and opportunities presented by global rural poverty and synthesizing its rich store of operational knowledge with outside knowledge to produce a report on rural poverty. Scheduled for publication in September 2000, the report will provide a consolidated statement of the organization's position on rural poverty and the challenges that development partners face in their efforts to eradicate this phenomenon. The operational strategy will draw on IFAD's evolving understanding of the challenge posed by rural poverty.

PART III - OPERATIONAL STRATEGY

A. The Year 2000 – Meeting Emerging Challenges

11. The key elements of IFAD's operational strategies that will shape its lending and grant programmes for the year 2000 are:

- (a) **Participation of the poor.** In 2000 the Fund will continue its efforts to ensure that its ultimate clients – the poor – participate not only in project design and development but that they have a greater voice in project implementation (e.g. through participatory rural appraisals, joint participatory workshops, and comprehensive participatory planning and evaluation). Special emphasis will be placed on building local institutional capacity to guarantee equitable access by women to assets and other opportunities for sustainable rural poverty eradication. Greater gender awareness will also continue to be an important element in IFAD's approach to rural poverty reduction.



- (i) **Building local capacity.** Capacity building of institutions that serve the poor will be a major priority of the Fund's operational strategy in the year 2000. It will consist of three elements: (i) institutional strengthening; (ii) organizational development aimed at effectively supporting the poor; and (iii) human resources development and training. IFAD's grant resources will be channelled towards building local capacity to ensure that participatory processes are adopted and that non-governmental and civil-society organizations (particularly user associations) receive support to enable them to understand project objectives, participate in project activities and become active players in project implementation rather than passive recipients of assistance.
- (ii) **Ensuring better project implementation and desired field impact.** The Fund will maintain its emphasis on improving project implementation and making sure that project benefits reach the desired targets. IFAD's operational focus in 2000 will seek to ensure that: efforts are streamlined further in consultation with the cooperating institutions; local capacity is created to guarantee that project implementation observes agreed time schedules; and local initiatives are tapped along with undertakings by other bilateral and multilateral donors within a climate of enhanced partnership. At headquarters, the gains resulting from training in the logframe approach will be consolidated further, and the training programme will be expanded to include all project managers at the field level. At the same time, significant emphasis will be placed on seeing that projects supervised directly by IFAD are implemented properly and that the experience gained through direct supervision is internalized and future project designs are improved.
- (b) **Keeping the focus on the poorest of the poor in deprived areas and regions.** Africa will remain the primary focus of the Fund's overall lending programme. The past drop in the lending programme for Africa has been recovered through increased lending in 1998 and 1999. The sub-Saharan region, however, is still one of the world's most vulnerable. Small producers and the large masses of population displaced by human-induced and natural disasters will continue to receive priority. The Asia and the Pacific region will maintain its priority status, given that the majority of the world's poor are concentrated there and also that in many Asian countries the urban and rural poor have been severely hit by the financial crisis. Latin American countries, too, have felt the impact of financial crisis and severe weather phenomena, which have crippled the region's economic growth and cast a shadow over short and medium-term development prospects. Assistance will be given to ensure proper linkages between rural poverty-alleviation initiatives and local rural development processes. The Fund will place emphasis on helping those adversely affected to rebuild sustainable livelihoods and assisting poor farmers to develop enough resilience to shield them from such crises in future. The new Member States in the Asia and Near East regions will also bring fresh challenges in this area.
- (c) **Heavily-Indebted Poor Countries Debt Initiative.** IFAD support for the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) will continue in the year 2000. The World Bank and International Monetary Fund have prepared estimates of the cost implications of the Cologne initiative for participating international financial institutions (IFIs). A separate paper highlighting the resource implications of the enhanced policy framework for the HIPC is being presented to the current session of the Executive Board for its review and onward recommendation to the Governing Council.



(d) **Partnership-building.** Strategic partnerships will be pursued as a means of:

- (i) Entering into **cofinancing arrangements** with other financial agencies. In line with repeated requests from its governing bodies, IFAD will continue to emphasize this particular operational objective. The Fund's operational strategy will seek to scale up at least one project in each of the five regions and to secure at least 30% cofinancing, i.e. external financing of IFAD-initiated projects. However, the objective is not just to seek resources but to form closer partnerships with international agencies as a catalyst to ensure that innovative elements of IFAD-financed projects are replicated on a broader scale while mobilizing resources in pursuit of the objectives of the global agenda for rural poverty eradication.
- (ii) **Complementing and underpinning macroeconomic reform** to ensure that the benefits reach small producers and the rural poor. IFAD's interventions will continue to aim at building capacity at the grass-roots level by encouraging participation by the poor, examining and influencing the structure and orientation of extension services and financial organizations, and promoting the construction of infrastructure that responds to the needs of the rural population.
- (iii) **Sharing institutional capacity.** IFAD will work with the World Bank in the formulation of a comprehensive development framework by taking part in pilot efforts in four countries. The Fund will use this framework to extend its present level of cooperation.
- (iv) **Identifying contributions that the private sector can make in various areas.** In this regard, work in 2000 will focus on: (a) downstream value-chain linkages (processing, marketing, trading and transport); (b) high-potential industries in such sectors as the life sciences, agro-processing, financial services and energy; (c) pursuing partnership opportunities along thematic lines (research and development, advocacy) and at the corporate level (knowledge management, information systems access, consulting services); and (d) private-sector cofinancing opportunities (such as loan syndication) at the project level.
- (v) **A recognized knowledge organization.** In 1999, IFAD reviewed the adequacy of its evaluation functions with a view to intensifying its efforts to meet the objectives of Thrust "D" of the corporate strategy (knowledge generation and dissemination). The review, which aimed at improving cost-effectiveness, responsiveness and relevance, led to the formulation of renewed strategic directions based on the Fund's desire to transform evaluation into a learning process. This concept embodies the notion of learning in a participatory manner so as to enhance the usefulness and improve the impact of evaluation, both by ameliorating the performance and quality of IFAD's projects and programmes - including its strategies and policies - and by generating improved practices and knowledge for partnership with the development community at large. The objective of allocating funds for evaluation is to promote learning at the heart of the evaluation process. Much importance is given to evaluation-related exercises that contribute to generating and sharing knowledge in support of IFAD's poverty eradication efforts, such as thematic and strategic reviews, country programme evaluations and improved methodology for impact assessment.

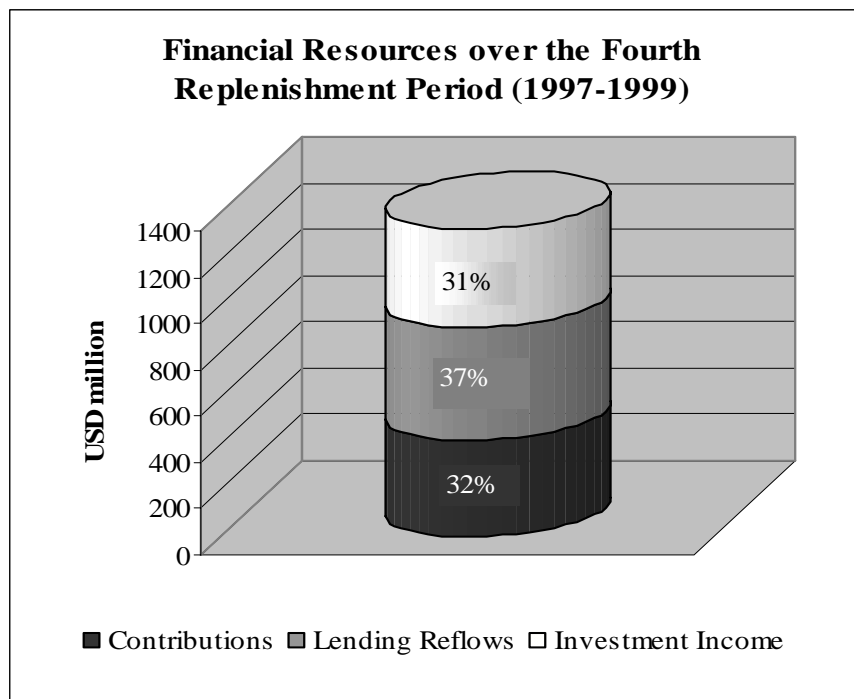
B. Resource Strategy

Plan of Action to Ensure Adequate Resource Availability

12. As in the past, the overall objective of IFAD's resource mobilization strategy will be to ensure the availability of adequate resources for a viable institution and credible lending level. This objective will continue to be pursued through a multifaceted approach based on three basic resource categories: **financial**, for the annual lending and grant programmes and IFAD's institutional expenses; **information and knowledge**, to enhance the relevance and impact of the Fund's interventions, as discussed in Section III.A above; and **goodwill**, to maintain public support and political will for the global poverty-eradication agenda. In this context, resource adequacy is understood to mean an effective and interrelated balance of these three categories. Achieving such a balance is the challenge facing the Fund's corporate strategy for the year 2000 and beyond.

Regular Programme Resources

13. The combined lending and grant programme for the year 2000 is currently projected at USD 450 million in 1996 prices, subject to indications emanating from the Consultation for the period 2000-02 and decisions taken by IFAD's governing bodies in December 1999 and February 2000. The Fund's resources for the Regular Programme are derived from Member contributions, investment income and loan reflows. It is expected that the share of Member contributions in the balance of these resources for the coming years will be known by December 1999. During 2000, approximately USD 180 million is expected to accrue from loan reflows and another USD 164 million from investment earnings. The latter figure represents a rate of return of approximately 7% in nominal terms on the investment portfolio as a whole. The Fund's internally generated resources make up a significant share of the resources available for commitment, as illustrated in the following chart on the period covered by the Fourth Replenishment.





14. Accordingly, in the year 2000, IFAD's resource strategy will concentrate on following up on the findings of the Consultation and mobilizing supplemental resources to enhance the impact of the Regular Programme. The planned resource-strategy activities related to replenishment follow-up include:

- (a) Monitoring the Fund's resource position and tracking actual resource flows against projections. Resource tracking should encompass an analysis of loan and grant allocations, disbursements and reflows, the administrative budget and investment income.
- (b) Monitoring adherence to recommendations emanating from the Consultation, the Ad Hoc Committee on Regional Allocations and the policy priorities of the Fund's governing bodies vis-à-vis the programme of work over the 2000-02 period.
- (c) Monitoring the development of key donor policies and priorities in terms of their implications for the Fund's operations.
- (d) Monitoring the policies and programme orientations of the major IFIs.

Mobilization of Supplemental Financial Resources

15. Supplemental resources are funds (not part of Member contributions to the core resources of the Fund ("Article 4 Resources")), that are received by IFAD to support operational programmes and activities. These resources complement and enhance IFAD's strategy and come in various forms, including: project and programme cofinancing; funds held in trust by IFAD, including possible tapping of private capital markets; and resources (financial and other) from the private sector.

16. With respect to the mobilization of cofinancing resources, the objective for the year 2000 is to raise resources to cover 30% of total project and programme costs through cofinancing from bilateral and multilateral sources. In this endeavour, interdepartmental efforts to track cofinancing policies, priorities and opportunities will be strengthened.

17. The resources held in trust by IFAD for specific purposes are normally referred to as "supplementary funds". These resources are allocated to priority areas defined on a thematic basis, such as for natural resources conservation, gender and development issues, and innovative pilot operations. Supplementary funds may also be used for consultancies to support policy studies and the design, implementation and evaluation of IFAD's projects and programmes. Resources currently available from supplementary donors total approximately USD 6.4 million. In the year 2000, IFAD will further integrate supplementary funds into the project cycle and increase the use of these resources.

18. A third area where IFAD is actively exploring potential for enhancing Regular Programme operations is through the development of market-based financial mechanisms. Several options are under review, including asset-backed financing, as part of a broader strategy to develop partnerships with the private sector.

Facilitating Strategic Partnerships and Mobilizing Public Support for IFAD's Objectives

19. IFAD will continue to promote partnerships with two major constituencies in order to improve aid coordination and promote effective development policy in favour of the rural poor. These groups are United Nations agencies and other IFIs on the one hand and, on the other hand, non-governmental and civil-society organizations (NGOs and CSOs). The key activities planned with the first group in 2000 are:



- (a) monitoring and fostering development of the principal coordination and partnership frameworks, including the United Nations Development Assistance Framework and Common Country Assessments, and the Comprehensive Development Framework and the World Bank;
- (b) monitoring IFAD's follow-up to global conferences, including the World Food Summit, and its partnership with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme;
- (c) monitoring policy and resource developments of the major IFIs and sharing knowledge in-house; and
- (d) advocating rural poverty eradication at appropriate inter-agency fora.

20. With respect to the NGO and CSO community, IFAD's objective is to improve the effectiveness of its poverty-eradication efforts through enhanced policy dialogue and operational collaboration. To meet this objective, the key activities envisaged for 2000 include:

- (a) organization of a global IFAD/NGO consultative meeting on the topic of "Tripartite Partnerships for Poverty Alleviation and Food Security through Projects and Programmes";
- (b) selective strategic participation in United Nations millennium events involving NGOs and CSOs; and
- (c) finalization of an NGO database and website to reflect practical experience of cooperation with NGOs at the field level as part of a corporate information and knowledge system.

21. In the coming year, IFAD will continue working to enhance its image and build support for poverty-eradication efforts. This work will be pursued through a communications strategy aimed at producing the following results:

- (a) positioning IFAD with respect to other IFIs by highlighting both its strengths and its complementarity;
- (b) engaging the Fund's major constituencies (governments, international organizations, the general public, NGOs/CSOs and the private sector);
- (c) increasing support among donor countries for IFAD's activities;
- (d) developing and supporting programmes for disseminating information at the country level;
- (e) encouraging coverage of IFAD's poverty-alleviation work through various media; and
- (f) providing information links between the staff of IFAD and the outcome and lessons of the organization's operations and how they relate to broader developments in the international development scene.

C. Human Resources Management Strategy

22. As previously indicated to the Board, as part of the Human Resources Management Strategy, re-engineering continued to play a significant role in IFAD's work during 1999. Some of the achievements were fine-tuning and monitoring of human resource strategy initiatives undertaken over the previous two years; provision of a broader range of staff training and development opportunities in support of the organization's goals; and application of quality-management techniques for the



identification, streamlining and elimination of redundant procedures. IFAD intends to address three major objectives in 2000:

- consolidation of the accomplishments of the last five years' re-engineering efforts;
- re-engineering of the remaining support services, i.e. administration and protocol, finance and personnel; and
- introduction of innovative human resource policy elements.

D. Information Management Strategy

23. **Information management.** IFAD's operational strategy for 2000 places special emphasis on improving information-management capabilities through up-front investment in reviewing business processes, developing appropriate enabling systems to support streamlined processes and upgrading the necessary hardware infrastructure. In this regard, the feasibility study anticipated in the budget preview document of September 1999 has provided the basis for the formulation of the proposal presented to the Executive Board.

PART IV - REVIEW OF RESOURCES AND COMMITMENTS

24. **Commitment levels 1994-2000.** The amounts of the loans and grants approved by the Executive Board for the period 1994-99 and a proposal for the Programme of Work for 2000 are presented below.

**TABLE 1: LOANS AND GRANTS APPROVED (EXCLUDING CANCELLATIONS) 1994-99
AND PROPOSAL FOR 2000**

	1994	1995	1996	1997	1998	1999	1999	2000
						Approved	Projected	Proposed
Number of loans	29	33	32	29	30	34	29 ²	30
(SDR million, rounded)								
Total value of loans	243	261	275	288	304	310	306.9 ²	319.4
Total value of grants ³	12	15	19	23	24	25	25	25.9
Total value of loans and grants	255	276	294	311	328 ¹	335	331.9 ²	345.3 ⁴

² This excludes SDR 9.15 million postponed from 1998 for the Forest Resource Management Project in Zambia.

³ From 1995 on, grants include the Project Development Fund (PDF).

⁴ This is equivalent to the 1999 United States dollar level adjusted for inflation by 2%, as described further in Table 3.

25. Table 2 provides projections of resources available up to the end of 2000.

TABLE 2: RESOURCES AND COMMITMENTS, 1998-2001
(SDR million)

	Actual 1998	Forecast 1999	Forecast 2000	Forecast 2001
Resources at the beginning of the year ⁵	287	263	140	240
Loan cancellations and other adjustments ⁶	37	29	36	36
Subtotal	324	292	176	276
Members' Contributions				
Third Replenishment	5	0	0	0
Fourth Replenishment ⁷	48	65	63	0
Fifth Replenishment ⁸			144	144
Loan reflows	119	116	131	128
Investment income ⁹	136	53	118	120
Operating expenses ¹⁰	(38)	(40)	(42)	(42)
Provisions ¹¹	(3)	(5)	(5)	(5)
Resources after expenses	591	481	585	621
Commitments – loans and grants	(328)	(341)	(345)	(355)
Resources at the end of the year	263	140	240	266

⁵ "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.

⁶ Loan cancellations are projected on the basis of past experience and expected project closures.

⁷ Of the total amount of USD 460 million (inclusive of USD 40 million complementary contributions), USD 420 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment by 2000. It is the policy of IFAD to make loan and grant commitments only against actual payments made in the form of cash or promissory notes.

⁸ It is assumed that the Fifth Replenishment will be concluded at a level of approximately USD 600 million and start becoming available for commitment during 2000.

⁹ Investment income on IFAD's investment portfolio is expected to yield 7% nominal return per annum in 2000 and 2001. However, for 1999, projections are based on current trends.

¹⁰ For operating expenses and Programme of Work allocations, close to full utilization is assumed for 1999. For 2000, this includes the amount proposed for utilization under the Capital Expenditure Budget for the detailed design phase of the Process and Information Technology Support Programme USD 1.3 million.

¹¹ This includes provisions to fund the After Service Medical Coverage actuarial deficit (USD 2.6 million) and the HIPC DI Fund (USD 16 million), as approved by the Sixty-Fifth Session of the Executive Board.

PART V - PROGRAMME OF WORK FOR 2000

26. The Programme of Work for 2000 is being maintained at the same real level as that of 1999 as adjusted for projected inflation (2%). As indicated in Table 3, the resulting overall total amounts to approximately USD 482.2 million, or SDR 345.3 million. It will be recalled that while the Programme of Work is approved by the Executive Board in Special Drawing Rights (SDR), it is traditionally planned in United States dollars and the comparison between years is expressed on that basis in Table 3.

TABLE 3: 1999 APPROVED AND 2000 PROPOSED PROGRAMME OF WORK

	1999 (SDR million, at 1.41031 ITL/USD)	1999 (USD million)	Price Increase (USD million)	2000 Proposed (USD million)	2000 Proposed (SDR million, at 1.39647 ITL/USD)
Loan Programme	310.1	437.3	8.7	446.0	319.4
Technical Assistance Grant Programme ¹²	25.1	35.5	0.7	36.2	25.9
Total	335.2	472.8	9.4	482.2	345.3

A. Loan Programme

27. **1999 projected lending programme.** The 1999 lending programme included 34 projects 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 fact, without taking account of the loan to Zambia for SDR 9.15 million that was postponed from 1998 and approved in 1999, 29 projects were approved during 1999 for a total of approximately SDR 306.9 million (USD 419.7 million) at an average loan size of SDR 10.5 million.

28. **The 2000 lending programme.** Thirty projects are expected to be submitted for approval in 2000, for a total of SDR 319.4 million (USD 446.0 million) and an average loan size of SDR 10.7 million (USD 14.8 million). In line with the Report of the Chairman of the Ad Hoc Committee on Regional Allocations (document CRR I/3/R.5) and as noted by the Executive Board at its Sixty-Seventh Session held in September 1999 (document EB 99/67/R.10), the recommended regional allocations are: 36.77% for Africa; 31.01% for Asia and the Pacific; 17.03% for Latin America and the Caribbean; and 15.19% for Near East and North Africa (see Annex II). While these percentages reflect the basic regional allocations, the share of Africa (Africa I and Africa II) may be increased in response to project opportunities that arise during 2000 in order to make up for the 1997 shortfall in lending to that region. As in the past, consultations with other partners will be continued with a view to identifying opportunities for collaboration through project cofinancing, both for IFAD-initiated projects and projects initiated by cooperating institutions.

29. **Regional lending strategies.** Details of socio-economic trends, strategic operating directions and opportunities for IFAD in each of the five regions were provided in the Preview of the Programme of Work and Budget of IFAD for 2000 (document EB 99/67/R.8), and are summarized in Annex V of the present document.

¹² The percentage of the TAG programme to the overall Programme of Work has been maintained at 7.5%, as in 1999.

B. Technical Assistance Grant Programme

30. The TAG programme for 2000 will be contained within the ceiling of 7.5% of the overall Programme of Work. Grant activities are selected on the basis of their providing maximum support to the realization of the Fund's corporate and regional operating strategies. The 2000 TAG programme is proposed at a level of SDR 25.9 million, and a breakdown of this amount among various categories is shown in Table 3A.

31. As in 1999, the TAG programme for 2000 will include grants in support of: (a) agricultural research; (b) other research, training and other activities to support IFAD's clients and create better awareness about rural poverty reduction opportunities; (b) project inception and development (through PDF); (c) extended cooperation programmes in support of NGOs; (d) environmental assessment; and (e) the Special Operations Facility (SOF).

32. IFAD is currently reviewing its TAG strategy. At its Sixty-Third Session, the Board considered a preliminary paper on IFAD's Policy and Strategy for Grant Financing. In September 1998, an informal seminar organized to discuss the paper provided valuable guidance for further study by Board Members. The final strategy will be submitted to the Sixty-Ninth Session of the Executive Board in April 2000.

**TABLE 3A: APPROVED 1999 AND PROPOSED 2000 TAG PROGRAMME
(USD million)**

	1999		2000	
	Approved (USD million)	% of Overall TAG Programme	Proposed (USD million)	% of Overall TAG Programme
Agricultural research	8.51	24.01	8.51	23.51
Other research, training and other	13.67	38.56	13.84	38.23
Project Development Fund	8.77	24.74	9.15	25.28
IFAD/NGO Extended Cooperation Programme	2.35	6.62	2.55	7.04
Environmental assessment	0.4	1.13	0.40	1.10
Special Operations Facility	1.75	4.94	1.75	4.84
Total	35.45	100.00	36.20	100.00

33. The Fund proposes to continue financing agricultural research and training on a selective basis in order that available scientific knowledge may be used to support small-scale agricultural production and poverty alleviation. This will help identify critical constraints on income generation and food security among the rural poor and contribute to the dissemination of knowledge among development institutions, practitioners and policy-makers. The grants will be used also to develop collaboration between IFAD and regional and national research centres with a view to removing critical technical constraints on productivity and developing better understanding throughout the development community.



34. The Consultative Group on International Agricultural Research (CGIAR) centres will continue to receive strong support through IFAD's TAG programme. In late October 1999, a "CGIAR Week" with poverty alleviation as its main theme was held in Washington, D.C. IFAD will support and disseminate information on the positive outcome of that event, in line with its own investment programme.

35. In the "other research, training and other" category, IFAD will continue to provide support in terms of creating opportunities for the poor where they are most needed. Training grants will include local-capacity improvement in Central America and local-level management training in Asia. Other grants under this category may include, among others, regional action programmes in participatory natural resources management in the Near East and North Africa region; development of a pilot scheme for knowledge management networks and vegetable development in West Africa; continued support to the Regional United for Technical Assistance; support to the Popular Coalition to Eradicate Hunger and Poverty, etc.

36. In the "other grants" category, major emphasis has been placed on supporting accelerated project and portfolio performance to ensure that timely benefits reach the poor. The aim will be to strengthen local, sub-regional and regional capacity and facilitate the preparation of project completion reports.

37. **Project Development Fund.** An allocation of USD 9.15 million will be made for project development work of approximately 30 full project equivalents (FPEs), a small increase over 1999, with a view to building up the current level of pipeline projects. IFAD is currently examining the adequacy of resources allocated for project and programme development in terms of amount and scope, and the mechanisms involved. This may lead to adjustments in the approach to financing project development costs. A portion of the PDF resources will be used to undertake country portfolio reviews in order to incorporate lessons learned into project design. As in the past, PDF resources will also cover work related to strategy development and TAG design.

38. **IFAD/NGO Extended Cooperation Programme (ECP).** By extending direct grant financing to innovative pilot and experimental activities of NGOs, the ECP provides IFAD with an opportunity to tap valuable NGO experience at the grass-roots level; improve its approach to project design, implementation and evaluation; and bring about greater responsiveness and sustainability of its development operations. In addition, activities under the ECP could contribute to the development of a repository of relevant experience and know-how in operational and policy issues and thus enhance IFAD's role as a knowledge organization on poverty and poverty alleviation. This will be more systematically pursued in the coming years. Finally, the ECP helps to build partnerships and maintain regular exchanges with a family of development NGOs that can add to IFAD's strategy articulation and choice of project interventions.

39. **Environmental assessment.** The amount of USD 400 000 has been allocated for environmental assessments, in line with IFAD's policy that pipeline projects with associated significant environmental impact should be subject to formal environmental assessments. Environmental sustainability, including the judicious use, management and rehabilitation of the natural resource base, continues to be a central consideration of all IFAD projects.

40. **Special Operations Facility.** The 2000 proposal for SOF grants has been kept at the same level as 1999, i.e. USD 1.75 million. The SOF grants are used to facilitate project start-up and early implementation of support activities, and are provided to countries eligible for loans on highly concessional terms.

PART VI – MAJOR POLICY ISSUES AFFECTING THE 2000 BUDGET

41. One of the major issues affecting the 2000 Budget, as outlined in document EB 99/67/R.8 submitted to the Sixty-Seventh Session of the Executive Board in September 1999, is the introduction of a capital expenditure budget. This question was reviewed separately at the Sixty-Eighth Session of the Executive Board and it was recommended that the President be authorized to submit a proposal thereon to the Governing Council for approval (GC 23/L.6). As in previous years, other one-time costs will be shown under “Up-front Costs Relating to Re-Engineering”. As indicated in Table 4, the extraordinary price increases relating to World Bank supervision fees and the cost of the Consultation sessions continue to be identified separately.

A. Up-Front Costs Relating to Re-Engineering

42. An allocation of USD 1.135 million will be made for 2000 to cover up-front costs relating to re-engineering. Details of the specific amounts involved are provided in Table A.

TABLE A: UP-FRONT COSTS RELATING TO RE-ENGINEERING

	1998 Budget	1999 Budget	2000 Budget	
	Actual (at 1 742 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Proposed 2000 Budget (at 1 805 ITL/USD)
Information systems development	624	583	(583)	0
Information security programme		55	(55)	0
Year 2000 compliance programme		198	(198)	0
Migration to 32-bit computing environment		219	(219)	0
Technical Environment of IFAD Intranet		69	(69)	0
Information Systems – Financial Information System implementation	624	42	(42)	0
Separation and placement issues	0	344	0	344
Special legal assistance		28	0	28
Direct supervision		28	(28)	0
Streamlining of internal procedures/processes			14	14
Reclassification appeals			14	14
Special professional assistance for investigation services	0	80	(80)	0
Human resources assessment	530	60	(60)	0
Communications campaign to support future resource consultations	0	40	(40)	0
Security equipment			35	35
Knowledge management			100	100
Streamlining of IFAD support processes ¹³			628	628
Total	1 154	1 135	0	1 135

Separation and Placement Issues

43. As reported to the Board in 1999 (document EB 98/65/R.5), with the start-up of IFAD’s individual performance system (IPS), job competencies have been identified, necessary skills for the

¹³ This is a provisional inclusion, but may be reduced during 2000 depending upon the specific work process components to be addressed under the Capital Expenditure Budget.



diverse job requirements within the organization have been reviewed and a workload study has been conducted. As a result of these reviews and analyses, and in order to satisfy the Fund's priorities, further staff redeployment and separation may still be expected. Every effort will continue to be made to keep staff in their present posts and provide appropriate training to enable them to match their skills and performance to the requirements of their posts. IFAD will endeavour to provide counselling and support to redeployed staff, including assistance in dealing with the impact of such redeployment, training to update skills for career transition, and assistance in searching for other jobs within the organization. It is proposed to allocate a further USD 344 000 to facilitate this process.

Special Legal Assistance

44. An allocation of USD 28 000 is proposed to cover one-time costs foreseen during 2000. Of this, USD 14 000 relates to the streamlining of internal procedures and processes and a similar amount is to cover activities relating to appeals lodged by a number of staff members following the 1998 reclassification exercise.

Security Equipment

45. An allocation of USD 35 000 is proposed for the purchase of security equipment (metal detector/x-ray) for the screening of mail and parcels, as recommended by the United Nations Security Coordinator and the report of the Operational Risk Management Committee.

Knowledge Management

46. The Rapid External Assessment called on IFAD to build up its institutional identity as a knowledge organization on rural poverty eradication. In response to this call, a number of initiatives have been taken – one of which was the creation of the Evaluation Knowledge System (EKSYST). The project development cycle has been re-engineered in such a way that it has become a learning cycle. IFAD has also placed more focus on building strategic partnerships through knowledge sharing despite the fact that much of its operational knowledge continues to be managed on a country-by-country and/or regional basis. As the need to ensure that knowledge management crosses the boundaries of functional units became increasingly clear, an initiative was taken to manage IFAD's operational knowledge on a thematic basis. By the end of 1999, four thematic groups will have been established with limited resources and are expected to come forward with interim results by 30 June 2000. On the basis of these results, the Fund may expand the scope of managing its knowledge on rural poverty eradication.

47. For 2000, it is proposed that each of the four thematic groups (plus one new group) should be allocated an additional USD 20 000 (for a total of USD 100 000). This would allow them to use the short-term services of a research assistant and an expert with relevant external thematic knowledge; produce a variety of knowledge outputs (web page, brochures, multimedia tools, publications, etc.); and organize workshops and seminars for the generation and dissemination of knowledge products.

48. Managing knowledge through thematic groups is a new process for sharing knowledge within the Fund (and, over time, with its partners) and, to this end, different approaches are being tested. It is therefore proposed to build resources into the up-front re-engineering investment in support of these pilot efforts. Once the mainstreaming phase has been reached, the budgeting approach will be reviewed.

Streamlining of IFAD Support Processes

49. A provisional allocation of USD 628 000 is being made. As indicated to the Executive Board at its September 1999 session, management is now promoting the re-engineering of the support service division, i.e. including the Division of Personnel, Administrative and Protocol Services, the Office of the Secretary, the Treasury and the Office of the Controller. It is foreseen that a certain part of this undertaking may take place under the work process review planned under the Capital expenditure, which will reduce the amount required. However, in view of timing and depending on



the specific business components addressed in the first phase, management is allocating this provisional amount.

B. World Bank Supervision Charges

50. The additional amount of USD 640 000 budgeted to absorb the extraordinary increase in the World Bank's supervision charges for 1999, as reported to the Executive Board in document EB 98/65/INF.3, has been reduced to USD 389 000 for 2000.

C. Consultation Meetings

51. In 1999, a separate budget provision of USD 343 000 was made for three sessions of the Consultation. However, as five sessions of the Consultation took place – two more than expected – IFAD had to resort to using contingency funds to cover the additional costs. As the Consultation discussions have still not been completed, an allocation of USD 141 000 has been budgeted for 2000.

PART VII - THE BUDGET FOR 2000

52. It is proposed to maintain the Budget for 2000 at the 1999 level. This involves a zero real increase but includes projected price/inflation increases. Over the seven years since 1993, the administrative budget has been maintained or decreased in real terms as illustrated in Boxes 2 and 3 below. Indeed, the proposed Budget for 2000 of USD 55 392 000 is lower than that of 1993 in actual United States dollar terms.

53. As will be seen, the management of the Fund has effectively demonstrated its commitment to continuous and judicious containment of administrative expenditures wherever possible.

Box 2

Administrative Budget¹⁴

Real Increase (Decrease) over Previous Year (%)

1993	(2.16)
1994	(13.00)
1995	(3.60)
1996	(8.08)
1997 ¹⁵	0
1998	(0.26)
1999 ¹⁶	(0.04)
2000	0

¹⁴ As published in each year's budget document.

¹⁵ Excluding the early retirement programme.

¹⁶ Excluding the Consultation.



54. It has been recognised that, rather than making artificial cuts, significant cost efficiencies must be introduced into IFAD's work processes in order to achieve real savings that will have an impact over time. These processes need to be reviewed so as to determine whether or not any changes are required, including the eventual phasing-out of some processes.

55. Had the Budget been held artificially at zero-nominal growth without analysing the budgetary needs for the Fund's core activities and strategic direction, it might have been assumed that the last seven years' activities had been stifled. No new growth would have been possible and indeed the Fund would have risked poor performance and low staff morale. All units would have had less than their "real" budgetary share for the same levels and types of activities or work processes since inflation increases relating to staff and other fixed costs would, in one way or another, have had to be absorbed. It would have been impossible to embark on new activities and the Fund's core programmes would have been seriously affected.

56. IFAD's management instead took a proactive and dynamic approach. In consultation with staff and Member States, a number of priorities were set, unnecessary activities were eliminated and work processes were reviewed to identify the most cost-effective ways of conducting them. This examination of work processes often necessitated an up-front investment that, in most cases, has been absorbed through a zero-real-growth budget in later years. That approach also encouraged managers to streamline a number of work processes and to achieve "more for less".

57. The re-engineering of a number of work processes that began in 1994/95 led to real budgetary savings, especially in the areas of document management, publications and the project development cycle. The resulting improved, more transparent project cycle has strengthened project performance and improved output in other areas. The number of IFAD publications has tripled over the past three years. These savings were subsequently used both to fund new activities and to strengthen project implementation and supervision.

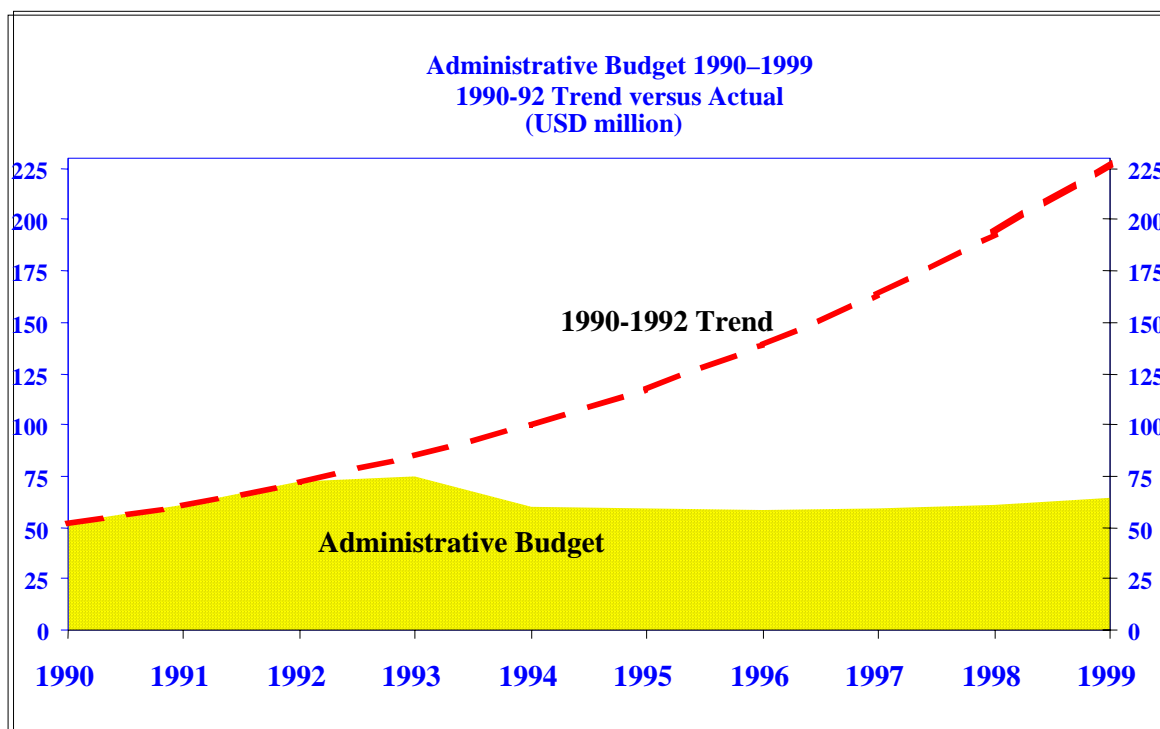
58. As a result of re-engineering, and without additional resources, a number of new activities have been undertaken. These include: (a) direct supervision of 15 projects; (b) a real increase of approximately 30% in the lending programme in United States dollar terms; (c) launching of the Popular Coalition to Eradicate Hunger and Poverty; (d) establishing IFAD as a knowledge organization; and (e) implementing a unified corporate vision and strategic direction.

59. Information technology (IT) initiatives resulting from re-engineering provide support to several areas: the Project Portfolio Management System to the project cycle; the Documents Management System and the Records Management System to the Documents Centre; and the PeopleSoft Accounts Payable/Purchase Order System to procurement and finance. In addition, and as already reported to the Board, by means of a comprehensive analysis and design initiative the Human Resource Management Team has identified the need to implement a human resources management programme supported by IT tools. All these initiatives that were carried out during the period 1994-99, have been funded within the limits imposed by IFAD's zero-growth yearly administrative budget policy.

60. As a next step, IFAD has set out to address the efficiency of other support areas. As anticipated in the Progress Report on Management Information Systems (EB 99/67/R.25), IFAD has undertaken a comprehensive institutional study to define the operational structure of its internal work processes in the context of further re-engineering and determine the corporate priorities for information system support. Having ascertained through the study the benefits of an institutional development programme, IFAD has developed a case for the capital budget financing of its 200-02 processes renewal programme.

61. The 1999 budget approved by the Twenty-Second Governing Council (at the then prevailing rate of ITL 1731.29/USD1.00) amounted to USD 55 416 000. This included a contingency of USD 400 000, plus a separate amount of USD 343 400 for funding the 1999 sessions of the Consultation. The 2000 budget, including contingency items of USD 400 000, is proposed at USD 55 392 000 excluding USD 141 000 for funding one session of the Consultation.

Box 3*



* Box 3 shows how budget growth has been curbed in over the last seven years. Previous annual budgets had shown a persistent upward trend, particularly during the period 1990-92. Between 1993 and 1996, the budget decreased by about 30% in real terms and has since remained constant in real terms.

62. **Use of the 1999 Budget.** Table 4 provides projected 1999 administrative expenditure costs against approved budget category allocations. These costs have been restated for the purpose of comparison, using the latest projected average ITL/USD exchange rate for 1999 (ITL 1 805/USD 1.00). As in 1999, the figures will be restated using the latest available average ITL/USD and Euro/USD exchange rates when the budget is presented to the Twenty-Third Session of the Governing Council for approval. Current projections indicate full use of all 1999 budget categories.

**TABLE 4: COMPARISON OF 1998 ACTUAL, 1999 AND 2000 BUDGETS
(USD '000)**

	1998	1999					2000		
	Actual (at 1 742 ITL/USD)	Originally Approved (at 1 734 ITL/USD)	Projected Expenditure (at 1 731.29 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Revised (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
Governing body and other official meetings	1 775	1 840	1 842	1 842	1 786	1 786	(50)	68	1 804
Staff costs	28 102	27 834	27 869	27 869	26 964	27 014	32	1 104	28 150
Payments for appraisal, supervision and evaluation	13 753	14 914	14 917	14 917	14 830	14 830	24	164	15 018
Office and general expenses	5 790	6 045	6 053	6 053	5 875	5 825	(21)	128	5 932
Other operational expenses, including corporate strategy, policy and resource mobilization	2 182	2 540	2 542	2 542	2 486	2 486	15	63	2 564
Contingency items									
(a) Expenses for the new headquarters building		150	150	150	150	150			150
(b) Unforeseen expenses		250	250	250	250	250			250
Subtotal	51 602	53 573	53 623	53 623	52 341	52 341	-	1 527	53 868
Up-front costs relating to re-engineering	624	1 153	1 153	1 153	1 135	1 135	-	0	1 135
TOTAL	52 226	54 726	54 776	54 776	53 476	53 476	0	1 527	55 003
Extraordinary price increase (World Bank)		640	640	640	640	640	(37)	(214)	389
GRAND TOTAL	52 226	55 366	55 416	55 416	54 116	54 116	(37)	1 313	55 392
Consultation		343	343	343	333	333	(192)	0	141

See Table 5

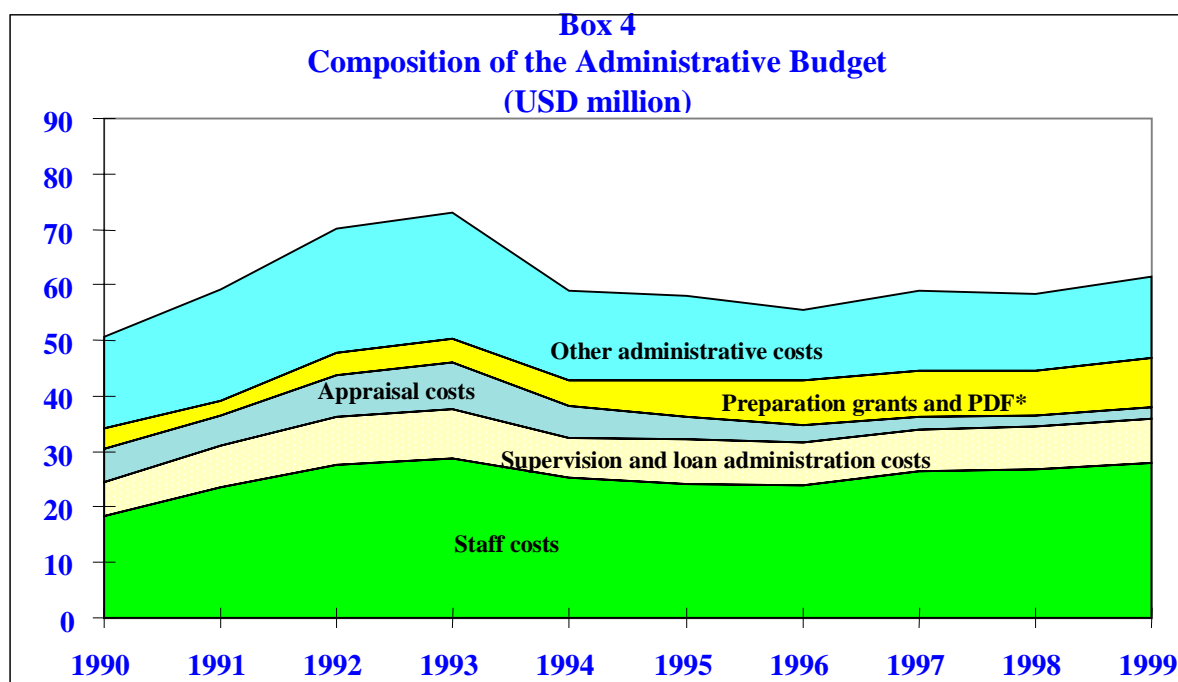
See Table 6

See Table 7

See Table 8

See Table 9

2000 Budget vis-à-vis 1999 Budget	
Real increase (decrease) overall	0.00%
Nominal price increase	2.85%



* While not pertaining to the budget proper, the costs of project preparation - now covered by the PDF under the TAG programme - are included here as expenditure related to project delivery.

63. **Proposed expenditures in 2000.** As in earlier years, the estimated costs for different types of expenditures take account of current trends and past experience. These include movements in indexes, announced increases in the supervision and loan administration charges of cooperating institutions, suppliers and utilities, negotiated contracts and other factors that may influence costs, both within and outside headquarters. The main elements are as follows:

- (a) unless otherwise specified, a general inflation rate of 2% has been applied to all Rome-based expenses based on the average projected Italian inflation rate for 2000;
- (b) the salary increases for Professional and General Service staffs have been estimated using the factors outlined below. All are based on the United Nations Common System and have been calculated in close collaboration with the lead agency in Rome (FAO), taking into account any pending recommendations of the International Civil Service Commission (ICSC). These rates may vary from year to year and thus represent the best estimates, at the time of preparing the current document, of what is to be formally introduced in the United Nations Common System during 2000:
 - (i) approximately 2.5% on salaries and post adjustments to cover the annual/biennial within-grade step increases and expected movements in grades;
 - (ii) a 3% cost-of-living increase for the General Service staff, effective 1 November 2000, and a 3% provision for the expected salary survey results effective 1 October 2000;
 - (iii) provision has been made for the anticipated movement of four points in the post-adjustment scale for Professional staff, effective May 2000;



- (iv) a 3% increase in pensionable remuneration for Professional staff as from November 2000;
- (v) an expected 15% increase in medical plan contributions and after-service medical costs as from January 2000;
- (vi) in line with United Nations Common system practice, repatriation and separation payments are updated to the latest salary level for 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 salary rates;
- (vii) a weighted increase of approximately 2% for airfares and 2% for the daily subsistence allowances (DSA) applicable to Rome and other capitals worldwide; and
- (viii) projected cooperating institution charges for supervision and loan administration of IFAD projects reflect the levels communicated to the Fund.

64. The following pages provide details on the individual categories of the administrative budget, including explanations of any significant variances. Annex IV provides estimates of the budget for 2000, broken down by organizational unit.

A. Governing Body and Other Official Meetings

65. The costs of the Twenty-Fourth Session of the Governing Council, three sessions of the Executive Board, five meetings of the Evaluation Committee and four meetings of the Audit Committee planned for 2000 are detailed in Table 5. Savings to cover the increased number of Evaluation Committee meetings will be sought primarily through reduced hiring of non-local translation staff, more efficient documentation flows and greater use of remote translation for Executive Board meetings. The real decrease of USD 50 000 under this budget heading will be transferred to the Staff Costs category to offset the cost of converting a long term temporary (LTT) staff member to regular status. The overall proposed 2000 allocation includes a provision of USD 68 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs.

TABLE 5: GOVERNING BODY AND OTHER OFFICIAL MEETINGS
(USD '000)

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
(a) GOVERNING COUNCIL						
Professional staff (salaries/allowances/subsistence), Interpreters, translators and other	211	162	159	-	2	161
Temporary support staff (salaries/allowances/subsistence)	196	199	191	(25)	9	175
Travel expenses	30	35	34	-	-	34
Communications, security and other services	85	78	75	(10)	2	67
Supplies, printing and miscellaneous	112	105	100	24	2	126
Subtotal	634	579	559	(11)	15	563
(b) EXECUTIVE BOARD AND SUBCOMMITTEES						
Professional staff (salaries/allowances/subsistence), Interpreters, translators and other	618	698	684	-	12	696
Temporary support staff (salaries/allowances/subsistence)	289	355	341	(34)	36	343
Travel expenses	80	85	82	-	2	84
Executive Directors (travel and subsistence)	98	73	70	-	2	72
Communications, security and other services	18	24	23	(2)	-	21
Supplies, printing and miscellaneous	38	28	27	(3)	1	25
Subtotal	1 141	1 263	1 227	(39)	53	1 241
GRAND TOTAL	1 775	1 842	1 786	(50)	68	1 804

B. Staff Costs

66. Table 6 details the total projected costs for 2000 of USD 28 150 000 relating to approved posts within the organization. Total price increases of USD 1 104 000, as mentioned in paragraph 63, and an overall real increase of USD 32 000 are further elaborated upon below.

**TABLE 6: STAFF COSTS
(USD '000)**

	1998	1999		Revised (at 1 805 ITL/USD)	2000			<i>Professional</i>	<i>General Service</i>	<i>Other</i>
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)		Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)			
(a) Salaries and post adjustment	17 200	16 920	16 284	16 284	52	596	16 932	10 738	6 162	32
(b) Education grants and other allowances	1 566	1 754	1 694	1 694		66	1 760	1 572	188	
(c) Pension and medical plan contributions ¹	4 728	5 252	5 148	5 198	22	295	5 515	3 151	1 718	646
(d) Home leave	311	315	304	304		6	310	309	1	
(e) Repatriation and separation payments	1 462	1 443	1 416	1 416		74	1 490	815	675	
(f) Relocation and recruitment	387	416	401	401	(46)	8	363			363
Regular and Fixed-term Staff	25 654	26 100	25 247	25 297	28	1 045	26 370	16 585	8 744	1 041
(g) Short-term temporary staff	1 253	1 103	1 070	1 070	9	41	1 120	354	766	
(h) Overtime	191	226	217	217	(5)	9	221		221	
(i) Training	1 004	440	430	430		9	439			439
GRAND TOTAL	28 102	27 869	26 964	27 014	32	1 104	28 150	16 939	9 731	1 480

¹ For comparison purposes, this has been revised to include FAO medical costs previously shown under the "Office and General Expenses" heading.



TABLE 6A: STAFF LEVELS AS AT 31.10.1999¹⁷

	Professional and Higher Grade Staff						Support Staff	
	AP	D-2	D-1	P-5	P-4	P-2/3	Total	
Office of the President (OP)								
Office of the President		1					1	3
Office of Internal Audit				1	1	1	3	1
Office of Evaluation and Studies			1	3	3		7	6
Office of the General Counsel			1	2	2		5	4
TOTAL OP	0	1	2	6	6	1	16	14
Office of the Vice President (VP)								
Office of the Vice President								1
Controller's Office			1	4	2	1	8	25.5
Treasury			1	1	1	2	5	7
TOTAL VP	0	0	2	5	3	3	13	33.5
Programme Management Department (PD)								
Office of the Assistant President	1			2	1	1	5	3
Africa I Division		1		6	3		10	6
Africa II Division			1	6	2	1	10	6
Asia and the Pacific Division			1	7	1		9	6
Latin America and the Caribbean Division		1		6	1		8	5
Near East and North Africa Division			1	6	1		8	4
Technical Advisory Division			1	7			8	4
TOTAL PD	1	2	4	40	9	2	58	34
Economic Policy and Resource Strategy Department (ED)								
Office of the Assistant President	1	1	1	2	6	1	12	11
TOTAL ED	1	1	1	2	6	1	12	11
Management and Personnel Services Department (MD)								
Office of the Assistant President	1						1	1
Administrative and Protocol Services				1	1	2	4	23.5
Management Information Systems			1	1	4	3	9	7.5
Office of the Secretary			1	2	5	6	14	25.5
Personnel Division			1	2	1	1	5	8
TOTAL MD	1	0	3	6	11	12	33	65.5
GRAND TOTAL	3	4	12	59	35	19	132	158

67. Table 6A reflects the current grading and departmental allocation of the Fund's approved staff posts that are to be maintained at the 1999 level, with the exclusion of LTTs. As previously reported to the Board, the latter staff are funded elsewhere. Management is still seeking a longer-term solution to absorbing the LTTs, as for 2000 and the immediate future turnover trends do not foresee this possibility. Other key items are as follows:

- (a) **Salaries and post adjustment.** For Professional staff, USD 219 000 has been allocated for within-grade step increases and an increase in the post-adjustment scale, as outlined in paragraph 63(b)(i) and (iii). For General Service staff, the provision for salary-scale

¹⁷ The President and Vice President are not included in the staffing figures.



increases and a portion of the biennial within-grade increase is USD 377 000. These adjustments total USD 596 000, equivalent to an increase of approximately 3%. The real increase of USD 52 000 relates mainly to the conversion of an LTT, as mentioned in paragraph 65.

- (b) **Education grants and other allowances.** The proposed increase of USD 66 000 mainly reflects the projected increases for education grant allowances.
- (c) **Pension and medical plan contributions.** The price increase of USD 295 000 is mainly due to an increase of USD 206 000 in the medical plan and After-Service Medical Coverage (ASMC) and the 3% increase in the scale of the pensionable remuneration that is expected to be effective as of November 2000 for both staff categories.
- (d) and (e) **Home leave, repatriation and separation payments.** The higher level reflects an increase of USD 6 000 in airfares for home leave; those for repatriation and separation of Professional and General Service staff total USD 74 000.
- (f) **Relocation and recruitment.** As mentioned earlier, recruitment and relocation costs increased significantly in 1999. For 2000, the total relocation allocation has been reduced by USD 46 000 in view of current vacancy and separation trends. Price increases of USD 8 000 reflect the inflation increase for appointment and interview travel and the appointment costs of Professional staff. Although fewer retirement cases are foreseen in 2000, ongoing recruitment activities will continue into the New Year. Provision has also been made for resignations and/or transfers during 2000.
- (g) **Short-term temporary staff.** There is a small increase of USD 9 000 which, with price increases of USD 41 000, brings the total under this heading to USD 1 120 000.
- (h) **Overtime.** The 1999 allocation has been slightly reduced by USD 5 000. With a price increase of USD 9 000, this budget heading totals USD 221 000 for 2000.
- (i) **Training.** Activities for inclusion in the 2000 training programme have been identified through management directives or policy-related issues and the planning and development sheets of the IPS. Training programmes are designed to support IFAD systems and to build on existing knowledge and skill bases. It is intended to maintain the 2000 allocation at the 1999 level. Activities identified for 2000 represent progressive stages of the human resources development strategy and focus mainly on:
 - **Support to change.** As a continuation of the work begun in 1998 and 1999, training will include management and supervisory skills, performance management and team building. This training, which will address requirements identified during the course of 1999 through a needs assessment exercise, will focus on capacity building to assist staff to meet the Fund's strategic objectives. Follow-up sessions will support the knowledge management initiatives launched so far by providing a forum for the exchange of knowledge and experience. Team-building sessions were initiated in 1998 and continued through 1999 to strengthen group cohesion and resolve perceived organizational development issues. Further sessions in 2000 will focus on continuing recent unit interventions, cross-unit team building and self-managing work teams.
 - **Enhancement of staff skills.** Drawn from the IPS planning and performance sheets, the training needs identified for 2000 include: rural development issues, finance, accounting, human resources, IT, industrial environment and safety, inter-personal and communication skills, language skills, logframe, microfinance, basic economics for non-economists, presentation skills, negotiating, interviewing, time-management, work organization and process-mapping skills.



- **Policy-related training.** Risk management-related training has been conducted for the past two years and will continue through 2000.
- **Educational assistance grants.** Introduced in 1994, this programme will continue to provide staff with financial assistance for university studies related to their work and career development.

68. Every effort has been made to maximize available training funds by organizing in-house training workshops. However, where it is clear that requirements are best satisfied through external training, this will be funded from the training budget. Use of external experts, consultants and institutional training will continue, the costs for which include travel expenses, didactic material, equipment and supplies, conference facilities, accommodation and transportation for participants.

C. Payments for Appraisal, Supervision and Evaluation

69. Table 7 details the overall projected costs of USD 15 018 000 for 2000.

Appraisal and Related Costs

70. As in 1999, it is proposed to undertake 33 full appraisal equivalents for a total of USD 2 016 000. This is the minimum level required, given the need to: (i) appraise a significant number of projects for consideration by the Board during 2000 while ensuring that appraisal work starts on projects scheduled for submission to the April 2001 Session of the Board; (ii) ensure a better spread of projects in the coming years; and (iii) build up the current pipeline and advance project development work to prepare a small reserve of projects to allow for slippage. A number of cofinancing opportunities has been identified for 2000. Discussions are currently taking place with the African Development Bank and the World Bank to firm-up cofinancing arrangements, and the final number of cofinanced projects in 2000 will depend on the outcome of these discussions. The total proposed allocation of USD 2 016 000 includes price increases of USD 45 000 to reflect projected changes in rates for consultants and in travel/DSA worldwide.

Direct Supervision by IFAD

71. At its Twentieth Session in February 1997, the Governing Council passed a resolution that allowed IFAD to directly supervise a limited number of projects (15 in total). The first such project was approved in April 1997 and, since then, a further 13 have been approved. The 15th project is to be submitted for the approval of the December 1999 session of the Executive Board. These projects have made significant progress either in implementation or in pre-implementation preparatory work. As budgetary resources are requested for a total of 10.5 FPEs, a slightly increased allocation for direct supervision is proposed in order to reflect the expected status of such projects. These funds will allow IFAD to supervise and follow up these projects effectively. Direct IFAD's supervision of projects is expected to translate into better implementation and more effective results on the ground.

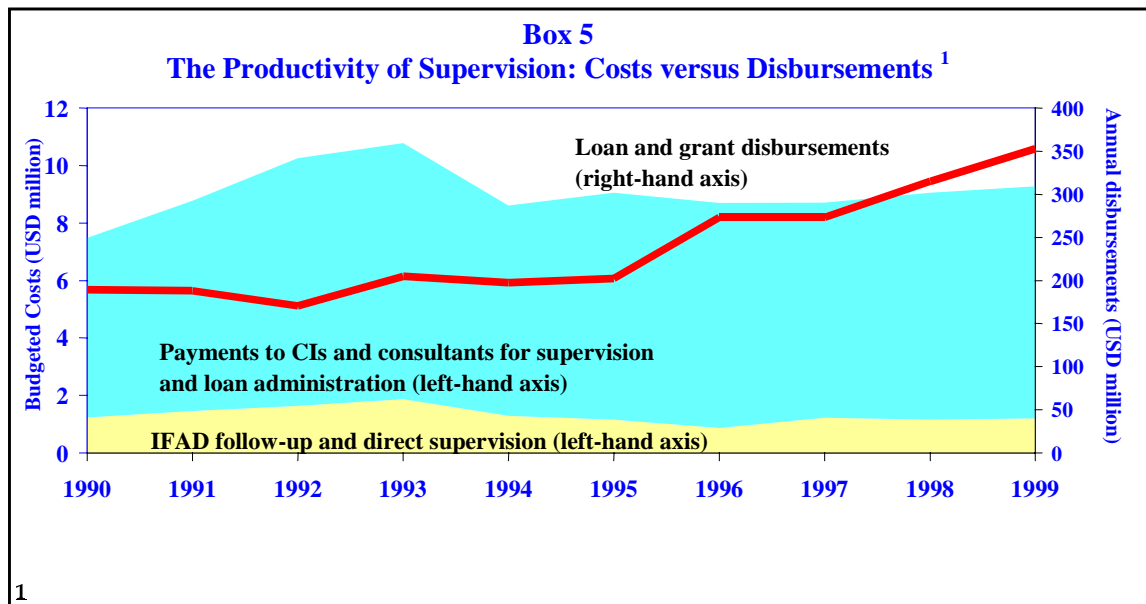
**TABLE 7: PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION
(USD '000)**

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
1 Appraisal and Related Costs	2 047	2 059	2 038	-	46	2 084
(a) Strategy development	80	68	67	-	1	68
(b) Appraisals	1 967	1 991	1 971	-	45	2 016
2 Supervision and Related Costs	9 096	9 836	9 817	9	47	9 873
(a) Cooperating institutions ¹	7 910	8 073	8 073	(26)	21	8 068
(b) Direct supervision	60	411	408	16	5	429
(c) IFAD follow-up	1 025	1 120	1 107	18	17	1 142
(d) Supervision of TAGs	101	187	184	11	3	198
(e) Audits of loans and grants initiated by IFAD	-	45	45	(10)	1	36
3 Staff Travel	904	1 137	1 113	15	25	1 153
(a) Appraisal and IFAD follow-up	890	1 059	1 037	-	22	1 059
(b) Direct supervision	14	78	76	15	3	94
4 Evaluation and Studies	1 706	1 885	1 862	-	46	1 908
TOTAL	13 753	14 917	14 830	24	164	15 018

¹ Excludes the extraordinary price increase (USD 389 000) levied by the World Bank. This is shown separately in Table 4.



Supervision and Related Costs



¹ Costs include direct payments to Cooperating Institutions (CIs) and consultants for supervision and loan administration, and incremental costs of IFAD staff for follow-up. Disbursements include loans and grants but exclude project preparation grants and PDF. The 1999 disbursement figures are estimates.

Note, the amounts for IFAD direct supervision are too small to show as a separate area.

72. Investments in project supervision and implementation follow-up are paying off as loan and grant disbursements have been rising steadily over the past few years.

Audits of Loans and Grants Initiated by IFAD

73. The proposed allocation of USD 36 000 will be used by the Office of Internal Audit to fund its 2000 audit programme of grant activities, focusing on grants not audited by external auditors.

Staff Travel

74. The proposal allocation for 2000 for appraisal and follow-up remains unchanged from the 1999 level.

Evaluation and Studies

75. The allocation under this budget heading is drawn up with the objective of promoting learning at the heart of the evaluation process. For this purpose, much importance is accorded to evaluation-related exercises that contribute to the generation and sharing of knowledge in support of IFAD's poverty eradication efforts, such as thematic and strategic reviews, country programme evaluations, production of lessons learned and improved impact assessment methodology. Details of the activities for 2000 are provided in Table 7A below.

**TABLE 7A: EVALUATION AND STUDIES
(USD '000)**

	1999		2000		
	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
4 EVALUATION AND STUDIES					
Mid-term evaluations	221	218	63	7	288
Interim evaluations	402	396	19	10	425
Completion/ex post project missions	410	405	(296)	3	112
Country portfolio evaluations	119	118	-	3	121
Thematic and strategic reviews	273	270	224	12	506
EKSYST and IFADEVAL	45	44	35	2	81
Strategy and re-organization of the Office of Evaluation and Studies (OE)			85	2	101
(ex preparation of TAG on monitoring and evaluation)	14	14			
Training activities/workshops	132	130	18	4	152
Methodology work	128	127	(57)	2	72
Knowledge management through evaluation			(17)	1	50
(ex OE/PD activities in evaluation participation)	67	66			
Evaluation knowledge web	28	28	(28)	0	0
LEOS programme	21	21	(21)	0	0
Information technology	25	25	(25)	0	0
GRAND TOTAL	1 885	1 862	-	46	1 908

D. Office and General Expenses

76. Table 8 provides details of the proposed allocation for 2000 of USD 5 932 000 to cover headquarters expenses, professional services and miscellaneous expenditures.

(a) **Headquarters expenses**

This heading covers the costs of running the Rome headquarters premises, as well as office equipment, computer services, communications and administrative supplies.

- (i) **Security and custodial services.** The proposed allocation of USD 378 000 includes provision for the security contract as well as technical assistance for the security systems in IFAD headquarters and IFAD/2 offices. This amount represents a real increase of USD 32 000 to provide for additional guard services for IFAD/2 in view of the many activities foreseen in 2000.

**TABLE 8: OFFICE AND GENERAL EXPENSES
(USD '000)**

	1998	1999		2000			
	Actual ITL/USD (at 1 742)	Budget ITL/USD (at 1 731.29)	Restated ITL/USD (at 1 805)	Revised ITL/USD (at 1 805)	Real Increase (Decrease)	Price Increase	Proposed Budget ITL/USD (at 1 805)
HEADQUARTERS EXPENSES							
Security and custodial services	356	354	339	339	32	7	378
Communications	530	582	559	559	(2)	11	568
Utilities and premises	1 173	1 306	1 253	1 253	(52)	24	1 225
Supplies and printing	452	439	421	421	21	9	451
Office equipment and maintenance	190	179	172	172	-	3	175
Computer services	1 654	1 685	1 645	1 645	-	37	1 682
Other	113	135	131	131	3	3	137
Subtotal	4 468	4 680	4 520	4 520	2	94	4 616
PROFESSIONAL SERVICES							
External Auditors' fees and expenses	98	100	96	96	-	4	100
Financial services	184	181	177	177	-	5	182
Translators – external	10	-	-	-	-	-	-
Legal services	24	26	25	25	-	1	26
Building – technical services	22	21	20	20	-	1	21
Consultants for systems audit	40	-	-	-	-	-	-
Specialist audit services	-	80	79	79	(24)	1	56
Consultants - MIS system development	417	427	424	424	-	12	436
Subtotal	795	835	821	821	(24)	24	821
MISCELLANEOUS							
Hospitality	35	46	44	44	1	1	46
Library, books and periodicals	77	80	79	79	-	1	80
United Nations Liaison	316	325	325	325	-	7	332
FAO charges ¹	29	50	50	-	-	-	-
Other	45	37	36	36	-	1	37
Subtotal	502	538	534	484	1	10	495
CREDIT UNION							
Credit Union Manager	25	-	-	-	-	-	-
Subtotal	25	-	-	-	-	-	-
GRAND TOTAL	5 790	6 053	5 875	5 825	(21)	128	5 932

¹ For comparison purposes, this excludes FAO charges that are now shown under Staff Costs.



- (ii) **Communications.** The proposed allocation of USD 568 000 covers telecommunications (USD 506 000) and mail and courier services (USD 62 000). Most of the business processes involved in IFAD's worldwide operations rely on an efficient telecommunications infrastructure. It is essential to design, develop and maintain efficient links to global electronic networks, such as the Internet and WorldWide Web, that permit fast, reliable and cost-effective communications with staff and working counterparts in the field and can be used as a means of global information collection and exchange. Travelling staff should be able to connect to and exchange information with headquarters in a straightforward and efficient manner, particularly since IFAD does not have field offices. This infrastructure is based on an integrated set of voice, fax and telex communications services outsourced to international carriers, with access to the Internet currently provided by the International Computing Centre. The international/national courier services were recently reviewed and the 2000 level is being decreased by USD 2 000. During 2000, the quality of services will be monitored and any price impact will be reflected in future years.
- (iii) **Utilities and premises.** This heading covers building operations and maintenance, correlated cleaning and labour services, technical plant operations including heating and air-conditioning, building supplies, condominium charges for IFAD's electricity, water and gas consumption and improvements to the premises not financed by the Host Government. The proposed allocation of USD 1 225 000 for 2000 represents a decrease of USD 52 000 over 1999 due to stabilization of requirements in IFAD/2.
- (iv) **Supplies and printing.** This heading covers print shop operations and related equipment maintenance, document reproduction, office supplies and stationery. The proposed allocation of USD 451 000 for 2000 includes a real increase of USD 21 000 for the introduction of a new reproduction system to improve the efficiency of internal printing.
- (v) **Office equipment and maintenance.** The 1999 allocation of USD 175 000 is proposed to be maintained and covers the purchase, replacement and maintenance of headquarters office equipment, including vehicles, safes, audio-visual equipment and standard office fittings.
- (vi) **Computer services.** This heading covers expenditure for ongoing information technology services and tools required to support the operations of the Fund. Amounts under this line item, which are largely pre-committed on the basis of contracts and service agreements, fall under five major areas as follows:



Computer Services	1999 Budget (USD '000)	2000 Proposed (USD '000)
Operation and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	944	882
Support of end-users for standard applications through Hotline assistance and training at various levels	211	275
Maintenance and support of corporate systems in operations	165	203
External computer services for mainframe applications and Internet working	289	278
Maintenance of technical infrastructure	36	44
Total	1 645	1 682

- (vii) **Other.** This heading, which covers expenditure for headquarters insurance cover, purchase, replacement and maintenance of cafeteria equipment, medical supplies, a variety of miscellaneous services and provision for the new catering contract, includes a slight real increase of USD 3 000 and is proposed at USD 137 000 for 2000.

(b) Professional Services

This heading covers the cost of the external professional services used for normal office and financial administration. The proposed 2000 budget allocation under this heading is USD 821 000.

- (i) **External Auditors' fees and expenses.** The External Auditors' fees and expenses for 2000 have been projected at USD 100 000, which includes an estimated price increase of USD 4 000.
- (ii) **Financial services.** The proposed allocation of USD 182 000, which remains unchanged from 1999, covers costs incurred by Treasury for subscriptions to an on-line financial-market information service, a rating agency service, publications and professional services.
- (iii) **Legal services.** The proposed allocation of USD 26 000 provides for a retained contractual arrangement with a local law firm to advise on matters relating to IFAD's operations in Italy: commercial contracts, staff privileges and immunities, the legal status of IFAD vis-à-vis the Headquarters Agreement, and Italian juridical procedures. A review of these services during 2000 may have an impact on future budget allocations.
- (iv) **Building-technical services.** The proposed allocation of USD 21 000 under this heading, which remains unchanged from 1999, provides for technical support services. A retainer arrangement has been made with an architectural consulting firm to advise on matters pertaining to the provisional headquarters building, IFAD/2 offices, technical projects for building improvements and assistance with the Italian technical authorities.
- (v) **Specialist audit services.** The proposed allocation of USD 56 000 shows a real decrease of USD 24 000 over 1999, and will provide the Office of Internal Audit with adequate funding for its planned outsourcing of specialist audit services (e.g. IT investment management). The outsourcing of specialist expertise is a key element in the audit strategy to provide more effective internal audit services in specialist areas.



(vi) **Consultants – management information systems development.** Professional-level expertise is required on an ongoing basis for Hotline Coordination, for the user-support function and for technical support and maintenance of corporate systems. This includes maintenance and enhancement of existing corporate systems, limited systems development and database administration, as well as specialized support of mainframe systems, financial systems and document and knowledge management systems. It is proposed that the development of new major systems be funded through the Capital Expenditure Budget.

(c) **Miscellaneous**

(i) **Hospitality.** The proposed allocation of USD 46 000 for 2000 represents a slight increase of USD 1 000 over 1999 and a price increase of USD 1 000.

(ii) **Library, books and periodicals.** The 1999 level remains unchanged at USD 80 000 with a USD 1 000 price increase.

(iii) **United Nations Liaison.** The 1999 level remains unchanged at USD 332 000, with a price increase of USD 7 000.

(iv) **FAO charges.** These charges are now shown under Staff Costs, Section B.

(v) **Other.** The 1999 level remains unchanged at USD 37 000, with a price increase of USD 1 000.

E. Other Operational Expenses, Including Corporate Strategy, Policy and Resource Mobilization

77. Details of this budget category are provided in Table 9 and described thereafter.

TABLE 9: OTHER OPERATIONAL EXPENSES, INCLUDING CORPORATE STRATEGY, POLICY AND RESOURCE MOBILIZATION
(USD '000)

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
(a) Duty travel	1 383	1 691	1 655	21	34	1 710
(b) Special studies	113	120	119	1	4	124
(c) Media, communications and networking	269	268	263	9	9	281
(d) Annual Report	142	137	132	(18)	4	118
(e) Publications	179	234	226	(5)	8	229
(f) Contributions to United Nations and other Committees	70	57	57	7	3	67
(g) Participation in and hosting of meetings	26	35	34	-	1	35
GRAND TOTAL	2 182	2 542	2 486	15	63	2 564



78. **Duty travel.** As in 1999, this heading includes staff travel for all divisions but excludes Programme Management Department staff travel related to appraisal and supervision, which is provided for separately. The proposed allocation for 2000 includes a real increase of USD 21 000, mainly in the area of project operations.

79. **Special studies.** From time to time, support is needed in the form of special studies on specific activities and topics and on operational guidelines. The cost of such support activities is expected to increase slightly by USD 1 000. The proposed allocation for 2000, inclusive of price increases of USD 4 000, is USD 124 000.

80. **Media, communications and networking.** In today's competitive development environment, IFAD needs to focus on communicating its effectiveness in fulfilling its unique mandate to the outside world. This need is currently addressed through the formulation and implementation of a central communications strategy. By making optimal use of up-to-date know-how/technology and professional expertise, effective messages and marketing tools will be formulated to reach IFAD's key partners – bilateral and multilateral organizations, Member States, the private sector, media, NGOs, civil society and the public. Such messages will be in line with IFAD's strategic thrusts, promoting it as a knowledge-based institution. The USD 281 000 allocation for 2000 includes a slight increase of USD 9 000 and a price increase of USD 9 000.

81. **Annual Report.** In line with the re-engineering and streamlining of operations, the proposed 2000 allocation of USD 118 000 includes a real reduction of USD 18 000 and a price increase of USD 4 000.

82. **Publications** contribute to achieving IFAD's strategic objectives and, as such, support its position as a knowledge organization. Publications aim to disseminate information on the Fund's achievements, promote its policies, build support for its activities and increase understanding of rural poverty. As a result of the re-engineering, the production of publications is more systemized and cost-effective thanks to a new process involving content review, internal graphic design and desktop publishing, and improved printing and dissemination strategies. In view of this, the allocation for 2000 is proposed at USD 229 000 and includes a real reduction of USD 5 000.

83. **Contributions to United Nations and other committees.** IFAD supports the budgets of certain United Nations-sponsored committees, other committees related to project or administrative work and regional or sectoral bodies that contribute to furthering IFAD's policy or programme priorities. The Fund's contribution to the Non-Governmental Liaison Service (NGLS) has been increased from USD 12 000 to USD 20 000 in response to an appeal by the membership of the Joint Consultative Group on Policy (JCGP) to support NGLS at a higher level. Total contributions of USD 67 000 are made up as follows:



	2000 Proposed (USD)
ICSC/ CCAQ	41 000
NGLS	20 000
Consultative Committee on Programme and Operational Questions	6 000

84. **Participation in and hosting of meetings.** The allocation under this category will remain unchanged from the 1999 level of USD 35 000. Activities are intended to support planned partnership development activities as well as conference support services.

F. Contingency Items

85. **Expenses on the new headquarters building.** The Headquarters Agreement between the Italian Government and IFAD calls upon the Italian Government to provide IFAD with a Permanent Headquarters building with appropriate conference facilities. Since 1984, IFAD's annual budgets have included provision for the cost of moving and settling into such new facilities, once ready. The Italian authorities have consistently reaffirmed their intention to fulfil this obligation and, as a solution, have proposed to rent the building immediately adjacent to IFAD's present provisional headquarters. This has recently become a more feasible option since a rental contract is now pending approval of the Italian authorities. A contingency provision of USD 150 000 has been included for 2000 to cover professional assistance for supervising the building modifications to ensure that the work meets IFAD's requirements. This allocation will no doubt need to be increased in 2001. (In 1994, this contingency item was reduced from USD 400 000 to USD 200 000 and again in 1996 to the present level of USD 150 000.)

86. **Contingency for unforeseen expenses.** As in 1999, this contingency item of USD 250 000 is provided for unforeseen expenses and possible inflationary pressure in excess of that anticipated.

87. At its Sixty-Fifth Session, the Executive Board authorized the President to allocate funds from the contingency heading to other categories of expenditure as the need arises. The Executive Board was advised separately of action taken during 1999 (document EB 99/68/INF.5).

**PROGRAMME MANAGEMENT DEPARTMENT
WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE**

	2000 Proposed	%
PROJECT DEVELOPMENT FUND ^{1 2 3}		
Africa I	5.50	18.3
Africa II	6.00	20.0
Asia and the Pacific	6.20	20.7
Latin America and the Caribbean	5.10	17.0
Near East and North Africa	5.90	19.7
Technical Advisory Division	1.30	4.3
TOTAL	30.00	100.0
APPRAISAL ¹		
Africa I	8.50	25.8
Africa II	7.00	21.2
Asia and the Pacific	6.00	18.2
Latin America and the Caribbean	5.75	17.4
Near East and North Africa	5.75	17.4
TOTAL	33.00	100.0
PLANNED PROJECTS ⁴		
Africa I	7.00	23.3
Africa II	6.00	20.0
Asia and the Pacific	7.00	23.3
Latin America and the Caribbean	5.00	16.7
Near East and North Africa	5.00	16.7
TOTAL	30.00	100.0

¹ The number of operations includes projects originating from the pipelines of other IFIs; as the related project development costs would be less, the actual number of operations may differ.

² Includes partial project development costs due to the impact of activities that may have commenced, but have not been completed, by the end of 1999. Similarly, partial costs for commencement in 2000 may also be incurred.

³ The percentages are indicative for numbers of operations rather than the financing levels (which are indicated in Table 3A).

⁴ These percentages indicate numbers of proposed loans rather than financing levels (which are indicated in Annex II).

PROGRAMME MANAGEMENT DEPARTMENT - LOAN PROGRAMME
(USD '000 and SDR '000)

	1998 Actual ¹			1999						2000 Proposed		
	USD	SDR	%	Originally Approved ²			Actual ^{3 4}			USD	SDR ^{5 6}	%
	USD	SDR	%	USD	SDR	%	USD	SDR	%	USD	SDR	%
LOAN PROGRAMME												
Africa I	80 479	58 450	19.26	93 149	66 049	21.30	85 654	62 550	20.38	82 025	58 738	18.385
Africa II	64 690	47 400	15.62	93 149	66 049	21.30	100 217	73 200	23.85	82 025	58 738	18.385
Asia and the Pacific	106 182	77 450	25.51	124 286	88 127	28.42	103 960	76 300	24.86	138 315	99 046	31.010
Latin America and the Caribbean	74 031	53 000	17.46	71 021	50 358	16.24	75 882	55 350	17.27	75 959	54 394	17.030
Near East and North Africa	91 883	67 250	22.15	55 715	39 505	12.74	54 002	39 500	12.57	67 752	48 517	15.190
TOTAL	417 265	303 550	100.00	437 320	310 088	100.00	419 715	306 900	100.00	446 076	319 433	100.000

¹ The 1998 Actual is shown in United States dollars at the rate prevailing on Executive Board approval date.

² 1999 is reported per the approval of the Executive Board at SDR 1 = USD 1.41031.

³ For loans approved at the April, September and December 1999 Sessions of the Executive Board, the United States dollar equivalent is shown at the rate prevailing on the date of Executive Board approval.

⁴ This excludes the loan to Zambia (Forest Resource Management Project) SDR 9.15 million that was postponed from 1998 on an exceptional basis and approved in 1999.

⁵ Calculated using the 15 October 1999 rate of SDR 1 = USD 1.39647 (see Table 3).

⁶ These percentages indicate financing proportions rather than actual number of projects as shown in Annex I.



PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS
(USD '000)

	1999			Real Increase (Decrease)	Price Increase	2000		Number of Projects for which Charges are Projected ¹
	1998 Actual (at 1 742 ITL/USD)	Approved Budget Restated (at 1 805 ITL/USD)	1999 Approved Numbers			2000 Proposed Budget at 1 805 ITL/USD	2000 Estimated Number of Projects under Supervision	
World Bank (including IBRD and IDA) ³	1 319	405	8.70	107	6	518	33.4	11.2
United Nations Office for Project Services	4 788	5 743	124.83	(156)	-	5 587	121.43	121.43
African Development Bank	368	322	7.00	(23)	20	319	6.5	6.5
Arab Fund for Economic and Social Development (AFESD)	330	450	13.60	63	10	523	15.5	15.5
Asian Development Bank	239	124	2.00	-	(6)	118	7	2
Caribbean Development Bank	48	30	4.40	4	-	34	5	5
West African Development Bank	241	304	12.15	(33)	36	307	10.85	10.85
Central American Bank for Economic Integration	45	80	5.00	(32)	-	48	3.5	3.5
Andean Development Corporation	532	615	16.50	44	(45)	614	17.7	17.7
Inter-American Development Bank	0	0	0.00	-	-	-	1	0
SUBTOTAL	7 910	8 073	194.18	(26)	21	8 068	221.88	193.68
Test projects for IFAD direct supervision ²	60	408	10.00	16	5	429	10.5	10.5
TOTAL	7 970	8 481	204.18	(10)	26	8 497	232.38	204.18

¹ Numbers include pro rata apportionment for projects proposed during 1999 and exclude projects that may be approved during 2000.

This methodology is also applied to projects under direct IFAD supervision. Similarly, pro rata apportionment have been applied for projects that are expected to be extended into 2000 or that are in suspension status. Numbers are also pro-rated when approval of a loan is combined with Belgian Survival Fund resources.

² 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.

³ The allocation for 2000 assumes 11.2 projects entrusted to the World Bank (8.7 projects in 1999). See extraordinary price increase indicated separately in Table 4 (USD 389 000)

**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
(USD '000)**

	Total 2000 Proposed (at 1 805)	Office of the President	Office of the Vice-President	Programme Management Department	Economic Policy and Resource Strategy Department	Management and Personnel Services Department
1. Governing Body and Other Official Meetings	1 804				54	1 750
2. Staff Costs	28 150	3 392	4 030	9 791	1 904	9 033
3. Payments for Appraisal, Supervision and Evaluation ¹	15 407	1 944		13 416	47	
4. Office and General Expenses	5 932	82	294	25	343	5 188
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 564	525	231	762	546	500
TOTAL	53 857	5 943	4 555	23 994	2 894	16 471

¹ Includes extraordinary price increase of USD 389 000, details of which are provided in Table 4.

2000 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)
2. Staff Costs	850	371	1 236	935	3 392
2.a - 2.e Regular and Fixed-Term Staff	839	335	1 118	779	3 071
2.g Short-Term Temporary Staff		35	109	146	290
2.h Overtime	11	1	9	10	31
3. Payments for Appraisal, Supervision and Evaluation	0	36	1 908	0	1 944
3.2 Supervision and Related Costs		36			36
3.4 Evaluation and Studies			1 908		1 908
4. Office and General Expenses	18	58	0	6	82
4.b Professional Services		57			57
4.c Miscellaneous ¹	18	1		6	25
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	76	49	300	100	525
5.a Duty Travel	76	49	209	100	434
5.b Special Studies			91		91
TOTAL	944	514	3 444	1 041	5 943

¹ Includes "Hospitality" and "Other" to be sub-allocated to OP divisions during 2000.



2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Office of the Vice-President (VP)
(USD '000)

	Office of the Vice-President	Office of the Controller	Treasury	Totals (VP)
2. Staff Costs	336	2 622	1 072	4 030
2.a - 2.e Regular and Fixed-Term Staff	324	2 473	1 027	3 824
2.g Short-Term Temporary Staff	6	130	38	174
2.h Overtime	6	19	7	32
4. Office and General Expenses	3	103	188	294
4.b Professional Services		100	182	282
4.c Miscellaneous	3	3	6	12
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	32	131	68	231
5.a Duty Travel	32	131	68	231
TOTAL	371	2 856	1 328	4 555



2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Programme Management Department (PD)
(USD '000)

	Office of the Assistant President	Africa I Division	Africa II Division	Asia and the Pacific Division	Latin America and the Caribbean Division	Near East and North Africa Division	Technical Advisory Division	Totals (PD)
2. Staff Costs	989	1 574	1 592	1 595	1 369	1 359	1 313	9 791
2.a - 2.e Regular and Fixed-Term Staff	910	1 556	1 575	1 572	1 354	1 323	1 296	9 586
2.g Short-Term Temporary Staff ¹	72	12	9	17	6	24	10	150
2.h Overtime	7	6	8	6	9	12	7	55
3. Payments for Appraisal, Supervision and Evaluation	193	2 816	2 980	2 887	2 165	2 188	187	13 416
3.1 Appraisal and Related Costs	21	519	428	367	351	351		2 037
3.2 Supervision and Related Costs ²	46	2 085	2 351	2 329	1 676	1 668	71	10 226
3.3 Staff Travel	126	212	201	191	138	169	116	1 153
4. Office and General Expenses	6	2	3	4	3	5	2	25
4.c Miscellaneous	6	2	3	4	3	5	2	25
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	66	115	95	136	126	144	80	762
5.a Duty Travel	66	115	95	136	126	144	80	762
TOTAL	1 254	4 507	4 670	4 622	3 663	3 696	1 582	23 994

¹ Includes projected requirements for certain PD divisions relating to temporary staff benefits in the amount of USD 56 000.

² Includes extraordinary price increase of USD 389 000, details of which are provided in Table 4.

2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Economic Policy and Resource Strategy Department (ED)
(USD '000)

		Totals (ED)
1.	Governing Body and Other Official Meetings	54
1.a	Governing Council	54
2.	Staff Costs	1 904
2.a - 2.e	Regular and Fixed-Term Staff	1 800
2.g	Short-Term Temporary Staff	82
2.h	Overtime	22
3.	Payments for Appraisal, Supervision and Evaluation	47
3.1	Appraisal and Related Costs	47
4.	Office and General Expenses	343
4.c (i)	Miscellaneous	11
4.c (iii)	UN Liaison	332
5.	Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	546
5.a	Duty Travel	200
5.b	Special Studies	33
5.c	Media, Communications and Networking	281
5.e	Publications	0
5.f	Contributions to UN and other Committees	27
5.g	Participation in and Hosting of Meetings	5
TOTAL		2 894

2000 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)
1. Governing Body and Other Official Meetings	0	277	0	1 454	19	0	1 750
1.a Governing Council		216		280	13		509
1.b Executive Board		61		1 174	6		1 241
2. Staff Costs	279	1 850	0	2 761	1 487	2 656	9 033
2.a - 2.e Regular and Fixed-Term Staff ¹	273	1 763		2 657	1 364	1 670	7 727
2.f Relocation and Recruitment ²						363	363
2.g Short-Term Temporary Staff ³	3	37		98	110	173	421
2.h Overtime	3	50		6	13	11	83
2.i Training ²						439	439
4. Office and General Expenses	7	50	2 422	76	2 626	7	5 188
4.a Headquarter Expenses			2 422		2 189	5	4 616
4.b Professional Services		47			435		482
4.c Miscellaneous	7	3		76	2	2	90
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	6	54	0	364	17	59	500
5.a Duty Travel	6	8		33	17	18	82
5.e Annual Report		17		101			118
5.f Publications		29		200			229
5.g Contributions to UN and other Committees						41	41
5.h Participation in and Hosting of Meetings				30			30
TOTAL	292	2 231	2 422	4 655	4 149	2 722	16 471

¹ Figure indicated under Personnel Division covers allocation for all departments for After-Service Medical Coverage (USD 596 000), Merit pay scheme (USD 32 000), FAO Medical charges (USD 50 000).

² Figure indicated under Personnel Division covers allocation for all departments.

³ Figure indicated under Personnel Division includes allocations of USD 20 000 for appeals and USD 89 000 for maternity leave for all departments.



OVERVIEW OF IFAD'S REGIONAL STRATEGIES FOR 2000

	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE
SOCIO-ECONOMIC TRENDS	<ul style="list-style-type: none"> • Improvements in macroeconomic and sectoral incentive frameworks. • Structural adjustment and market liberalization have opened up new opportunities. • Increasingly, governments are moving towards more decentralized systems for decision-making related to resource mobilization and expenditure. • Benefits are not always evenly distributed, and the rural poor risk being left behind in the absence of well-targeted rural development investments. • Several countries are still experiencing severe economic, social and political dislocation, and special efforts by international donors will be required once these countries are able to resume development activities. • Debt and arrears in repayment to IFAD still constitute a problem. The HIPC DI is not yet effective in most concerned countries. 	<ul style="list-style-type: none"> • Continued social and political stability produced an environment conducive to economic development in the region. • Carried out reforms in public administration to reduce costs and ensure efficiencies. • Reforms for decentralization and devolution of administrative and fiscal powers to regions and districts have been adopted and are being implemented. • The privatization of public-sector activities is hampered due to lack of educated manpower, institutional capacity and bureaucratic intransigence. • Responsiveness, accountability and transparency are gradually becoming an operational rule for local government. • Improvement of economic and social fundamentals geared to poverty alleviation will be the major strategic thrust of IFAD. 	<ul style="list-style-type: none"> • Among the rural poor in Asia, the populations that have been hit hardest by the process of marginalization are those living in the uplands, including indigenous people and other marginalized groups. • The process of marginalization has led to social exclusion, rapid environmental degradation and political instability, which are giving rise to ethnic violence and criminality. • Increasing feminization of agriculture has adversely affected the education of the girl child, leading to recycling of rural poverty • The remoteness and diversity of such areas places a premium upon decentralized, participatory and iterative approaches to programme development and execution in order to achieve the sensitivity to local conditions. 	<ul style="list-style-type: none"> • In 1999, Latin America and the Caribbean will post its worst overall economic performance of the decade, after the Mexican financial crisis of 1994. • Regional GDP growth is expected to fall to -0.4%. When combined with an annual population growth rate of 1.7%, this implies that both urban and rural poverty will inevitably increase. • The 1998 and 1999 crisis – coupled with climatic disasters in the region (<i>El Niño</i> and hurricane Mitch) — deepened structural poverty, traditionally associated to indigenous groups, rural women, landless farmers and other rural minorities. As a consequence, a contraction in labour markets and reduced opportunities for agricultural product marketing, and incremental levels of poverty will be present in several countries of the region. 	<ul style="list-style-type: none"> • Positive developments in political and social integration in several countries, including Algeria, Jordan and Morocco, and in the Middle East peace process • Upturn in economic growth rates in some countries and expanding inter-regional trade within the larger Mediterranean area • Armed conflict in the Balkans and in the Caucasus regions • Continued severe deprivation and low or negative growth rates nationwide, especially in rural areas of all Borrowers in Central and Eastern Europe and the newly independent states



	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE
OPPORTUNITIES FOR IFAD	<ul style="list-style-type: none"> • Food security through improved availability and access. • Developing rural financial services that reach isolated populations that have had no previous access to financial markets and are well-integrated into national financial sector frameworks. • Capacity building in support of decentralized decision-making processes for participatory rural development. • Stress the importance of target group participation in decisions on objectives and activities. • Natural resources management and the environment, with emphasis on supporting anti-desertification initiatives. • Maximize use of local knowledge and experience. • Pursue a strategic orientation to investments through strengthened collaboration with governments, civil society and other donors. • Pursue support to sub-regional institutions dealing with rural development. 	<ul style="list-style-type: none"> • Based on conducive socio-economic environment, strengthen and reinforce public and private sector linkages to empower the poor and smallholders to increase productivity, efficiency and management effectiveness of their own resources for sustainable development. • Explore options for extending access to rural financial services, and develop appropriate lending instruments for small operators, including farmers, through private financial institutions. • In conjunction with initiatives of the Convention to Combat Desertification, enhance crop production and soil fertility in rangeland and marginal areas by optimizing land and water use. • Improve smallholder access to quality land by exploring options for community-based land reform in Zimbabwe. 	<ul style="list-style-type: none"> • Reorient development strategy, priorities and practices to focus on marginal and upland areas. • Enhance the resilience of very poor rural households in these areas to external economic shocks. • Support local capacity building to reinforce local institutions, promote decentralization, and enable rural communities to improve their livelihoods. • Focus on programmes that empower women and increase their control over income and resources. • Focus on regenerative farming and forestry systems; rural finance for on- and off-farm activities; improving rural infrastructure; and local institutions and capacity-building. • Influence the views of policy-makers, and build partnerships with like-minded donors, governments and NGOs through innovative ideas and projects at the grass-roots level. 	<ul style="list-style-type: none"> • Enhanced partnerships between IFAD and the countries of the region regarding new, innovative strategies for rural development and poverty-alleviation policies, strategies and programmes/projects design. • Lending and cofinancing schemes based on LAC countries' real financial and budgetary capacities linked to joint financing with major IFIs, wherever feasible and possible. • Promote and reinforce non-agricultural income-generating activities in rural areas • Improve the competitive capacity of small-scale poor rural producers in national and international markets by developing more effective and sustainable financial and non-financial support services. • Support indigenous people in the Amazon Basin, Andean region and Mesoamerica region. • Management of natural resources in ecologically fragile environments. • Building project sustainability through open multi-institutional models. • Strengthen grass-roots organizational capacity to deliver development services to the rural poor throughout the region. • Continue indepth gender analysis and training. • Improve institutional sustainability of projects. 	<ul style="list-style-type: none"> • Facilitate new government initiatives to increase the access of rural poor to land, water, capital and information • Assist governments in new initiatives to promote decentralization of responsibility and authority for natural resources management • Use IFAD investment projects to create rural microenterprises and off-farm employment options • Direct IFAD loan resources to mountainous areas where poverty is most severe • Continue current engagement in development and diversification in provision of rural financial services



	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE
STRATEGIC OPERATING DIRECTIONS	<ul style="list-style-type: none"> • Pursue efforts to address arrears issue to allow IFAD to resume its activities in countries under suspension. • Play active role in debt relief initiatives (poverty reduction strategies in HIPC DI countries) • Ensure effective IFAD presence at the field level through maintenance of lending levels and outreach. • Support projects and programmes driven by beneficiary participation. • Expand lending programme in the region to compensate for the low lending level of 1997. • Establish and use knowledge networks on rural poverty. • Create effective portfolio management systems. • Develop human resources and management systems. 	<ul style="list-style-type: none"> • IFAD to develop strategic partnerships with government, civil-society organizations and private stakeholders to involve them in identification of problems and solutions. • Donor coordination and complementarity will be pursued within the context of an agreed work programme as well as development of new initiatives ranging from sectoral issues to implementation details. • Provide support to projects/programmes in terms of impact monitoring and beneficiary participation in problem diagnosis and solutions. • Streamline IFAD portfolio by closing non-performing projects and optimizing the use of its financial resources in a few critical areas with a view to realising its strategic objectives and directions. • Encourage staff to be involved in knowledge management in areas critical for the development of IFAD's "cutting edge" in poverty alleviation. 	<ul style="list-style-type: none"> • Ensure beneficiary and other stakeholder participation in design and implementation of projects • Ensure effective portfolio management by promoting new mechanisms that will enable supervision cost sharing with donors and other organizations. • Establish and use knowledge networks by electronically linking IFAD-funded projects with their counterparts in other countries with a view to sharing ideas and experiences. • Extend IFAD's outreach in the Asia and the Pacific region by developing strategic alliances with key partners. 	<ul style="list-style-type: none"> • Increase commitment to rural poverty reduction through better linkages between poverty reduction initiatives and social investment and agricultural development programmes aimed at peasants and small farmers. • Enhance marketing spaces and access of project beneficiaries to local, national and regional markets • Increased implementation support to investment projects • Enhance institutional impact of projects • Foster partnership building • Strengthening the quality of non-lending services and encouraging experimental and innovative TAG projects 	<ul style="list-style-type: none"> • Extensive beneficiary consultation in project design process • Provide for participation of beneficiaries in project management and decision-making during implementation, especially in M&E systems of IFAD-supervised projects • Intensify follow-up of ongoing projects to maintain recently reduced number of problem projects • Maintain close ties with AFESD, Islamic Development Bank, International Development Association and OPEC Fund for cofinancing partnerships • Seek new alliances with Western European countries for work in Central and Eastern Europe and the newly independent states • Contribute to raising IFAD's profile as knowledge centre and leader in the region with respect to rural finance through policy dialogue and project design