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CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Twenty-Fourth Session of the Governing Council of IFAD was held in Rome from 20 to 22 February 2001.

2. The Council held a total of five meetings, the summary records of which are contained in Chapter 3, Part A.

A. Opening of the Session

3. The Session was opened by Ms Kirsti Lintonen, Ambassador of the Republic of Finland, and Chairperson of the Governing Council.

B. Agenda and Documentation

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

C. Inaugural Meeting of the Session

5. The Governing Council was addressed by His Excellency Mohamed Hosni Mubarak, President of the Arab Republic of Egypt.

6. A statement was delivered on behalf of the Government of the Italian Republic by His Excellency Natale D'Amico, Under-Secretary at the Ministry of Finance, and a message from Mr Kofi Annan, Secretary-General of the United Nations, was delivered to the Governing Council on
his behalf by President Al-Sultan. Mrs Catherine Bertini, Executive Director of the World Food Programme, delivered a statement and a message from Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations, was delivered on his behalf by Mr David Harcharik, Deputy Director-General. The Council also viewed a special video message from Archbishop Desmond Tutu. These statements are reproduced in Chapter 4, Part A.

D. Statement of the President of IFAD

7. The full text of President Al-Sultan’s statement appears in Chapter 4, Part A, pages 101–107.

E. General Statements

8. The general statements delivered by Governors and Observers are summarized in the summary records contained in Chapter 3, Part A. General statements submitted in writing by Member State representatives who did not make oral interventions are reproduced in full in Chapter 3, Part B.

F. 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-Fourth Session of the Governing Council, is reproduced in full in Chapter 4, Part E, pages 131–133.
CHAPTER 2

DECI SIONS OF THE GOVERNING COUNCIL

A. Application for Non-Original Membership


11. The Council noted that Iceland will be admitted as a non-original member in the Fund’s List A Member States, as agreed upon with the members of that List.

B. Office of the President of IFAD

(a) Transition in the Office of the President of IFAD

12. The Governing Council considered the proposal and the Executive Board’s recommendation contained in document GC 24/L.15 and amended the draft resolution therein by deleting reference to the amendment of the Agreement Establishing IFAD. On 21 February 2001, it adopted Resolution 125/XXIV, extending the term of office of the incumbent President of IFAD to 31 March 2001 in order to ensure a smooth handover of the office of the President of IFAD.

(b) Appointment of the President of IFAD

13. The Governing Council considered document GC 24/L.2 concerning the appointment of the President of IFAD at its second meeting. In accordance with Rule 41.1 of the Council’s Rules of Procedure, balloting for the appointment of the President of IFAD was held in private sessions on 20 February 2001. At its fifth meeting on 22 February 2001, the Governing Council, by acclamation, declared Mr Lennart Båge of the Kingdom of Sweden the new President of IFAD.

Press Conference of President Al-Sultan and President-Elect Båge
14. Also at its fifth meeting, the Council considered document GC 24/C.R.P.2 related to the appointment of the President and, on 22 February 2001, adopted Resolution 126/XXIV appointing Mr Lennart Båge of the Kingdom of Sweden as President of IFAD for a term of office of four years, to take effect from 1 April 2001.

C. Progress Report on the Fourth Replenishment of IFAD’s Resources

15. The Governing Council took note of the Progress Report on the Fourth Replenishment of IFAD’s Resources contained in documents GC 24/L.4 and GC 24/L.4/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 414.0 million, or 98.7% of total pledges. It was also noted that total payments in cash and promissory notes amounted to USD 383.2 million, or 91.3% of total pledges. Note was also taken that Belgium and The Netherlands had pledged a total of USD 42.3 million equivalent as complementary contributions to the Fourth Replenishment, against which payments in cash and promissory notes amounting to USD 33.8 million equivalent, or 79.9%, had been received.

D. Consultation to Review the Adequacy of the Resources Available to IFAD

(a) Report on the Fifth Replenishment of IFAD’s Resources


17. The Council took note of the information contained in documents GC 24/L.5 and its two addenda and Mr Takao Shibata, Assistant President of the Economic Policy and Resource Strategy Department, presented an oral report on the meeting of the Eighth Session of the Consultation to Review the Adequacy of the Resources Available to IFAD, convened on 20 February 2001. The Council noted with pleasure that pledges from Lists B and C stood at USD 95.9 million, which together with the pledges previously announced by List A satisfied the conditions for the completion of the Fifth Replenishment resolution. Accordingly, as authorized by the Executive Board at its Seventy-First Session in December 2000, the President of IFAD had formally completed the Fifth Replenishment of IFAD’s Resources.


18. The Governing Council took note of the oral statement made by Mr Klemens van de Sand, Assistant President of the Programme Management Department, on the first annual progress report on the IFAD V: Plan of Action, being implemented for the period 2000–2002, and congratulated management for the conscientious effort being made towards the plan’s implementation.

E. Audited Financial Statements of IFAD as at 31 December 1999

F. Proposed Budget of IFAD for 2001


21. Furthermore, in its consideration of document GC 24/L.8, the Governing Council reviewed the proposal for the establishment of a Programme Development Financing Facility (PDFF) and adopted Resolution 124/XXIV on 21 February 2001. The delegation for the United States, while supporting the budget proposal, abstained from the consensus in adopting the Resolution on the establishment of the PDFF.

G. Progress Report on the Process Re-Engineering Programme

22. The Governing Council took note of both the written report, document GC 24/L.9, and the oral report given by Mr John Westley, the Vice-President, on the finalization of the detailed design of the Process Re-Engineering Programme, the object of which was to establish an operational plan for implementation and to provide the basis for Executive Board approval of subsequent implementation phases.

H. Financing from Non-Donor Resources

23. The Governing Council considered the proposal for the mobilization of additional market-based financial resources to complement the financing of IFAD projects and, in adopting Resolution 122/XXIV on 21 February 2001, approved the proposed framework contained in document GC 24/L.10.

I. Membership of the Executive Board

24. In accordance with the decisions taken at its Twenty-Third Session, the Governing Council noted that, effective 1 January 2001, the United Kingdom and The Netherlands had alternated seats to become Member and Alternate Member, respectively.

25. The Council was furthermore invited to note that, with regard to the composition of List B membership, the composition elected last year was unchanged and would therefore remain as elected for the remainder of the term of office.

26. The Governing Council also endorsed the agreements reached by the Sub-List C2 group of Member States with regard to the exchange of seats on the Executive Board for 2001, as outlined in document GC 24/L.11. Specifically, Sri Lanka and the Republic of Korea were replaced by, respectively, Pakistan (for the remainder of the term of office) and Bangladesh (for 2001).

27. Accordingly, the composition of the Executive Board for 2001 is shown in the following table.
Executive Board Composition for 2001

<table>
<thead>
<tr>
<th>LIST A</th>
<th>Member</th>
<th>Alternate Member</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Canada</td>
<td>Spain</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>Belgium</td>
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<tr>
<td></td>
<td>Germany</td>
<td>Switzerland</td>
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<td></td>
<td>Italy</td>
<td>Portugal</td>
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<tr>
<td></td>
<td>Japan</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td>Norway</td>
<td>Sweden</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>Netherlands</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>Australia</td>
</tr>
<tr>
<td>LIST B</td>
<td>Kuwait</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td></td>
<td>Nigeria</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Saudi Arabia</td>
<td>Indonesia</td>
</tr>
<tr>
<td></td>
<td>Venezuela</td>
<td>Algeria</td>
</tr>
<tr>
<td>LIST C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-List C1</td>
<td>Angola</td>
<td>Egypt</td>
</tr>
<tr>
<td></td>
<td>Tunisia</td>
<td>Eritrea</td>
</tr>
<tr>
<td>Sub-List C2</td>
<td>China</td>
<td>Pakistan</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>Sub-List C3</td>
<td>Brazil</td>
<td>Panama</td>
</tr>
<tr>
<td></td>
<td>Mexico</td>
<td>Argentina</td>
</tr>
</tbody>
</table>

J. Report of the Emoluments Committee

28. The Governing Council was informed that subsequent to the re-establishment of a committee to review the emoluments of the President of IFAD, at its Twenty-Third Session, the committee’s final composition was composed of the following members: Canada, Finland, France and Norway from List A; Algeria and the Libyan Arab Jamahiriya (replacing Saudi Arabia) from List B; and Brazil, Tunisia and Turkey from List C. The committee had elected Ms Seija Toro of Finland as its chairperson and had reviewed detailed information and data, provided to it by the Secretariat, pertaining to the emoluments of the executive heads of the specialized agencies of the United Nations and other international financial institutions.

29. The Council took note of the Report of the Emoluments Committee on the terms and conditions of employment of the President of IFAD as contained in document GC 24/L.12, and adopted Resolution 121/XXIV on 20 February 2001.

K. Progress Report on the Popular Coalition to Eradicate Hunger and Poverty

30. The Governing Council took note of both the written report, document GC 24/L.13, and the oral report given by Mr Bruce Moore, Coordinator of the Popular Coalition to Eradicate Hunger and Poverty, on the results achieved since the Twenty-Third Session of the Governing Council in improving the access of the poor to productive resources in the countries and regions covered by current activities of the Coalition.

31. The Governing Council also took note of both the written report, document GC 24/L.14, and the oral report given by Mr Per Ryden, Managing Director of the Global Mechanism, on the evolving operational strategy and activities during 2000 of the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.

M. Report on the Status of the Headquarters Agreement

32. 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 that will allow all IFAD staff and activities to be finally resettled in fully renovated office premises by early 2003.

N. Approval of Disclosure of Documents

33. Document GC 24/INF.2 informed the Council that the Executive Board, at its Sixty-Ninth Session, had reviewed the results obtained during the interim phase of the IFAD Policy on the Disclosure of Documents, approved by the Governing Council at its Twenty-First Session. As a result of its review, the Executive Board had approved the expansion of the interim scope of the disclosure policy to include all evaluation reports as well as documentation submitted to the Evaluation Committee and had welcomed management’s intention to examine the possibility of disclosing other types of documents in the future, especially in the context of the knowledge management strategy currently being developed in IFAD. The Council would be kept duly informed of any further expansion of the policy.

34. The Governing Council approved the disclosure of 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-Fourth Session held on Tuesday, 20 February 2001, at 10.00 hours

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

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The meeting was called to order at 10.05 hours.

OPENING OF THE SESSION (Agenda Item 1)

The CHAIRPERSON welcomed the participants and declared open the Twenty-Fourth Session of the Governing Council, which was called upon to take decisions affecting the financial future of IFAD, its new leadership and the improvement of its operational processes — the three most fundamental aspects for the success of an organization. Poverty eradication, which topped the agenda of the United Nations Millennium Declaration, was IFAD’s special mandate. It was the work of the Fund with the rural poor that had so distinguished it in its field, and she urged her colleagues to ensure that that distinction was not only maintained but also strengthened.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 24/L.1/Rev.1)

The Agenda (GC 24/L.1/Rev.1) was adopted.

APPLICATION FOR NON-ORIGINAL MEMBERSHIP (Agenda Item 3) (GC 24/L.7)

The CHAIRPERSON invited the Governing Council to adopt the draft resolution in document GC 24/L.7.

Resolution 120/XXIV was adopted.

The CHAIRPERSON welcomed the Republic of Iceland to membership of IFAD and asked the Council to note that Iceland would be admitted as a non-original member in the Fund’s List A Member States, as agreed with the members of that List.

Mr JÓNASSON (Iceland) thanked the Governing Council for the confidence it had shown in his country by admitting it to membership. To the best of its abilities, Iceland would give positive support to the activities of IFAD, which now had a full complement of Nordic Members. His country’s contributions to international development assistance, both bilateral and multilateral, had been steadily increasing over recent years, so his Government considered that now was an appropriate time to join the Fund.

REPORT OF THE EMOLUMENTS COMMITTEE (Agenda Item 14) (GC 24/L.12)

The CHAIRPERSON, after reminding participants that since the last Session the Libyan Arab Jamahiriya had replaced Saudi Arabia as one of the List B members of the Emoluments Committee and that Finland had been chosen to chair the Committee, invited the Governing Council to adopt the draft resolution in the annex to document GC 24/L.12. She pointed out that the date in paragraph 3 of the draft resolution would be the date on which the new President assumed office.

Resolution 121/XXIV was adopted.

OFFICE OF THE PRESIDENT OF IFAD (Agenda Item 5)

(a) TRANSITION IN THE OFFICE OF THE PRESIDENT OF IFAD (GC 24/L.15)

The CHAIRPERSON said that in order to provide a suitable transitional period the Convenors of IFAD’s three Lists of Member States had put forward a proposal that the outgoing President should complete his term of office on 31 March 2001 and that the President-elect should assume office on 1 April 2001, thus ensuring a smooth and orderly handover. The proposal in the
document GC 24/L.15 had been reviewed by the Executive Board at its Seventy-First Session and was now before the Governing Council for approval. It should be noted that the draft resolution contained therein also made provision for the same procedure to apply to future Presidents-elect of the Fund.

45. **Mr GERBASI** (Venezuela) pointed out that the Governing Council already had the possibility of extending the term of office of the President, under special circumstances, for a maximum period of six months, in accordance with Article 6, Section 8(b) of the Agreement Establishing IFAD. That being so, he opposed the amendment to Article 6, Section 8(a) of the Agreement proposed in paragraph (b) of the draft resolution, which should be deleted, but could support paragraphs (a) and (c).

46. **Mr PRIEN** (Secretary of IFAD) recalled that the draft resolution had been prepared by the Convenors of the three Lists following considerable discussion and consultation over the past year. At the Seventy-First Session of the Executive Board in December 2000, the representative of Venezuela had expressed a reservation which had been placed on record. However, a general consensus had emerged on the draft resolution, which the Board had seen fit to forward to the Council.

47. **Mr CODRAI** (Acting General Counsel), referring to the proposal to delete paragraph (b) of the draft resolution, said that all three Convenors had expressly wished that paragraph to be included. While Article 6, Section 8(b) of the Agreement Establishing IFAD did indeed make provision for a temporary extension of the term of office of the President on an *ad hoc* basis, the proposed amendment to Section 8(a) would place the transitional period between Presidents on a permanent and regular basis.

48. **Mr GERBASI** (Venezuela) said that he had no objection to extending the term of office of the President in accordance with Article 6, Section 8(b) of the Agreement Establishing IFAD, but he opposed any amendment of the Agreement unless it could be explained why it was absolutely necessary. As he saw it, no good argument had been advanced for a transitional period of six weeks or any other specific period; this issue, together with others related to defining conditions for the selection of presidential candidates, deserved further study.

49. **Mr VALLADARES MOLINA** (Guatemala) and **Mr LADJOUZI** (Algeria) associated themselves with the remarks of the representative of Venezuela.

50. **Mr BERTELING** (Netherlands), speaking on behalf of the List A countries, endorsed the proposal set out in the draft resolution, which represented a compromise reached after lengthy discussions on the subject.

51. **Mr FERNÁNDEZ** (Argentina) said that the proposed amendment to Article 6, Section 8(a) of the Agreement Establishing IFAD had been introduced after lengthy consultation with List C countries in all regions and discussion to avoid future difficulties regarding the interpretation of the current wording “special circumstances”. The proposed text, which clearly defined the nature and purpose of the transitional period, had received Executive Board support, although of course it was up to the Governing Council to take the final decision.

52. **Mr GERBASI** (Venezuela) considered it dangerous in principle to amend the Agreement Establishing IFAD to deal with special circumstances that arose currently or would so in future. In view of the fact that three representatives had expressed reservations, it was difficult to speak of a consensus.

53. **The CHAIRPERSON** asked whether the Council wished to adopt the draft resolution and to take note of the reservations of Venezuela, Guatemala and Algeria.
54. Mr VALLADARES MOLINA (Guatemala) considered that from a procedural point of view a proposal could not be approved with reservations unless a vote had been taken.

55. In response to a question from Mr WURIE (Sierra Leone), Mr CODRAI (Acting General Counsel) said that it would be possible just to extend Mr Al-Sultan’s term of office by adopting paragraphs (a) and (c) of the draft resolution without the amendment provided for in paragraph (b). However, in view of past difficulties in coordinating the departure of one President with the arrival of another, it had been strongly felt that the amendment proposed in paragraph (b) of the draft resolution should be adopted so as to ensure a smooth transition in the future.

56. Mr LADJOUZI (Algeria) said that a decision required either a vote or a consensus. Since reservations had been expressed, there was no consensus. In his view, it would be incorrect to speak of a consensus with reservations.

57. Mr NUIRY SÁNCHEZ (Cuba) endorsed the views expressed by the representatives of Venezuela, Guatemala and Algeria, which he believed were shared by many other countries. He was concerned by the fact that the Council was being asked to adopt a resolution amending the Agreement Establishing IFAD shortly before holding important elections, without having had the time to discuss the issue thoroughly.

58. Mr GERBASI (Venezuela) proposed that, in conformity with Rule 35 of the Rules of Procedure of the Governing Council, a vote be taken on his proposal to delete paragraph (b) of the draft resolution and to adopt paragraphs (a) and (c) only.

59. Mr WURIE (Sierra Leone), after expressing his support for the extension of the President’s term of office, said that the Council should now come to a decision since more important matters awaited its attention.

60. The CHAIRPERSON suggested that discussion of agenda item 5(a) should be deferred to allow the Convenors of the three Lists to hold further consultations.

61. It was so agreed.

ADDRESS BY THE UNDER-SECRETARY AT THE MINISTRY OF FINANCE OF THE ITALIAN REPUBLIC AND GOVERNOR OF IFAD FOR ITALY

62. The CHAIRPERSON said it was a great pleasure to welcome His Excellency Natale D’Amico, who would address the Council on behalf of the Italian Government.

63. Mr D’AMICO (Under-Secretary at the Ministry of Finance of the Italian Republic and Governor of IFAD for Italy) delivered an address on behalf of the Italian Government, the full text of which is reproduced in Chapter 4, Part A.

64. The CHAIRPERSON, on behalf of the Governing Council, expressed her appreciation to Mr D’Amico, whose Government, in its relations with IFAD, had always been a generous host, a staunch supporter and a committed donor.

MESSAGE OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

65. Mr AL-SULTAN (President of IFAD) read out a message from Mr Kofi Annan, Secretary-General of the United Nations, the full text of which is reproduced in Chapter 4, Part A.
66. The CHAIRPERSON expressed the Governing Council’s appreciation of the Secretary-General’s encouraging words, which so aptly highlighted the strong position held by IFAD in the United Nations family in the fight to end rural poverty and hunger.

STATEMENT OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

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

68. The CHAIRPERSON thanked Ms Bertini for her compassionate and inspiring address.

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

69. 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, Part A.

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

STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 4)

71. Mr AL-SULTAN (President of IFAD) made a statement, the full text of which is reproduced in Chapter 4, Part A.

72. The CHAIRPERSON expressed the Governing Council’s appreciation of Mr Al-Sultan’s comprehensive, final report on the state of the affairs and work of IFAD. His detailed survey of the range of activities covered by the Fund in its efforts on behalf of the rural poor would not go unheeded. She felt sure that his guidance and dedication would help the Council to set a wise course for his successor to follow.

VIDEO MESSAGE OF ARCHBISHOP DESMOND TUTU

73. The CHAIRPERSON informed the Council that a video message had been received from Archbishop Desmond Tutu, the full text of which is reproduced in Chapter 4, Part A.

74. The video message from Archbishop Tutu was screened.

75. The CHAIRPERSON expressed the Governing Council’s appreciation of Archbishop Tutu’s warm message. It was both encouraging and gratifying to receive the support of a man famous throughout the world for his humanitarian ideals. As his message so clearly demonstrated, the fight for the needy and the poor had many parallel facets, not the least of which was hunger. She asked the President to convey the Council’s sincere thanks to Archbishop Tutu.

76. Mr Alvarado Downing (Honduras) took the Chair.
GENERAL STATEMENTS (Agenda Item 9)

77. **Mr Kim** (Republic of Korea) paid tribute to Mr Al-Sultan for his devotion to agricultural and rural development, and for his efforts to reform and revitalize IFAD. However, despite the Fund’s efforts over the last twenty years, including structural reform to enhance the efficiency and effectiveness of its activities, the introduction of Country Strategic Opportunities Papers (COSOPs), the adoption of a new drawdown policy and the expansion of cofinancing, poverty and hunger still persisted in many developing countries. The World Food Summit target of halving the number of starving people in the world by 2015 could be attained only by embarking on more practical and comprehensive measures. IFAD should be at the forefront of those efforts, with particular emphasis on cooperation with the other Rome-based agencies and financial institutions like the World Bank. Effective domestic policies, support from advanced countries and cooperation with international organizations, properly coordinated, were equally instrumental in overcoming poverty.

78. His country would continue to support the Fund and, to that end, had decided to contribute USD 2.5 million to the Fifth Replenishment. He felt confident that the new President, shortly to be elected, would carry on the noble task of eradicating hunger and poverty from the world.

79. **Mr Alobeid** (Saudi Arabia) expressed his gratitude to President Al-Sultan for all his efforts to improve the work of the Fund. In the light of the global economic changes taking place in the world, developing and developed countries alike looked forward to the effective role which IFAD would be able to play, through its Executive Board, and the efforts to replenish the Fund’s resources. He hoped that the developing countries would benefit by progressing towards high growth rates and self-sufficiency in agriculture that would allow them to export any surplus produce on the basis of the free market and the liberalization of international trade.

80. Having examined the 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 (UNCCD), his country greatly appreciated the endeavours made to obtain international support for the Global Mechanism. Saudi Arabia’s efforts to combat desertification included the provision of a database, the promulgation of legislation to protect land and other natural resources and the establishment of research centres to monitor, assess and increase such resources. It had also created national parks throughout the country, surveyed water resources and set up a database on climate, rainfall and underground water resources. It made use of non-traditional sources of water and was currently drafting environmental regulations. Moreover, it had acceded to UNCCD, took part in observing the World Day to Combat Desertification and Drought and had chaired the Conference of the Parties (COP) to UNCCD in 1999 and 2000.

81. Since 1973, Saudi Arabia had annually allocated as much as 6% of its national income to supporting economic and social development programmes for developing countries. Having contributed USD 370 million to IFAD since its establishment, it provided major support to the Fund and would continue to do so according to the availability of its resources. It had reviewed the Programme of Work and Budget of IFAD for 2001 and appreciated the efforts to reduce the administrative budget and ensure the success of the Fifth Replenishment. It also commended the Fund’s policy of diversifying its investments, despite fluctuating markets, and hoped that the Fund’s resources would rise sufficiently in the long term to lessen reliance on contributions from Member States. He concluded by affirming Saudi Arabia’s support for the draft resolution on transition in the office of the President of IFAD.

82. **Mr Faunt** (United Kingdom), after warmly congratulating President Al-Sultan on his eight years of fine service to IFAD, joined with others in welcoming the *Rural Poverty Report 2001*, which made a valuable contribution to the debate on rural poverty. In view of press allegations that the Report itself stated that the international development targets were unattainable, he wished to stress
that they could indeed be attained, although only by dint of a massive and sustained effort on the part of the entire international community. The United Kingdom Department for International Development (DFID) was keen to work with IFAD to that end. In that connection, he drew attention to the White Paper “Eliminating Poverty, Making Globalization Work for the World’s Poor”, available on DFID’s website, which stressed the importance of coordinating the work of international agencies in the task of poverty reduction based on the principles of country ownership, wide consultation and partnership with the international community. DFID had responded to the international development target on poverty by adopting the sustainable livelihoods approach, which put people rather than resources at the centre of development and recognized that the poor themselves must participate and identify their livelihood practices.

83. There was a close alignment between DFID’s development objectives and IFAD’s mandate, which was fully consistent with the sustainable livelihoods approach. He was convinced that, together, they could build on the progress already made in creating better conditions for the world’s poorest people.

84. Mr YAMAMOTO (Japan), after commending President Al-Sultan on his strenuous efforts to develop the work of the Fund over the past eight years, pointed out that in an age of globalization everyone had to be more involved in the effort to solve world problems, in particular poverty. However, in a world context characterized by climate change, rapid demographic growth, tight food demand and the likelihood of declining food production in the developing countries, it was difficult to be optimistic about the future. Under those circumstances, the role of IFAD was becoming increasingly important. Its approach to rural development, based on the empowerment of stakeholders through a participatory process, brought out the potential of rural areas and encouraged sustainable development. Appreciating those initiatives, Japan had pledged USD 30 million to the Fifth Replenishment despite the serious economic situation it was facing. The premise for its continued support was that the Fund must extend truly effective and efficient assistance. In that connection, he noted that its financial situation was not favourable. With increasing demand for support from the developing countries, including the enhanced Debt Initiative for Heavily Indebted Poor Countries, the Fund’s investment profits in 2000 were noticeably lower than forecast.

85. Over the past thirty years large-scale economic and social improvements had taken place in Asia and he looked forward to similar progress in Africa and other regions in the twenty-first century. In that context, he recalled that in early 2001 His Excellency Yoshiro Mori had visited three countries in sub-Saharan Africa, where he had stressed that all people should enjoy the fruits of prosperity and that no region should be left behind.

86. He hoped that IFAD’s wide knowledge of rural development would be put to good use by governments, international organizations and civic groups and that the Fund would continue to develop innovative methods

87. Ms Lintonen (Finland) resumed the Chair.

INAUGURAL ADDRESS BY THE PRESIDENT OF THE ARAB REPUBLIC OF EGYPT

88. His Excellency Mohamed Hosni Mubarak, President of the Arab Republic of Egypt, was conducted to his seat.

89. Mr AL-SULTAN (President of IFAD) said it was a great pleasure to welcome His Excellency Mohamed Hosni Mubarak, President of the Arab Republic of Egypt, and Mrs Mubarak, who had played a leading role in the Summit on Economic Advancement of Rural Women. President Mubarak’s second visit to the Governing Council testified to his strong commitment to combating the poverty and hunger faced by so many developing countries. He had done everything in
his power to promote social and economic development in Egypt and to contribute to peace in the Middle East. In him, the Council was privileged to hear the voice of Africa, of the Arab world and of the Third World as a whole.

90. Mr MUBARAK (President of the Arab Republic of Egypt) gave an inaugural address, the full text of which is reproduced in Chapter 4, Part A.

91. The CHAIRPERSON thanked President Mubarak for his inspiring address.

92. Mr BERTELING (Netherlands), speaking on behalf of the Governing Council, expressed his appreciation to President Mubarak for a speech that had come at a very opportune moment. IFAD was now poised on the threshold of the future. The Fifth Replenishment of its Resources had been completed and the World Bank had recently announced its readiness to double its investments in agricultural development, provided developing country governments were prepared to give higher priority to the alleviation of rural poverty. The Fund’s *Rural Poverty Report 2001* should play an important role in that respect. The specific examples cited by President Mubarak demonstrated the importance of the support that IFAD was lending to Egypt, which should set a good example for efforts in other countries. As a world leader, President Mubarak was in a position to influence other countries in the developing world to give greater priority to agricultural development.

93. His Excellency Mohamed Hosni Mubarak, President of the Arab Republic of Egypt, withdrew.

94. The meeting rose at 13.00 hours.
(ii) Summary Record of the Second Meeting of the
Twenty-Fourth Session held on Tuesday,
20 February 2001, at 15.00 hours

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

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

GENERAL STATEMENTS (Agenda Item 9) (continued)

96. Mr DOUATI (Côte d’Ivoire) said that the Fund must continue to play an important role in Africa, where rural poverty was rampant and where some countries were seriously affected by drought and famine. Moreover, in view of their heavy debt burden, African States were limited in their capacity to address their enormous needs. The African peoples therefore derived a great sense of relief from development projects designed to assist small farmers and other disadvantaged groups. His country welcomed the support which it had received from IFAD, although the level of disbursement remained low owing to slow implementation procedures and domestic problems. As testimony to its commitment to the IFAD-initiated projects in Côte d’Ivoire, he was pleased to announce that it had now settled its arrears to the Fund.

97. Having stressed the worsening socio-economic conditions in Côte d’Ivoire, he indicated that its outstanding commitments currently amounted to some 12% of gross domestic product (GDP), while per capita income had fallen to under USD 700. The new Government was therefore taking measures to address the challenges thus presented by emphasizing fiscal policy and ensuring that agriculture, which played a predominant role in the country’s economy, remained a key priority.

98. Following a two-year suspension of relations with the international financial community, the newly established democratic institutions in Abidjan were keen to secure the well-being of the Ivorian people. To that end, his Government hoped that the Fund would strengthen its efforts and adhere closely to its decision to participate in the Debt Initiative for Heavily Indebted Poor Countries (HIPC). In conclusion, having paid tribute to the outgoing President Al-Sultan and his team for their remarkable work, he confirmed his country’s support and cooperation for the future activities of the Fund.

99. Mr MUSA KASHA (Sudan) said that global economic and social changes and efforts to settle the external debt of various developing countries had led to economic reform, resulting in increased productivity and measures aimed at addressing the problems of poverty and improving the socio-economic infrastructure. In that context, IFAD played a growing role in promoting poverty alleviation in the developing countries through the activities of the Popular Coalition to Eradicate Hunger and Poverty (the Popular Coalition). His country had followed the progress achieved in establishing and implementing the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), from which it hoped to derive both short- and medium-term benefit.

100. Major efforts had been made to achieve peace and political stability in The Sudan and to carry out economic reform with support from the International Monetary Fund (IMF). As a result, the country’s economic and financial performance had steadily improved during 2000, inflation had fallen and the currency exchange rate had continued to stabilize, all of which had helped to normalize relations with international and regional financial institutions, as well as attract external investment for various projects in the fields of mining, oil, energy, agriculture and industry. Most of the country’s oil revenues went into developing the agricultural backbone of its economy by improving irrigation and rainwater systems, which had in turn improved productivity. Efforts had also focused on increasing rural incomes with a view to alleviating poverty, achieving food security and accomplishing sustainable rural development through IFAD-financed projects.

101. He welcomed the work which had taken place in 2000 on the Detailed Design of the Process Re-Engineering Programme (PRP), particularly in regard to information technology, and also welcomed the indications contained in the Programme of Work for 2001 concerning IFAD’s commitments under the annual lending programme, as well as its participation in the Debt Initiative.
for HIPC countries. He hoped that additional resources would be mobilized for rural development projects to combat poverty and preserve the environment in the developing countries, particularly in Africa. His Government was endeavouring to ensure sustainability for the highly successful projects of that type which IFAD was financing in The Sudan. Lastly, having commended the management of the Fund under the leadership of President Al-Sultan, he stressed the high priority which his country gave to strengthening its relations with IFAD, as demonstrated by the fulfilment of its obligations and its support of the Fund’s activities.

102. Mr MÉTIVIER (Canada) said that 2001 was a turning point for IFAD and an appropriate time to reflect with gratitude on the strong leadership and wise stewardship of President Al-Sultan, who had helped IFAD remain true to its mission through challenging times.

103. In today’s rapidly changing environment for development cooperation, the international community was moving into a new era of policy coherence and convergence, which represented real progress. However, now that most development agencies had adopted poverty reduction as an overarching objective, IFAD was no longer the only player in the field. Its comparative advantage and strategic edge thus challenged, it was imperative that it should build on its inherent strengths. IFAD had its own special vitality deriving from the full involvement of the developing countries themselves as both stakeholders and partners, which lent a distinctive degree of ownership and credibility that it was important to preserve and spread. Given its limited resources in the face of vast global and rural poverty, IFAD was obliged to leverage its influence through strategic alliances with the international financial institutions (IFIs) and other agencies, as well as with governments, the private sector, communities and civil society. Moreover, it was vital for IFAD to play an important role in the new mainstream of working more effectively together under the principles of the Comprehensive Development Framework and through sector-wide approaches.

104. IFAD should put renewed energy into its greatest area of strength, namely its leadership role as the world’s foremost knowledge-based organization that focused on grass-roots rural development. In that connection, the report of the Consultation to Review the Adequacy of the Resources Available to IFAD (the Consultation) provided a bold set of directions. In launching its Rural Poverty Report 2001, IFAD had sent an important message to all development stakeholders by pointing out that the goal of halving global poverty by 2015 was likely to fail. Its fitness for the new century was also signalled by the broad advance away from a sense of entitlement towards performance-based allocation. Given the Fund’s determination to invest scarce resources wisely, he had confidence in IFAD’s own future and its key role in a better future for all, especially the rural poor.

105. Mr BÉZARD (France) said that, in a global context of continuing malnutrition and poverty, two points should be borne in mind more particularly by IFAD in the years to come – the effects of changes in the global environment on food security and rural development, and the consequences of the Fifth Replenishment for the functioning of the Fund. On the first point, the new political and economic relations and structures had significant repercussions on food security, with the countries of the South being most seriously affected. Other factors perpetuating food insecurity included armed conflicts, reliance on food imports and dependence on commodity prices to generate the revenue to finance such imports, and projected demographic growth.

106. In that connection, a crucial tool for reducing poverty was the Debt Initiative for HIPC countries. The Fund’s commendable participation in the Initiative should be seen as an opportunity for development and not just a financial contribution. Its role should extend to placing its unique expertise at the service of rural development so that the rural populations benefited fully from the Initiative. France itself intended to continue to participate both multilaterally and bilaterally.

107. The Fifth Replenishment had been a laborious process, and it was gratifying to hear of recent promising developments. It remained to be seen, however, whether pledges would be honoured: there
were still too many Member States in arrears with their contributions. With the fresh resources available to the Fund, IFAD should continue to fulfil its commitments to the poorest countries. At the same time, he expected to see some improvements in the actual functioning of the Fund with, in particular, greater transparency in the area of remuneration, notably that of managerial staff. The importance of IFAD’s core mandates called for the utmost efficiency and prudent management of resources. IFAD’s policy since 1998 of investing heavily in shares, resulting in significant losses, was unacceptable. Member States’ contributions to IFAD were intended for poverty alleviation projects and certainly not for stock market ventures. France reiterated its call for prudent management of IFAD’s portfolio and for a review of its investment policy, on the basis of the preliminary conclusions of an external report, at the forthcoming session of the Executive Board so that the necessary steps could be taken rapidly. France would be compelled to reconsider its position with regard to IFAD if swift action were not taken to correct those wayward policies. IFAD was an agency to serve the poor, not a risk-taking investment fund. The consequences of its action would now need to be addressed, but certainly not by calling for additional contributions.

OFFICE OF THE PRESIDENT OF IFAD (Agenda Item 5) (continued)

(b) APPOINTMENT OF THE PRESIDENT OF IFAD (GC 24/L.2; GC 24/INF.5)

108. The CHAIRPERSON invited the Council to take up agenda item 5(b), “Appointment of the President of IFAD”. In accordance with Rule 41.1 of the Rules of Procedure of the Governing Council, the appointment of the President was to be considered at a private meeting.

109. The meeting went into private session at 16.05 hours and resumed in public session at 16.50 hours.

110. Mr Guima (Libyan Arab Jamahiriya) took the Chair.

GENERAL STATEMENTS (Agenda Item 9) (continued)

111. Mr MADE (Zimbabwe) joined with others in expressing his appreciation of the sterling work done by President Al-Sultan at the helm of the Fund and in wishing him every success in his future endeavours.

112. It was pleasing to note that IFAD had been supporting projects aimed at increasing access to productive resources by smallholder farmers and improving their productive capacity, enhancing food security and raising the standards of living of rural communities. Since 1980, Zimbabwe had been working closely with the Fund to implement a portfolio of development projects relating to agricultural extension and research, agricultural credit and export promotion, smallholder irrigation support and dry areas development. The overall objective of the Dry Areas Programme was to increase the incomes and enhance the food security of poor rural communities and households through a participatory approach. His Government looked forward to working with IFAD to consolidate the gains so far made and to incorporate agro-processing and marketing components into the programmes. He encouraged all Member States to apply the IFAD principle of ensuring the full participation of beneficiaries in the implementation of projects. Finally, he requested the Governing Council to give serious consideration to the repercussions of suspending disbursements to projects under implementation and to look at more flexible ways and means of approaching the problem of arrears.

113. Mr MA (China) said that in 2000 his country’s agriculture and rural economy had maintained smooth growth and attained their goals. Market demand had been satisfied in spite of severe natural disasters and over the years a solid material foundation had been laid for food security and poverty alleviation, a top priority of the Chinese Government. As a result of the reforms that had been
introduced, the subsistence problem among the rural poor had been basically solved. Nevertheless, part of the population still lived below the poverty line, prompting the Government to intensify its efforts and in particular to adopt the approach advocated by IFAD of offering microcredit to poor farm households. Efforts were also under way to make greater use of science and technology, raise the quality of workers and managers in poor regions, strengthen assistance to target areas, and coordinate assistance from eastern to western regions.

114. IFAD should continue to play its unique role in the international poverty alleviation field. He was therefore pleased to note that positive progress had been made in the Fifth Replenishment and hoped that all Member States would act in a more flexible and positive way in order to complete the exercise on time. Within the limits of its budgetary capacity, China intended to increase its contribution to the Fifth Replenishment to USD 10 million.

115. His Government supported the Programme of Work and Budget for 2001 and appreciated the efforts to reduce administrative costs and enhance efficiency. In that connection, he expressed his high appreciation of the excellent leadership of President Al-Sultan. The Fund had extended valuable assistance to China, whose Government and people treasured their cooperative relationship with the Fund and its Members.

116. Ms DAMIBA (Burkina Faso), after conveying her Government’s appreciation of the work of President Al-Sultan to alleviate hunger and poverty in the world, and in her own country in particular, drew attention to the vigorous efforts made by Member States and certain donors to mobilize funds for the Fourth Replenishment. She hoped that even greater efforts and sacrifices would be forthcoming on the occasion of the Fifth Replenishment. In that connection, she noted that the year 2000 had been one of consolidation for IFAD, aimed essentially at improving the efficiency of its efforts to alleviate rural poverty. At the same time, new challenges had arisen, calling for the focusing of activities on the neediest populations, the implementation of the Debt Initiative for HIPCs (of which Burkina Faso was a beneficiary) and the strengthening of partnerships. All those measures required adequate resources, and her Government therefore wished to confirm the pledge it had announced, which represented a sacrifice in the name of international solidarity. On the basis of its long partnership with IFAD in programmes for the development of agriculture and forestry, rural poverty eradication and anti-desertification measures, her country was convinced that additional resources would enable the Fund to achieve even greater results.

117. Burkina Faso’s agricultural campaign for 2000/2001 had been affected by inadequate rainfall, which had led to a sharp drop in agricultural production and a cereal deficit. Three quarters of the country was affected by food shortages, and emergency aid of 65 000 tons of cereal was needed to overcome the crisis. In addition, an emergency programme to provide village water supplies was being mounted, for which assistance had been requested from the development community.

118. Lastly, she conveyed the thanks of President Compaoré to IFAD for its determined efforts on behalf of the rural poor in Burkina Faso and throughout the world.

119. Mr FUAD (Indonesia) said that IFAD was faced with the challenge of responding to the new realities of the global economy while assisting Member States in their efforts to achieve sustainable and environmentally balanced development and to alleviate poverty and disadvantage. Aware as it was of the need for an adequate level of resources to enable the Fund to fulfil its mandate, Indonesia had, despite the economic crisis, once again pledged its original contribution of USD 10 million towards the Fifth Replenishment, and appealed to other Member States likewise to renew their commitments. IFAD’s funds should not be used for any activity or programme that did not contribute directly to the implementation of its mandated activities, and it was to be hoped that the Fund would continue to seek support from other financial institutions.
120. Even during the economic crisis, Indonesia’s agricultural sector, the backbone of its economy, had proved reasonably resistant to external shocks and had grown substantially. Special emphasis was being placed on agricultural and rural development as a means of overcoming the current economic difficulties and implementing poverty alleviation projects. The future development of agri-business in Indonesia called, however, for the implementation of international trade liberalization and fiscal decentralization policies.

121. He expressed deep appreciation of the outgoing President’s leadership during his term of office, and gratitude to IFAD, one of Indonesia’s closest development partners, for the financial and technical assistance it had provided to several ongoing projects in his country.

122. Mr VALLADARES MOLINA (Guatemala), commending the leadership of the outgoing President, said that his country, which had pledged USD 250 000 to the Fifth Replenishment, was itself in need of help but stood ready to assist others and was committed to South-South cooperation. Guatemala supported the statement to be made on behalf of the Latin American and Caribbean group (GRULAC), including its position in respect of the situation in El Salvador.

123. Among the many avenues for investment to strengthen development and alleviate poverty, universal school feeding was of paramount importance, both in the present and in the future. The McGovern school feeding initiative and related programmes merited IFAD’s support. He looked forward to the closest possible coordination of inter-agency poverty alleviation efforts, together with adequate resources and the necessary political will to ensure their effectiveness. Such efforts would not, however, eradicate structural poverty unless the poor producing countries that were underpaid for the commodities they produced had access to credit and could enjoy value added to their agricultural production, including the possibility of marketing their products without having to contend with protectionist barriers. That was a matter with which IFAD should concern itself. Guatemala, for its part, would continue to undertake poverty alleviation projects and endeavour to honour its financial obligations.

124. Ms Lintonen (Finland) resumed the Chair.

APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5(b)) (continued) (GC 24/L.2; GC 24/INF.5)

125. The CHAIRPERSON announced that the first ballot for the election of the President of IFAD had been completed.

126. The result of the vote was as follows:

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Lennart Båge (Kingdom of Sweden)</td>
<td>958,494</td>
</tr>
<tr>
<td>Mr Seyed Mohammad Saeid Noori Naeini (Iran)</td>
<td>798,473</td>
</tr>
<tr>
<td>Mr Anthony Beattie (United Kingdom of Great Britain and Northern Ireland)</td>
<td>77,181</td>
</tr>
<tr>
<td>Ms Chandni Joshi (Kingdom of Nepal)</td>
<td>34,261</td>
</tr>
<tr>
<td>Abstentions</td>
<td>22,708</td>
</tr>
</tbody>
</table>

127. No candidate obtained the required two-thirds majority.

128. The CHAIRPERSON suggested that, in accordance with past practice, the second ballot should be taken after a short pause for consultations.
129. **Mr HOFMANN** (Germany) said that during Mr Al-Sultan’s term of office IFAD had attained a significant and internationally recognized degree of expertise, as was reflected in the *Rural Poverty Report 2001*. The Report showed how the focus on poverty and approaches to it had changed over time and should encourage the international community to do far more to meet development targets and make equal efforts to tackle urban and rural development. Renewed poverty alleviation efforts must focus on both quality and quantity, and required greater participation by the poor themselves, more coherence in the political agendas of both donor and recipient countries, and rural and urban approaches alike. The Government of Germany was shouldering its share of the responsibility for meeting the goal of halving poverty by 2015, and would soon be unveiling a broad-ranging action plan to that effect. Achieving that goal depended on the resources available, the strategies used and the coherence of overall policy agendas. Strategies must take account of the scarcity of arable and pastoral land and the limits to irrigation, but also of the opportunities afforded by information technology for optimizing means of production and facilitating access to market information. Every society needed its rural population and could not afford to leave any creative potential untapped; that creativity must, however, be free to develop in an enabling social and political environment.

130. In order to achieve IFAD’s goals, the Fund’s expertise and scarce resources must be put to optimum use. That entailed joining forces with other multilateral and regional institutions, bilateral donors and recipient countries. IFAD was well placed to provide advice on policies and programmes, and should act as a catalyst in the less poor recipient countries. Prior to any deployment of resources, a realistic impact assessment must be undertaken. Implementation of the Plan of Action should enable IFAD to become an even more effective force for poverty reduction and encourage greater commitment at the next replenishment of the Fund’s resources. IFAD could count on Germany’s continued support.

131. **Mr D’AMICO** (Italy) said that the attainment of international development targets by the year 2015 called for appropriate national and international development policies accompanied by greater transparency in financial, monetary and trade systems. The economic improvements brought about by globalization were not sufficient to overcome poverty, which was further aggravated by such factors as population growth, the spread of HIV, conflicts, and fluctuating oil and raw material prices. Within the United Nations family IFAD had been given the task of combating hunger and poverty, while at the same time being structured as an IFI responsible for funding specific projects. It strove to involve local institutions and to promote partnerships at all levels, thereby leading to a more decentralized management of resources. It had adopted new approaches to assisting rural populations, including microfinancing, which was of fundamental importance in areas where self-financing was lacking. Unfortunately, the development of microcredit had been limited by the absence of a strategy taking local conditions into account. IFAD’s comparative advantage lay in a participatory approach based on cooperation with local authorities and ownership of the project by the beneficiaries. In addition, the Fund had done a great deal to promote women’s participation in development by facilitating their access to productive activities and resources and helping them to attain managerial responsibilities.

132. After recalling that Italy was one of the major contributors, he conveyed his Government’s view that the recently completed Fifth Replenishment of IFAD’s resources was insufficient to meet its needs. Lastly, on behalf of his Government, he paid tribute to President Al-Sultan’s effective efforts to attain the Fund’s statutory objectives and to ensure its financial stability.
APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5(b)) (continued) (GC 24/L.2; GC 24/INF.5)

133. **The meeting went into private session at 17.50 hours and resumed in public session at 19.00 hours.**

GENERAL STATEMENTS (Agenda Item 9) (continued)

134. **Mr CHIRAPANDA** (Thailand) thanked the outgoing President for his valuable service to the Fund and welcomed Iceland to membership. He endorsed the emphasis placed by the Consultation on the Fund’s role in eradicating rural poverty, strengthening food security and promoting strategic partnerships with other agencies. While supporting the proposed budget, he urged the Council to consider lowering the interest rate charged on IFAD loans which placed an unnecessary burden on countries with a low per capita GDP.

135. Among the rural development programmes proposed by Thailand’s new Government, for which assistance and cooperation would be required from the international community, were a three-year debt moratorium for small farmers, agricultural restructuring measures, a village fund programme allowing for greater villager participation in decision-making on the use of the funds, and a one-village, one-product campaign based on comparative advantage, with associated credit facilities. Although Thailand was still recovering from the 1997 financial crisis, it was fully committed to IFAD’s mandate and work and would be making a modest contribution to the Fifth Replenishment.

136. **Mr AGBOBU** (Nigeria), congratulating Mr Al-Sultan on the work accomplished, said he was satisfied with the outcome of the Consultation, although, in view of the difficulties and ills besetting developing countries, he was concerned about the continuing decline in the resources available to the Fund for its core activities. He therefore urged Member States to demonstrate greater commitment to IFAD. Despite its formidable economic difficulties, Nigeria had forwarded its Instrument of Contribution to the Fourth Replenishment in the amount of USD 5 million and had pledged the same amount to the Fifth Replenishment.

137. Nigeria supported IFAD’s corporate strategy for 2001 and, in particular, the emphasis on increasing beneficiary participation and the regional allocation of loans and grants, but was concerned about the proposal to reduce the number of field projects to 27. It supported IFAD’s continued participation in the Debt Initiative for HIPCs, in the hope that such participation would not erode effective execution of its key programmes, including loans and grants.

138. Poverty eradication was his Government’s top priority and the measures taken to that effect were people-oriented. A Poverty Eradication Commission, chaired by the President of Nigeria himself, had been created to coordinate the various poverty eradication programmes, which included job creation, provision of microcredit, improved access to markets and agricultural inputs, and the modernization of farming practices. Among the institutional structures established in support of those programmes were the Nigerian Agricultural Cooperative and Rural Development Bank and the National Agricultural Development Fund. In conclusion, he stressed the importance of maintaining the focus, mandate and unique features of IFAD.

139. **Mr ALLOUCH** (Syria), having expressed his gratitude for the efforts of President Al-Sultan to strengthen IFAD and its mission to combat poverty and assist the poor in the developing countries, said that his country was doing its utmost to pursue development in full cooperation with the relevant international organizations with a view to eradicating poverty and hunger. It had prepared an integrated strategy for the development of agriculture during the period 2001-2010, according priority to the most impoverished areas. At the same time, it was endeavouring to ensure the country’s
security and liberate its occupied territory, having chosen the path of a just and comprehensive peace in accordance with the principles and resolutions of the United Nations.

140. With support from IFAD, Syria had implemented a number of integrated agricultural development projects in its poorest regions that focused on reclaiming wide areas of inaccessible land for productive purposes. As a result, the lives of rural inhabitants were now more stable, their income had diversified and their employment opportunities had increased. More importantly, rural women were able to participate in development by providing income through economic activities. Training and education also formed part of such projects.

141. He applauded IFAD’s efforts to activate the programme of the Popular Coalition and hoped that work in that area would be further developed in view of its positive repercussions on the rural poor. He also stressed the importance of the Global Mechanism of UNCCD, which should be intensified, given that desertification was on the increase despite national and international efforts. In conclusion, he reaffirmed his country’s cooperation with IFAD, its support for IFAD-implemented programmes and its endorsement of the Programme of Work and Budget of IFAD for 2001.

142. Mr RILL (Austria) paid tribute to President Al-Sultan’s excellent work and dedication to the aims of the Fund, which had brought it closer to its goal of becoming the knowledge organization in the fight against rural poverty. Austria had maintained its share in the contributions of List A countries to the Fifth Replenishment, and was pleased to note that most donors had done their best to ensure the completion of the replenishment exercise. IFAD must maintain its comparative advantage in the field of rural poverty alleviation and household food security, leading the fight in close cooperation with other development institutions, bilateral donors and the governments and peoples of the recipient countries. Another important ingredient of success was the participation of prospective beneficiaries in project design and implementation. IFAD’s unique grass-roots approach should ensure that the best use was made of scarce resources and that the needs of the rural poor were taken fully into account. In that respect, the performance of borrowers was an important criterion for fund allocation, together with institutional efficiency, accountability, and measures to combat corruption.

143. He noted positively that, in line with the report of the Consultation, the Fund was starting to implement the Plan of Action, which was reflected in the Programme of Work for 2001. The four pillars of the Plan – knowledge management; impact management; partnerships; and policy and institutional analysis and dialogue – should make the Fund even more efficient. Another highlight was the Rural Poverty Report 2001, the key message of which, in his view, was that the poor themselves had to “seize responsibility, as agents, for their own development”.

144. With regard to the Programme of Work for 2001, the volume of projects was significantly lower than in the previous year. Following the implementation phase of the Plan of Action, he expected IFAD to return to the more appropriate volume of around USD 450 million. In that context, while supporting IFAD’s efforts to find additional resources by testing new, market-based financing mechanisms, he remained sceptical about the sustainability of the results and urged caution and avoidance of unnecessary risks. After commending the management and staff on presenting yet another zero-growth budget, he concluded by welcoming Iceland to the membership of IFAD.

145. Mr EL-KHOURY (Lebanon) joined with others in thanking President Al-Sultan for his commitment to enhancing the effectiveness of IFAD’s efforts to alleviate rural poverty. Despite the growing needs of the poorest States, however, the Fund’s lending programme for 2001 had decreased by 18% owing to insufficient resources, as a result of which the number of IFAD-financed projects had also decreased. Moreover, the regional allocation for the Near East and North Africa was very low, even though the region desperately needed support and more development projects to combat hunger, malnutrition and rural poverty.
146. Lebanon was now engaged in efforts to reclaim the agricultural land from the territory in the south and in western Bekaa which it had liberated from Israeli occupation. Although incapable of shouldering the heavy burden of those efforts without support from the international community, it was nevertheless carrying out projects to improve food security which focused on implementing a five-year agricultural plan for the period 2000-2004, ensuring the economic viability, quality and competitiveness of agricultural production and providing support for rural inhabitants, in particular for the complementary roles of men and women. His country was extremely grateful for the soft loans which it had received from IFAD in order to implement a number of highly successful agricultural projects that had helped to raise rural living standards and establish small farmers and breeders of livestock. He hoped that IFAD would agree to its request for a two-year extension of the project to renovate and modernize irrigation and also hoped that the rural credit programme which it was currently developing for Lebanon would first come to fruition in the areas now liberated from Israeli occupation.

147. Mr JUGNAUTH (Mauritius) said that attaining food security required an enabling environment and policies that ensured stability and equity. Agriculture was crucial to the Mauritian economy and agricultural revenue had contributed significantly to the upliftment of other sectors. IFAD had played a vital role in the agricultural sector in Mauritius, and IFAD-funded programmes had improved village amenities, irrigation and vegetable and horticultural production. Mauritius shared the problems of other small island developing states, and its vulnerability to natural disasters and harsh competition in international trade and reliance on imports made it dependent on foreign aid and concessional loans.

148. Despite limited land size and resources, some degree of success had been achieved as a result of appropriate investments, structural adjustments, diversification, adaptation to the new international order, political stability and the determination of the people. The new Government was taking bold measures to create an environment conducive to employment, production and income generation in disadvantaged areas. The IFAD-supported rural diversification programme was intended to assist the Government’s comprehensive alleviation strategy to stimulate diversified and sustainable economic development for low-income households in the farming and fishing communities. Mauritius relied on IFAD for further assistance in the future, especially in the irrigation sector. He was pleased to announce that Mauritius had already fulfilled its obligation to contribute to the Fifth Replenishment, and he concluded with thanks to the outgoing President for his able leadership.

APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5(b)) (continued)
(GC 24/L.2; GC 24/INF.5)

149. The CHAIRPERSON announced that the second ballot for the election of the President of IFAD had been completed.

150. The result of the vote was as follows:

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<thead>
<tr>
<th></th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Lennart Båge (Kingdom of Sweden)</td>
<td>1,097,939</td>
</tr>
<tr>
<td>Mr Seyed Mohammad Saied Noori Naeini (Islamic Republic of Iran)</td>
<td>739,286</td>
</tr>
<tr>
<td>Abstentions</td>
<td>0.005</td>
</tr>
</tbody>
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151. The CHAIRPERSON said that in conformity with Rule 41.2 of the Rules of Procedure of the Governing Council, Mr Noori Naeini, having received the fewest votes, should not participate in the next ballot. Accordingly, as foreseen in Rule 38, there was one remaining candidate for one post. Rule 35 of the Rules of Procedure called upon the Chairperson to attempt to secure a consensus in lieu
of taking a vote. She therefore proposed that the Council consider appointing Mr Båge by acclamation.

152. **Mr VALLADARES MOLINA** (Guatemala) pointed out that Rule 41.2 of the Rules of Procedure of the Governing Council provided that the balloting procedure was to be repeated until one nominee received at least two thirds of the total number of votes. It did not refer to the possibility of a single remaining candidate. He therefore disagreed with the Chairperson’s interpretation of the Rules of Procedure and considered that in the circumstances a vote by acclamation would be inappropriate. In his view, the balloting procedure should continue until one of the two candidates obtained a two-thirds majority.

153. **Mr CODRAI** (Acting General Counsel), speaking at the request of the CHAIRPERSON, said that his interpretation, following careful consideration of Rule 41.2 in particular, was that it had originally been intended that there should be an elimination in each successive ballot and that, when only one nominee remained, the Governing Council should attempt to show that at least two thirds of the membership, in terms of votes, was behind that individual. Rule 38.2 set out a procedure that applied to elections in general, but the Governing Council in 1977 had clearly indicated that it did not want that procedure to apply to the appointment of the President, the most important official of the Fund, and had therefore replaced it by the procedure in Rule 41.2. He drew the attention of the Council to a precedent set in 1993, when a single nominee had remained and the Governing Council had appointed him President by acclamation.

154. **Mr FERNÁNDEZ** (Argentina) said that List C’s interpretation differed from that put forward by the Acting General Counsel. In any interpretation of the Rules of Procedure of the Governing Council, the two-thirds majority principle must prevail. The fact that there had been a precedent in 1993 did not alter the case since it had not been incorporated into the Rules. In his view, therefore, voting should continue until one of the candidates obtained a two-thirds majority.

155. **Mr BARKAT** (Algeria), observed that the normal practice was to allow all delegations to express their views on a particular issue and then to call for the advice of the Legal Counsel if a difficulty arose.

156. **Mr VALLADARES MOLINA** (Guatemala) pointed out that what had actually happened in 1993 was that the second nominee had withdrawn, leaving only one person in contention. Consequently the precedent did not, strictly speaking, apply to the present elections as no one had stepped down. The two remaining nominees should therefore continue to take part in the balloting until such time as one of them received a two-thirds majority. That would constitute the broad consensus which was the whole purpose of Rule 41.2.

157. **Mr GERBASI** (Venezuela), endorsing the views of the representative of Argentina, said that, with all due respect, the opinion of the Acting General Counsel was no more valid than that of a delegation. He also agreed with the representative of Guatemala that the 1993 precedent did not apply. On that occasion, after two ballots, the candidate from Kuwait had been elected unanimously because Venezuela withdrew its nominee in his favour. That was not the present case, unless Sweden were to withdraw in favour of Iran. He therefore considered that in accordance with Rule 41.2 the voting should continue until one of the two nominees received a majority of at least two-thirds. The Legal Counsel’s interpretation that the procedure was to be repeated until the candidate received a two-thirds majority could not be correct because that would mean voting for one person until everybody decided to vote in his favour.

158. **Mr BERTELING** (Netherlands) said it was the opinion of the List A Member States that the Acting General Counsel’s interpretation was correct. It was clear from the Rules of Procedure of the Governing Council that candidates had to be eliminated one by one, until the very end. Since a vote
held on a single candidate could permit a blocking minority, alternative solutions were available, one of them being appointment by acclamation. List A supported that solution.

159. **Mr MUSA KASHA** (Sudan) said that document GC 24/INF.5 setting out the voting procedures was perfectly clear and did not need any further interpretation. He therefore endorsed the views expressed by the representative of Guatemala that the Governing Council should abide strictly by the procedures set forth in Rule 41.2.

160. **Mr CODRAI** (Acting General Counsel) said that he stood by his interpretation of Article 41.2. It was clear, from a legal standpoint, that voting should continue until one nominee was left, whereupon that nominee should seek to secure two thirds of the total votes available in the Governing Council in order to obtain appointment. It was correct that in the 1993 elections Venezuela had withdrawn its nominee after the second ballot and at that point the Governing Council had felt it appropriate to appoint the nominee of Kuwait by acclamation. Rule 35.1 specified that the Chairperson should attempt to secure a consensus. In fulfilling that duty, it was well within her powers to attempt to find out whether there was a consensus, or a sufficient majority, to acclaim a particular nominee. Should that attempt fail, voting on the one remaining nominee would continue in accordance with Rule 41.2. In brief, there were two options – one nominee attempting to secure two thirds of the total vote or appointment by acclamation, if the Governing Council so chose.

161. **The CHAIRPERSON** suggested that the meeting be adjourned until the next day.

162. **It was so agreed.**

163. **The meeting rose at 20.10 hours.**
(iii) Summary Record of the Third Meeting of the
Twenty-Fourth Session held on Wednesday,
21 February 2001, at 09.30 hours

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

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164. The meeting was called to order at 10.00 hours.

CONSULTATION TO REVIEW THE ADEQUACY OF THE RESOURCES AVAILABLE TO IFAD (Agenda Item 7)

(a) REPORT ON THE FIFTH REPLENISHMENT OF IFAD’S RESOURCES

165. The CHAIRPERSON recalled that at its previous Session the Governing Council had adopted Resolution 115/XXIII requesting the Consultation to continue meeting so as to conclude its deliberations and providing for approval of the final report of the Consultation and adoption of the draft resolution on the Fifth Replenishment of IFAD’s Resources by a vote by correspondence, should the negotiations be completed before the present Session. As indicated in document GC 24/L.5, a vote by correspondence had been held after the meeting of the Consultation in June 2000 and Resolution 119/XXIV on the Fifth Replenishment of IFAD’s Resources had been adopted on 31 July 2000. As stipulated in paragraph 21 of that Resolution, the Executive Board was requested to complete the Resolution once the pledges received equalled at least 80% of the USD 360 million target of the List A Member Countries and 80% of the combined USD 100 million target of the List B and List C Member Countries. At the time of the Seventy-First Session of the Executive Board in December 2000, the conditions for completion of the Resolution had still not been met, although every indication had been given that they soon would be. Accordingly, the Executive Board had authorized the President to complete the Resolution on its behalf during the interval between its Seventy-First Session and the present Session of the Governing Council. In accordance with paragraph 21 of Resolution 119/XXIV, the President of IFAD had accordingly completed the Resolution.

166. Mr SHIBATA (Assistant President, Economic Policy and Resource Strategy Department), reporting on the Eighth Session of the Consultation, said that by the opening of the Session List A had achieved its target of pledges required for completion, while Lists B and C had jointly submitted pledges for an equivalent of USD 51.9 million, which was less than the required 80% target. However, during the course of the Session, pledges had been made by the Governments of China (USD 10 million), India (USD 12 million), the Islamic Republic of Iran (USD 20 million) and Kuwait (USD 2 million), bringing the total pledges from Lists B and C to USD 95.9 million and thus satisfying the conditions for completion of the Fifth Replenishment. The President of IFAD had accordingly completed the Resolution.

167. Mr FERNÁNDEZ (Argentina) said that he was pleased to note that List C had reached its minimum target and was firmly convinced that it would also reach its objective of USD 60 million. There had been a substantial increase in contributions from List C countries, demonstrating their strong support for the mandate and objectives of the Fund.

168. Mr DOUATI (Côte d’Ivoire) announced that his country had settled its outstanding arrears and was now in a position to pledge a contribution of USD 1.5 million to the Fifth Replenishment.


(b) PROGRESS REPORT ON THE IFAD V: PLAN OF ACTION (2000-2002) (GC 24/L.3)

170. The CHAIRPERSON recalled that the final Report of the Consultation (GC 24/L.3) had been approved by the Governing Council on 31 July 2000 by a vote by correspondence. Annexed to that Report was the IFAD V: Plan of Action, which set out in tabular form how the recommendations of
the Consultation would be incorporated into IFAD’s policy framework and management tools. It had been decided that the Plan of Action would be implemented over the period 2000-2002 and that an annual progress report would be presented to the Governing Council.

171. Mr VAN DE SAND (Assistant President, Programme Management Department), presenting the first annual progress report on the Plan of Action, said that the Consultation had made a number of key recommendations for guiding the Fund’s work into the new millennium. Action taken to date was organized around the four building blocks of policy and participation; impact and performance; knowledge and innovation; and partnership building.

172. With regard to policy and participation, increased exchanges of experience had been pursued with stakeholders at both country and regional levels. IFAD intended to place greater emphasis on influencing policies favouring the rural poor and building institutions to serve and represent them on a more systematic and monitored basis. An interdepartmental task force had been established to develop guidelines for policy and institutional analysis and dialogue.

173. In connection with impact and performance, the Fund needed to maximize the impact of its operations on rural poverty, demonstrate that impact to stakeholders and show how it contributed to the international development goals for 2015. IFAD was now using anthropometric measures of chronic malnutrition and gender-disaggregated indicators to monitor the impact of projects on the rural poor. Its projects increasingly set targets for women’s representation in community groups and project-related committees. The Fund was grateful to Italy, Japan, The Netherlands and Norway, among others, for their assistance in strengthening the gender orientation of IFAD’s activities in all five operational regions. The recommendations of a working group on impact achievement, which had developed proposals to focus the project cycle on enhancing impact, were being integrated into PRP. Resources had been allocated to implement regional action plans for support to participatory impact assessment across the entire portfolio of projects and to help governments include assessments of impact on people, institutions and policies in the project completion reports. A review had been conducted of IFAD’s experience with monitoring and evaluation (M&E) over the last ten years, and a practical guide would be ready by the end of the year. The Plan of Action’s recommendation “to give appropriate weight to borrowers’ implementation performance in determining resource allocations” was a regular criterion in the assessment of strategy and programme proposals. A refined methodology establishing common indicators for performance assessment would be presented to the Board in September 2001.

174. Turning to knowledge and innovation, he said that four thematic groups were operational in the fields of diagnostic tools, rangeland management, rural microenterprise development and rural finance, respectively. Knowledge management had also been actively pursued on gender-related issues and a gender task force had been set up. As a consequence of PRP, a Knowledge Management Facilitation and Support Unit had been established and work was going forward with the task of evaluating IFAD’s capacity as a promoter of replicable innovations in rural poverty reduction. The Fund was also about to start assessing its capabilities for innovation and preliminary results were expected by May 2001.

175. With regard to partnership building, IFAD had taken the lead in preparing in collaboration with FAO and the World Food Programme (WFP) a paper providing system-wide guidance on household food security and nutrition. The Fund had long recognized the importance of working in partnership with non-governmental organizations (NGOs), and the tenth IFAD/NGO Consultation had provided a basis for refining the Fund’s strategy for collaborating with civil-society organizations. IFAD was also paying greater attention to partnerships with the private sector, and pilot projects had been mounted with commercial banks, for instance in Armenia, the Dominican Republic and El Salvador, to promote the access of rural financial institutions to capital markets. Other projects were proceeding in Guatemala and Mali, and innovative contracts between private-sector service providers and
community groups were featuring more prominently in IFAD projects, particularly in East Africa and Latin America.

176. IFAD was convinced that implementation of the Plan of Action was a prerequisite for fulfilling its partners’ expectations, particularly the rural poor. He was confident that, thanks to the commitment of staff and the additional resources to be mobilized through the re-engineering process and supplementary funds, the targets would be largely achieved by the end of 2002. In that context, he thanked donors, notably The Netherlands and the United Kingdom, and expressed his optimism that, by the end of the current replenishment period, IFAD’s unique role would be consolidated and Member States would be willing to entrust the Fund with resources that matched its potential.

177. Mr ACEVEDO CARRERA (Mexico) welcomed IFAD’s commitment to supporting rural development projects in Mexico. As stated in paragraph 59 of the Report of the Consultation, in many middle-income countries in Latin America skewed income distribution paired with strong economic growth posed a serious challenge to efforts to correct a deteriorating poverty situation in rural areas. Many governments of the region, particularly his own, required IFAD support, and Mexico repeated its willingness to accept loans on ordinary terms, in accordance with established IFAD policies.


FINANCING FROM NON-DONOR RESOURCES (Agenda Item 12) (GC 24/L.10)

179. Mr SHIBATA (Assistant President, Economic Policy and Resource Strategy Department), introducing document GC 24/L.10, said that one of the recommendations of the IFAD V: Plan of Action (2000-2002) urged the Fund to explore the scope for increasing the financing available from non-donor resources. While the Fund would continue to investigate the possibility of using market-based mechanisms to increase its financing and submit relevant proposals to the Executive Board, a framework was being proposed in the document that would allow IFAD to help recipient governments to gain access to private-sector capital to cofinance activities linked to IFAD projects. IFAD’s own resources would always remain earmarked for the poorest group. However, additional resources mobilized from capital markets had the potential to expand further the impact of projects.

180. Through the scheme, by taking advantage of IFAD’s strong repayment record from recipient countries, borrowers would have access to additional competitive funding at a discount over market rates. That did not entail IFAD’s bearing any additional risk, as it would be entirely borne by cofinanciers; nor did it involve the provision of any guarantee on IFAD’s part. The framework was submitted to the Governing Council for approval.

181. Mr BÉZARD (France) said that his country, which was traditionally in favour of cofinancing, fully agreed with the ideas submitted by IFAD. Its main concerns about the proposal related, first, to the interest rates to be applied, which should be seen in terms of borrowing countries’ reimbursement capacity; secondly, his assumption – or possibly misapprehension – that private financiers would have priority; and, thirdly, the need for assurance that the Governing Council would give its opinion on the validity of projects.

182. Mr SHIBATA (Assistant President, Economic Policy and Resource Strategy Department) said that due note had been taken of the concerns of France, and that any concrete proposals would go to the Executive Board, where they could be discussed in detail.

183. Mr HADID (Jordan) expressed the view that recourse to financing by private loans would be more expensive for IFAD. He enquired about the possibility of soft loans, and about the difference between the interest rates applied by IFAD and those applied by private financing sources. He wished
to know whether the interest rate was payable by the borrower, or whether there was any subsidy component.

184. **Mr SHIBATA** (Assistant President, Economic Policy and Resource Strategy Department) said that the additional resources so provided would be between the borrowers and the cofinanciers; the interest rate in question was therefore the market-based rate. He confirmed that there was no subsidy element.

185. **Mr AL-SULTAN** (President of IFAD) explained that the cofinancing mechanism would involve direct relationships between the banks and the borrowers. The intention of the scheme was to find additional financing for projects for which the governments themselves might be borrowing from the market. The fact that the Fund would be involved as an intermediary in arrangements between banks and borrowers was to the advantage of borrowers since they would obtain a discount over the normal market rates. Initially, it was envisaged that the cofinancing scheme would first be available to those countries which were already borrowing on market terms. As the mechanism developed in the future, consideration could be given to its applicability to others and to the question of rates.

186. **Resolution 122/XXIV was adopted.**

GENERAL STATEMENTS (Agenda Item 9) (continued)

187. **Mr WURIE** (Sierra Leone) said that the conflict in Sierra Leone, which was a regional rather than an internal conflict, continued to pose a threat to peace and security, including food security, in his country. The plight of Sierra Leonean refugees, operations by rebel groups, which *inter alia* prevented assistance from reaching project areas, the continuing provision of weapons to armed groups and recent attempts to destabilize the Government of National Unity and disrupt the ongoing peace process were challenges which the Government was endeavouring to face, with the much appreciated assistance of the international community and friendly countries.

188. On the subject of globalization and trade liberalization, developing countries like his own would continue to be disadvantaged if the industrialized countries did not change their attitudes. For developing countries, globalization had been a threat rather than an opportunity because the major producers and exporters of agricultural commodities continued to enact policies that ran counter to the stated principles of lowering trade barriers and implementing market-responsive domestic policies.

189. African concerns were still not reflected in the level of regional representation in IFAD staffing. Africans knew their problems best and the need to build African representation and confidence at all levels within IFAD was paramount if IFAD was to meet its goal of assisting Africans in solving their problems. He quoted the Magbosi project in Sierra Leone as an example of a highly successful project managed by Sierra Leoneans which had laid the foundations of development in the region that had survived every crisis. It showed that development in Africa could materialize if Africans were given the opportunity to participate actively in development and the decision-making processes. He urged IFAD to collaborate further with relevant institutions in the region and to continue to provide support in terms of both project realization and regional representation. Lastly, he expressed his appreciation of the outstanding work carried out by President Al-Sultan.

190. **Mr GERBASI** (Venezuela), speaking on behalf of GRULAC, said that the region had again been afflicted by natural disasters and drew attention to the plight of El Salvador, which, despite prompt and welcome bilateral assistance together with relief from organizations such as FAO and WFP, had still not succeeded in moving beyond the emergency phase. IFAD’s role did not of course extend to emergency relief, but it could play an important part in addressing the specific requirements of rehabilitation and reconstruction so that the devastated areas could return to productivity as soon as
possible, and was urged to take the necessary steps, in terms of policies and programmes, to that effect.

191. Over the years, IFAD had evolved from a fund concerned with rural development for the most needy countries into a very special type of financing institution which now had the capacity, *inter alia*, to intervene in capital markets. Its portfolio diversification and investment policy could become a useful tool for the mobilization of additional resources, but experience had shown the risks involved in intervening in so volatile a market as the capital market. The Latin American and the Caribbean region considered that the regular replenishment of the resources of the Fund was the best way of ensuring its financial base, even though that was contingent on the financial possibilities of Member States. Notwithstanding their own economic and social needs, the governments of the region had reaffirmed their commitment to IFAD in the successive replenishment exercises, including the Fifth Replenishment.

192. It was regrettable that the countries of the region had not received adequate attention from the programmes and funds of the United Nations system in the fight against hunger and poverty, and he therefore reiterated their call for additional technical and financial assistance for the implementation of a greater number of projects and programmes in the region. He also reiterated the region’s legitimate aspirations for increased representation in high-level posts within IFAD, commensurate with the commitment of Latin American and Caribbean countries to the replenishment of the Fund’s resources and their involvement in defining and developing policies and programmes. Lastly, he thanked Mr Al-Sultan for his dedicated service to the Organization.

PROGRESS REPORT ON THE FOURTH REPLENISHMENT OF IFAD’S RESOURCES
(Agenda Item 6) (GC 24/L.4 and Add.1)

193. **Mr WESTLEY** (Vice-President of IFAD), 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 15 February 2001, the total value of the Instruments of Contribution deposited with the Fund amounted to USD 378.4 million equivalent, bringing the total value of the Instruments of Contribution and payments in cash or promissory notes against pledges not supported by Instruments of Contribution to USD 414 million, or 98.7% of total pledges. As of the same date, total payments in cash and promissory notes had amounted to USD 383.2 million equivalent, or 91.3% of total pledges. Belgium and The Netherlands had pledged a total of USD 42.3 million equivalent as complementary contributions to the Fourth Replenishment, against which payments in cash and promissory notes amounting to USD 33.8 million equivalent, or 79.9%, had been received.

194. He earnestly hoped that those governments which had not yet done so would proceed to meet their obligations under Resolution 87/XVIII, which stipulated a deadline of 20 February 2000 for the balance of payments to the Fourth Replenishment, namely three years after completion of the said Resolution.


AUDITED FINANCIAL STATEMENTS OF IFAD AS AT 31 DECEMBER 1999
(Agenda Item 8) (GC 24/L.6; GC 24/INF.6)

196. **The CHAIRPERSON** said that the Executive Board had reviewed the Audited Financial Statements for 1999 at its Sixty-Ninth Session and had recommended that they be submitted to the Governing Council for approval.
Mr WESTLEY (Vice-President of IFAD), after drawing attention to the conclusions of the External Auditor’s report attached to document GC 24/L.6, referred to the arrears and loan repayments for principal instalments and service charges and interest 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.

Arrears remained a problem, causing the Fund to maintain provisions against promissory notes and amounts receivable from contributors and to exclude them from committable resources. As of 31 December 1999, a total of USD 194.5 million had been so excluded. He called on the countries concerned to fulfil their commitments in the interests of the Fund’s beneficiaries. In 1999, the third year of investment diversification into different asset classes, investment income had increased by USD 8.6 million to reach a level of USD 196.5 million, an average rate of return on investment of 8.7% compared with 8.5% in 1998. Excluding a provision for the unfunded liability for after-service medical benefits of USD 2.6 million, administrative expenses for 1999 had amounted to USD 52 million equivalent – approximately 5%, or USD 2.9 million equivalent, lower than the approved administrative budget for that year. Management continued to pursue its policy of improvement and efficiency in operations.

The 2000 Financial Statements were currently being finalized and examined by the External Auditor. Preliminary results indicated that net investment loss in 2000 had amounted to approximately USD 47 million compared with a gain of USD 196.5 million in 1999. The average rate of return on the investment portfolio was a negative 2.2% compared with a positive return of 8.7% in 1999. The investment portfolio at market value as of 31 December 2000 stood at USD 2.1 billion, a decrease of USD 261 million compared with the previous year. Administrative expenses had once again been lower than the approved budget. Loan arrears overdue remained the same compared with the situation at the end of 1999. In 2000, the commitments for the Debt Initiative for HIPCs had been recognized as a charge against income, amounting to USD 74 million. The Financial Statements for 2000 would be reviewed by the Audit Committee in March and presented to the Executive Board in April. Finally, he drew attention to the recommendation made at the Sixty-Ninth Session of the Executive Board that the Financial Statements for 1999 should be approved by the Governing Council.

Replying to a query by Mr HADID (Jordan) concerning the figures in the Arabic version of document GC 24/INF.6, Mr PRIEN (Secretary of IFAD) said that a corrigendum would be issued as soon as possible.

Mr BÉZARD (France) said that the losses of USD 47 million for the year 2000 were a cause for concern, particularly since they related to public funds entrusted to IFAD by donor countries. Once lost, they could not be used for projects. Moreover, the argument that investments produced positive results in the long term was fallacious; in his view the Fund should not be investing in a highly volatile market. The losses suffered in 2000 would have to be taken into account when discussing the Budget of IFAD for 2001.

Mr HADID (Jordan) endorsed the statement made by the representative of France. In view of the need for caution, he wished to know what criteria were used when making investments, what investments had been made and what risks were entailed.

Mr AL-SULTAN (President of IFAD) said that IFAD’s investment management involved an intricate process of resource allocation. Bonds had been the only investment until the time of the Fourth Replenishment, when the Consultation had recommended that other means of investment, such as equities, should be explored. Given that the subsequent decision to invest in equities coincided with the beginning of the Asian crisis, a cautious approach of investing over a three-year period had been adopted with a view to ensuring that large blocks of money were not affected by adverse movements
of the market. The recommendations contained in a report on investment criteria prepared by an external auditing firm had been implemented and the Executive Board and Audit Committee were provided with regular updates on the situation. In recent years the financial markets had become increasingly volatile, and it made very little difference whether investments were made in equities or bonds. It all depended on the movement of interest rates. In the past, for instance, interest rates would shift by only one quarter of one per cent over a number of years, whereas they now shifted by between half of one per cent and one per cent within a few weeks, which had a tremendous impact on the value of holdings. Moreover, the international community had not been able to resolve the issue of globalization whereby huge movements of funds could take place at extremely short notice.

204. Overall, however, IFAD’s experience remained positive, despite the losses precipitated during the previous year by the move into equities. Taking a three-year perspective, the Fund had still made money and he therefore believed that the strategy launched four years earlier remained the right one. Furthermore, the Executive Board had requested a review in order to consider the extent to which that strategy should be adjusted on account of increasing market volatility. As such, he felt able to provide reassurance that IFAD’s investment portfolio was still under cautious management and subject to close monitoring in conjunction with the Executive Board.

205. Mr ELIAS (Saint Lucia) said that smaller countries were more dependent on the receipt of commitments made to them by IFAD. In that light, he was concerned to know the source of IFAD’s mandate to speculate on the securities market and whether, in view of its losses and difficulties, the Fund intended to review its approach and consider the possibility of investing in securities bearing fixed-interest rates. He would appreciate an explanation of the rationale behind the decision of a United Nations organization to invest funds entrusted to it for development purposes in the open securities market.

206. Mr AL-SULTAN (President of IFAD) said that none of the funds invested were loanable. They represented money which had already been committed but for which the average disbursement period was eight years. The question therefore arose of what should be done with the money during that period. In that connection, it should be noted that IFAD was fortunate in having a very strong cash flow as a result of regular repayments by Member States. Consequently the amount of funds in the investment portfolio tended to remain constant, making it possible to go into long-term investment. The Fund currently had approximately 45% of its money invested in equities and also had a portfolio of fixed-rate bonds. In other words, it was not a speculator, but a long-term investor. The key rationale was that money made on investments would permit increased lending; the mandate came from the relevant report of the Consultation, which had been approved by the Governing Council. In conclusion, he considered it important to take a long-term view of investment; from the start of diversification, over a three-year period, IFAD’s portfolio had achieved a cumulative return of 5%, meaning that it was still ahead.

207. Mr BÉZARD (France) said he would not dispute the President’s observations concerning the relative risks of bonds and equities, but questioned the search for higher returns. In his view, IFAD should endeavour to protect its capital from risk, even though the return might be lower as a result. Higher returns which entailed higher risks were unacceptable in the case of an institution that used public funds for its objective of combating poverty in the poorest countries. An investment portfolio with a lower risk would require detailed analysis with a view to adjusting the term of the portfolio and exploring the best choice. He stressed, however, that he was by no means referring to speculation, which would be an absurdity for an organization such as IFAD.

208. Mr FERNÁNDEZ (Argentina) said that he shared many of the views expressed by the representative of France but pointed out that other factors, such as the exchange rate, were also involved. In order to allay concerns, it was clearly important that the Audit Committee and an informal working group should discuss the matter, particularly in view of the impact it would have on
the Programme of Work and Budget and on the amount to be received by beneficiaries during 2001. In his view, the representatives of the Lists should be invited to open a dialogue and conduct a detailed analysis of the results with a view to deciding what action should be taken in the near future.

209. Mr AL-SULTAN (President of IFAD) said that he fully agreed with the comments made by the representatives of France and Argentina. He felt certain that the issue of risk versus returns would be discussed at the seminar to be held before the Seventy-Second Session of the Executive Board. In that connection, it should be noted that the reason why the lending level had gone down was not only because of the fall in the value of investments, but also because of late payments under the Fourth Replenishment. As a result, the usual carry-over of some USD 350 million was not available, which placed the Fund in a position where it could not make the commitments it needed to make. In addition, the amounts required to maintain a certain lending level were much higher than the amounts provided under the Fourth and the Fifth Replenishments, where the shortfall amounted to some USD 100 million. IFAD was therefore placed in a tight situation and the whole issue would have to be taken up by the Executive Board.

210. The CHAIRPERSON invited the Council to adopt the draft decision in paragraph 4 of document GC 24/L.6.

211. It was so decided.

PROPOSED BUDGET OF IFAD FOR 2001 (Agenda Item 10) (GC 24/L.8 and Add.1)

212. Mr WESTLEY (Vice-President of IFAD), introducing the Programme of Work and Budget of IFAD for 2001 (GC 24/L.8 and Add.1), recalled that the Executive Board had approved the Programme of Work for 2001 at its Seventy-First Session in an amount of USD 394 million or SDR 307.2 million, covering 27 projects. At its Seventy-Second Session in April 2001 the Executive Board would review the level of committable resources and, should they prove sufficient, the number of projects would be increased to 29 or 30. The administrative budget for 2001 was once again proposed at zero real growth. Based on an exchange rate of ITL 2084/USD 1.00 prevailing at the time of preparation of the document, the proposed budget at USD 53.59 million included a contingency of USD 250 000. Chapter VIII of document GC 24/L.8 contained a proposal to establish a Programme Development Financing Facility (PDFF), which had been reviewed by the Seventy-First Session of the Executive Board. The document also provided details of the Fund’s medium and long-term strategic directions, including implementation of the Plan of Action over the next two years. IFAD was seeking to streamline its business processes and improve the efficiency and effectiveness of its work to reduce rural poverty. In that context, a progress report on PRP was provided in document GC 24/L.9.

213. The total administrative budget was normally recalculated at the USD/ITL exchange rate prevailing at the time of approval. As the rate at 31 January 2001 was unchanged from that originally used to calculate the budget, no change would be reflected in the resolution by which the Governing Council approved the budget. The Governing Council was accordingly invited to approve the draft resolution on the Budget of IFAD for 2001 contained in document GC 24/L.8/Add.1 and the draft resolution on the establishment of PDFF.

214. Mr ZIA (Afghanistan) expressed his concern at the reduction of the research and training grant programme by 31% in comparison with the previous year, which seemed to contradict the statement in the Programme of Work to the effect that IFAD accorded priority to supporting research and training. He also wondered why the Fund intended to reduce its mid-term evaluations while increasing its work on thematic and country programme evaluations by 62%. With regard to the supervision of IFAD projects, he noted that the bulk of the work had been entrusted to the United Nations Office for Project Services (UNOPS) and wondered why there was no mention of FAO. Finally, referring to the
regional lending strategies, he asked why priority for stakeholder participation was only mentioned in connection with the Asia and the Pacific region and why enhanced implementation support had been accorded to Latin America and the Caribbean and not to Africa, where it might be more applicable.

215. Mr HOFMANN (Germany), supported by Mr BÉZARD (France), asked whether the Fund, in the light of its investment losses, had considered moving from a United States dollar base into the euro. That, in his view, would make sense, especially in relation to the payment of administrative and other costs related to IFAD’s headquarters.

216. Mr HADID (Jordan) asked why there was an 18% reduction in the lending programme when, as stated by President Al-Sultan, the Fund had accumulated a surplus of USD 1.8 billion in cash and liquidity. He wondered whether the reduction was due to the investment losses the Fund had incurred and suggested that the Fund should consider increasing the number of loans.

217. Mr VAN DE SAND (Assistant President, Project Management Department) said that one element affecting the reduction in the grants programme was the proposed PDFF. The Fund would, however, continue to undertake project formulation and appraisal work and it was hoped that, by 2002, the number of projects would return to the level of earlier years. To keep PDFF at a constant level meant a significant reduction in other elements of the grant programme. On the regional lending strategies, it was true that stakeholder participation figured prominently in the sections of the document dealing with Asia and the Pacific, which had introduced new features that figured prominently in its current programme, but that did not mean there was no stakeholder participation in other regions. The same was true of implementation support, which was becoming increasingly important in all regions. The Latin America and the Caribbean Division had played a pioneering role in creating implementation support mechanisms and organizations and the Fund was now involved in forming regional and subregional support units in other regions of the world.

218. Mr WESTLEY (Vice-President of IFAD), referring to the reduction in the number of midterm evaluations, said that the sharp increase in thematic and country programme evaluations reflected the Fund’s desire to shift the emphasis to broader issues in the allocation of evaluation resources. With regard to the possibility of moving from a United States dollar to a euro basis, he pointed out that the Audit Committee was currently reviewing the whole issue and that it would be discussed at the Committee’s next meeting. As for the lending level, it was important to bear in mind that, as the President had explained, what appeared to be large amounts of surplus funds were in fact funds that had been committed but were not yet disbursed. Pending disbursement, which could take as long as ten years, IFAD tried to make the best possible use of those funds. In that context, IFAD’s investment policy would be reviewed at the seminar in April 2001.

219. Resolution 123/XXIV on the Budget of IFAD for 2001 was adopted.

220. The CHAIRPERSON advised the Council that the delegation of the United States wished to abstain from the consensus on the draft resolution on the establishment of PDFF.

221. Resolution 124/XXIV on the Establishment of a Programme Development Financing Facility was adopted.

PROGRESS REPORT ON THE PROCESS RE-ENGINEERING PROGRAMME
(Agenda Item 11) (GC 24/L.9)

222. Mr WESTLEY (Vice-President of IFAD) said that a Programme Management Unit had been set up shortly after the previous year’s Governing Council Session to launch PRP and finalize the design phase, the object of which was to establish an operational plan for implementation and provide the basis for Executive Board approval in order to proceed to the implementation phase. Over 100
staff members had participated in working groups set up to analyse the functioning of IFAD, make concrete recommendations for improvement and assist in the definition and redesign of processes. Those staff as well as others and senior management had been given training in change management and business process definition.

223. The total cost of PRP for the first phase had been estimated at USD 15.5 million, including the costs related to the processes to be re-engineered, namely human resources, strategy and finance, support services and information technology and the knowledge-management process. During that period, the remaining processes to be re-engineered, including impact and partnership management, would be submitted to the Executive Board. The overall cost would remain within the financial limits established by the Governing Council. It had emerged from the detailed design phase that it would not be possible both to generate sufficient savings to amortize the capital budget and to redeploy resources to operations, but, given accurate benefit monitoring, the resources made available by net savings as of 2001 would help finance additional resource requirements.

224. Executive Board Directors had expressed the opinion that it might have been better to commence with the processes directly related to the Plan of Action and IFAD’s operations, such as impact management or partnership management. It was felt, however, that those processes, which were crucial to IFAD’s mission and future, needed additional work to develop the detail to implement them more effectively, and should only be submitted to the Executive Board once those proposals were finalized.

225. In adopting a phased approach it was now possible to proceed with changes in some basic work processes. By starting with the processes concerning human resources and finance, the groundwork was being laid for the operational processes to be built on and long overdue new processes and systems could now be implemented. Proceeding according to a phased approach also highlighted the need to achieve operational efficiencies and optimize the estimated benefits, both “tangible” benefits in the form of savings of staff time and “intangible” benefits relating to topics central to the Plan of Action and the corporate score card, including impact assessment, policy dialogue, strategic partnerships and the ability to influence and leverage experience. The zero real growth administrative budget would be maintained, and any further opportunities for savings would be submitted to the governing bodies.

226. Another concern expressed by Board Directors had been the risk of information technology-related cost overruns. He assured the Council that that matter would be closely monitored and that there would indeed be a specific risk management element in the programme for that purpose. The details for an international tender for the consultancy needed to assist in the implementation phase were now being finalized. The Board would be kept fully informed and involved throughout the process and a progress report made to the Governing Council the following year.

227. The CHAIRPERSON said she took it that the Council wished to note the report as contained in document GC 24/L.9, together with the update provided by the Vice-President.

228. It was so decided.

GENERAL STATEMENTS (Agenda Item 9) (continued)

229. Mr FIGUEIREDO (Portugal), after paying tribute to President Al-Sultan’s excellent work over the past eight years, commended IFAD’s valuable contribution to the struggle against hunger and poverty throughout the world, especially in Africa where indicators of malnutrition and health were still extremely disturbing. His own country was committed to that struggle through its participation in bilateral and multilateral initiatives. Portugal was pursuing cooperation with the developing countries, especially Portuguese-speaking countries and territories, giving priority to those where agriculture and
fisheries were the cornerstone of the economy. His Government was determined to work more closely with the Fund, as witnessed by a recent meeting in Lisbon to study forms of institutional collaboration that would make it possible to concentrate resources on anti-poverty programmes producing visible results in an acceptable time frame. Negotiations were already under way between IFAD and the Portuguese Agency for Cooperation and Development with a view to the creation of a trust fund.

230. Referring to the question of East Timor, he called for increased efforts on the part of the development community to support that country’s economic reconstruction. Food shortages and poverty were widespread and the most disadvantaged populations were in need of health care, education and nutrition, all of which were fundamental human rights. In a world economy characterized by globalization, important challenges were posed. One such challenge would be to ensure greater equity in income distribution and a reduced incidence of hunger, poverty and social exclusion.

231. Mr XHUVELI (Albania) commended President Al-Sultan on his valuable contribution to the work of the Fund and wished him every success in the future. Agriculture was the mainstay of the Albanian economy, accounting for some 55% of GDP and some 70% of the active labour force. In 2000, Albania had embarked on a number of policies and measures designed to boost agricultural production, such as increasing the surfaces under irrigation, reducing customs duties on agricultural machinery and inputs, alleviating poverty in mountainous areas and improving the standard of living of the rural population.

232. The Albanian Government was grateful to IFAD for the support it had given to agricultural reform and development under two projects which were now in their last year. Further assistance was badly needed because the Government lacked the funds required to undertake projects on its own. The signing of the agreement for a third loan was therefore most welcome. Relations between IFAD and Albania were characterized by a spirit of understanding and efficiency in the conduct of their collaboration. He approved the documents presented to the current Session and reaffirmed Albania’s full commitment to the Fund’s objectives.

233. Ms LÓPEZ BRAVO (Peru), expressing gratitude to Mr Al-Sultan for his achievements during his term of office, endorsed the statement made by the representative of Venezuela on behalf of GRULAC. The countries of the region would like to see an increase in the resources allocated to them as an important reflection of their high rate of recovery. IFAD’s significant role in supporting developing countries’ efforts to combat extreme poverty and desertification and to promote rural development should be strengthened. As a net food importer, Peru needed to continue its cooperation with IFAD so as to implement high priority development projects that would enable vulnerable populations to improve their living conditions and quality of life and enjoy the enabling environment they needed for their development. That was why IFAD-financed projects in Peru were designed to strengthen human initiative through the provision of incentives, new technologies, infrastructure, rural credit, advice and training with a view to promoting the sustainable development of the target groups, most of which were engaged in subsistence farming. Peru was making efforts, with IFAD’s assistance, to eradicate poverty, promote rural development and food security and combat desertification.

234. Peru’s recognition of IFAD’s role and commitment to its mandate and objectives were reflected in its announcement in February of its contribution to the Fifth Replenishment. It was a source of satisfaction to hear that the Fifth Replenishment targets were being met.

235. Mr Guima (Libyan Arab Jamahiriya) took the Chair.

236. Mr DOMECQ (Spain) stressed the importance of the Fifth Replenishment in enabling IFAD to maintain the expected level of activities. Spain’s slight increase in its contribution to the Fifth
Replenishment and its membership of the Executive Board reflected its interest in playing a more active role in the Fund’s work. New forms of cooperation were being explored, including the cofinancing of microcredit projects, linking debt relief to rural development projects and sharing experience in desertification and soil erosion. He hoped that all countries, particularly List B countries, would shoulder their fair share of the burden in future replenishments.

237. Drawing attention to the points to which particular attention should be given in the coming years, he said that the target of halving world poverty by 2015 entailed IFAD’s cooperation with other international development agencies and synergies between IFAD and the international cooperation plans of Member States. Spain, now the twelfth largest contributor of official development assistance (ODA) in the world, intended to increase that contribution in the next few years, which augured well for its cooperation with IFAD. Because of its close links with the Ibero-American countries, Spain took a particular interest in projects benefiting that region and, on account of its membership of the European Union and its Mediterranean connection, attached high priority to projects benefiting the countries of the Maghreb and the Middle East. It also intended to step up its cooperation with countries of Asia and sub-Saharan Africa. It would continue to promote IFAD activities relating to the granting of microcredit to farmers in developing areas, for which a special fund had been created by his Government. A further priority was the promotion of projects concerned with combating desertification under the Global Mechanism.

238. There were four areas in which his Government would like to see changes in IFAD itself. The first was visibility, which needed to be enhanced. The second concerned the management of IFAD’s portfolio. Recent results had highlighted the need for an in-depth review of investment strategies in order to avoid surprises in the future. Member States’ willingness to contribute to successive replenishments should not be regarded as a blank cheque for lax management and, indeed, future replenishments would depend on the new leadership’s awareness of the need for rigorous management. The third point was that IFAD, as a small organization working towards a goal shared by other multilateral bodies, should strictly identify the scope of its activity in the agricultural and rural development sectors, placing particular emphasis on the training of personnel and field work, while at the same time forging strategic alliances with the larger multilateral donors in order to increase the efficiency and impact of its activities. Finally, the need to consider priorities and needs as perceived by local populations while at the same time making sure that the expected results were achieved called for ongoing evaluation of programme execution and impact. In conclusion, he thanked the outgoing President for his dedication to the Fund.

239. Mr DIOUF (Senegal) commended the remarkable work done by IFAD in terms of rationalizing the project design cycle, both upstream and downstream, with a view to making the best use of scarce resources. While the incidence of poverty had decreased over the last two decades, many areas of the world, especially in Africa, were still affected by the problem. Thanks to its re-engineering exercise, IFAD’s impact had been strengthened and it was now better placed to join in the international community’s efforts to reduce by half the number of people living in poverty and food insecurity by the year 2015. Senegal’s wholehearted support of the Fund’s activities and objectives was not fortuitous, but based on a long and fruitful collaboration. The evaluation of ten projects, representing an aggregate value of more than USD 100 million, had shown the wisdom of the Fund’s approach to eradicating the problems of hunger and poverty in the weaker countries of the world.

240. His Government was gratified that the Seventy-First Session of the Executive Board had confirmed Senegal’s eligibility for assistance under the enhanced Debt Initiative for HIPCs. In that context, he extended his warmest thanks to the Government of Italy for its demonstration of solidarity with the developing countries by agreeing to convert their debts into equivalent amounts for use in IFAD poverty-alleviation projects. Since March 2000, Senegal had experienced far-reaching political change, with the election of a new Government committed to socio-economic policies aimed at improving the lives of the most vulnerable sectors of society. The main objectives of the new order
involved higher agricultural production, an improvement in the status of women, greater opportunities for young people, better health care and greater participation by the population in all economic and productive activities.

241. Senegal greatly valued its cooperation with IFAD and intended to strengthen it even further. He was happy to see that the Fifth Replenishment had been completed, and stressed that delayed payment of the balance due under Senegal’s pledge to the Fourth Replenishment had been caused solely by administrative problems relating to the establishment of a new government. His country would contribute to the Fifth Replenishment at the same level, if not more, as to previous replenishments. In closing, on behalf of the President, Government and people of Senegal, he commended Mr Al-Sultan on his wisdom and on his commitment to IFAD over the past eight years.

242. Mr KISHORE (India) paid tribute to the able guidance provided by Mr Al-Sultan during his tenure as President of IFAD. Thanks to his efforts, IFAD had improved its cost-effectiveness and maintained a zero-growth administrative budget over the last seven years. He was confident that the Fund would continue to take a lead role in global initiatives in the agriculture and rural sectors, while forging closer partnerships with project authorities, the World Bank, FAO and other multilateral agencies.

243. The major earthquake that had hit the state of Gujarat on 26 January 2001 had caused unprecedented loss of life and property. Reconstruction would be a lengthy process, and India was grateful for the prompt demonstration of solidarity and assistance on the part of many governments, organizations and individuals.

244. At the start of the new millennium, the task of improving the lives of poor and vulnerable populations was a major concern. There could never be stability in a world where the fruits of development were bypassing almost half the population. Efforts should be stepped up at the local level to ensure the flow of benefits to poor and small farmers living in marginalized and dry land areas. In India, constitutional backing had been given to efforts to involve fully local communities, women and beneficiary groups in the formulation, implementation and evaluation of all poverty-reduction programmes. Thanks to the Government of India’s efforts to reduce poverty, the proportion of the population living below the poverty line had been steadily declining since the early 1950s.

245. India had pledged USD 12 million to the Fifth Replenishment as a mark of its faith in the mandate of the institution, which he was confident would continue to play a crucial role in reducing poverty worldwide. While supporting the Debt Initiative for HIPCs, India believed that it should be funded through additional resources so that the level of concessional lending was not adversely affected.

246. Mr CAVIEZEL (Switzerland), after paying tribute to President Al-Sultan for his commitment to the Fund over the past eight years, said that the poverty indicators showed that most of the poor would continue to live in rural environments for many decades. The rate of poverty reduction, however, was only one third of that required to reach the target set at the Millennium Summit. The rural sector, and agriculture in particular, therefore needed strengthening at a time when international aid for agriculture had fallen to a mere 12% of development aid in general, a trend which IFAD was attempting to reverse through its work to combat poverty in the remotest areas of the developing countries.

247. The three-year Plan of Action clearly defined the work which IFAD was incorporating into its PRP in line with four strategies to which Switzerland attached great importance. It would therefore closely monitor their development and implementation. His country also believed that the new approach of the Office of Evaluation and Studies would enhance the efficiency of the Fund’s projects and programmes, to which end it was vital that it should remain independent from IFAD’s operational
divisions. One option was to maintain the status quo of leaving the task of evaluation to the President; another was to follow the example of the World Bank and IMF by making the Office of Evaluation and Studies answerable to the Executive Board. He hoped that the guidelines contained in the commendable *Rural Poverty Report 2001* would eventually be incorporated into the four strategies, keeping alive the essential message of the need to forge partnerships that would ultimately allow the poor themselves to find the means to leave poverty behind.

248. He welcomed the completion of the Fifth Replenishment, noting that the target of USD 460 million would not have been reached without the strong commitment of the Organisation for Economic Cooperation and Development (OECD) countries. However, he regretted the poor support offered by some countries and hoped that a more balanced sharing of expenses between the Lists and within the Lists themselves would make future replenishments easier. The next step was for donor countries to deposit their Instruments of Contribution so that IFAD could continue to guarantee loans to the borrowing countries.

249. During 2000, the Fund had shown major signs of innovation by encouraging the establishment of cofinancing in accordance with market laws, an approach which he favoured. PRP was also likely to create opportunities for the introduction of further innovative strategies that would enable IFAD to wage a more visionary battle for rural development. In conclusion, he welcomed the recent efforts to overhaul IFAD’s website as evidence of its concern for transparency and proposed inclusion of the four PRP strategies and their operational guidelines on the site following their approval.

250. Mr AKPODJI (Benin) said that, under the leadership of President Al-Sultan, IFAD had successfully implemented a new approach in its activities to achieve food security and combat poverty in developing countries such as his own. In that connection, its Partnerships for Eradicating Rural Poverty initiative and its participation in the Debt Initiative for HIPCIs were good examples of its commitment to establishing poverty reduction strategies in the developing countries. His country was pleased to belong to an organization which attached increasing importance to the role of women, thereby taking into account one of the groups most susceptible to the adverse impact of globalization. As a country which accorded priority to establishing conditions conducive to sustainable development, Benin firmly supported the activities of the Fund and was endeavouring to incorporate concerns such as health, education and security into its social and economic development plans for the rural poor and vulnerable groups.

251. IFAD had helped to finance the Roots and Tubers Development Programme under way in Benin and had demonstrated its willingness to assist in alleviating problems relating to desertification and in promoting sustainable agriculture by agreeing to serve as the host organization for the Global Mechanism of UNCCD. He commended IFAD’s tireless efforts for the success of projects and programmes intended to increase production and reiterated his country’s commitment to ensuring that IFAD continued to serve the world’s poorest peoples.

252. Ms LINTONEN (Finland), speaking on behalf of the Nordic countries (Denmark, Finland, Norway and Sweden), paid tribute to the outgoing President for his dedication to IFAD and welcomed Iceland to membership of the Organization. The Nordic countries had always been strong supporters of IFAD and major contributors to its programmes and funds. IFAD’s poverty orientation had been highlighted in the *Rural Poverty Report 2001*, a commendable document which provided a good basis for discussing IFAD’s role and opportunities for the future. Among its important observations and recommendations were the need for broad-based economic growth benefiting the rural poor, world market access for poor countries, domestic redistributive measures, better allocation and distribution of water to the rural poor, planning and implementation of land reforms, redressing the disadvantages of women and improved market access for goods produced by women.
253. Observing that IFAD’s financial situation had recently been anything but satisfactory, she welcomed the conclusion of the negotiations on the Fifth Replenishment and the fact that the Resolution was now completed. The Plan of Action would be an extremely important tool in strengthening IFAD’s work in the years to come. The Nordic countries attached particular importance to several points. First, IFAD must strengthen its strategic partnerships within the multilateral system, with the Rome-based United Nations agencies as obvious partners, ensuring full integration of the perspective of the rural poor. Secondly, IFAD must promote good governance and rural poverty-alleviation policies through policy dialogue and field activities, and consider the prevailing policy environment and its consequences for the impact of its activities when choosing projects for funding. Thirdly, it must continue to address cost-cutting issues in all its activities, gender being a particularly important issue. It was gratifying to note that the implementation of the Plan of Action featured prominently in the Programme of Work for 2001 and it was imperative that the necessary time and resources should be allocated to make it a success.

254. IFAD was encouraged to participate actively in discussions at the November 2001 FAO Conference on the lack of progress made in the implementation of the commitments undertaken at the 1996 World Food Summit. The Fund must also take part, using its comparative advantages, in the broad-based multisectoral efforts of the international community in addressing the growing problem of HIV/AIDS. The Nordic countries welcomed IFAD’s participation in the enhanced Debt Initiative for HIPCs and encouraged IFAD and its Member States to work together to secure the necessary financing. She reiterated the strong support of the Nordic countries for IFAD and their intention to continue to work actively to ensure that the Fund had the necessary resources and policy framework to maintain and improve its role as a champion of the rural poor.

255. **The meeting rose at 13.05 hours.**
Summary Record of the Fourth Meeting of the
Twenty-Fourth Session held on Wednesday,
21 February 2001, at 15.00 hours

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

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The meeting was called to order at 15.15.

PRESENTATION OF IFAD’S RURAL POVERTY REPORT 2001: THE CHALLENGE OF ENDING RURAL POVERTY

The CHAIRPERSON said that a presentation would be made to the Council of IFAD’s Rural Poverty Report 2001: The Challenge of Ending Rural Poverty. The Report came at a highly appropriate time when the world was faced with the challenge of fulfilling the pledges made at the Millennium Summit. In that context IFAD’s mandate was as relevant as ever, making it essential for the Fund to continue to play its unique role in tackling rural poverty.

Mr AL-SULTAN (President of IFAD), introducing the Rural Poverty Report 2001, said the launching of the Report came at a time when the international community was reaffirming its commitment to global poverty reduction targets. The Report drew attention to the options available for halving global poverty by 2015, and he felt sure that it would make a valuable contribution to shaping the nature and form of that commitment. A video on the launching of the Report in New York by the Secretary-General of the United Nations would be screened, followed by a presentation of the highlights of the Report by the Vice-President.

A video on the launching of the Report by Mr Kofi Annan, Secretary-General of the United Nations, was screened.

In the course of the video, the Secretary-General said that the struggle to overcome poverty had been an overarching objective of the United Nations since its creation. World leaders attending the Millennium Summit had pledged to halve by 2015 the number of people living in extreme poverty, but meeting that goal would call for greater and more clearly focused efforts. Rural populations still formed the majority of the world’s poor and all scenarios for the future suggested that that would still be true thirty years from now. Poverty forced large numbers of people to migrate from rural areas to the cities. Therefore, if urban and rural poverty were to be dealt with in a sustainable way, rural people must be given better opportunities to make a living. It should be noted that a growing majority of the poor were women, who were responsible both for producing a large proportion of food crops and for ensuring that all members of the household had enough to eat. Yet in times of scarcity, it was usually women who had to go without. The Report outlined a range of areas where poor people could be given more power over their own lives and constituted a valuable contribution to efforts to reduce abject poverty and eradicate the shame and misery of such poverty from the face of the earth.

President Al-Sultan and his team were to be congratulated on the Report.

Mr WESTLEY (Vice-President of IFAD), presenting highlights of the Report, said that the world’s 1.2 billion poor people were living on less than one dollar a day. Three quarters of them were rural and, by the year 2035, more than half of them would still be living in rural areas. IFAD’s Rural Poverty Report 2001 was about poor rural people — their livelihoods, what kept them poor and what they could do to escape poverty. The poorest of the rural poor lived far from towns or cities and from schools and medical care, had few income-earning opportunities off the land and were often illiterate. They did not have enough to eat and were often sick. Poor farmers had small plots of land, often of poor quality, or insecure rights to property. They lacked water to grow crops and money to buy better seed and fertilizer. Women were frequently the principal earners in very poor households. Often they owned no land and had difficulty in obtaining credit. The incidence of child mortality was three to five times higher among the rural poor than for the non-poor. Between 1970 and 1990, many more people had escaped from poverty and hunger than ever before. To reduce poverty by half by 2015, people would need to escape from poverty three times faster than they did in the 1990s and six times faster in sub-Saharan Africa.
262. The Report focused on the assets, technology, markets and institutions which poor people needed and were the key factors to reducing poverty. Land ownership enabled farmers to invest in their land and raised resilience to shock, but the poor did not have enough money to buy land. Technology was important for using land productively. The rural poor could benefit most if they were empowered to decide which technologies to use and how to use them. Irrigation in combination with improved technology had induced huge rises in farm yields and thus smallholder and rural labourers’ incomes. Small-scale, farmer-managed irrigation schemes often provided the very poor with access to water for irrigation. Markets offered opportunities to the rural poor to buy and sell their products at competitive prices. Therefore, local markets and infrastructure should be developed so that the poor had access to markets on better terms. Lastly, institutions should be developed to help the poor; women, ethnic minorities and indigenous groups must have an effective voice in such institutions.

263. To ensure a healthy, educated life, free of hunger, for the rural poor was an enormous challenge. Donors, governments, NGOs and the private sector needed to work together for the poor, and with the poor, in order to give them a better future.

264. The CHAIRPERSON thanked the Vice-President for his presentation and asked him to convey the Council’s thanks to the staff who had been involved in preparing the Report. She hoped everyone would find time to read a work which was so relevant both to IFAD’s mandate and to all in governments, organizations and civil society who shared the desire to end rural poverty and hunger.

MEMBERSHIP OF THE EXECUTIVE BOARD (Agenda Item 13) (GC 24/L.11)

265. The CHAIRPERSON, introducing document GC 24/L.11, noted that, in accordance with the decision taken at the Twenty-Third Session, the United Kingdom and The Netherlands had alternated seats as at 1 January 2001, so that the United Kingdom was currently a member and The Netherlands an alternate member.

266. Pursuant to the same decision, the Council was invited to endorse the following agreements reached during the elections to the Executive Board by the Sub-List C2 Member States regarding exchanges of seats on the Board: Pakistan would replace Sri Lanka as alternate member to China for the remainder of the term of office and Bangladesh would replace the Republic of Korea as alternate member to India for 2001. Accordingly, with the endorsement of the Governing Council, Sub-List C2 would be represented on the Executive Board in 2001 as follows:

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<tr>
<th>Sub-List C2</th>
<th>Member</th>
<th>Alternate Member</th>
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<td></td>
<td>China</td>
<td>Pakistan</td>
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<td></td>
<td>India</td>
<td>Bangladesh</td>
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267. Regarding the composition of List B membership of the Executive Board, the composition elected in the year 2000 was unchanged and would therefore remain as elected until the end of the current term of office.

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

269. The elections were approved.

PROGRESS REPORT ON THE POPULAR COALITION TO ERADICATE HUNGER AND POVERTY (Agenda Item 15) (GC 24/L.13)

270. Mr MOORE (Coordinator, Popular Coalition to Eradicate Hunger and Poverty), after restating the vision and objective behind the establishment of the Popular Coalition, said that its value had been
confirmed in 2000 by heightened support, deepening impact and increasing activities in the field and at the international level. With IFAD’s support, the Popular Coalition had become an innovative force in building global understanding of the critical role of secure access to resources in the fight to achieve poverty reduction targets. As a result of its advocacy and education functions, governments, civil society and intergovernmental organizations were increasingly demanding information on best practices and knowledge on how civil society could assist in land policy formulation and in implementing community-based agrarian reform programmes.

271. During 2000, the Knowledge Network on Agrarian Reform (ARnet) had continued to grow and was due to expand into the Caribbean region in early 2001. The Popular Coalition was also considering requests for involvement in other parts of the world, which further confirmed that national governments were now devoting more attention to resource rights. Moreover, up to 15 new Community Empowerment Facility (CEF) projects would now be funded each year, including at least one with each of IFAD’s regional divisions, following the approval of the CEF Operating Framework and Guidelines in June 2000. A consultative group on land had been formed during World Bank Rural Week, to be coordinated by the Popular Coalition, with a view to undertaking country-level activities to improve bilateral and multilateral donor collaboration in improving access to assets. The Popular Coalition had also contributed to the Eighth Session of the Commission on Sustainable Development. It also provided support for the development of the land reform policy pursued by the International Federation of Agricultural Producers, bearing in mind that strengthening relationships with farmer organizations was essential to success. In that same vein, it had established relations with Via Campesina and was extending outreach to other associations of fisherfolk and rural people.

272. Given that a central goal of the Popular Coalition was to raise public awareness and bolster political will, it had employed a variety of awareness-raising initiatives in 2000, including production of the film entitled *The Land Poor* which had been screened during the present Session and which was available to governments for use as a monitoring and evaluation tool in their own countries. The Popular Coalition was also a model for the multilateral and civil-society community, in which connection it had given two keynote addresses at the first Asian Development Bank Forum on Poverty. More recently, it had convened a Conference in Nairobi involving its partners from Africa, Asia, Latin America and the Caribbean in order to review progress and establish a common vision for the next programme cycle.

273. Primarily, however, the value of the Popular Coalition should be measured by results, which, in 2000, included land literacy programmes, stronger associations of tribal women, support services to land reform beneficiaries and greater dialogue between communities and decision-makers on their resource rights. In conclusion, he reaffirmed the final message of the film *The Land Poor* that, for the poor, development meant opportunity, while for the rural poor, opportunity meant access to land.


PROGRESS REPORT ON THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION (Agenda Item 16) (GC 24/L.14)

275. Mr RYDEN (Managing Director, Global Mechanism) said that he would highlight the main conclusions of the fourth Conference of the Parties (COP) to UNCCD, which had taken place since the preparation of the progress report, and share the lessons learned by the Global Mechanism since it began operations. The fourth COP had demonstrated that there was now consensus among the developed country Parties and a growing recognition among the developing country Parties concerning the relevance and potential of the Global Mechanism as an innovative institutional mechanism aimed at fostering partnerships and promoting resource mobilization to combat land
degradation and poverty. He therefore anticipated that budget allocations to the Global Mechanism would be increased at the next Conference.

276. It was now widely agreed that, on the demand side, the UNCCD objectives should be mainstreamed into the development planning and budgetary processes of governments and, on the supply side, into the planning frameworks of development partners in order to ensure that the political commitments which governments made to UNCCD were translated into financing priorities, thereby increasing the likelihood of funding for UNCCD through regular ODA resources. As for such mainstreaming of the national action programmes (NAPs), closer operational collaboration with member institutions of the Facilitation Committee of the Global Mechanism would be needed in order to meet the challenge involved. It was also necessary to give due consideration to the enabling environment in developing the right conditions for mobilizing and channelling resources for the implementation of NAPs, while new and additional resources and opportunities for private sector partnerships required more systematic exploration.

277. At the fourth COP, several developing country Parties had called on the Global Environment Facility (GEF) to increase its financial support to UNCCD, without prejudice to the mandate and operations of the Global Mechanism and its potential contribution to UNCCD. In other words, the Global Mechanism and GEF should complement each other. To that end, the Global Mechanism had already begun work on a proposal as to how it could more systematically access GEF resources with a view to financing projects and programmes under both NAPs and subregional action programmes.

278. During 2000 the delegations of China, Nigeria and Tunisia had organized side events on their work with the Global Mechanism, which had itself organized a well-attended side event on the development of its database and information system.

279. In addition to the need for increased efforts to broaden understanding and support of the Global Mechanism, it was essential that regional and political organizations should become more active partners in its work. To that end, a concerted communications strategy and the development of programmatic relations with such organizations would be given high priority during 2001. He noted that the World Bank, Denmark, Norway and Sweden had now joined IFAD as contributors to the voluntary funds of the Global Mechanism. Switzerland was continuing its support and IFAD had undertaken to release its second instalment of USD 2.5 million to the Global Mechanism in recognition of the support provided by other donors. Lastly, he thanked President Al-Sultan and all other colleagues at IFAD for their ongoing support.


REPORT ON THE STATUS OF THE HEADQUARTERS AGREEMENT (Agenda Item 17)

281. Mr LAWSON (Assistant President, Management and Personnel Services Department) said that renovation work on the building adjacent to the present IFAD Headquarters was proceeding well and appeared to be on time, delivery of the renovated building being expected within a few months. Negotiations had already begun with the Italian authorities and the proprietor of the building to start renovation work on the current Headquarters premises as soon as IFAD took possession of the new building. It was hoped that the discussions on the additional renovation work would be concluded soon so that operations could proceed, allowing all IFAD staff and activities to be finally resettled in fully renovated office premises by early 2003. He expressed appreciation to the Italian authorities for their full cooperation on the matter.

282. The CHAIRPERSON expressed the Council’s appreciation for the progress made and said she took it that the Council wished to take note of the oral report given by Mr Lawson.
283. It was so agreed.

GENERAL STATEMENTS (Agenda Item 9) (continued)

284. Mr MBAWALA (Tanzania, United Republic of), after congratulating President Al-Sultan on his outstanding performance, said that his country, a beneficiary of IFAD projects, supported the focus and specific mandate of the Fund. The areas in which he wished to see a strengthening of activities included extensive support for microfinance and irrigation, and partnership with other development agencies.

285. At the national level and as a way forward, the United Republic of Tanzania had prepared the Tanzania Assistance Strategy initiative and the Poverty Reduction Strategy Paper, addressing the main constraints of the agriculture sector, namely poor rural infrastructure, limiting farmers’ access to markets for inputs and products; low investment, with only 6.5 million hectares out of 43 million hectares suitable for agricultural production under cultivation; limited capital and access to financial services; inadequate support services; poor transfer of knowledge; decline in the use of improved seed, fertilizers and agrochemicals; volatile international markets; inadequate irrigation; and the spread of HIV/AIDS.

286. He noted with concern the decline in the budget of IFAD for 2001 and urged Member States to honour their financial commitments to the Fund so that growing demands could be met. Lastly, he assured the Council of his country’s continued support for the international community’s poverty alleviation efforts.

287. Mr Alvarado Downing (Honduras) took the Chair.

288. Ms AMEGLIO (Panama), after thanking Mr Al-Sultan for his achievements as President of the Fund and welcoming Iceland to membership, expressed her country’s continued support for IFAD. The Fund had the responsibility and the necessary experience, and should build upon the knowledge acquired since its inception to contribute effectively to alleviating the structural and transient poverty that continued to affect millions of people in the world. The paradoxical situation in which chronic hunger and malnutrition prevailed while unprecedentedly high food production and technology levels had been attained was no longer tolerable. The forthcoming November FAO Conference, five years after the World Food Summit, should afford an opportunity to muster the necessary political will and resources to meet the target of halving the number of poor people in the world by the year 2015. IFAD was an essential link in the chain for attaining that objective. No nation was exempt from the scourge of hunger and malnutrition. In that connection, she expressed deep sympathy with the people of El Salvador and India in their hour of need and urged the international community to continue to mobilize aid on their behalf.

289. IFAD’s zero growth budget, which seemed to be a constant among food and agricultural organizations, was a regrettable constraint considering the Fund’s potential. On the question of resources, she urged those who had not yet done so to meet commitments outstanding on past replenishment exercises and to contribute to the Fifth Replenishment.

290. In recent years the Latin American and Caribbean countries had witnessed a series of economic difficulties and natural disasters that had further aggravated their structural problems and led to an increase in extreme poverty. Their efforts to overcome those difficulties therefore called for international support, channelled through organizations such as IFAD. That being said, the major social and economic imbalances and unfair distribution of wealth were global structural phenomena and were not confined to the countries of the region.
Mr RAVELOARIJAONA (Madagascar), paying tribute to the outgoing President for his accomplishments, outlined the constraints on agriculture and food production in his country, which the Government was endeavouring to overcome through specific policies and a plan of action for rural development. IFAD had participated in financing nine development projects in his country amounting to some SDR 59 million, and he looked forward to increased cooperation with the Fund in the years to come.

Madagascar welcomed the recommendations contained in the Report of the Consultation and, true to its tradition of solidarity towards developing countries, had announced its modest contribution of USD 80 000 to the Fifth Replenishment. He hoped that all Member States would likewise renew their commitments as soon as possible. He approved the two draft resolutions concerning the Programme of Work and Budget of IFAD for 2001. IFAD was to be commended for its participation in the Debt Initiative and for its proposal for debt relief involving the incorporation of arrears. With regard to combating desertification, he noted with satisfaction the Progress Report on the Global Mechanism. Madagascar welcomed the United Nations Millennium Declaration and looked forward to the five-year review of the World Food Summit at the November FAO Conference, and hoped that IFAD would take an active part in those initiatives.

Mr DORJI (Bhutan), after acknowledging Mr Al-Sultan’s outstanding contribution during his term of office, said that the likelihood that the goal of halving the number of extreme poor by 2015 would not be met required all concerned to redouble their efforts and join forces in combating poverty and hunger. Bhutan was deeply satisfied with its cooperation with IFAD in implementing rural development projects, which had brought immense benefits to a large proportion of its rural population. Success had been due to a shared vision of sustainable development and commitment to the poor and weak, and he hoped that that collaboration would continue to grow in the future.

A new development in Bhutan’s forthcoming ninth Five-Year Plan, in line with the policy of decentralization, was the introduction of block-level plans primarily formulated by the local communities. Experience with local development schemes under a programme currently being implemented with IFAD support was proving most useful and relevant.

Noting with interest the Report of the Consultation, he said that lack of rural access had emerged as the single largest obstacle to economic development and poverty alleviation in his country and pointed to the need for infrastructure building in rural areas. He therefore invited IFAD to assist Bhutan in the area of rural infrastructure development in the future.

Mr NASANJARGAL (Mongolia) said that agricultural production in Mongolia accounted for 30% of GDP and that the livestock sector produced 90% of total agricultural commodities. In the initial period of transition from a centrally planned economy to a market economy, the livestock population had been privatized and had increased. In the previous two years, however, unprecedentedly adverse weather conditions had caused the loss of millions of animals and seriously damaged the country’s economy. Over 83% of herding families lived below the minimum subsistence level, and 68% of all households had been affected by blizzards. The Government and the United Nations had launched a joint appeal for assistance, and he wished to thank those who had pledged their help. The Government had introduced a national programme to improve livestock production and reduce risks.

Crop production had declined dramatically since the transition to a market economy, in response to which the Government had taken a number of measures aimed at introducing new technology and improving seed quality and production management in the next two years. The IFAD-financed Arhangai Rural Poverty Alleviation Project had been implemented successfully in two provinces and constituted a substantial contribution to the implementation of the new
poverty-alleviation programme. His Government sought further IFAD support for the implementation of its agriculture sector policy and objectives.

298. Mr STATI (Romania), after commending the remarkable work done by President Al-Sultan, said that, thanks to its twofold mission of mobilizing resources and financing development projects in the poorest rural areas, IFAD had become an important member of the United Nations family. Romania wished to reaffirm its full support of the Fund and endorsed the Programme of Work and Budget for 2001. He was pleased to see that IFAD was continuing its efforts to alleviate the poverty facing most developing countries and certain countries in transition, including his own.

299. The Romanian agricultural sector was in a process of transition towards a market economy. Agriculture was considered to be a national strategic priority for the sustainable development of the country, but it was facing a deep structural, technical and financial crisis aggravated by natural disasters and drought. As a result, the population would have to contend with shortages of cereals and sharp price increases in the coming months.

300. The new Romanian Government intended to launch a comprehensive programme for the rehabilitation and reform of the agricultural sector, involving substantial investment to take advantage of the country’s agricultural potential. It was to be hoped that the IFIs and public and private sector foreign investors would seize the opportunity thus offered. In that context, an encouraging development had been the launching of the first IFAD-funded project in Romania. His Government was convinced that the project, which concerned sustainable agricultural development in a mountainous area, would serve as a model for other programmes targeted on poverty-stricken regions. He looked forward with confidence to even closer cooperation between Romania and IFAD in the future.

301. Mr HADID (Jordan), after expressing his appreciation to President Al-Sultan for the achievements during his eight years in office, said that they hoped for a new President who would add to the success stories IFAD has already had in the field of agricultural development.

302. Scarcity of water and arable land challenged both peoples and governments in the Near East. Poverty and high rates of unemployment in rural areas led to increased migration to urban areas. IFAD’s experience in the field of development was as fundamental as its financing of projects. All of Jordan’s efforts in adopting a market economy further challenged development in rural and desert areas, where the benefits of such an economy and globalization are not realized. Indeed, it was feared that these would further widen the gap between rich and poor. They looked to organizations such as IFAD not only to alleviate poverty and decrease unemployment but also to help create a rural middle class that would not need to migrate to the already overpopulated cities.

303. They also looked to IFAD to help solve the problems resulting from globalization and strong market economies – the threatened middle class in developing countries and the social and political stability of these countries. The solution to these problems should be part of IFAD’s future development plans. In closing, he wondered why international society allowed the disturbance of stability in the Middle East and the interruption of development activities in the region.

304. Mr SCHUERCH (United States), after paying tribute to President Al-Sultan’s dedication and commitment over the past eight years, said that United States support for IFAD had continued unabated since its inception. His Government was firmly convinced of the need to address rural poverty and agricultural development, for which IFAD had valuable assets, including the shared commitment of its Member States. There was a need for rededication to the Fund’s original goals. Over the last fifteen years, both donor and recipient governments and multilateral organizations had placed insufficient priority and declining resources on the agricultural sector. Too few had followed Egypt’s example, so it was gratifying to note the World Bank’s recent commitment to doubling the
resources available for agricultural development if the developing countries themselves endorsed that priority area. However, the effort needed to halve poverty and food insecurity by 2015 should not be underestimated, nor should it be forgotten that the World Bank Wapenhaus report judged agricultural projects the least successful. In that context, IFAD was uniquely placed to overcome development problems.

305. His Government welcomed the agreement on the Fifth Replenishment, which would be a good starting point for refocusing efforts on agricultural development and rural poverty. IFAD’s commitment to performance-based allocation of resources in order to maximize results was crucial and its commitment to the Debt Initiative was an important contribution to development in the poorest countries. With regard to the Plan of Action, he looked forward to reviewing COSOPs and lending which took enabling environment criteria into account, and believed that the primary themes in the Rural Poverty Report 2001 might be useful in implementing poverty reduction strategies. The Fund could leverage more resources by confinancing and should measure the impact of its innovation and catalytic effect. Finally, more effective use should be made of scarce donor resources in the agriculture and rural sectors.

306. Mr LUTUCUTA (Angola), congratulating President Al-Sultan on his outstanding work at the helm of IFAD over the last eight years, recalled that the Fund had implemented a number of projects in Angola and noted that further areas had been identified where financing would help to improve the plight of poor rural people. His country’s rural development policy focused on self-sufficiency and food security as well as efforts to promote poor rural communities and step up food production. Priority was being given to the development of small-scale fisheries to provide both food and employment. His Government was in the process of preparing a poverty reduction strategy and hoped for the support of IFAD and its Member States in implementing it.

307. It was essential to provide IFAD with the resources it needed to carry out its tasks effectively and he therefore congratulated those Member States which had already announced their pledges to the Fifth Replenishment. As a member of the Executive Board, Angola had taken part in the debates on the various agenda items before the Council and noted with concern that the number of projects had been reduced and the loan programme cut. He hoped that more projects would be implemented if additional resources became available. He approved the Programme of Work and Budget for 2001, PDFF, the Audited Financial Statements and the Auditor’s Report, and welcomed Iceland to membership.

308. Mr AIT KADI (Morocco), after expressing his appreciation to President Al-Sultan for the achievements of his term of office, welcomed the rapid completion of the Fifth Replenishment, which was an indication of the reliance placed in the Fund by its Member States. Nevertheless, greater effort and coordination were needed to satisfy the growing requirements of rural development and the fight against hunger and poverty. In that connection, he commended the work of the Popular Coalition and the technical support provided by the Global Mechanism of UNCCD to countries suffering from the effects of desertification and hoped that the Fund would continue to offer its support to those activities. In that context, Morocco was working with FAO to implement food security programmes in a number of African countries and had also helped to promote the Sahara and Sahel Observatory (OSS) to the status of an international organization. He hoped that OSS, whose executive board was currently chaired by Morocco, would receive international support with a view to furthering the achievement of its objectives of combating desertification in the Sahara and the Sahel and coordinating efforts with other regional and international organizations.

309. Given the considerable importance which Morocco attached to rural advancement, one of its main priorities was to raise rural living standards, to which end it had formulated an integrated strategy, extending to the year 2020, to develop the rural sector by creating an environment conducive to economic growth and social prosperity. His country greatly appreciated the help which IFAD had
provided to implement that strategy through a series of innovative development projects, particularly in remoter areas, the aim being to increase productivity, preserve natural resources and improve rural living conditions. The Global Mechanism hosted by the Fund had also been helpful in efforts to combat desertification. In addition to its effective funding and implementation of development projects, however, he felt that IFAD should become more involved in the reform and development of polices, institutions and mechanisms in the interests of sustainable development.

Mr HORCHANI (Tunisia), after expressing his gratitude to Mr Al-Sultan for his efforts during his eight years as President of IFAD, said that his country greatly appreciated the loans received from the Fund since the early 1980s for eight rural development projects which had significantly developed and protected natural resources, improved living standards and boosted the economy in the target areas, where poverty had now fallen by 6%. He hoped that the Fund would support the initiative of the President of Tunisia in calling for the establishment of an international solidarity fund, which had already been endorsed by a number of States and international organizations, including the United Nations. Since 1987, a variety of development and solidarity projects aimed at creating food security and alleviating poverty had been successfully implemented in Tunisia with the help of loans extended to small producers by national institutions.

In view of its resources, its capabilities and its experience, IFAD undoubtedly had the capacity to achieve its objectives. He commended the practical steps taken within the framework of the Fifth Replenishment and looked forward to increased efforts and coordination between the Fund and the relevant international, regional and national institutions, as well as to greater bilateral cooperation. After endorsing the priority given by IFAD to the African countries south of the Sahara experiencing desertification and drought, he reiterated his appreciation of the cooperation between his country and the Fund and hoped that it would be further extended for the greater benefit of the poorest.

Mr HOEHN (Observer for Bread for the World), speaking at the invitation of the Chairperson on behalf of the NGOs, said that his organization was not involved in relief and development work but was an advocacy group which lobbied the United States Government and International Financial Institutions (IFIs) to pursue policies that helped hungry and poor people. A member of the Popular Coalition, it had recently had one of its annual reports published as a book entitled *A Programme to End Hunger*, which argued that governments must do their part alongside humanitarian aid organizations. In addition to setting out the costs involved, the book advocated livelihood policies, social investment strategies and empowerment strategies, pointing out that for the first time in human history, the world had the knowledge and the resources to end widespread hunger and abject poverty. The claim that funds were scarce was untrue; it was simply a question of priorities and political will. As a result of the hope and media interest generated in the United States by that realization, an alliance to end hunger by 2015 was now starting to coalesce. A further report shortly due for publication, entitled *Foreign Aid to End Hunger*, contained a proposal that the United States Government should appropriate an additional USD 1 billion in poverty-focused aid for Africa, to which end Bread for the World would mobilize thousands of people to lobby the United States Congress.

As an advocate, he wished to challenge the industrial and rich countries to continue their programme of poverty-focused debt relief to HIPCs and to seek additional foreign assistance funds as well as funds for IFAD, which listened to poor people and responded with strategies that worked. He also issued a challenge to the developing countries to use their debt relief funds effectively for poverty and gender-focused policies and to support citizen participation, participatory processes and the emergence of NGOs as mediating institutions between people and governments. Empowerment was the key to ensuring that people were able to make the best use of the assets provided to them by global institutions.
314. **Mr ABDUL LATIF** (Bangladesh), after restating his country’s well-known commitment to IFAD and its activities, said that the Fund fulfilled a unique role in addressing the problems of rural poverty. Its assistance and contribution to development projects in developing countries such as his own had been remarkably successful in improving the quality of life of marginalized farmers and the landless. Bangladesh had benefited immensely from IFAD resources and he strongly believed that its cooperation with IFAD to alleviate poverty would expand and deepen in the coming years. He expressed his appreciation to the outgoing President for his dynamic leadership, commitment and resourcefulness and shared his concerns over how to integrate the rural poor, especially women, into the mainstream of rural development.

315. The suffering of the rural poor in Bangladesh had been exacerbated by the devastating flood which had occurred in late 2000. Owing to the relentless efforts of the Government and the swift response of the international donor community, however, no deaths from starvation had been reported among the three million inhabitants affected. Despite the considerable progress achieved in reducing poverty in Bangladesh, significant challenges still lay ahead. The provision of microcredit, in which his country’s experience had been acclaimed throughout the world, was a most effective means of radically transforming the lives of the village poor. He therefore hoped that IFAD would expand its microcredit programmes in Bangladesh. Given the agricultural decline in the developing countries, IFAD should give consideration in its projects to the option of diversifying and intensifying cropping systems with high-value crops and harnessing their full yield potential, as well as to developing a portfolio of long-term projects for countries such as his own.

316. **Mr BULANE** (Lesotho), congratulating the outgoing President for his performance during his term of office, commended IFAD on its proposals for implementing the Plan of Action and for rationalizing project expenditures through the reallocation of resources to PDFF. The progress report on PRP was encouraging; indeed, the re-engineering exercise, resulting in a net reduction in administrative costs, was a good example to developing countries of how to streamline project development and implementation.

317. Relative poverty levels in Lesotho were high, and his Government, together with NGOs and all other stakeholders, was formulating a long-term developmental vision and undertaking political and economic reforms associated with poverty-focused policies in order to make up for the shortcomings of previous reform efforts. It was likewise committed to land policy reform in support of sustainable agriculture, rural development and investment promotion. Its efforts were, however, severely hampered by the ongoing drought and the projected crop-failure crisis. Lesotho supported IFAD’s efforts and was very much in favour of strengthening its lending programme.

318. **Mr RI** (D.P.R. Korea) said that cooperation between his country and IFAD was continuing to develop, with sericulture and livestock projects now at the final stage of implementation and a new agreement signed for the Uplands Food Security Project. IFAD’s support was an encouragement to the people in their struggle to overcome the after-effects of successive natural disasters. He thanked international organizations, including IFAD, and governments for their assistance. Credit for successful IFAD activities was largely due to the skilful leadership of Mr Al-Sultan, to whom he expressed his delegation’s appreciation.

319. His Government was concentrating on the development of agriculture as a means of solving the food problem. General Kim Jong II was himself spearheading the struggle to increase agricultural production by carrying out inspection tours and discussing issues with farmers. With the limited available arable land, priority was being given to seed improvement, double cropping, etiological research and expansion of potato production. Emphasis was being placed on improved land use, waterway projects, reforestation and water supply so as to create an enabling environment for farming. Diversified agricultural development was the basis for the expansion of sericulture in suitable areas and efforts were being made to develop grass-fed livestock raising.
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

320. Convinced that the reduction of rural poverty was paramount in the new century, he considered the Programme of Work and Budget of IFAD for 2001 to be consistent with the Fund’s objectives and Member States’ demands, and stressed the need for greater efficiency. In order to secure the sound financial base that would enable IFAD to further strengthen its activities, it was imperative to attain the targets of the Fifth Replenishment. Despite the serious financial situation of his country, his Government had contributed to the Fourth Replenishment and would likewise play its part in the Fifth Replenishment. It would strive to implement the loan projects in accordance with its agreements with IFAD in order to achieve national food security.

321. Mr PRAKASH GUPTA (Nepal), extending congratulations to Mr Al-Sultan for his endeavours over the previous eight years, said that it was appropriate today to reiterate IFAD’s call to redouble international efforts to achieve the goal of eradicating poverty and hunger, at a time when ODA targets remained unfulfilled and the asymmetry between the distribution of population and production continued to be a matter of great concern, especially for Asia and sub-Saharan Africa.

322. In Nepal, the upland areas made up the major part of the country and were the traditional homelands of the poor. The population-carrying capacity of those areas had been rapidly dwindling and the sustainability of terrace agriculture had been under constant threat. As a result, population pressure had been shifting rapidly to the confined fertile lands of the southern plains. The challenge facing the Government was to counteract that process by promoting sustainable livelihoods in the uplands. It was looking forward to cooperation with IFAD to that effect and was encouraged by the Fund’s recent emphasis on upland area development.

323. IFAD had been a valuable partner for over two decades in Nepal’s efforts to alleviate rural poverty. It was time now to take advantage of that experience by charting new areas for cooperation. Nepal was eager to adopt policies and measures that had potential not only to spur growth in agriculture but also to make that growth pro-poor. It was increasingly focusing on rural development through decentralization and beneficiary participation and was seeking cooperation in order to strengthen local institutions as development agents. It looked forward to engaging in effective partnership with IFAD and other donors in that endeavour by carving out an institutional framework that would provide an effective mechanism for mobilizing funds for poverty alleviation programmes. Nepal fully endorsed the Programme of Work and Budget of IFAD for 2001.

324. Mr ACEVEDO CARRERA (Mexico) said that the determined and active role played by Mexico in IFAD reflected its belief in the importance of multilateral action in helping countries to overcome poverty. Mexico was particularly grateful to the outgoing President for his support and was pleased to welcome Iceland to membership. He endorsed the statement made by the representative of Venezuela on behalf of GRULAC, associating himself particularly with the remarks on the tragedy in El Salvador. Commenting on the role of IFAD, he said that the first challenge facing the Fund was to implement PRP. A matter for consideration in the future was cutting the costs of project supervision so as to release funds for a greater number of productive projects. The Fund should continue to look into the implications of using non-donor resources and should move cautiously towards the first authorizations to be given in that respect.

325. In the past, the countries of the region had not received due attention in United Nations programmes and funds, despite their pressing needs; nor were they adequately represented within those institutions, including IFAD. The Fund was today in a position to reassess its relations with the region. Recent studies showed alarming rates of malnutrition among rural people and constant poverty and extreme poverty levels. Moves at the previous session of the Executive Board to reduce the number of projects financed by the Fund were therefore a matter of concern. Such a trend was unacceptable and should be reversed. Mexico hoped to see an expansion of projects for the region which would serve as a catalyst for national measures to promote rural development. His Government
had just taken a very important initiative in launching a programme to support 250 microregions through job creation and the promotion of productivity in rural areas, catering for 5.5 million extremely disadvantaged rural dwellers, 62% of whom were indigenous Mexicans. He hoped that IFAD could contribute its experience and resources to that endeavour.

326. **Ms FEJI** (Ethiopia) expressed her appreciation to the outgoing President for his untiring efforts to serve the rural poor and welcomed Iceland to membership. Noting that the target of the World Food Summit was still far from being achieved, she stressed the need for meaningful bilateral and multilateral assistance to poor developing countries. It was essential to seek a lasting solution to the issue of the Fund’s resources. In that context, Ethiopia continued to honour its obligations and encouraged others to do likewise. Global efforts to eliminate hunger and reduce poverty must be coordinated and must fit into national development plans. At the same time, it was important to ensure that funds allocated for a specific purpose should not be redirected into other areas. Globalization, as she saw it, should be replaced by localization, developing capabilities in poor countries that would enable them to harvest the benefits of the system. Globalization emanating from developed economies must complement and not compete with developing economies. She hoped that the enhanced Debt Initiative would be implemented immediately in many indebted countries, including her own. The criteria for qualification should be simple and flexible; unforeseen factors hampering its effectiveness should be taken into account and the mechanism should not be indefinitely postponed on minor issues.

327. IFAD’s strategic thrust based on issues of regional significance was a step in the right direction. Ethiopia appreciated the attention given to the degradation of the environment in Eastern Africa and supported the Global Mechanism, which needed adequate resources to operate effectively. She particularly appreciated IFAD’s role in identifying appropriate policy and institutional constraints and its assistance in capacity-building, investment identification and resource mobilization. She fully agreed with the future strategic subregional approach and welcomed the Fund’s assistance to Ethiopia in the areas of research on food security and the development of rural microfinancing. However, more support should be given to small-scale irrigation. Ethiopia needed assistance in the use of its abundant water resources to combat drought and famine, and urged the international community to shift its support from relief to development. With reference to Eastern Africa’s vulnerability to natural disasters, she believed that the initiative of the United Nations Secretary-General in addressing long-term food security, agricultural development and related aspects fell within the mandate of IFAD, which should act in synergy with the other Rome-based agencies. After endorsing the Programme of Work and Budget of IFAD for 2001, she emphasized the need for a beneficiary-driven programme of work and strategic plan, accompanied by adequate and sustainable resources.

328. **Mr NGULUBE** (Zambia), after thanking the outgoing President for his excellent work, said that widespread and worsening poverty in Zambia currently affected 70% of the population, as incomes continued to decline and productive assets dwindled. IFAD’s welcome support for the development and modernization of the agricultural sector in Zambia had continued, complementing government efforts. Among its contributions was support for the agricultural sector investment programme, the main instrument for developing the smallholder sector affected by food insecurity and low incomes, in line with the national poverty reduction strategy.

329. His country appreciated IFAD’s decision to participate in the Debt Initiative, for which Zambia had qualified. Resources made available from the Initiative were expected to help the poverty reduction effort. Among the major impacts of IFAD-funded projects in Zambia were an increase in smallholder production and income generation, the opening up of previously inaccessible areas, the involvement of women and improvement of their status, progress in the development of skills in governance, collaboration with NGOs conducive to a more cost-effective extension service, improved rural water supply, seed multiplication, a flexible response to unforeseen emergencies and the
construction of community facilities. Credit was due to IFAD for promoting participatory approaches in agriculture, and Zambia looked forward to continued cooperation with the Fund in the future.

330. **Mr AL-WAQAYAN** (Kuwait) said that, in view of the limited time available, he would submit his written statement to the Secretariat. Meanwhile, he took the opportunity to thank the outgoing President of IFAD for his excellent work and to wish his successor well.

331. **Mr FANOURAKIS** (Swaziland), after extending his appreciation to the outgoing President for his outstanding leadership over the past eight years, said that the Fund was currently engaged in discussions with his Government with a view to financing the country’s largest investment yet in the agricultural sector. He emphasized, however, that the poverty alleviation projects in question, which focused on two major dams, had not compromised the attention devoted to smallholders in other parts of the country, where an agricultural project to improve food production was currently under way.

332. The role and functions of organizations such as IFAD were ever growing in the face of the many challenges which still lay ahead in the battle against poverty, thus calling for the involvement of other stakeholders. In that respect, he regarded cooperation with NGOs and the private sector as “value added” and indicated that his Government’s own poverty reduction initiatives were now bearing fruit. Swaziland had already paid its first instalment towards the Fifth Replenishment and approved the Audited Financial Statements and the Programme of Work and Budget of IFAD for 2001. He stressed that some themes merited special attention, particularly those with a positive bias towards Africa. In that context, he reiterated Swaziland’s commitment to continue contributing to the full extent of its possibilities to the implementation of the recommendations of the World Food Summit.

333. **Mr AMIN** (Somalia) expressed his appreciation to the donor community, United Nations agencies and international NGOs for the humanitarian assistance which they had provided during the last ten years of civil war in Somalia. For his country, the current Session was a historic occasion, since it was the first meeting in which Somalia had participated as a Member State for the past decade, having been without a central government throughout that period.

334. Agriculture constituted the backbone of his country, with the bulk of the population depending on it for their livelihood. Nevertheless, agriculture had been badly affected by the civil war, with the result that production had fallen by over 80%. Committed to helping the rural poor, the new Somali Government was implementing a policy of eliminating all forms of government intervention in the agricultural sector, which was instead to be governed by market forces. The role of the State was therefore confined to conducting agricultural research, providing extension services and developing and implementing agricultural polices and legislation. IFAD had helped to fund a variety of agricultural development projects both before and during the civil war, which had so devastated the country that its full rehabilitation and reconstruction, particularly in the agricultural sector, could not be achieved without the optimum help and support of the international community, which he now humbly requested on behalf of his people and Government.

335. **Ms Lintonen** (Finland) resumed the Chair.

**APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5(b)) (continued)**
(GC 24/L.2; GC 24/INF.5)

336. The **CHAIRPERSON** invited the Council to resume consideration of Agenda Item 5(b) and called upon the List Convenors to take the floor.

337. **Mr DEVLIN** (Canada), speaking as Co-Convenor of List A, said that despite strenuous efforts to come to a rapid and harmonious conclusion on the matter, it had not yet been possible to reach full
agreement, although an understanding had seemed close. While it would have been preferable to agree on one of the candidates and elect him by acclamation, under present circumstances it might prove necessary to ask for another vote. In so doing, List A asked that Rule 41.2 of the Rules of Procedure of the Governing Council, and the interpretation of it given by the Acting General Counsel, be maintained. The Governing Council was, of course, sovereign, but it was also responsible and needed to take very clear decisions in the best interests of the institution. Accordingly, there was no reason to draw out a painful process any further on technical points. Rather, the Council should try to take a decision. The electoral system had been established to make it possible to elect a President by eliminating candidates as the balloting proceeded. The two votes taken so far indicated a very clear trend in favour of one candidate and it was necessary, as well as desirable, that the Governing Council should support a leader who could bring people together.

338. It was going to be a difficult task because some questions had been left pending, but all were called upon to make a decision based on the common interest of having an institution that operated well, both now and in the future. As the representative of List A, he stated that its members supported the principle of establishing a partnership between all three groups — a partnership that was necessary for the well-being and future of IFAD.

339. The situation was a delicate one because certain requirements raised during the eleventh-hour discussions were problematic. While sympathizing with some of those requests, which dealt primarily with structural questions and posts within the organization, List A could not commit itself at the present time to any of them. It had unanimously tried to keep an open mind and recognized that, in a situation where a President-elect came from List A, he would certainly not try to surround himself with executive staff and management coming solely from his own List. Members of List A were open to proposals for change that might be made by the President-elect and to the principle of adequate and equitable representation of all Lists. Many of those questions had been discussed with Mr Båge, who considered it necessary to review the balance of the upper management structures so as to ensure equity between the Lists. Mr Båge also believed that any changes should be made in a clear and transparent manner, based on the principle of merit, and would be ready, if the Council so wished, to repeat those commitments.

340. He concluded with an appeal for solidarity among all Members of the Governing Council at a crucial moment in the history of IFAD. If an agreement on the leadership could not be reached, those who would suffer most would be those for whom the Fund had been created.

341. Mr LOMBIN (Nigeria), speaking as Convenor of List B, said that despite many unknowns in the equation, the end was now in sight. A considerable effort had been made to achieve harmony and although full agreement had not yet been reached, there was a degree of consensus on some issues. He recalled that, until the present time, there had been a gentleman’s agreement that the President was to come from a particular group. To all intents and purposes, that agreement had now been jettisoned, making it essential to revisit the geometry of the top management. In that connection, List B’s position was perfectly simple: it could not envisage a situation in which both the President and Vice-President of IFAD came from the same List. Such a situation would be contrary to the principles of equity and fairness.

342. List B had hoped for some commitment with respect to the top management, but the members of the Group of 77 were not confident that a new management would take all due cognizance of their worries and concerns. Since he was reluctant to ask for another vote, he appealed to the Chairperson to seek some way of persuading the members of List A to come to terms with List B’s request.

343. Mr FERNÁNDEZ (Argentina), speaking as Convenor of List C, said he did not believe that the present situation warranted concern over the future prospects of IFAD’s beneficiaries. That would be a poor message to send out, implying that the Fund had been unable to establish a structure, an
administration and a secretariat capable of accomplishing the Fund’s objectives. What Lists B and C were requesting was a response to an emerging policy issue, and there was no reason to believe, as the representative of Canada had clearly stated, that a future President would feel that his hands had been tied as a result. List C wished to restate its commitment to working in partnership with the other Lists. Whichever candidate was ultimately chosen, the new leadership would have the support of all Members because they all had a common objective.

344. The commitment that was being requested was not some new form of gentleman’s agreement, but merely a way of maintaining a balance in the management of the Fund. It would be advisable to continue the consultations for that purpose, but if no time was available, List C was in favour of applying the existing Rules of Procedure relating to voting, as it had already stated, namely by allowing both candidates to participate in the ballot.

TRANSITION IN THE OFFICE OF THE PRESIDENT OF IFAD (Agenda Item 5(a)) (continued) (GC 24/L.15)

345. The CHAIRPERSON said that, after consultations, a proposed amendment to the draft resolution contained in document GC 24/L.15 had been submitted and was now before the Governing Council for consideration.

346. Mr CODRAI (Acting General Counsel) read out the proposal, which concerned the operative paragraphs. Paragraph (a)(i) and (ii) would remain unchanged, paragraph (b) would be deleted in its entirety and paragraph (c), which would become paragraph (b), would be amended to read: “This Resolution shall enter into effect on the date of its adoption”.

347. The CHAIRPERSON asked whether the proposal was acceptable to all the Lists.

348. Mr FERNÁNDEZ (Argentina) said that, to be honest, he had not been in favour of rewording the text of the draft resolution. A great deal of work had gone into producing an acceptable draft incorporating an amendment to the Agreement Establishing IFAD so that the issue of the transition period would be clarified once and for all and would not be open to question each time a new President was elected. The relevant section of the Agreement Establishing IFAD, as it now stood, was ambiguous, referring as it did to undefined “special circumstances”. The idea had been that there should be a clear rule similar to that existing in other agencies. The draft resolution in document GC 24/L.15 had been proposed after consultations with members of the Sub-Lists and his preference was to retain it, although of course the Council was sovereign in its decision on the matter.

349. Mr GERBASI (Venezuela) said he regretted the statement made by the Convenor of List C, which was contrary to his own understanding of the compromise to have emerged from consultations held in the previous 24 hours, which his delegation had been ready to accept. Should the Convenor of List C insist on the original text of the draft resolution, he would remind the Council that he had proposed a vote on that text and would stand by that proposal, which took precedence.

350. Mr BERTELING (Netherlands) said that List A preferred the original draft resolution, but could accept the proposed amendment if it represented the majority view.

351. Mr LOMBIN (Nigeria) said that he had participated very actively in drafting the original resolution contained in document GC 24/L.15. The two main considerations informing Nigeria’s support for amending the Agreement Establishing IFAD had been to avoid reopening the question of the transition period at every election and to institute a clear principle to guide operations in the future rather than leaving the wide latitude of up to six months as currently provided for, which could lead to differential treatment being given to different Presidents. Moreover, from a purely practical and logistical point of view, a period of transition would be required for all outgoing and incoming
Presidents. That being said, he would, however, go along with a consensus to delete paragraph (b) if the Council considered it too burdensome to amend the Agreement.

352. **Mr PRIEN** (Secretary of IFAD) said that some explanation might help the Council to reach a compromise. The ideal would be to include paragraph (b) as the length of the transition period would then be written into the Agreement Establishing IFAD, providing clear guidance for the future. It was on that premise that the Convenors had worked. However, even if paragraph (b) were deleted as proposed, paragraph (a), which was unchanged, would in effect serve the same purpose. The present incumbent would continue in office until 31 March and by implication the new President would take office on 1 April. Given the normal four-year term of office, the new President’s term of office would expire exactly four years from 1 April with the transition period built in, and in successive terms of office there would always be a *de facto* built-in transition period, assuming that the Governing Council continued in general to meet in February. Although the Convenors had been in favour of institutionalizing the transitional period by amending the Agreement Establishing IFAD, the mechanism provided for in the first part of the draft resolution would to some extent have the same impact. In the light of that explanation and the flexible positions of the Convenors of Lists A and B, he wondered whether the Convenor of List C might not be willing to accept the proposed amendment.

353. **Mr FERNÁNDEZ** (Argentina) said that he had stated his preference and the reasons for it, which he had also understood to be the consensus view. He remained concerned about the wording of the relevant section in the Agreement Establishing IFAD and about relying on a *de facto* situation, but if the Convenors of Lists A and B had no problem with the proposed amendment and that was the majority view, he would let the matter rest.

354. **Mr DIOUF** (Senegal) said he wished to dispel any misapprehension that the Convenor of List C might have failed in the task with which he had been entrusted. The negotiations had been carried out according to all due processes and procedures and indeed had appeared to result in agreement on the draft resolution originally proposed, since it removed all ambiguity from the basic text. He would not object to reopening the issue at each election rather than establishing a hard-and-fast rule, if that was the majority view, but he did wish to pay tribute to the Convenor of List C for the work he had done.

355. **The CHAIRPERSON** said she took it that the Council wished to adopt the draft resolution contained in document GC 24/L.15, as amended.

356. **Resolution 125/XXIV on Transition in the Office of the President of IFAD was adopted.**

357. **The meeting was suspended at 19.20 hours and resumed at 20.55 hours.**

**APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5 (b)) (continued)**

358. **The CHAIRPERSON** invited Mr. Båge to present his statement of intent.

359. **Mr BÅGE** (Sweden) said that he would try to be very clear on the issue of the balance in the top management — “equitable geographical distribution” as it was known in the Agreement Establishing IFAD. If he were to be elected President, the balance of the senior management, namely the President, the Vice-President and the three Assistant Presidents, would be unacceptable in terms of distribution among the Lists, since there would be four staff members from List A and one from List C. He committed himself to improving that balance. More specifically, there was a history in the institution of a President from List B and a Vice-President from List A. If elected, he had the intention of reviewing the issue of the Vice-Presidency in order to maintain a balance. He also intended to review the structure of top management.
Mr ZIARAN (Iran) said that, in view of the extreme sensitivity of the question of equitable geographical distribution, particularly in regard to the senior managerial posts in IFAD, the statement made by Mr. Båge should be circulated in writing for the consideration of delegations.

The CHAIRPERSON said that an English text of the statement would be prepared. As soon as it was ready, she would read it aloud so that it could be interpreted into the different languages.

The meeting was suspended at 21.45 hours and resumed at 22.10 hours.

The CHAIRPERSON read out the following text:

“In order to attain consensus and maintain strong partnership among IFAD Member States, I wish to make this statement in response to concerns raised over the past two days.

In the event of my appointment as President of IFAD, the List representation in the Fund’s senior management, that is, the President, the Vice-President and the three Assistant Presidents, would not be acceptable in terms of balance between Lists A, B and C.

My commitment, if I were to be elected, would be to improve that balance.

No position is sacred at the senior management level.

We have a history in IFAD of a President from List B, and a Vice-President from List A. Should I be appointed President by the Governing Council, it is my intention to review this structure in order to attain a balance.

I would also review the management structure.”

Mr ZIA (Afghanistan) said that, in his view, the key issue lay in Mr. Båge’s statement that, were he appointed, it was his intention to review the structure in order to attain a balance. The review of a structure, however, represented no commitment. He would therefore prefer Mr. Båge to state that, if elected President of IFAD, he assured the Governing Council that he would adhere to the principle of equitable geographical distribution in the appointment of persons to the top management and, in particular, that he would appoint a qualified person to the post of Vice-President from one of the Lists other than List A. Those words would constitute a clear and acceptable statement.

Mr FERNÁNDEZ (Argentina) said that delegations should be given time to read Mr. Båge’s statement and hold brief consultations within their groups. Meanwhile, it would be useful to hear the reaction of List B in view of the fact that it had a candidate for the Presidency.

Mr LOMBIN (Nigeria) suggested that Mr Båge should be given the opportunity to revise his statement in the light of the observations that had been made.

Mr ZIARAN (Iran) said that he would like to see a clear commitment in the statement that the Vice-President and one of the Assistant Presidents should come from countries belonging to the Group of 77.

Mr FERNÁNDEZ (Argentina) said that, as currently worded, Mr. Båge’s statement was unsatisfactory in the light of the aspirations expressed by List C countries, which sought a clear
declaration that the Vice-Presidency would be given to a developing country from List B or List C. Otherwise, he could not accept the statement.

369. **Mr DEVLIN** (Canada), speaking on behalf of List A, said that the group had decided to endorse the statement. If Mr Båge wished to amend it, he should submit the new version to List A for re-endorsement. He reiterated the common position of List A that the elected President was alone responsible for his decisions.

370. **Mr BÅGE** (Sweden) said that, both in the discussions and in his statement, he had endeavoured to make extremely clear his firm intention to achieve certain objectives. He questioned whether the process of rewording his statement, which he was fully prepared to do, was the best means of reaching consensus and confirming commitment and partnership on such an important occasion. He was ready to serve IFAD and all of its Member States, and had indicated how he intended to address the problems of equitable geographical distribution.

371. **Mr GOMES DOS SANTOS** (Brazil), after emphasizing that the common aim of IFAD was to find the right direction for achieving the well-being of those in need, said that the main change which had taken place since the establishment of IFAD was the fact that a gentleman’s agreement had been broken, although not by any particular List, given that all three Lists had candidates for the Presidency. Moreover, the near election of a List A candidate was due to the large number of votes which he had received from List C countries. Those countries belonged to the Group of 77, which, despite their differences of opinion, were united on a number of crucial matters. He announced that Brazil had voted for the Swedish candidate, to whom it had declared that vote in writing and to whom he appealed to reconsider his statement, since the only desire of the Group of 77 was to ensure that the Vice-President of IFAD did not belong to a List A country so that equity would be achieved. He suggested that representatives who had doubts about endorsing a revised statement should contact their Governments before the meeting was resumed the following day and called upon all List A countries to endorse it, failing which a two-thirds majority would not be available and an excellent candidate would be lost.

372. **Ms AMEGLIO** (Panama), after endorsing the position taken by Brazil, associated herself with the statements of the List B and List C Convenors and the representative of Iran. She wished to make it clear that the Group of 77 was not looking for a statement from the candidate; what it wanted was an honest compromise that would break the present impasse.

373. **Mr VALLADARES MOLINA** (Guatemala) supported the statement by the representative of Brazil, which pointed the way to a united IFAD.

374. **The CHAIRPERSON** said she understood that the Council wished to continue consideration of the matter the following day.

375. **It was so agreed.**

376. **The meeting rose at 22.55 hours.**
(v) Summary Record of the Fifth Meeting of the Twenty-Fourth Session held on Thursday, 22 February 2001, at 09.00 hours

CHAIRPERSON: KIRSTI LINTONEN (FINLAND)

Office of the President of IFAD (Agenda Item 5) (continued)
(b) Appointment of the President of IFAD (continued) 378 – 403

Other Business (Agenda Item 18)
Approval of Disclosure of Documents

Closure of the Session 407 – 414
377. The meeting was called to order at 12.10 hours.

APPOINTMENT OF THE PRESIDENT OF IFAD (Agenda Item 5(b)) (continued)
(GC 24/L.2; GC 24/INF.5; GC 24/C.R.P.1; GC 24/C.R.P.2)

378. The CHAIRPERSON, after recalling that the Rules of Procedure of the Governing Council enjoined the Chairperson to attempt to secure a consensus, invited Mr Båge to present his revised statement.

379. Mr BÅGE (Sweden) said he believed that the time had now come for unity and consensus. It was important to maintain and reinforce IFAD as an organization with a strong partnership between all Member Countries, an organization where every Member had a place and a voice, where equity and broad representation were fundamental values. Those were his own values and he would go by them.

380. He read out the following statement:

“In order to attain consensus and maintain strong partnership among IFAD Member States, I wish to make this statement in response to concerns raised over the past two days.

In the event of my appointment as President of IFAD, the List representation in the Fund’s senior management, that is, the President, the Vice-President and the three Assistant Presidents, would not be acceptable in terms of balance between Lists A, B and C.

My commitment, if I were to be elected, would be to improve that balance.

No position is sacred at the senior management level.

We have a history in IFAD of a President from List B and a Vice-President from List A. Should I be appointed President by the Governing Council, I will appoint the Vice-President from a Member State other than the Members of List A.

I would also review the management structure.”

381. In his view, that statement constituted the compromise that several speakers had called for, a compromise on the part of all. He therefore appealed for unity and goodwill, and confirmed that, if elected to the Presidency, he would reach out to all Lists for advice and guidance, and would take the concerns of all Member Countries into account when shaping the future of the Fund.

382. Mr DEVLIN (Canada), speaking as Co-Convenor of List A, said that Mr. Båge’s statement was a concrete expression of openness of spirit and compromise, in line with List A’s position, which was that the election of a President from List A would create an unacceptable situation in terms of balance between the three Lists, and that no senior management position should be considered sacred. List A therefore endorsed the proposal that the post of Vice-President should be offered to someone not from List A, a gesture that should lead to greater rapprochement among Members of the Governing Council. At the same time, List A unanimously supported the principle that the future President must be able to exercise his duties fully and freely, including decisions to modify the structure and appoint high-level staff of the institution. He called upon all Members of the Governing Council to express their full confidence in Mr. Båge.
383. **Mr LOMBIN** (Nigeria), speaking as Convenor of List B, said that the Swedish candidate’s statement represented a marked improvement on the previous day’s position and congratulated both him and the Members of List A on that gesture. List B noted, however, that not all the requirements had been met and hoped that they would be taken into account during the restructuring exercise. On behalf of List B he endorsed the statement, which was the best compromise available.

384. **Mr FERNÁNDEZ** (Argentina), speaking as Convenor of List C, welcomed the statement by the Swedish candidate, the third paragraph of which List C understood to mean that there would be not only an equitable but an effective distribution of senior management posts in IFAD. The developing countries hoped for greater participation in management, which should be achieved by the appointment of a Vice-President who was not from List A and who would have substantive responsibilities, and by more equitable representation of Lists B and C among the posts of Assistant President. He stressed, however, that it was not the intention of the developing countries to raise administrative costs by increasing the number of management posts. Finally, he hoped that any review of the structure of the Fund by the new President would involve open dialogue with all the Lists during the coming months. If those ideas were in line with the intentions of Mr. Båge, List C would be pleased to support his election. He would welcome confirmation that Mr. Båge shared the ideas expressed by List C.

385. **Mr BÅGE** (Sweden) said that the comments made by the Convenor of List C seemed very much in line with the contents of his own revised statement. He was strongly convinced of the need for equitable balance and a review of the structure through a consultative and inclusive process involving all Lists.

386. **Mr NUÍRY SÁNCHEZ** (Cuba), speaking as Chairperson of the Group of 77, after thanking the Convenors of Lists B and C for their efforts, said that the Governing Council was about to take a step of great historical importance. It would be electing IFAD’s first President of the twenty-first century and one who came, for the first time, from a List A Member State. He therefore offered his congratulations to Mr Båge, while reminding him of the heavy responsibilities he would bear. At the start of the new millennium, with all its challenges, the Group of 77 wished to be sure that the vision that had led to the creation of IFAD was still in force. In that context, the objectives set by the World Food Summit constituted a challenge to all United Nations institutions, and particularly to IFAD, whose objectives could not be attained without strengthening the Fund itself. That called for greater participation by the developing countries, which was why the Group of 77 was ready to offer its fullest cooperation and support to the new management of the Fund. The task of the new President would not be easy, but there was every reason to believe that, thanks to his ceaseless efforts and leadership qualities, Mr Båge would be able to overcome the difficulties that were certain to arise. He sincerely hoped that IFAD would be a transparent institution, one that accorded the utmost priority to rural development, and one in which the new President and his senior staff, representing an equitable geographical balance, would work together in full respect of all interests and languages. The full text of the statement is reproduced in Chapter 4, Part C.

387. **Mr FERNÁNDEZ** (Argentina), reaffirmed List C’s willingness to work with the new President in open, constructive and, if possible, daily dialogue, fully respecting the organization’s mandate. He felt sure that the forging of consensus would be the new President’s first consideration.

388. He proposed that the texts of the statements by the List Convenors and the response thereto by the nominee of Sweden should be recorded in the Twenty-Fourth Session Report. The full text of these statements is reproduced in Chapter 4, Part B.

389. **It was so decided.**
390. The CHAIRPERSON said she understood that the Governing Council wished to appoint Mr Båge President of IFAD by acclamation.

391. Mr Båge was declared President of IFAD by acclamation.

392. Mr DEVLIN (Canada) congratulated the President-elect, Mr Båge, on behalf of List A, and assured him that all Member States of List A stood ready to give him every support, in full and effective partnership with the other Lists. The full text of the statement is reproduced in Chapter 4, Part C.

393. Mr ZIARAN (Iran) congratulated Mr Båge on his election and wished him every success in discharging the onerous tasks that lay ahead. He thanked all the delegations that had supported the candidate for Iran. The full text of the statement is reproduced in Chapter 4, Part C.

394. Mr AL-AQUIL (Saudi Arabia) congratulated Sweden on the election of its nominee and wished the President-elect every success. After thanking the delegations that had supported List B’s candidate, he recalled that the Member Countries of the Organization of Petroleum Exporting Countries (OPEC) had cooperated with the Fund from the outset, offering it both substantial financial resources with which to carry out a whole range of successful projects, and their finest human resources, from the first to the third Presidents. They now stood ready to support the President-elect in discharging his duties and welcomed the fact that the Vice-President would come from a non-List A country. In conclusion, he commended the efforts of the three List Convenors who had helped to forge an outcome satisfactory to all parties, and thanked the Chairperson for her skilful guidance of the debates. The full text of the statement is reproduced in Chapter 4, Part C.

395. Mr LOMBIN (Nigeria) assured the President-elect of List B’s full support and its willingness to do everything in its power to assist him in his duties. While List B was losing an election, it was gaining a friend, for Sweden had always been at the forefront of support for the developing countries. He wished to place on record that that was one of the credentials that had seen the President-elect to victory. With the election of the new President, he hoped that even greater support would be forthcoming. In closing, he thanked the other Convenors and commended the Chairperson on her tireless efforts. The full text of the statement is reproduced in Chapter 4, Part C.

396. Mr LADJOUZI (Algeria) extended heartfelt congratulations to Mr Båge on his election as President of IFAD. As a founding Member of the Fund and a member of the Group of 77, Algeria had actively participated in the work which had led up to the present happy conclusion. He assured Mr Båge of his country’s willingness to support him in his efforts. The full text of the statement is reproduced in Chapter 4, Part C.

397. Mr SCHUERCH (United States), after recalling that the United States had been a strong supporter of Mr Båge’s candidacy from the outset, congratulated him on his election and wished him well in his leadership of the Fund. The United States, which had played a prominent role in IFAD’s creation and throughout its life, looked forward to continuing in that role and expressed its support for the commitments undertaken by Mr Båge. The full text of the statement is reproduced in Chapter 4, Part C.

398. Mr MUSA KASHA (Sudan) joined with other speakers in welcoming the President-elect of the Fund and assuring him of the Sudanese delegation’s full support. The Sudan had long benefited from IFAD’s assistance and also had a long-standing history of collaboration with Sweden. He applauded the work of President Al-Sultan and trusted that IFAD would continue to register similar successes under the new leadership. He was happy to note that the statements by the Convenors and the President-elect’s response would be included in the Twenty-Fourth Session Report. The full text of the statement is reproduced in Chapter 4, Part C.
Mr TABONG KIMA (Cameroon), speaking as the doyen of the Governing Council, told a
story about a butterfly to illustrate the fact that the future of IFAD was now in the hands of Mr Båge.
The full text of the statement is reproduced in Chapter 4, Part C.

The CHAIRPERSON invited the Council to adopt the draft resolution on the appointment of
the President of IFAD.

Resolution 126/XXIV on the Appointment of the President of IFAD was adopted.

The CHAIRPERSON said she took great pleasure in inviting the next President of IFAD to
take the floor.

Mr BÅGE (President-elect of the Fund) made a statement, the full text of which is reproduced
in Chapter 4, Part D.

OTHER BUSINESS (Agenda Item 18)

APPROVAL OF THE DISCLOSURE OF DOCUMENTS (GC 24/INF.2)

The CHAIRPERSON recalled that, at its Twenty-First Session, the Governing 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. The Council had also requested the Executive Board
to review the disclosure policy and procedures at the end of the interim phase at its Sixty-Ninth
Session and had authorized it to adopt a final disclosure policy. As stated in document GC 24/INF.2,
the Executive Board had approved the expansion of the interim scope of the disclosure policy to
include all evaluation reports as well as documentation submitted to the Evaluation Committee. The
Board had also welcomed management’s intention to examine the possibility of disclosing other types
of document in the future, especially in the context of the knowledge management strategy currently
being developed. The Council would be kept informed of any further expansion of the policy. She
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.

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

It was so decided.

CLOSURE OF THE SESSION

The CHAIRPERSON said that the end of the Twenty-Fourth Session of the Council marked
the beginning of another chapter in the history of the Fund. She recalled that the Council had been
honoured by the presence of the President of the Arab Republic of Egypt, His Excellency Mohamed
Hosni Mubarak, whose continued support for the work of IFAD was a tribute to its accomplishments.
The Council had also heard an address by His Excellency Natale D’Amico, Under-Secretary, Ministry
of Finance of the Italian Republic, highlighting his Government’s appreciation of IFAD’s invaluable
role in alleviating hunger and poverty. The Fund’s unique role within the United Nations family and
as an essential partner in achieving the Millennium objectives had been recognized by the
Secretary-General of the United Nations in his video message to the Council. The statements of
Mrs Catherine Bertini, Executive Director of WFP, and of Mr David Harcharik, Deputy
Director-General of FAO, on behalf of Mr Jacques Diouf, the Director-General, shared the theme of a unified front — a combined effort towards a common goal. The stronger the bond linking the three Rome-based organizations, the better chance there was of reaching those men, and especially women and children, who were destined for a life of hunger.

408. At the last Session of the Governing Council to be attended by Mr Al-Sultan as President, many tributes had been paid to his leadership and dedication. Over the past eight years he had created an environment conducive to change within the Fund and with respect to its external operations, making IFAD a tested and proven instrument to fight poverty. She wished him every success in his future efforts.

409. Mr DEVLIN (Canada), speaking on behalf of List A, expressed thanks and admiration for the work of President Al-Sultan and his ceaseless efforts in the cause of the rural poor. Under his guidance, IFAD had become an effective, knowledge-based organization that was recognized worldwide as the multilateral tool for fighting rural poverty. At his urging, both donor and beneficiary countries had done even more for the rural poor in such areas as gender balance, the participation of beneficiaries, innovative approaches and sustainable impact.

410. Mr LOMBIN (Nigeria), speaking on behalf of List B, congratulated President Al-Sultan on his brilliant performance at the helm of the Fund and in the difficult role of Chairperson of the Executive Board. He wished him every success in his future endeavours. The good work that President Al-Sultan had done on behalf of the Fund would remain indelible for generations to come.

411. Mr FERNÁNDEZ (Argentina), speaking on behalf of List C, joined with others in applauding the work of President Al-Sultan, and in particular his leadership at the last Executive Board. He had shown himself to be a gran señor and would certainly always be an ambassador for IFAD.

412. The CHAIRPERSON, continuing her closing statement, said that the Governing Council had appointed Mr Lennart Båge by acclamation as the fourth President of IFAD for a four-year term of office. It had also approved the membership of the Republic of Iceland. In the course of the Session, the Fund had been able to announce the completion of the Fifth Replenishment of IFAD’s Resources, and the Council had approved the administrative budget of IFAD for 2001 at the level of USD 53.59 million, including a contingency of USD 250 000. It had also approved the establishment of PDFF and a framework for market-based cofinancing of projects and programmes. Note had been taken of the progress reports on the implementation of the IFAD V: Plan of Action (2000-2002) and on PRP. The Secretary-General of the United Nations had sent a video message on the New York launching of IFAD’s Rural Poverty Report 2001, highlighting the role of agriculture in combating poverty. The Report would make an important contribution to development dialogue and to attaining the poverty targets set by the Millennium Summit. Lastly, the Council had noted the progress reports on two major global partnerships in which IFAD played an active role: the Popular Coalition and the Global Mechanism of UNCCD.

413. 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 members of the voting committee could take particular pride in having so efficiently carried out their task. On a more personal note, she expressed her thanks to President Al-Sultan who had not only been a good leader, colleague and friend, but always and above all a gentleman. In closing, she urged everyone to do their share and, more importantly, to convince others to do their share in helping the world’s needy. The Council’s trust had been placed in Mr Båge to ensure that IFAD’s share of that difficult task was duly performed.

414. She declared the Twenty-Fourth Session of the Governing Council closed.

415. The meeting rose at 13.30 hours.
CHAPTER 3

B. OTHER GENERAL STATEMENTS OF GOVERNORS

Statement of the Acting Governor for
the People’s Democratic Republic of Algeria

Madam Chairperson,
Distinguished Governors,
Ladies and Gentlemen,

Allow me, at the outset, to congratulate Mr Fawzi Al-Sultan for all his efforts at the helm of this institution.

We are opening the Twenty-Fourth Session of the Governing Council of our institution within an international economic context of progressive globalization. Since IFAD’s creation, Algeria has ceaselessly worked to strengthen the organization’s role in the development of rural areas and in the fight against poverty in the most underprivileged countries.

It is within this framework that the Fund must, in future, play a greater role in correcting the excesses or imbalances which the world economic system engenders, in particular in the poorest countries.

In this respect, I am pleased that our agenda includes an item on partnerships to eradicate rural poverty; I wish, both on my own behalf and that of my delegation, to express my sincerest thanks to Mr Fawzi Al-Sultan, President of IFAD, for his support for, and active participation in, the organization and success of the First National Conference on Poverty and Exclusion, held in Algiers on 28-30 October 2000.

Madam Chairperson,

The Government programme which I serve views food security and the fight against poverty as the two main building blocks of our medium-term agricultural development strategy.

In our view, the best way to assist the most underprivileged rural population is to help them increase their production and income and thus raise their nutritional levels, while maintaining the fullest respect for humankind.

The safety of food products is of prime importance for food security. Indeed, let us not forget that, without food security, there is no security of any kind.

I am therefore pleased at the convergency of approach between the Fund and Algeria and wish to reiterate my country’s support for the pursuit and strengthening of the role of the Fund within the HIPC Debt Initiative.

Despite the prevailing difficult economic situation, Algeria’s contribution to the Fifth Replenishment of the Fund has been doubled.
The third building block of our strategy is the protection and development of our natural resources, notably by combating desertification. In 1994, Algeria ratified the United Nations Convention to Combat Desertification (CCD).

Algeria quickly became aware of the threat of desertification and for several decades it has carried out large-scale programmes and acquired great experience in this field, and thus has been able to establish an inventory of the vulnerability to erosion of various zones of the country. Programmes at the local or regional level should be launched as soon as possible by the Global Mechanism housed by IFAD.

In this respect a vast programme has been launched under the aegis of Algeria’s National Plan for Agricultural Development to adapt production systems to pedological and climatic conditions so as to combat desertification, since the combined effects of drought and use of unsuitable agricultural techniques have jeopardized entire zones.

The underlying principles of this programme rest on the concept of sustainable development and are included in the CCD approach. The programme is based on the management of natural resources rooted in an interactive partnership between public authorities and farmers within the framework of an integrated and participatory approach.

Madam Chairperson,

The application of this ambitious programme, based on the optimum preservation and use of our natural resources, could be supported and strengthened by IFAD, both in terms of its status as a financial institution, as well as a centre of knowledge and expertise.

I thank you for your attention and extend my best wishes for the success of IFAD, from which the rural community expects a great deal.
Madam Chairperson,
Mr President,
Distinguished Governors,
Ladies and Gentlemen,

It gives me great pleasure to be here today and to participate in the Twenty-Fourth Session of IFAD’s Governing Council, the second in the 21st century. I wish to congratulate IFAD, and especially its President for his leadership, on the quality of its technical staff and the effectiveness of its work in the fight against poverty. I would like to associate myself with previous speakers in offering my warm welcome to the Republic of Iceland to the membership of IFAD.

May I also congratulate you, Madam Chairperson, on your second tenure of office and for your able conduct of the Council’s proceedings.

Madam Chairperson,

IFAD, in a relatively short period, is earning an increasingly solid reputation in taking up the challenges of rural poverty through its innovative poverty-eradication instruments and the mobilization of resources. It is also satisfying to note IFAD’s active role in two major global partnerships, namely the Global Mechanism of the United Nations Convention to Combat Desertification (CCD) and the Popular Coalition to Eradicate Hunger and Poverty. I would like to underline Eritrea’s continuing strong belief in and support for IFAD and to express my gratitude for the invaluable work being done by the Fund in many poor countries, including mine.

Madam Chairperson,

Since Eritrea joined IFAD in 1994, we have been benefiting from the ongoing Eastern Lowlands Wadi Development Project, financed by IFAD and the Belgian Survival Fund. In the past, several suitable projects were identified and discussions were held with IFAD with a view to their formulation. The war, compounded with the concurrent drought, had a devastating effect on our social and economic programmes. My Government is launching a comprehensive programme, designed to revive agricultural production, alleviate poverty, reduce the food deficit and resettle persons displaced by the war. Such measures will require the timely adjustment of programme interventions, including
those proposed for IFAD funding. In this context, reallocation of resources from the Belgian Survival Fund was felt necessary. The project formulation process is in progress with the aim of presenting the project to the Executive Board in December 2001.

Madam Chairperson,

Turning to the main agenda items for this session, Eritrea has had the honour to be a member of the Executive Board, and several recommendations and resolutions have been submitted to this Governing Council for approval. I would like to express my satisfaction with the report of the Consultation, which provided information on the Fund’s strategic directions for the medium and long term and objectives for 2001. The Board agreed to the recommendation of a programme of work for 2001 at a level of USD 394 million, the figure reached in the negotiation. Should resources be available, 29-30 projects could be financed. However, recent reports indicate that the resources available for the Fifth Replenishment fall short of what is required to successfully implement the Fund’s programme of work. All member countries were thus urged to respect their commitments. In this connection, despite the severe difficulties it is facing, the Government of the State of Eritrea has decided to pay its contribution to the Fifth Replenishment of IFAD as soon as possible.

Madam Chairperson,

Eritrea welcomes IFAD’s involvement in the Debt Initiative for Heavily Indebted Poor Countries (HIPC’s). However, this should not be at the cost of the mandate to which it is committed but should occur when extra funds become available. Therefore, debt alleviation should be considered as additional.

With regard to the market-based project cofinancing resolution, Madam Chairperson, the provisions should provide borrowers with clearer and earlier guidance on their prospects. Eritrea has no difficulty in approving the resolution and will continue to participate fully in the Executive Board to provide estimates on the pricing of the scheme and review its technical and financial soundness.

The Global Mechanism of the CCD, which IFAD was selected to house, is making satisfactory progress towards alleviating the major problem of desertification. Global warming, drought and deforestation are posing great problems to the environment and food security, and they could be averted by joint regional and subregional efforts. In this regard, the Global Mechanism should be encouraged and supported to strengthen its regional and subregional action plans. The African continent, the Horn of Africa in particular, deserves priority attention in this regard.

As to the Popular Coalition, I would like to express my appreciation for the growing support and increasing field activities of the Popular Coalition to Eradicate Hunger and Poverty and for the growing number of governments (including mine), intergovernmental organizations and civil-society groups that have sought to establish or strengthen partnerships with the Coalition.

Madam Chairperson,

Before concluding, once again I would like to congratulate the outgoing President of the Fund, Mr Fawzi H. Al-Sultan, for his achievements and to reaffirm that my country will continue its full support of IFAD.

Thank you.
Statement of the Governor for the Republic of The Gambia

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

Please allow me to congratulate the Chairperson for the successful guidance of the deliberations of this two-day session. I am personally confident that your able stewardship combined with our fullest contribution will bring this meeting to a successful conclusion and together we will achieve the goals we set for IFAD.

Madam Chairperson,

Allow me to place on record my acknowledgement and gratitude and that of my Government for the impressive performance and achievements of IFAD, especially under the leadership and through the vigorous efforts of President Fawzi Al-Sultan. The President’s statement, which gave a lucid account of the diverse undertakings of IFAD and their successful outcomes both quantitatively and qualitatively to improve the well-being of Member States’ less-privileged populations, has served to reaffirm his mandate and the confidence placed in him. The Gambia, for its part, is grateful and most appreciative of its long-established beneficial relations with IFAD. Through the support of past and ongoing projects. The Gambia has been gaining ground in registering positive gains towards the achievement of food security.

IFAD has become a household name in The Gambia, especially in rural areas. The population in general, and vulnerable women, children and the poor, are appreciative of the immense and invaluable support they have received and continue to receive in raising their income and improving their nutrition and health status.

The steadfast commitment demonstrated and pursued by IFAD to accelerating the socio-economic development of The Gambia is amply manifested in the successful implementation of two ongoing projects, namely, the Lowlands Agricultural Development Programme (LADEP), whose overall objective is the sustainable improvement of traditional rice production as a means of enhancing food security for impoverished rural households, and the Rural Finance and Community Initiatives Project (RFCIP).

The LADEP has already registered significant impact by increasing yields and helping reclaim additional land for cultivation. The success of this programme can be attributed, among other things, to its focus on the use of simple, adaptable technologies and its emphasis on fostering community and farmer participation as a means of strengthening community organization regarding land and water management.

The other project, the RFCIP, began about two years ago and is progressing satisfactorily. The project is working closely with the Central Bank of The Gambia, non-governmental organizations and communities to popularize village banks, known as visacas. There are already about 51 visacas throughout The Gambia, three of which were opened by me only last week. These were all designed and built by the RFCIP funded by IFAD and the Government. It is heartening to observe that the three new visacas mobilized savings of about 7 000 Gambian dalasis (USD 500), which is above the standard requirement for recognition. This is a demonstration of the careful and participatory process adopted by the project. For us in The Gambia, the issue of developing appropriate rural financing.
mechanisms is one of three national priorities for moving agriculture forward – the other two being soil-fertility maintenance and water-control management.

Madam Chairperson,

It must be noted that IFAD’s Special Programme for sub-Saharan African Countries Affected by Drought and Desertification (SPA) is unique and strategic. Its focus on drought and desertification control provides a framework for sustainable management of the environment and the natural resource base, and hence alleviation of poverty and the attainment of rural development. These are the ultimate fundamental goals that bestow on IFAD its distinguished character and renowned standing. Thus IFAD is in no small measure contributing to the transformation of the continent and improving the global environment for the general benefit of human kind. The progress realized in the implementation of the SPA to date is encouraging and justifies the incorporation of the programme objectives and strategies into ongoing mainstream country programmes. Such programmes as strategy for poverty alleviation, food security and rural finance will lay solid foundations for long-term sustainable growth, peace, stability and development. Support to these priority areas is vital for effective grass-roots participation, community capacity-building and people-centred development and empowerment. It is, therefore, appropriate to appeal to IFAD to mobilize more resources to channel to these priority areas.

Let me also assure the Council that all the efforts and resources being expended to improve the quality of life of the rural population of the developing world are extremely worthwhile. Development is a long-term process: IFAD will, therefore, continue to be a source of succour and strength to see us through the transformation from fragile developing to robust growing economies.

Allow me to re-echo some salient points raised by previous speakers. Firstly, that poverty can best be alleviated and perhaps eradicated if we focus on people. Indeed it is only people that can alleviate their own poverty so development operators must see themselves as catalysts and must develop the necessary confidence in the abilities of the poor. Secondly, in order that we alleviate poverty, there must necessarily be growth. We must reverse the trend of declining investments in agriculture, the kingpin of our economies in developing countries. Thirdly, a friend of mine from the west, who may not have known hunger, recently told me that the fight to overcome poverty must begin with our stomachs, as only then can we effectively address the other levels.

On this note, Madam Chairperson, let me conclude by expressing sincerest gratitude and satisfaction with the role that IFAD is playing to make The Gambia a better and self-reliant nation and the developing world a better place to live in. Highest appreciation goes to President Al-Sultan and my fellow Governors for their inspiring leadership and wise decisions in directing the resources of the Fund towards the eradication of poverty and the realization of rural development.

I thank you all for your kind attention.
Madam Chairperson,
Mr President of the International Fund for Agricultural Development,
Distinguished Governors,
Honourable Delegates,
Ladies and Gentlemen,

I am extremely pleased to take the floor before this august assembly.

I wish first of all, to convey to you the warm greetings of the people of Guinea and of its President, General Lansana Conte. At the dawn of the third millennium, these greetings are also expressions of hope for a type of globalization in which the long-standing partnership between your institution and my Government will prove ever-more successful in the fight against poverty in order to enhance our people’s food security and increase their incomes.

With 85% of its population located in the rural areas, like so many other Third World countries, Guinea is characterized by poverty. For that reason, my Government’s development policy places great importance on the fight against poverty.

In that context, priority has been accorded to the development of agriculture, that being the main source of sustenance for the rural population.

Since 1984, Guinea has opened up its doors to international cooperation, thanks to which donors such as IFAD have undertaken major interventions aimed at the harmonious and viable development of rural communities.

These efforts have led to a very marked increase in agricultural output. For example, the production of rice, a staple food in Guinea, reached 816 000 tonnes at the end of 2000 compared with 760 000 tonnes in 1999. During the same period, rice imports dropped from 240 000 tonnes to 150 000 tonnes despite the slump in the world prices from USD 259 per tonne in the last quarter of 1979 to USD 175 per tonne for the same period in 2000.

I am pleased to say that my country is placing emphasis on strengthening the managerial and organizational capacity of rural areas in terms of planning, monitoring and evaluation and implementation of their own development plans, so as to render them self-managing.

In this respect I wish to thank the donor community and especially IFAD with whose help the whole of the Republic of Guinea benefits from four large projects, as follows:

- Smallholder Development Project in the Forest Region
- Smallholder Development Project in North Lower Guinea
- Fouta Djallon Local Development and Agricultural Rehabilitation Programme
- Programme for Participatory Rural Development in Haute-Guinée

As a result, we are pleased to note improvements in rural socio-economic infrastructures (tracks, storehouses, health posts and centres, training centres, work to regulate watercourses, etc.); increased financial capacity due to the provision of microfinance through rural financial institutions such as the financial services associations, village savings and credit associations and organization of groups to undertake income-generating activities.
Another very important element in our projects and programmes is the implementation of the gender and development concept. Completely in line with your policy of assistance to rural communities, my Government considers this to be a major component in the fight against poverty. Activities under way in this field involve endowing women and children with their just responsibilities; reducing women’s household tasks by providing processing units, transport and improved cooking stoves; and hygiene in the villages.

At this very moment, many countries, especially in Africa, are beset by fratricidal wars that worsen the poverty of their inhabitants. In the case of Guinea, armed aggression along our southern and south western borders since September 2000 has already had severe repercussions on the lives of our rural population.

For this reason, President General Lansana Conte appeals urgently to the international community to help in restoring peace, tranquillity and mutual understanding. In this context, we wish to assure IFAD of our determination to continue assisting the poor population groups that are so acutely affected by these conflicts. To that end, we request financial assistance for future programmes and projects.

On behalf of the Republic of Guinea, I wish to express our great satisfaction with IFAD, which became one of our privileged partners almost ten years ago.

While rejoicing in the fruits of this collaboration, we will continue to build on such efforts in the hope that IFAD will increase Africa’s share of its loans.

The Government of Guinea will do its utmost to contribute to the Fund’s financial resources, and has already contributed to the Fifth Replenishment.

We encourage all member countries and donors to continue to place sufficient means at the disposal of IFAD so that it can continue in its long-standing fight against poverty.

In renewing our support for your institution, let me say that we in Guinea place our hopes in proactive solidarity for the welfare of our poor people.

I cannot end my speech without:

• congratulating IFAD on behalf of my Head of State, President General Lansana Conte, for having nominated our countryman, Mr Mohamed Béavogui, as Director of the West and Central African Division in February 2001;  
• warmly thanking the President of IFAD and his staff for their tireless efforts to strengthen the good relations between the Fund and the Republic of Guinea.

With best wishes for the success of the Governing Council’s work, thank you for your kind attention.
Statement of the Acting Governor for
the Republic of Iraq

Madam Chairperson,
Dear Governors,
Dear Delegates,

I have the honour to represent my country, Iraq, at this important session. It is important because it is the first session in the third millennium; it is the session that elected a new president for IFAD in a democratic way, despite ignoring the established commitment to elect a president from List B; and it is important because we have here among us one of the leaders of the Arab nations – President Hosni Mubarak.

Madam Chairperson,

You know that Iraq was one of the founders of IFAD. It has participated – through IFAD itself or through bilateral cooperation – in promoting the Fund’s objective to alleviate malnutrition and fight hunger all over the world, because Iraq believes that the world is one family and that rich countries should help poor countries to overcome one of the most critical problems: that of man’s right to have access to sufficient food wherever it may be, regardless of race, origin or colour. In this regard, I would say that this absolute belief on the part of Iraq in this concept led it to share what it has – even under the unjust and inhuman blockade for more than 10 years now – with the besieged people of Palestine and to donate some funds – in the form of oil – to some countries that were stricken by natural disasters.

Madam Chairperson,

I wish to confirm here a reality: that Iraq – a founder of this Fund, as I said before – has never requested a loan or grant in its normal circumstances, due to its understanding that others may be more in need of such efforts and because it was not in need of such help at that time. However, the unjust blockade and its effect on agricultural infrastructure and the supporting sectors has changed the situation. Most United Nations agencies responded to these new circumstances, which we hope will lead IFAD to follow suite in accordance with its rules and regulations.

In the name of my country, my delegation wishes your meeting all success.

Thank you.
Statement of the Acting Governor of the State of Kuwait

Madam Chairperson of the Council,
Mr President of IFAD,
Respectable Governors,
Ladies and Gentlemen,

I would like to seize this chance to say a few words, beginning with our high valuation of and deep esteem for the achievements of IFAD in its continuing efforts to eradicate poverty and hunger in various parts of the developing world.

As you know, the issue of poverty is at the forefront of the priorities of international society and its institutions, as well as those of non-governmental organizations. You also know that, despite the great progress in information and communications technology, as well as knowledge techniques in various disciplines and their use in achieving economic growth and social welfare, there are more than one billion people throughout the world – especially in rural areas – that do not benefit from such achievements. Consequently they are still poor and hungry due to lack of opportunity or resources, natural disasters or other factors that pose great challenges. International society has concluded – through past experience and lessons learned – that facing such challenges requires synergies in national, regional and international efforts, within comprehensive strategies and appropriate mechanisms, and with the cooperation and coordination of participating parties in implementing programmes and projects under the leadership of the country concerned.

IFAD has played a great role in the fight against poverty and hunger for more than 20 years. From the documents and reports presented to us, we feel that IFAD understands its responsibilities in the coming stage, and is trying hard to accommodate the new international environment, characterized by rapid changes with far-reaching impact on development.

While we are hopeful that IFAD’s thrusts and efforts to eradicate poverty will be fruitful, we are aware of the importance of providing the necessary resources to continue to achieve such goals, including the replenishment of IFAD’s resources. Effectiveness of the Fifth Replenishment will be a confirmation of continuing support of IFAD’s goals and a strengthening of its activities.

On the other hand, there are other issues that impact on agricultural development and on the fight against hunger and poverty, since agriculture is the main source of income in rural areas and plays a role, through exports, in the rural economy. All economic improvements and the resulting liberalization and competition in world trade should provide developing countries – which have a comparative advantage in agricultural production – with opportunities to market their production in international markets without restrictions, protectionism or subsidy policies that limit their competitiveness. Developed countries should abrogate such policies.

Recalling that the issue of poverty has several aspects and causes, its solution requires the support of developed countries and donors, not only through increased efforts to provide more resources to alleviate poverty in countries that implement strategies and programmes to combat poverty, but also by reducing the debts of developing countries within IFAD’s participation in the Debt Initiative for Heavily Indebted Poor Countries.

While we look forward to further successes of IFAD in the future, and to continued support from the international society for its noble goals, we wish to thank the President of IFAD and express our appreciation for his efforts in support of the role of the Fund and its activities during the last eight years. We also congratulate the elected president and wish him all success in his work.
Mr President,
Distinguished Governors,
Ladies and Gentlemen,

I have the honour and great pleasure of being invited to participate in this Twenty-Fourth Session of the Governing Council of IFAD. First of all, on behalf of the Government of the Lao People’s Democratic Republic, I would like to express our heartfelt congratulations to the President and all staff involved in these excellent arrangements and the organization of this Session. I would also like to thank the host country for the very warm hospitality offered to our delegation.

Mr President,

The Lao People’s Democratic Republic has been one of the nations in Asia particularly affected by the financial and economic crisis during the past three years. Our country has developed gradually and at a slow pace because, as in other least-developed countries, our basic economic foundation is in its initial stage. Therefore, we were unable to avoid the impact of the financial crisis caused by a very high and unprecedented inflation rate and the multiple devaluations of the Lao new kip.

To recover from these difficulties, the Lao Government has concentrated its efforts on measures such as fiscal budgeting and foreign currency regulations, reduction of the trade balance deficit rate by means of export promotion and the liberalization of free trade. Results from these first efforts are already apparent: the inflation rate declined from 140.2% in August 1999 to 10% at the end of 2000; the value of new kip has been strengthened and it is today more stable. In 2000, economic growth was 6.7%.

However, we are still aware that the stability achieved is not solid enough. Means of production need to be strengthened and ways to expand national potential explored. Many economic problems remain, which our Government must take steps to resolve. The fiscal budgeting and foreign currency policy regulations need to be continued, taking into consideration all factors involved. For the fiscal year (FY) 2000-2001, it is expected that earnings will be 13% of the gross domestic product (GDP), including 1% carried over from last year; state expenditures will become more efficient; the budget deficit will be kept at 8% of GDP (1% less than last year); and public investment in important sectors will be kept at 12% of GDP. In light of budgeting, we will continue the prohibition on bank advances.
to balance the national budget and will instead mobilize savings by the people through the issue of medium-term bonds.

Foreign currency policy regulations will be continued in order to keep the inflation rate at 10% (the average rate in FY 2000-2001), and the foreign exchange rate will be based on market supply and demand. The Bank of the Lao People’s Democratic Republic has paid special attention to controlling the increased volume of foreign currency in circulation by managing lending, attracting surplus foreign currency to the financial system by issuing short-term bonds, and adjusting the interest rate to the inflation rate. The stable exchange rate and the reduction of the inflation rate will bolster the confidence of both national and foreign investors in our macroeconomic management.

As far as foreign trade and economic cooperation with foreign countries are concerned, our Government is now more open to attracting foreign investment in productive activities and businesses in order to substitute imports, promote exports (with an emphasis on the improvement of quality) and build extensive and stable partnerships focused on our potential.

Mr President,

I would like to extend a cordial greeting to all the delegates here who during the past difficult years have been very efficient partners and supporters of our country, the Lao People’s Democratic Republic.

IFAD’s mandate and strategies have coincided with our goals and targets.

Since 1979, IFAD has released seven loans to our Government for a total amount of SDR 25.867 million (net). Four projects have been completed and three are ongoing. All projects have been concentrated in the most remote and poorest areas of our mountainous country in order to help poor women and men and their children, especially ethnic minorities, combat hunger and poverty and increase their incomes for sustainable food security.

The IFAD-financed ongoing projects in Laos are situated in remote and poor areas in three northern provinces of the country where socio-economic and physical conditions are very difficult. Most of the projects have had an overall positive impact on the targeted population in the project areas, increasing food and income security and alleviating poverty. IFAD has played a very important and innovative role by targeting project interventions at poor midland and upland ethnic minorities, introducing cost recovery arrangements for small-scale irrigation schemes, mobilizing beneficiaries’ contributions for the construction of works, giving beneficiaries full responsibility for the operation and maintenance of investments of direct benefit to them and promoting participatory development in project design and implementation.

However, I would like to take this opportunity to emphasize the importance of efficient project formulation and appraisal for minimizing the risks of waste and inefficiency – down to such resource-management tools and techniques of project implementation as the logical framework and the annual work plan and budget – as a condition of good governance and responsibility and to help us reach our common objectives: hunger eradication and poverty alleviation.

Increasing the participation of our beneficiaries in project planning and implementation and the use of goods and services may prove the best and most secure way of enhancing transparency, especially in the decentralization process now under way in our country. So-called participatory and demand-driven methods will be applied. This also allows beneficiaries to undertake self-monitoring and participatory impact assessment of resources and their use, and provides the greatest assurance for the most effective achievement of our common objectives and benefits. Therefore, the IFAD-financed projects in Laos require more flexibility in the implementation process to quickly adjust and adapt
activities to the changing needs and conditions of our poor beneficiaries. In addition, the IFAD-financed projects should also be more flexible in their allocation of funds and resources in order to respond rapidly and successfully to change. How can we make the project execution better?

In the future, the Government of the Lao People’s Democratic Republic and IFAD will undertake more regular policy dialogues on issues related to poverty-alleviation strategies, decentralization and deconcentration of responsibility for planning, financing and implementation of development programmes, agricultural and rural development and targeted assistance to the midland and upland poor population in rural areas.

The eradication of hunger and the alleviation of poverty are our great challenges. Increased synergies and complementarity from the other development partners here are needed in our future collaboration. Only in this way can we get to know each other better and build partnerships to enable us to work together in the future.

Thank you.
Statement of the Alternate Governor for
the Republic of Mali

Honourable Representative of the Italian Republic,
Madam Chairperson,
Honourable Vice-Chairpersons of the Council,
Distinguished Delegates,
Honoured Guests,

I wish, first of all, to express our full confidence in the ability demonstrated by the Chairperson
and members of the bureau to attain the objectives of the present session.

During the Twenty-Third Session of our Council last year, there was every hope that the Fifth
Replenishment of IFAD’s resources would be speedily concluded. Today, we are disappointed to see
that this is not the case, and that the shortfall in contributions and the low return on investments in
2000 owing to losses due to exchange rate variations, have seriously compromised the state of the
Fund’s resources.

More than ever, the overarching objective of IFAD is to play its part in the attainment of the
goal set out by the Plan of Action of the World Food Summit in 1996, that is, to reduce by half by
2015 the number of poor people and persons affected by food insecurity in developing countries: a
goal that remains crucial, especially for the African countries.

Available data indicates that, for a variety of reasons such as armed conflict, natural disasters
and economic difficulties, progress is slow and that the goal may not be met unless appropriate
measures are taken in time.

The proposal of the FAO Director-General that commitments made by the leaders of Member
States attending the World Food Summit five years ago should be confirmed, appears to us as more
than appropriate at this time.

IFAD’s efforts to face the challenges in meeting the goal of the World Food Summit should be
strengthened and implemented as soon as possible.

We welcome the launching, by the Secretary-General of the United Nations, of IFAD’s Rural

IFAD should promote the greatest possible consensus on the centrality of rural poverty within
global efforts to combat poverty, the role of the poor as protagonists in the establishment and
implementation of poverty reduction programmes, and a broader alliance bringing together all sectors
of society.

IFAD is involved in the Debt Initiative for Heavily Indebted Poor Countries (HIPC), and Mali
is one of the beneficiary countries.

We hope that, with great generosity, donors will make additional contributions so that the
participation of IFAD in the Debt Initiative for HIPC does not have a negative impact on its lending
programme. A reduction in commitments would constitute a serious blow to all those who hope for
and expect the support of IFAD.

My delegation approves the financing with private resources of additional activities within the
framework of IFAD projects and programmes by means of a trust fund and of seeking cofinancing via
the market. However, necessary guarantees must be provided so as to avoid any perverse effect resulting from such procedures.

Although it is within the 7.5% ceiling of the Programme of Work, the Fund’s technical assistance grant programme has been reduced compared with that for 2000. Although justified, the arguments put forward lead us to hope that further reductions can be avoided in future since our countries have great need of this programme.

With regard to human resources management, we would wish for greater equity and geographical balance in the recruitment of IFAD officials, as in other organizations.

Having said this, my delegation approves the zero-growth administrative budget for 2001 totalling USD 53.6 million and the 2001 Programme of Work amounting to USD 394.0 million.

My delegation welcomes the Programme Development Facility, which we hope will lead to improvements in IFAD’s portfolio of projects and programmes.

My delegation is also pleased to announce that all measures have been taken for the payment of Mali’s contribution to the Fifth Replenishment, and that our contribution to the Fourth Replenishment is fully paid up.

My delegation acknowledges the praiseworthy efforts of the Popular Coalition to Eradicate Hunger and Poverty, which has established a coherent programme and institutional framework for the continuation of its work.

The Global Mechanism of the United Nations Convention to Combat Desertification provided valuable support to Mali during last year, despite its scarce resources. We thus appeal to donors to pay greater attention to this mechanism which is doing remarkable work in combating desertification in our countries.

I cannot end my statement without expressing all our gratitude to, and recognition of, the outgoing President of IFAD, Mr Al-Sultan, and to Mr Yahia Bouarfa, former Director of Africa I Division, who is retiring from IFAD after so many years of good and loyal service, for all their work to the benefit of our countries.

I welcome the new IFAD President and the new Director of the Africa I Division. We have every confidence in their ability to work for the benefit of the rural poor.

Happy 2001 to all of you, and may it please God that we reach the goals we have set ourselves.

Thank you.
Statement of the Acting Governor for
the Islamic Republic of Pakistan

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

Allow me on behalf of the Government of Pakistan first to pay tribute to the invaluable contribution made to IFAD’s success by Mr Fawzi H. Al-Sultan, the outgoing President of IFAD. Under his able leadership, IFAD has been able to project itself as a lead institution in poverty alleviation. He steered the organization through the arduous Fourth Replenishment exercise and successfully completed the Fifth Replenishment. His efforts at transforming IFAD into a knowledge organization have been commendable and his quest for efficiency has been admirable. The highly successful launch of IFAD’s Rural Poverty Report 2001 is a tribute to his leadership. We hope that he has found his tenure with IFAD a fulfilling one and that he leaves IFAD with a sense of achievement. We pray for his continued success in the future.

Madam Chairperson,

The Millennium Declaration of the United Nations recognized that though globalization offered great opportunities, its benefits have been unevenly shared and its costs unevenly distributed and that there is a need to make globalization fully inclusive and equitable. Poverty and inequity were recognized as the greatest challenges to humanity. Our task is to create an environment both at the national and the global level conducive to development and poverty alleviation. You, Madam Chairperson, are well aware of the steps taken to attain these goals at the global level. At the national level, Pakistan is attempting to do so by:

• creating an enabling environment through devolution of power to the grass-roots level and by rebuilding a relationship of trust between the people and the Government;
• embarking on an affirmative poverty-alleviation programme to create job opportunities, accelerate economic activity in marginalized areas and provide basic social amenities;
• establishing microfinance facilities to provide credit to the poor, the needy and the most deprived and disadvantaged groups of people without guarantees or collateral security; and
• augmenting and improving the social safety net through food-support programmes and enhancement of subsistence allowance under the Islamic system of Zakat.

Recognizing that agriculture, employing 50% of the population, remains the pivotal sector for poverty alleviation and growth, measures have been taken to revitalize this sector, including steps in favour of the poor and the marginalized. We are therefore:

• rationalizing support prices of the major commodities, leading to increased earnings for farmers;
• launching, through the Agriculture Development Bank of Pakistan, a microcredit scheme specifically for rural areas, to promote local skills by financing productive activities at the village level through loans extended to individuals and homogenous groups of five members; and
• distributing abandoned lands among poor, low-income, landless and those forced to leave their homes on account of drought.
As a result of these and other policy measures, the food situation in Pakistan has remained satisfactory during the current year. The agriculture sector grew at the remarkable rate of 5.6% in 1999-2000 compared with 2.0% in 1998-99. There have been encouraging increases in the production of cereals. Total food-grain production has reached 29.0 million tonnes, an increase of 13.7% over last year’s production. The production of wheat increased by 18.5% in 1999-2000, from 17.8 million to 21.1 million tonnes. Improvements of varying magnitude have occurred in the production of other important grain crops, particularly rice (10.6%). However, the lack of water is becoming a serious handicap to agriculture development and food security and is one area in which major initiatives are required together with innovative solutions at the micro-level.

Madam Chairperson,

In our quest for poverty alleviation, we have found in IFAD a ready and daring partner. It has recently approved the Southern Federally Administered Tribal Areas Development Project. This is a prime example of targeting one of the poorest and most inaccessible areas of Pakistan. No wonder then that we continue to reaffirm our strong support for IFAD’s mandate and mission of combating rural poverty through sustainable agriculture and rural development with a particular focus on marginalized segments, women and the landless. Our support is also reflected in our contribution of USD 2 million to the Fifth Replenishment of IFAD’s resources.

Madam Chairperson,

Allow me to compliment IFAD and its membership for the timely completion of the Fifth Replenishment. We hope that the membership will exhibit the same urgency and efficiency in ensuring the timely effectiveness of the Fifth Replenishment of IFAD’s resources. We note the progress on the Plan of Action (2000-2002) and consider it a very useful instrument in guiding the future of IFAD. We underscore the importance of the Process Re-Engineering Programme in IFAD’s transformation into a knowledge organization. We have noted the progress in this initiative and support its further development in close linkage with the objectives of the Plan of Action.

Madam Chairperson,

We have been pleading for increasing IFAD’s programme of work to allow it to make a meaningful contribution to combating hunger and poverty and to influence the enabling environment in host countries. With regret we note an 18% decline in the lending programme for 2001. We have also been commending IFAD’s involvement in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) but have been cautioning that this should not be financed at the cost of IFAD’s regular lending programme. We reiterate that the resources for financing this Initiative and its enhancement should be raised over and above those required for maintaining a credible lending level. We, therefore, appeal once again to donors to find additional ways and means for financing IFAD’s contribution to the enhanced level of the Initiative.

Finally, Madam Chairperson, we would like to compliment you and the bureau in so ably steering the work of IFAD’s Governing Council through an exceptionally trying period.

Thank you.
Statement of the Governor for Saint Lucia

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

Reducing Rural Poverty through Education and Participation

The principal problem facing resource-poor rural households in Saint Lucia and other Windward Island States was their over-reliance on bananas as a source of income. At the same time, the traditionally protected and secure banana market in the United Kingdom was becoming increasingly uncertain, and impending market liberalization within the context of the European Union threatened to force many marginal producers out of production.

To address this issue, IFAD developed a strategy for the Windward Island States to help resource-poor rural households adjust to changing economic conditions. The Saint Lucia Rural Enterprise Project (SL-REP) was born out of this strategy. Its main objective was to offer smallholders and other resource-poor rural households, particularly women-headed households, the option to broaden their income base and reduce risk through the encouragement of a wide range of productive activities. This objective supported Government of Saint Lucia policies regarding national economic diversification and support for farmers marginalized by the changing banana industry.

Project activities are concentrated in the south of the island and cover Canaries, Choiseul, Laborie, Vieux Fort and Micoud in an attempt to maximize the use of available funds. The six-year project began in May 1997 and is expected to end in May 2003. Total costs of the project are estimated at USD 4.7 million. Forty-six percent of the funding will be provided by IFAD, 20% by the Caribbean Development Bank, the Government will provide counterpart funding accounting for 33% of project costs and the beneficiaries’ in-kind contribution is expected to be 1% of total project costs. IFAD spending to date under the project amounts to XCD 2 874 365.17, which represents nearly 55% of total expenditures to date under SL-REP.

SL-REP comprises five principal components and all activities will fall under these components, based on the type of activity involved. A brief description of these components follows:

(a) **Production**: to expand viable income-earning opportunities for poor rural households in crop and livestock production, fish processing and development of other microenterprises.

(b) **Marketing**: to improve the national capacity for generating and disseminating marketing information and market promotion and strengthen the capability for meeting the quality requirements of all markets on a sustainable basis.

(c) **Credit**: to assist rural households to access credit for crop and livestock production and the establishment or expansion of microenterprises, including agro-processing and other non-farm activities.

(d) **Community Development and Mobilization**: to provide a mechanism for community-level decision-making regarding allocations of project resources and effective beneficiary participation in the implementation and operation of the project.
(c) **Project Coordination, Monitoring and Evaluation:** to provide a team of consultants to manage the implementation of the project effectively and transfer skills to project beneficiaries.

**The Participatory Experience**

SL-REP is in its fourth year of operation and is now nearing completion. A mid-term review was carried out in October 2000 and the project coordination team is now awaiting recommendations that may increase the impact of project activities at the community level to ensure continued improvements in the standard of living of rural people.

Experience has shown that, for rural development concepts to take root in resource-poor rural communities, some level of community organization is required. Community-level organization is weak in most rural communities in the island. It was therefore understood that if project activities were to have any real impact on the poor rural households it was intended to target, some form of local management team would have to be created. This realization brought about the birth of the Community Implementation and Advisory Committees, or CIACs as they are commonly referred to. These Committees are basically local decision-making bodies that, in a sense, can be characterized as extensions of the project coordination team. They are responsible for identifying potential beneficiaries for project assistance, identifying community projects to further the development of their communities, community mobilization, promotion of SL-REP at the community level and also for providing the project coordination team with general information to guide the decision-making process for activities in their respective communities.

To date, 13 CIACs have been created in the project target area to represent many communities in the south. They are at various stages of organization and strengthening since they were not all formed at the same time but rather over a two-year period. These CIACs serve approximately 7,240 rural households in the target area. The CIACs have been instrumental in the construction of lockers for the fishermen and of ecotourism trails. It has also provided training to several tour guides to work on the Canaries ecotourism trail.

**Demonstration and Training**

SL-REP planned the construction/renovation of community resource centres in Mon Repos, La Maze, Mongouge and Fond St. Jacque. The actual implementation of this activity was delayed but work is now expected to begin in April 2001. The intention here is to create a forum for technology transfer and training of community members in those areas that would lead to the kind of community empowerment that lies at the heart of the project. The project has also taken on the revamping of the Delcer Irrigation Canal, which is expected to significantly increase the productive capacity of farming households in the areas the canal serves. A local Canal Management Group has been put in place to oversee the operations of the canal and SL-REP has issued a contract to the Caribbean Agricultural Research and Development Institute (CARDI) to provide technical assistance in the implementation of the irrigation plans for the area.

The project also emphasizes land resource management and encourages the use of soil conservation measures among community members and especially among agricultural credit beneficiaries. Through CARDI, the project has financed the setting up of demonstration plots for yams and vegetables on hillsides in Regions 2, 3, 4 and 5. Dasheen demonstration plots are planned for the Fond St. Jacque area and an excellent Dasheen demonstration plot has already been set up in Morne Jacque, Choiseul. It is expected that farmers visiting these sites will learn proper agronomic practices for hillside cultivation of these crops and also appreciate the benefits of soil conservation measures.
Through CIAC mobilization and other initiatives, various training programmes are sponsored by the project for community members. These include cake decorating, business skills training, group dynamics and credit management. Requests for many other types of training have been received, and the project will attempt to meet these demands. Many of these training courses target single-parent women heads of households. To date, 64 persons (61 women and three men) in the communities of Mon Repos, La Pointe, Praslin, Patience, Blanchard, Anse Ger and Desruisseaux have graduated with diplomas from cake decorating courses conducted by the project. It is to be hoped that the economic empowerment of these women will engender further community development and improve the overall standard of living in such communities.

The project understands that one of the main factors mitigating against involvement in productive activities among rural folk is the lack of credit facilities. And where they do exist, the rural poor feel alienated to the extent that they do not approach these institutions for credit even if they are eligible. Under the project’s credit component, the entire process of accessing credit has been simplified and the project works closely with the Choiseul, Laborie and Saltibus Credit Unions. These credit unions have received assistance from the project to strengthen their operations. To date, some 67 agriculture ventures of various types and microenterprises have benefited from this initiative. These in turn have served to increase employment in the target area and improve the livelihood of the beneficiaries and their families where they have been successful. Over 131 jobs have been created from agricultural projects funded under the credit component. But this initiative has not always functioned the way it was perceived in the appraisal report and there are a number of factors influencing its overall direction. The project strives to engender a business approach into these loan beneficiaries, ensuring that all new loan beneficiaries undertake business skills training courses before any monies are disbursed.

Removing the Marketing Bottlenecks

Probably one of the biggest problems facing local producers is the difficulty in marketing their produce. SL-REP has recognized this deficiency; its policy in all productive activities is one of linking the producer to the buyer and it will not encourage the production of any goods or services without first assuring that there is an outlet for it. This non-traditional approach has brought about several breakthroughs. The Fresh Produce Exporters Association has been able to secure a commercial agreement with a major fresh produce distributor in Miami, and was also able to secure cargo space on two major airlines, Fine Air and Virgin Atlantic, through a trade mission sponsored by the project.

Also, the project has worked at institutional capacity building of the Praslin Seamoss Farmers’ Association, and recently a market was identified in Miami for Seamoss. Negotiations are presently ongoing to fine-tune a commercial arrangement. Meanwhile, a market has been established with the local brewery, which buys Seamoss gel for their brewing operations. The Praslin Seamoss Farmers’ Association, through the help of the project, has now approached the Small Enterprise Development Unit to prepare a business proposal for their Seamoss activity. These initiatives ensure an influx of valuable foreign exchange, and also ensure the creation of long-term sustainable local employment in these communities.

The project has worked extensively with a microenterprise, ‘Plas Kasave’ of Canaries which specializes in the processing of farine and cassava bread. Project assistance in label design, packaging and product research has led a surge in demand for cassava products in various food outlets in the country.

The project is also sensitizing people to the consumption of rabbit meat, principally through its rabbit tasting exercises at the CIAC and other community activities. These rabbit sensitization
campaigns have been so successful that the demand for rabbit meat is currently far outstripping supply, with several new restaurants demanding rabbit meat.

The project has placed itself in a good position to meet this rapid surge in demand for rabbit meat. Under its livestock subcomponent, provision was made for the genetic improvement of rabbits, sheep and goats on the island.

The project has worked with strengthening local farmer groups in the target area. Several farmer groups have received assistance under the project and work very closely with it, which has assisted with market identification and linkage, training, group organization and various other areas of assistance. This approach has proven very effective in maximizing benefits to farming communities and falls within the philosophy of the Ministry of Agriculture’s approach to development of the agricultural sector.

Up-Hill Tasks

Although the project has enjoyed some successes during its short life, it has not always been a bed of roses. Obstacles nevertheless arise from time to time and have to be dealt with if project objectives are to be met and maximum possible benefits derived from its activities. In the credit component of the project, there appears to be an abnormally high level of delinquency among loan beneficiaries referred to the credit unions by the project. This is due to the inability of some projects to generate income because the natural agents have taken their toll on some projects and rendered them unproductive, as well as blatant neglect by loan beneficiaries.
Statement of the Acting Governor for the Democratic Socialist Republic of Sri Lanka

Madam Chairperson,
Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

Madam Chairperson,

Let me first congratulate you and extend my best wishes on behalf of the people and the Government of Sri Lanka on the election of the President of IFAD.

IFAD, through several of its projects, has been very effective in addressing agriculture and rural development needs in Sri Lanka.

But such project assistance is still needed as agricultural productivity remains low and contributes to keeping poverty levels high.

Although smallholder agriculture makes a substantial contribution to gross domestic product (GDP) and ensures domestic food supply to a great extent, farmers cultivating small plots of land with few off-farm sources of income account for a large share of the poor in the country. To reduce poverty in rural areas and among farmers, one of the principal strategies adopted in the past was to concentrate on the infrastructure necessary for agricultural development. Construction of irrigation works, agricultural roads and other similar activities received a large share of public investments.

However, the results achieved are not up to expectations. This has created the need to search for additional and complementary strategies to improve the conditions of poor farmers. In this regard, it has for some time been recognized that greater access to expanding markets needs to be developed. This draws our attention to the conditions created by trade liberalization. Although countries like Sri Lanka have yet to reap significant benefits from such reforms, we have to be mindful of the extensive opportunities they offer in terms of market expansion for agricultural products, particularly in the export sector.

For a very long time, our agricultural productivity remained low and more or less static. One of the reasons for this was the small size of the domestic market. In a small domestic market situation, when agriculture has to accommodate a larger percentage of the rural labour force, low productivity becomes more a solution than a problem, since it helps maintain the equilibrium between supply and demand. However, low productivity entails low income, poverty and agrarian discontent.

Madam Chairperson,

In the light of the above, my country would like to explore the positive effects of the trade liberalization process, which offers significant opportunities for expanding the market for agricultural products, particularly in the export sector. For small agricultural countries like Sri Lanka, opportunities for enhanced external trade in agricultural products are a benefit force that has to be harnessed effectively.

However, we cannot be all that optimistic, because it is well known that entering those new and enlarged markets is no easy task. To be successful in that endeavour, we need to have a comprehensive reform package in which technology will be crucial. We need to have very high levels of technology to improve productivity, product quality, post-harvest handling, soil fertility and
management, processing, product development and the mechanization of farm activities. It will be a long and expensive process for Sri Lanka and other developing countries to develop our own capabilities in those fields. Therefore, we need to make use of the increasing opportunities available to developing countries to expand their technology base by acquiring knowledge generated elsewhere. However, imported technology is highly dependent on the capacity and the ability to absorb such technology and adapt it to local conditions. This underscores the need to develop local institutions and human capital in all relevant areas.

So, Madam Chairperson, the success of our agricultural products in export markets, for which quality and product development are crucial, will have a direct positive impact on reducing poverty among farmers in rural areas. Sri Lanka needs new technology to move agriculture in that direction. It will be seen, therefore, that country strategies and opportunities revolve around technology to develop agriculture in order to reduce poverty in rural areas. More than ever before, Sri Lanka needs IFAD’s assistance to develop technology in agriculture.

Thank you.
Statement of the Governor for
the Republic of Uganda

Madam Chairperson,
Mr Outgoing President of IFAD,
Mr Incoming President of IFAD,
Distinguished Governors and Observers,
Ladies and Gentlemen,

On behalf of the people and Government of Uganda, I would like to express my gratitude to IFAD for the excellent arrangements they have made for this meeting. I wish to congratulate the outgoing President, Mr Fawzi H. Al-Sultan, on successfully completing his term of office and ably steering the Fund. I also wish to congratulate the incoming President, Mr Lennart Båge, on his election as President of IFAD. I wish him a successful term of office.

I wish to thank IFAD for its continued support to Uganda since 1981. This, together with the support of other donors, has helped Uganda’s economy grow at an average rate of 6% per annum in the last decade. IFAD’s support is significant because it focuses on the agricultural sector, which accounts for 45% of the economy and employs 80% of the population. Consequently, IFAD support has led to a large reduction in poverty levels in Uganda: from 56% in 1992 to 35% in 2000.

The Government of Uganda has for several years dedicated its efforts to eradicating poverty. This process has been guided by the Poverty-Eradication Action Plan (PEAP), which was first drawn up in 1997 and revised in 2000. PEAP establishes the policy framework for eradicating poverty in Uganda within the next two decades (1997-2017). Within PEAP, the Government has focused on agriculture, developing the Plan for the Modernization of Agriculture (PMA). Under this plan, Uganda is being transformed from a poor economy where most people are locked into traditional subsistence agriculture into a modern economy where agents in all sectors are able to participate actively in economic growth.

Last year my colleague, the Hon. Minister for Agriculture, Animal Industry and Fisheries and Alternate Governor for Uganda, informed you that we were at the final stages of the strategic framework for PMA. He requested IFAD’s support in a number of areas. I am glad to report that the framework has now been finalized and is operational and that IFAD has agreed to finance the National Agricultural Advisory Services (NAAS) programme.

The Fund is currently financing the following programmes/projects:

- Cotton Sub-Sector Development Project
- Vegetable Oil Development Project
- District Development Support Programme
- Area-Based Agricultural Modernization Programme

The following projects are in the pipeline:

- Uganda Women’s Efforts to Save Orphans (UWESO) Development Programme
- NAAS Programme

In conclusion, I wish to commend IFAD’s programme of work for 2001, especially insofar as it pledges to make a sustainable contribution to poverty eradication.

Thank you.
CHAPTER 4

A. INAUGURAL STATEMENTS

Address by His Excellency Natale D’Amico,
Under-Secretary, Ministry of Finance of the Italian Republic,
on Behalf of the Government of the Italian Republic

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

I am particularly pleased to open the work of this Twenty-Fourth Session of the Governing Council of IFAD, and to greet you on behalf of the Italian Government. Rapid technological advances and economic and scientific improvements have changed the position of society in our countries in terms of international relations. The process of integration and liberalization of trade has further improved world economic growth. However, the poorer areas have not received the same advantages as the richer ones. While production structures change very quickly in the industrialized areas, the rural areas are unable to benefit to the same extent from such technological progress. Poverty remains one of the major problems that the international community is striving to resolve.

We fully share the concerns expressed in IFAD’s recent report on poverty in the rural areas and I wish to confirm the Italian Government’s commitment to attaining the development objectives set by the Millennium Summit held by the United Nations last September. Food security is certainly a priority area for the United Nations, and especially for the three institutions located in Rome – FAO, WFP and IFAD. Italy will continue to cooperate with these institutions within the context of the poverty-alleviation strategies to which all United Nations institutions and financial institutions are committed. Only by coordinating initiatives, both multilateral and bilateral, will it be possible to improve the efficiency of the financial assistance provided.

I wish to seize this opportunity to renew the Italian Government’s appreciation of IFAD’s activities and the results it has obtained in rendering developing countries’ agriculture both more productive and participatory. At the very least, the organization is generally recognized for its high level of professionalism in its area of expertise, for the good results it has obtained and for its capacity for promoting ownership of projects in beneficiary countries. We are particularly delighted that this morning’s consultations have allowed us to complete the Fifth Replenishment of IFAD’s resources. The Italian Government is convinced that ever more resources should be provided to IFAD so that it can carry on its financial assistance programmes in the years to come. It is grateful to President Al-Sultan for his efforts to strengthen both the structure and the financial instruments of the organization. During his term of office, he has played his role with sensitivity to the needs of the poorer areas and with great efficiency in financial management, which has made it possible to make best use of the scarce resources available. Over and above expressing our gratitude to President Al-Sultan for what he has done for IFAD, I wish him all the best in his future endeavours.

In opening this Session of the Governing Council, during which we shall be called upon to take important decisions such as the election of a new president, I extend my best wishes to all participants for a successful meeting and a pleasant stay in Rome.
Dear Friends,

This Twenty-Fourth Session of IFAD’s Governing Council is exceptionally timely and important. Just five months ago the world’s leaders pledged at the Millennium Summit to halve extreme poverty by 2015. IFAD, as a member of the UN family dedicated to ending rural poverty and hunger, will be an essential and valuable partner in ensuring that the Millennium target is translated into action. The decisions that you make this week will help determine how IFAD contributes to this vital mission. I know you will do everything to ensure that your discussions are productive and innovative.

Your meeting comes only two weeks after IFAD launched its report, underscoring the indispensability of a focus on rural poverty in achieving the 2015 target. The Rural Poverty Report 2001: The Challenge of Ending Rural Poverty reminds us that those living in rural areas form the majority of the world’s poor – and that this will probably still be true 30 years from now. It tells us that agriculture will continue to be essential to their livelihoods and it shows that urban and rural poverty are closely and inextricably linked.

In short, the report reminds us that if we do not focus on the rural areas, where three-fourths of the world’s poor live, work and struggle to support their families, we will not achieve our targets for eradicating abject poverty.

This is why IFAD’s mandate is as vital today as the day it was born. IFAD was created in the aftermath of the food crisis of the early 1970s, to fill the gap in the international system that had no institution dedicated to the issues facing the rural poor. Today, it continues to play that unique and vital role. It tackles rural poverty not only as a lender, but also as an advocate for the rural poor. Through its collaboration with other institutions, it works to maximize support for programmes that work to alleviate poverty in rural areas.

Two weeks ago, I joined IFAD’s President in launching the Rural Poverty Report at UN headquarters. On that occasion, we spoke about the report’s key messages and the need to empower rural people to lift themselves and their children out of abject poverty. You will have the opportunity to share a video record of that event, which further highlights IFAD’s role as an essential partner in the effort to achieve our Millennium goal.

I wish you all a most successful session.
Statement by the Executive Director of
the World Food Programme,
Mrs Catherine Bertini

Madam Chairperson,
Excellencies,
Ladies and Gentlemen,

IFAD and the World Food Programme have been very strong partners but one of the main reasons why that partnership has been so strong for the last eight years has been Mr Fawzi Al-Sultan. So before I give my statement to you I want to give a tribute to him and to thank him for his leadership. I want to tell you that we so much appreciate his leadership in the UN system, we appreciate his leadership among the UN agencies in Rome and we appreciate his leadership as the head of an agency that is an important partner for the World Food Programme. He has carried out his work not only very well for the effects of the programmes of IFAD but also in the interests of very close cooperation between the agencies in Rome and leadership within the UN in general. I can tell you that when he spoke at the Administrative Committee on Coordination (ACC) meetings, his views were always very much appreciated and taken to heart, and certainly his leadership efforts in making sure that the three agencies in Rome were close collaborators was a very important reason why we are today. So I want to give him tribute and say thank you to him because he has made a difference not only for IFAD but for all of us in the system, and to tell him, in front of you, that we look forward to staying in touch with him, and I, certainly on a personal level, very much appreciate his friendship.

The International Fund for Agricultural Development, the Food and Agriculture Organization of the United Nations, the World Food Programme and every person in this room shares one important goal – to invest and to invest wisely in the future of the people living in the developing world. The IFAD loans to poor farmers, the FAO’s agricultural production expertise and extension programmes and food aid provided by the World Food Programme are all long-term investments geared to help poor people to meet their food needs, geared to ending hunger throughout the world. Now I cannot miss this opportunity to speak to so many leaders of so many countries throughout the world without talking about something critical to each of us, and that is one of the most important avenues to strengthen countries and individuals, and one of the most important investments we can make in the world, and that is to feed children, in particular children in school. There are very few opportunities to directly touch the lives of millions of people, to make life better for future generations, but feeding children in school is one of these opportunities. This is something the World Food Programme has been doing for its 38 years but I want to highlight it to you today because it accomplishes a dual goal. It helps reduce hunger and it helps educate people.

During the World Food Summit we all talked about cutting the number of hungry people in the world by half by the year 2015. We have also all talked about the UN’s commitment for education for all. The combination of these two objectives by the international community makes initiatives like feeding children at school a critical way to achieve these objectives. We have found, and many studies throughout the world have found, that when we feed children in school we do so many things. There is a direct impact on the number of children who go to school and on their performance. There is a direct impact on the number of children who are able to listen more, to learn more, when they are in school and therefore they become better educated and they become adults who are better able to take advantage of economic opportunities. It is so difficult for so many families, particularly in poor countries, to send their children to school. Many of the children are undernourished or malnourished; sometimes they stay home in order to help support the family’s meagre existence in terms of being able to work. But uneducated children have so much less opportunity to participate in the world afterwards.
This is important not just for people running food aid programmes so I am not speaking to you to say please help WFP’s programmes. I am speaking to you as leaders to say, of all the things that you do in your countries, feeding children at school is one of the most important because it helps combat hunger at the source but it also helps with developing the education for children so that they no longer have to be hungry when they are adults and when they can earn more and have more opportunities and contribute more to their families’ well being. It is estimated that there are still 130 million primary school age children, mostly girls, who do not attend school. Certainly, providing food in school helps to get children to school. No one government in a poor country can accomplish this. No one agency can, no NGO can, but many people working together can. But what is more important than anything else is the commitment of the leadership of each government to see that children are fed in school. Even if a government does not have all the resources to do it, they can set it as a goal, and they can look for opportunities to develop those resources from the communities, from the parents, from individuals, from agencies, and from many others who would be committed to help to do this.

Feeding children at school is not just a project for poor countries. It is a project that is critically important. When I was with the United States Department of Agriculture before joining WFP, I managed the food distribution programmes for poor Americans and, in particular, providing food in school to children. I remember going to one area which I thought was a rich school district and having people tell me that lunch at school and breakfast at school was so important to every child. To every child, because they did not necessarily get the food they needed before they started their day but when they had that food they paid attention more, they did better on tests, they were less tardy, they were present more often. This is true in poor countries, it is true in wealthy countries, it is important everywhere.

The theme this week is working with the rural poor and, of course, these, the children of the rural poor, are so susceptible, as their whole families are, to so many problems of poverty and hunger, but if we can help children to get to school we can make a difference in their lives. You have seen these children, you have seen the ones that have tried to go to school, that have walked kilometres and kilometres from home to get to school. You have seen how their families struggle for them to make it to school. Imagine how much better off they could be if they knew that when they got to school there would be not only intellectual sustenance but sustenance for their bodies. The benefits of education to economic growth and its contribution to increased productivity have been demonstrated over and over again. Our investments in human capital, especially education, are critical to economic growth, perhaps more than anything else.

One other important point, educating the girls at school makes a difference not only for generations to come but for entire communities because when girls are educated, when females are literate, that makes a huge difference in the community. Each added year of schooling for a mother results in a five to ten percent decrease in mortality among her children. In the last 25 years, 44% of the reduction in child malnutrition was attributable to women’s education. Mothers who complete primary education have an average of two fewer children than those who do not have schooling and they also are more likely to send their children to school. Basic education is critical, it is critical to changing the world, to ending hunger and ending poverty and feeding children at school is critical to that education. This opportunity to encourage you to look at these programmes in your own countries is one that I could not resist, because as we look for better ways to invest in the developing world, yes, we must invest in agriculture, and we must invest in economic development, but we must also invest in educating our children. And we can help to do that by feeding children in school.
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 address this opening session of IFAD’s Twenty-Fourth Governing Council meeting and in particular to assure you of FAO’s very strong commitment to working closely with IFAD in the fight against hunger and poverty in the world.

I should also like to take this opportunity to express, on behalf of the Director-General and on behalf of all of us in FAO and certainly on behalf of myself, personally, our sincere appreciation to President Al-Sultan for all that he has achieved during his eight years at the helm of IFAD. During these years, collaboration among the three Rome-based agencies has increased, our shared goals have been reinforced, and our joint activities have expanded into several innovative areas. President Al-Sultan has clearly demonstrated his personal and energetic commitment to fostering an effective and efficient partnership among IFAD, WFP and FAO. We, at FAO, will continue to pursue the vision that he has provided in order to maximize our combined impact, and hopefully therefore to make a real difference in the lives of the hungry and contribute to reducing the number of rural poor in the world. President Al-Sultan, we wish you success and fulfilment in your future activities.

I believe that it is also particularly gratifying that, on the occasion of his relinquishing the presidency of IFAD, a major collaborative activity—the mobilizing of Italian debt-for-development swaps—should now be bearing fruit. In fact, as you may be aware, His Excellency President Mubarak of Egypt will soon be signing an important agreement between the Governments of Egypt and Italy this week in Rome. The agreement will, in fact, formalize the release of debt swap funds for priority projects aimed at rural development, poverty alleviation and food security in the context of sustainable resource use. President Al-Sultan and his staff have been particularly instrumental in helping to move this debt-swap initiative forward, and I am very pleased to note that FAO is currently actively assisting IFAD and the Government of Egypt in formulating the first project to benefit by this arrangement.

While this initiative provides a beacon for the way forward, much remains to be done. It is only by reinforcing and focusing our efforts that we can reverse one of the most worrying trends of recent years— the trend of declining national and international investment flows for the development of agriculture and the rural sector. While it is good that poverty reduction is being given increasing importance by the donor community and the United Nations system agencies, still 70% of the world’s poor, and the vast majority of the more than 800 million people who face the deprivations of hunger and malnutrition daily, live in the rural areas. Our actions must reflect this reality. We must find the means to increase investment in rural areas, especially in the agriculture sector.

Another very worrying trend is the widening gap between the commitments that seem to be made and the level of resources that are provided to meet those commitments. For example, we all know of the targets that were set by the World Food Summit, and the commitments that the world community made then to reduce the number of undernourished by at least 20 million people per year. In fact, the actual rate that we are achieving is only about eight million people per year. Because of this discrepancy, the FAO Council accepted our Director-General’s proposal to take advantage of the
forthcoming November FAO Conference to review progress made five years after the World Food Summit of 1996. We shall be inviting heads of state and government to attend in order to reinforce the debate, to focus on the multisectoral constraints to implementing the Summit’s objectives and to determine the practical and concerted actions needed to overcome these constraints and achieve the Summit’s goals. Both IFAD and WFP are, of course, very cordially invited to join us in these deliberations.

We are now well into the new millennium and we continue to face the challenge of natural disasters, the inequalities of global food distribution and the destruction and suffering resulting from civil strife and human-induced emergencies. Freedom from hunger remains an elusive goal for some 800 million people and continues to undermine the socio-economic development of many nations.

In closing, Madam Chairperson, distinguished delegates, I wish to reassure you that FAO is doing everything we can to meet this challenge and to put all of our skills and energies at the disposal of our Member Countries in their fight to eradicate hunger as the first and most fundamental step in reducing poverty. In this endeavour, we shall continue to strengthen our collaboration with IFAD and of course with your new president.

On behalf of our Director-General, I would like to extend to the Governing Council every good wish for success in your deliberations this week.
Statement by the President of IFAD,
Fawzi H. Al-Sultan,
to the Twenty-Fourth Session of the Governing Council

Madam Chairperson,
Distinguished Governors,
Ladies and Gentlemen,

May I welcome you warmly to Rome and to this Twenty-Fourth Session of the Governing Council of IFAD. This year, 2001, according to some is really the first year of the new Millennium. It is a year that marks an important moment of change for IFAD.

I would like to thank His Excellency, Natale D’Amico, Under-Secretary in the Italian Ministry of Finance and Governor for Italy, for being with us today to deliver the message of the Italian Government. Throughout the Fund’s 23 years, Italy has provided us with strong support as well as warm hospitality reflecting Italy’s deep and longstanding commitment to international cooperation for development.

We are deeply honoured by the participation at the Council this year of the President of the Arab Republic of Egypt, His Excellency Mohamed Hosni Mubarak. We will have the opportunity of hearing his statement later this morning.

May I also express my appreciation for the eloquent message of the Secretary-General of the United Nations, His Excellency, Mr Kofi Annan, in support of the efforts that IFAD is making in strong collaboration with other United Nations organizations to end poverty, malnutrition and hunger.

It is a pleasure to welcome here my friend and colleague, Catherine Bertini, the Executive Director of WFP and Mr David Harcharik, the Deputy Director-General of FAO, whose presence with us symbolizes the close relations and the growing collaboration among the three Rome-based United Nations organizations.

Madam Chairperson,

This Governing Council marks the eighth and last time that I will have the privilege of addressing the Council as President of IFAD. I would like to take this opportunity to look at the path we have travelled together over these last eight years and reflect on the coming challenges for the Fund.

These years have seen substantial changes both within IFAD as an institution and in the wider world that affects the conditions of our clients, the rural poor, smallholder farmers, herders, artisans and above all poor rural women.

By 1993, IFAD was widely recognized as an innovative institution that looked at the world of the poor through their own eyes, from the grass-roots level, rather than at them from the top down.

The main elements of IFAD’s approach were well developed: targeted assistance rather than relying on trickle-down of benefits; opening the door to credit for the poor; participative technology development and responsive extension services focused on the crops and animals of the poor; small-scale water control and conservation that poor farmers could manage themselves, and which would benefit them directly; a focus on marginal areas and countries where others were reluctant to go; attention to land degradation and desertification; and direct involvement by the intended beneficiaries as well as NGOs in the design and implementation of projects.
These qualities had rightly earned for IFAD a strong reputation for delivering imaginative and participative poverty-alleviation projects. At the same time, however, some significant problems were emerging.

IFAD’s replenishment process had proved unduly protracted and painful. Nineteen ninety-two, for example, was the last year of the Fund’s Third Replenishment. Yet very little progress had been made towards concluding the Fourth Replenishment. As a result of its funding problems, IFAD’s lending level in 1992 was about 300 million dollars, with only 24 projects that year. Moreover, disbursements – what the projects actually delivered to the poor – had fallen to USD 174 million a year.

IFAD’s administrative budget on the other hand had been rising. In the two previous years, the budget and project development costs had grown by about 31% to a level close to USD 70 million in 1992.

Thus IFAD was at risk of being considered an institution whose projects were widely admired but which was becoming too small in its coverage and too expensive in its operations.

The challenge was to build on the Fund’s strengths while enhancing its impact and outreach and making the institution more efficient and cost-effective.

This challenge was underlined by the Rapid External Assessment of the Fund carried out in 1994 under the chairmanship of Professor Ivan Head of Canada. The assessment team, after an extensive review of IFAD’s operations and discussions with Member States as well as other multilateral institutions, agreed that IFAD had the potential to “become the foremost agent for coherent and rational activity in rural poverty diminishment”. Reaffirming the validity of the Fund’s mission, the report also called on IFAD to become a knowledge organization on rural poverty.

In our response to meeting this challenge, we took a number of initiatives to adapt the Fund’s governance and re-engineer its work processes.

Member States endorsed wide-ranging changes in the Fund’s structure to adapt it to new economic conditions and address some of the factors that had made its replenishment process so difficult. As a result, the Fund’s Fifth Replenishment, whose negotiations started in February 1999, was concluded within 18 months by July 2000, together with an institutional Plan of Action for the replenishment period.

Internally, all the Fund’s major work processes were reviewed in-depth by groups made up of IFAD staff. On the basis of their recommendations, the project cycle was streamlined and made more flexible and continuous with greater emphasis given to implementation issues. Major changes were also made in the budget process and areas such as document management and the Fund’s information system.

Again on the basis of staff inputs, a Vision Statement was prepared and provided the basis for the Fund’s corporate strategy and corporate scorecard. The latter made transparent what the responsibility of individual operational units was and how it related to the work of other units, thus giving each IFAD staff member a better sense of what was expected of him or her and, even more important, what they should expect of themselves.

This re-engineering of our work processes brought about a major improvement in the Fund’s budgetary position and the relationship between the budget and its lending programme. Between 1992 and 2000 for example, IFAD’s administrative budget and project development costs in real terms had
been reduced by 26%. In fact, today, these administrative expenditures are lower in actual United States dollars than what they were in 1992.

Over the same period, the Fund’s programme of work has grown by more than 40%. Last year’s projects, with a total investment cost of just over USD 1 billion on full development, helped some ten million poor people work their way out of poverty.

Disbursements have risen by 80% from their 1992 level to USD 312 million in 2000. This major increase in IFAD’s disbursements reflects the attention and effort that have been given to ensuring that project implementation is carried out effectively and on a timely basis.

Madam Chairperson,

Along with these institutional changes to improve the process of project preparation and delivery, we have given equal attention to making the content of our programmes fully responsive to the changing world facing the rural poor.

As more countries adopt policy approaches based on market forces, important new opportunities are opening up for poor farmers and other rural producers, but greater risks as well. Moreover, in many countries, services for marketing, extension, credit, supply of fertilizers and other inputs that had earlier been provided by state agencies are being cut back.

Promoting the growth of private technical services responsive to local demand is an important priority in this context. IFAD projects, such as last year’s natural resource management project in Bolivia as well as projects in Mexico and Uganda, are giving special attention to this issue. Our earlier experience in countries like Guatemala and Peru has shown that even poor farmers are willing to pay for extension services if these are responsive to farmers’ needs.

Unfortunately, markets in many rural areas remain underdeveloped, often with a handful of traders dominating the markets. Helping poor farmers organize themselves and gain access to up-to-date market information as well as build linkages with outside traders are important goals of last
year’s projects in Azerbaijan and Georgia as well as Mexico and Venezuela. This will be a growing priority for IFAD interventions.

Perhaps the most pioneering aspect of IFAD’s work has been to show that the poor are indeed bankable. Building on our long-standing experience of opening the door to credit for poor rural men and women, we are now trying to promote viable rural financial institutions that offer not only credit but savings and other services such as insurance. In fact, bringing about a rural financial system that can respond to the changing needs of smallholder farmers and other rural producers will provide them a ladder out of poverty.

Last year’s National Microfinance Support Programme in India illustrates our approach. The programme will promote a national framework for microfinance institutions based on commercial principles and charging market rates on loans. Moreover, the bulk of the financing of the USD 134 million cost of the microfinance programme will come from the banking institutions themselves, which will finance most of the lending.

The India programme, together with similar projects with national coverage in Ghana, Niger and the United Republic of Tanzania last year, show how we are working with host country governments to mainstream innovative approaches for rural poverty alleviation into the broader national policy framework. This provides a new dimension for IFAD’s role as a catalyst, promoting programmes in favour of the rural poor on a much larger scale.

Let me mention just one more area where the Fund has sharpened its programme approach, our wide-ranging collaboration with NGOs and other civil-society institutions. Civil-society institutions today are being regarded not merely as ways of delivering project services but as partners. For example, in last year’s Indonesia project, NGOs were seen as stakeholders from the beginning and indeed were part of the negotiating team that finalized the project.

In the Indonesian project, as well as in projects last year in Bolivia, Morocco and The Sudan, civil society institutions will play a key role in improving national resource management and combating land degradation. The Fund’s selection as the agency to house the Global Mechanism of the United Nations Convention to Combat Desertification has given a new impetus to our own long-standing efforts to promote sustainable land and management practices and halt further degradation.

Madam Chairperson,

IFAD is today cost-effective in its operations, with an annual programme that reaches millions of poor people. Yet change and reform have to be a continuing process. Thus, last year we launched a second phase of our re-engineering, this time to strengthen our financial, human resource and administrative services functions. These reforms, using the potential of modern information technology, will lead to substantial savings in these areas in the coming years.

We are also intensifying our efforts to make IFAD a knowledge organization on poverty, improving access to insights from our own experience and sharing and testing them with the lessons drawn from the experience of others.

The Fund’s replenishment process, however, still provides a continuing challenge. As I said, a consensus on the Fifth Replenishment was reached within 18 months, by July 2000. However, confirmations of pledges by individual countries have come slowly and IFAD received no contributions under the Fifth Replenishment in the year 2000. I am happy to say, however, that this morning a number of countries announced their pledges and we have now completed the Fifth Replenishment.
Nonetheless, the delays experienced in the Fifth Replenishment contributions make it imperative for Member States to give attention to ways of streamlining the replenishment process further and to ensure that the Sixth Replenishment covering the period 2003-2005 starts on time.

Unfortunately, the year 2000 was also marked by a great deal of volatility in the financial markets, with our equity holdings actually showing a loss. Nonetheless, since 1997, when our diversification policy was initiated, IFAD has enjoyed a net benefit on its investment income compared to what it would have been had we continued the previous investment policy. But the lack of Fifth Replenishment contributions in the year 2000, and delays in payment of the earlier Replenishments, combined with the poor performance of the investment portfolio that year have compelled us to reduce the proposed lending programme for 2001. I hope, however, that we will be able to resume a normal lending programme next year, assuming that the Fifth Replenishment contributions are made in a timely way.

Madam Chairperson,

World leaders at the Millennium Summit last September made a historic commitment on poverty: to reduce the proportion of those living in extreme poverty, on less than one dollar a day, by half by the year 2015.

This global poverty target defines the scale of the task before us and has created a benchmark to measure progress. Virtually all United Nations organizations and international financial institutions have, in their respective sectors, now adopted poverty eradication as a major strategic objective.

Two years ago, as we looked to the new Millennium, we thought it was the right moment to examine the lessons from our own experience and relate these to the experience of other institutions working against poverty, as well as inputs from academic research. This was the genesis of the IFAD Rural Poverty Report 2001 that was launched on 5 February by the Secretary-General of the United Nations.

As the Rural Poverty Report shows, not only do a large majority of the world’s poor currently live in rural areas but the dominance of rural poverty is likely to continue well into this century. Moreover, anyone who has visited large third-world cities cannot fail to see the flood of rural immigrants that deepen and entrench urban poverty. It is difficult to imagine that poverty in such urban areas could be tackled in a lasting way, unless opportunities are generated in the countryside that reduce this tide of economic migration.

The centrality of rural poverty is thus the first thing to recognize in the effort to end overall poverty.

Most multilateral institutions joining in the effort to reduce rural poverty are concentrating on the social sector, especially health and education, and helping strengthen institutions important for governance and policy formulation. These are crucial tasks, especially for the medium-term, but few other institutions are providing direct support to enhance the productive activities of the rural poor.

Yet raising their production is essential for today’s poor to overcome the deprivation that is their daily life, and improve their prospects for survival into that medium term. Moreover, rising incomes in the hands of the rural poor help sustain rural health, education and other services. This is what IFAD does. There is thus not an overlap but in fact a strong complementarity between our work and that of the other institutions that are now giving a new priority to poverty.
Madam Chairperson,

The *Rural Poverty Report 2001* highlights that the present rate of poverty reduction is about one third of that required to achieve the Millennium Summit target and in Africa it is barely one sixth. We simply have to do much better.

Most of the poor depend on agriculture and related trades and crafts for their livelihood, yet agriculture has received a falling share of international aid, now about 12% of overall official development assistance (ODA), which itself has declined in real terms in the 1990s. In fact, international financing for agriculture fell by nearly 40% between 1988 and 1998, even as the declared support for poverty alleviation has become more intense.

Thus the second key message of the report is that in order to achieve more rapid poverty reduction, greater priority – and resources – have to be given to agriculture, which provides the economic basis of the rural poor.

IFAD’s Member States need to respond to these challenges. After all, our Members are the same as those who proclaimed the Millennium target.

A good place to start with higher resources for the poor would be in IFAD, a tested and proven instrument to fight poverty. After seeing this institution for eight years, I can say that IFAD has the capacity to deliver a far larger volume of support to the rural poor to empower them and create the conditions for them to work their way out of poverty.

We now reach some ten million poor people per year. IFAD could double that level if we had the resources and thus make a major contribution to achieving the Millennium Summit target. I hope that when Member States look again at IFAD’s resource needs, they will do so in the context of the challenge of the Millennium poverty target and IFAD’s potential to help achieve it.

Madam Chairperson,

Twelve hundred million men, women and children, still live today in extreme poverty. Beyond those numbers lies the poignancy of wasted lives and forgotten hopes. During my own visits to our projects, I witnessed many times how little external support is required to help poor men and women reclaim their lives and assure better ones for their children.

One such woman is Amie Doumbuya, whom I met in Mali in a remote village called Sinebougou, 50 kilometres from any road, where the IFAD-supported Segou Village Development Fund Programme – Phase II was just starting up. When I was leaving the village, Amie came out of the crowd to offer me a bowl of millet as a present, she told me, for my wife, to share her own good fortune for the opportunity that the project was giving her. I could not convince her to keep the grain for her five children, standing close to her, two of whom had bloated stomachs, signs of malnourishment. Today, Amie can earn enough to feed herself and her children. Giving women such as Amie hope is perhaps IFAD’s greatest achievement.

Madam Chairperson,

Serving as IFAD’s President for these last eight years has been an enormously rewarding experience for me. I would like to express my deep gratitude to His Highness the Amir of the State of Kuwait, for having chosen to nominate me for the Presidency of IFAD. And I would like equally to thank the Fund’s Governors and, through you, the Member States for having elected me to this post.
Here let me add a word to acknowledge the committed and devoted efforts of our staff and the
great satisfaction I have had in working with them. During these years, when so many changes were
taking place, the Fund’s staff continued to focus firmly on our mission and on the needs of our clients,
the poor. Their expertise, experience and commitment is what makes IFAD a unique and effective
institution.

My period in Rome has not only been deeply satisfying for me professionally but fulfilling
years for my family as well. For that I would like to recognize the support extended by the
Government of Italy to IFAD and to me personally, and above all, the warmth of the people of Rome
and Italy. Our Roman experience is something we will treasure and carry with us all our lives.

Thank you.
Video Message of Archbishop Desmond Tutu

I greet you as you gather for your Governing Council meeting in February 2001.

A few years ago we in South Africa suffered from the scourge of apartheid with its injustice, oppression and exploitation, which seemed such an intractable problem. And then the international community came to our assistance in the anti-apartheid campaign. Today, apartheid has been destroyed and South Africa is free, democratic, seeking to be non-racial and non-sexist.

The world faces yet another scourge in the devastating poverty afflicting so many billions of God’s children in the world. When you return to your room, perhaps when you return to your home, by a flick of a switch you will have electricity accessible, available to you. You turn a tap and clean, running water flows. Several billions of God’s children have neither electricity nor water. The international community can yet again help to destroy, to defeat, this scourge, especially by supporting enthusiastically the splendid work of IFAD in empowering particularly rural women and in supporting local initiatives for eradicating poverty. I appeal to you to return to your homes galvanized to support IFAD.

God bless you.
Welcoming Statement by the President of IFAD,
Fawzi H. Al-Sultan,
on the Occasion of the Visit of
His Excellency Mohamed Hosni Mubarak,
President of the Arab Republic of Egypt

Your Excellency,

It gives me great pleasure to welcome most warmly your contribution to this Twenty-Fourth Session of the Governing Council of the International Fund for Agricultural Development.

I would like also to welcome Mrs Mubarak, who played a fundamental role in preparing and participating in the Rural Women’s Summit held in Geneva in February 1992. As you know, the main purpose of the Summit was to empower rural women and increase their role in development. I welcome you, Mr President, on behalf of everyone participating in this Session. It gives me great pleasure, Your Excellency, at a time when I am about to leave IFAD after eight years of presidency.

It is indeed a great honour for the Fund to see you here for the second time. It is obviously an expression of the interest that you personally have in combating poverty, a problem which so many developing countries are facing. There is no doubt that your policies to ensure social security through raising the standards of living in Egypt will achieve economic and social development, quite apart from what you are doing to establish peace in the Middle East. Such initiatives from the leaders of Member Countries enable the Fund to serve the purposes of the rural poor in all developing countries.

Allow me, Mr President, to ask you to address the Governing Council so that we may listen to your wisdom and views, and listen to the voice of Africa, the Arab World and the Third World about issues of interest to all of us.
PARTICIPATION OF HIS EXCELLENCY MOHAMED HOSNI MUBARAK, PRESIDENT OF THE ARAB REPUBLIC OF EGYPT

President Mubarak greeting members of the Bureau

President Al-Sultan greeting President Mubarak

President Mubarak meeting Mrs Bertini
I would like, at the outset, to thank you for inviting me to participate in this important meeting that comes at a historic stage in the work of the International Fund for Agricultural Development (IFAD).

This is a time of escalating challenges and growing hopes for a bright future for humanity at large, coinciding with the beginning of a new millennium that will hopefully bring full prosperity to us and to your friendly peoples.

The international community is now passing through a critical historical stage in view of recent world developments related to globalization and economic liberalization. The opportunities and challenges arising from such developments are not confined to political, economic, social and cultural aspects, but also gaining importance in several other sectors.

Of all sectors, the agricultural sector is perhaps the most vulnerable to challenges in the coming period. However, all countries of the world, whether advanced, developing, net food-importing or net food-exporting countries, will be exposed, in varying degrees, to such challenges, particularly since the challenges facing the agricultural sector have become more complicated and more interlinked with several other sectors and areas.

In the past year, negotiations on the agricultural sector commenced under the aegis of the World Trade Organization. These negotiations have been characteristically difficult and complex, given that they care for the balancing of a wide array of interlinked and sometimes contradictory considerations.

This involves balancing between the interests of developing, advanced, net food-importing and net food-exporting countries; balancing between trade liberalization in agricultural commodities, on the one hand, and the protection of small farmers and the fulfilment of food security on the other: difficulties facing agricultural exports to developing countries and in accessing markets as well as those confronting those countries in acquiring high agricultural technologies. All this must be carried out within a supportive framework for sustainable development, environmental and human health protection, particularly as diseases have become more dangerous and more easily communicable.

The rapid outbreak of mad cow disease and dioxin poisoning are just two examples of the problems facing the world community.

In addition, the world population has recently overstepped the threshold of 6 billion, of whom 826 million, including 200 million children, are affected by famine. Even today, half of the world’s population lives on less than two dollars a day.

Moreover, the world population is expected to increase by two billion during the next two decades, adding a major burden on the international community in terms of redoubling agricultural production, the fight against poverty and hunger, achieving food security and environmental protection. The achievement of these goals is an essential requirement to guarantee world peace, security and stability.

We all subscribed to these goals in the Declaration of the World Food Summit of 1996. That Declaration stressed every individual’s right to break out of hunger, and set an essential target, namely, to reduce by half the number of people suffering from food deficiency in the world by 2015.
The follow-up to the Summit, scheduled to be held this autumn under the aegis of FAO, may provide a good chance to agree on efforts to attain that target.

At the United Nations Millennium Summit we expressed our firm determination to pursue this goal.

In addition, IFAD’s Rural Poverty Report 2001 states that three quarters of those living in abject poverty reside in the rural areas. As such, rural development should be a high-priority issue on the world community’s agenda. It should be equally, if not more, important than the ongoing interest in urban development in order for us to achieve the desired goal in due time.

Ladies and Gentlemen,

In view of the foregoing, IFAD’s activities gain an ever-increasing importance in terms of assisting the developing countries to fulfil their hopes and ambitions in eliminating hunger, alleviating poverty in rural areas and facing the adverse effects of open-door and economic liberalization policies.

I am sure that your esteemed Council will proceed, as usual, to develop innovative strategies that could evolve in line with successive developments in the economic arena so as to achieve the hoped-for goals within the framework of constructive dynamic cooperation between the beneficiary countries, financial and development institutions, non-governmental organizations and the private sector.

I am also sure that with the strong support that IFAD enjoys from its efficient staff, imbued as they are with belief in the issue of rural and agricultural development, the Fund will continue to undertake its responsibility in the next critical stage at the same level of efficiency and ability as they manifested under the Presidency of Fawzi Al-Sultan. Indeed, Mr Al-Sultan’s outstanding scientific, professional and organizational capabilities have imparted a distinct imprint on IFAD’s work during his term of presidency. His contribution to revitalizing and supervising IFAD’s resources was most notable, as were his efforts to upgrade the Fund’s lending mechanism to more flexibly respond to the needs of the beneficiary countries, particularly the poor countries. Thus, the beneficiaries were able to benefit more from high technical expertise and technologies. This is apart from other successive achievements made throughout two consecutive terms of office which, I am sure, you duly appreciate.

I wish, in your presence, to express, on behalf of Egypt and myself, sincere appreciation for his pioneering role in upgrading IFAD. I wish him all success in the service of his home country, the brotherly State of Kuwait.

Ladies and Gentlemen,

In Egypt, special attention is given to the agricultural sector owing to its significant position in the Egyptian national economy accounting for about 18% of the gross domestic product. It also employs nearly 34% of Egypt’s total labour force and contributes about 20% of total exports.

Under an advanced strategy for agricultural development during the 1980s and 1990s, Egypt eliminated all forms of governmental intervention in the agricultural sector which is presently governed by market mechanisms. Thus, today the role of the State is confined to conducting agricultural research and extension services and to developing and implementing agricultural policies and legislation.
The agricultural sector was one of the pioneering sectors under the economic reform and liberalization programme. It has accomplished great achievements in agricultural development and maintained food security in Egypt.

Furthermore, the Egyptian farmer responded favourably to the liberalization and economic reform efforts, resulting in an increase in the area of arable land and productivity per feddan. Moreover, the volume and growth rates of agricultural and livestock production increased.

Rates of self-sufficiency were improved and the volume of Egyptian agricultural exports increased, thus raising the real incomes of farmers.

The distinguished relationship between Egypt and IFAD has played an important role in such agricultural achievements. This was made possible through the Fund’s initiative to finance projects that served the objectives of the Egyptian agricultural development plan and were compatible with the state’s socio-economic development plan, through two main themes.

**Theme One**

To support vertical expansion by focusing on integrated agricultural development projects to increase the crop return per feddan in the new arable lands. The Fund cofinanced agricultural development projects in Minya and Fayoum Governorates, a project for intensifying agricultural production in the Governorates of Northern Upper Egypt, and an integrated rural development project under joint financing with Egypt and the World Bank.

**Theme Two**

To support the state’s efforts in reclaiming lands and vertical agricultural expansion in desert lands within the framework of IFAD’s increasing interest in combating desertification by offering post-settlement services to land reclaimed by the state. Thus, the Fund financed the West Beheira Settlement Project and agricultural service development projects in the new lands in east and west Delta, under joint financing with the World Bank and the Government of Egypt. The success of the Fund’s projects in Egypt has been enhanced by the fact that they coincided with the overall State orientation in expanding the agricultural area and improving its productivity. This was demonstrated by the pioneering projects for reclaiming 3.4 million feddans in east Owainat, south west of the Western Desert, Darb el-Arbéen, south east of the Western Desert up to the Sudanese border, and as-Salam Canal area, east and west of the Suez Canal, in addition to our mega project in Toshka which aims at using the Nile water and subterranean water to reclaim lands in the southwestern desert. Related to all these projects is the creation of agricultural, industrial and residential communities based on achieving optimum use of the projects’ agricultural output. All these and other, similar projects aim at encouraging relocation from the narrow Nile Valley to the vast expanse of the desert. This is to be effected through creating new agricultural communities so as to overcome housing, over-population, unemployment and other problems. This requires an increasing vertical and horizontal agricultural and industrial expansion. It is also requires the protection, by all means, of agricultural land against scraping and letting it lie fallow with the purpose of turning it into residential areas.

Our interest in agricultural and rural development is not only confined to the land of Egypt but was extended also to our brothers and sisters in the African continent. Indeed, we take great pride in the experience we have gained from implementing projects for land reclamation, the regulation of water resources, modern irrigation, cooperatives, marketing and fisheries, as well as interventions in the fields of livestock, poultry and fish production. Undoubtedly, such joint projects will yield not only mutual economic interest for us and our African brothers but also contribute to bringing about a rapprochement in agricultural, and consequently, economic thought. This also falls in line with our
sustained endeavour to establish the African Economic Community. Needless to say, the main problem facing the furthering of such cooperation relates to providing the necessary financing. This imposes an increasing responsibility on financing institutions, organizations and donors to pay more attention to agricultural development projects. One way is to allocate more resources to the African continent so that it may equally cope with its virgin arable lands and renewable water resources to allow for optimal exploitation of such lands in agriculture, thus yielding maximum economic benefit in terms of eliminating hunger and poverty.

Relating to the Fund’s efforts in the field of agricultural development projects and programmes, I wish to commend, in particular, its initiative to establish a credit fund to finance new projects in Gaza and the West Bank in response to the request of the Palestinian Authority. I would like also to express our support and backing for the Fund’s efforts in implementing agricultural development projects and programmes in Palestine. We hope these will redouble in the coming period so as to coincide with the establishment of the Palestinian State, thus providing the agricultural and economic support necessary to the Palestinian people.

Similarly, I would like to pay tribute to the Fund’s contribution to relieving the debt burdens of heavily-indebted poor countries launched by the G-8 Summit in Germany in 1999. IFAD will contribute USD 60 million to this initiative through a special fund set-up for that purpose under the auspices of the World Bank. Within the context of discussing special initiatives, I would like to salute the friendly Italian Government, not only for warmly hosting and facilitating the work of FAO, IFAD and WFP but also for its recent millennium initiative which aims to combat starvation through participating together with the World Bank, FAO and WFP in agricultural projects implemented within the framework of converting Italian bilateral indebtedness into investment in local projects in indebted countries. This initiative deserves all appreciation and praise on our part.

Ladies and Gentlemen,

In my speech before your esteemed Council almost two decades ago, specifically in 1982, I asserted that "he who owns not his own means of livelihood has no control over his own freedom". Accordingly, developing the agricultural sector and maintaining food security has been a top priority in Egypt. The result has been a huge leap forward, and I would like to present an overview of its major features.

Our production of grains rose from 8 million tonnes in 1982 to about 18.5 million tonnes in 2000, and fruit and vegetable production rose from 11 million tonnes in 1982 to about 22 million tonnes in 2000. Today, Egypt ranks first in the world in the productivity of rice per hectare, sugar cane and Guinea corn.

Egypt has succeeded in achieving self-sufficiency in poultry, eggs, dairy and fish production, where output has risen to 650 000 tonnes from 222 000 tonnes in 1982. Wheat production rose from 25% in 1982 to about 55% in 2000, while sugar increased to about 80% and red meat to about 75% despite an increase in population of more than 20 million and a rise in total consumption due to improvements of the standard of living.

In addition, Egypt’s agricultural exports increased from about EGP 470 million in 1982 to EGP 2 billion in 2000, while agricultural investments rose from EGP 370 million in 1982 to about EGP 8 billion in 2000.

Moreover, Egypt’s cultivated area has increased from 6.2 million feddans in 1982 to about 8 million feddans in 2000. About 277 000 feddans of new and reclaimed lands have been distributed to young graduates. So far, about 66 000 young graduates benefited from this project.
Agricultural production growth rose to about 2.6% per annum during the 1980s and to about 3.4% per annum in the 1990s.

Egypt’s agricultural development target up to 2017 aims at increasing annual growth of agricultural production to 4.1%, providing new job opportunities and improving the standard of living and income of farmers and achieving food security.

Our strategy for the coming phase focuses on rationalizing the use of irrigation water, protecting the environment, supporting agricultural institutions in the fields of research, especially biotechnology, genetic engineering, extension services, marketing and agricultural cooperation, as well as supporting women’s role and the activities of non-governmental institutions in agricultural development.

Finally, this strategy aims at increasing agrarian exports from EGP 2 billion to EGP 5 billion annually through trade liberalization within the World Trade Organization. We also seek to make best use of the potential export opportunities expected to arise from a number of Egypt’s Free Trade Agreements with the European Union, our sister Arab countries in the pursuit of achieving our dream of establishing a common Arab market, as well as with the Common Market for Eastern and Southern Africa (COMESA) countries as a nucleus for establishing the African Economic Community by the year 2017.

Her Excellency the Chairperson of the Governing Council of IFAD, His Excellency the President of IFAD, Ladies and Gentlemen,

After reviewing our agricultural achievements through the past two decades since I assumed office, I must now pay homage to IFAD’s efforts to accelerate agricultural development in Egypt, Africa and the developing countries in general.

I hope that the new millennium will be an auspicious starting point for cooperation in the field of agricultural development and all other fields that contribute to raising the status of man everywhere.

I hope your esteemed Council will succeed in realizing our peoples’ aspirations for progress and prosperity.

May Allah guide us to the right way and May Allah’s Peace and Mercy be upon you.
Your Excellency,

It is a great honour indeed for IFAD, and for all of us here, that His Excellency, President Mubarak of the Arab Republic of Egypt found the time to come again to this IFAD Governing Council meeting to address all Governors. It is my pleasure, on behalf of all Governors, to thank him and Mrs Mubarak wholeheartedly for that.

President Mubarak’s speech came at a very appropriate moment. On the one hand, we are on the threshold of IFAD’s future. This morning, the President of IFAD announced the completion of the Fifth Replenishment, which is essential for the future of IFAD. On the other hand, just last week the World Bank announced that it was prepared to double its investments for agricultural development, provided that the governments of the developing countries were prepared to give higher priority to alleviating rural poverty. The new IFAD report on rural poverty should also play a very important role in this respect.

President Mubarak’s speech highlighted these issues, in fact. He stressed the special attention that Egypt gives to the agricultural sector but at the same time eliminating all forms of governmental intervention to the agricultural sector. And he highlighted what the effect has been of the last 19 years, the years between his two addresses here to this Governing Council. He also delineated the practical cooperation between IFAD and Egypt, specifically mentioning two themes: support to vertical expansion by focusing on integrated agricultural development projects to increase the crop return per feddan on the new arable lands; and, the second theme, support to the State’s efforts in reclaiming lands and vertical agricultural expansion in deserts within the framework of IFAD’s increasing interest in combating desertification by offering post-settlement services to land reclaimed by the State.

These are specific examples for Egypt, but it gives a very clear picture that the support IFAD is lending is of great importance to his country and, therefore, a good example for the efforts in other countries.

As one of the world’s leaders, President Mubarak can hopefully influence his colleagues throughout the world to give more priority to agricultural development in the developing countries and, indeed, to encourage countries that are in a position to do so to financially support these activities. It will then, certainly, help IFAD to increase investments in this respect.

On behalf of all of us gathered here in Rome, we would like to thank President Mubarak very, very much for his statement.
CHAPTER 4

B. ELECTION OF THE PRESIDENT OF IFAD

Statement by Mr Lennart Båge,
Candidate of the Kingdom of Sweden

Madam Chairperson,

Yes, indeed, this is a very important day and a very important time for us to come together around our common fight against poverty. Hunger and poverty: this is really where we have our joint commitment and joint concerns, and I think that we have to keep that in focus.

Now I have consulted widely with friends in all Lists and I have listened closely to the advice given and I think now is the time for unity and for consensus. I know that the voices that have been raised over the past two days come out of a concern for maintaining and reinforcing IFAD as an organization with a strong partnership between all Member Countries: an organization where every Member has a place and a voice, where equity and broad representation are fundamental values. These are also my values and I will go by them; they are very important values, which underpin our collective efforts.

With a revised statement that I hope everyone has on his or her table, from yesterday, we have something that I hope we can agree on; something that will be a platform that will guide me in my future actions as President of IFAD.

Now, let me read the statement so it is quite clear. It reads as follows:

“In order to attain consensus and maintain strong partnership between IFAD Member States, I wish to make this statement in response to concerns raised over the past two days. In the event of my appointment as President of IFAD, the List representation in the Fund’s senior management, that is, the President, the Vice-President and the three Assistant Presidents, would not be acceptable in terms of balance between Lists A, B and C.

My commitment, if I were to be elected, would be to improve that balance. No position is sacred at the senior management level. We have a history in IFAD of a President from List B and a Vice-President from List A.

Should I be appointed President by the Governing Council, I will appoint the Vice-President from a Member State other than the Members of List A. I would also review the management structure.”

Clearly, this platform implies concessions on many parts and a show of goodwill. I think it is the compromise called for by several speakers yesterday. It is not what everybody wanted, but in any body of 160 countries or more there is a time for making your case strongly and forcefully but there is also a time to come together in unity. This requires compromise: compromise on all parts, on many hands, and this, I think, is what we have achieved with this platform. So, I really call on all of you for unity and for goodwill. I will be, if elected, a President reaching out to all Lists for advice and guidance and I will take the concerns of all Member Countries into account when shaping the future of IFAD.
Statement by the Co-Convenor of List A Member States,
Mr Jean Devlin, Canada

Madam Chairperson,

We have looked at the document prepared by Mr Båge, and we have looked at it carefully and in great detail, and we really feel that it is a concrete expression of openness of spirit and compromise and this is in line with the position of List A. Allow me to repeat again today that we recognize that the situation created by the election of a President from List A would create a situation which would not be acceptable. We have also stated, as we can find reference to this in Mr Båge’s statement, that no position of senior management is considered to be sacred.

Therefore, we would like to endorse this concrete proposal of offering the post of Vice-President of the Fund to someone who would not be from a Member State of List A. So, let me repeat again so I am perfectly clear that this excludes List A. Now this gesture can, I think, be considered as an extraordinary gesture due to the present situation and one that should lead to a greater rapprochement of all Members of the Governing Council.

This being said, we are also unanimous regarding the fundamental principle that the future president of IFAD, whomever he may be, must be able to fully and freely exercise his duties. This would include his decisions to modify the structure and appoint high-level staff of this institution to support him in his most important task. We think that Mr Båge’s document is sufficient for a consensus, and we would ask all Members of the Governing Council to express their full confidence in him.

Statement by the Convenor of List B Member States,
Mr Gabriel Lombin, Federal Republic of Nigeria

Madam Chairperson,

List B took time to look at the brief written by the Swedish candidate this morning and I have been advised by my colleagues on the List to tell this distinguished house that we do, as a group, appreciate the pains the candidate must have gone through. But I am sure he also appreciates the pains we have gone through. We consider the paper as a marked improvement on yesterday’s position. We must also congratulate him, and indeed List A, for coming down thus far and we want to place on record our appreciation for the gesture. With that note, without appearing to be contradicting myself, let me state that our List does take note of the fact that not all the requirements were met. We hope that during the restructuring exercise, these requirements which were clearly words spelled out at our long negotiation, will be taken cognizance of.

Having said this, on behalf of List B, I join my colleague from List C in endorsing this paper and requesting the Governing Council to see it as the best compromise we have now and let us get on with the business and close the matter.
Madam Chairperson,

I wish to thank all those who have actively participated in our attempt to establish a compromise among all Members of IFAD so that this institution can fulfill its mandate. We obviously welcome the comments made during this Governing Council by the candidate of Sweden, as contained in the document distributed to the membership.

The understanding of List C of this statement is as follows. The aim or objective of the developing countries is to forge an effective partnership among the Member States and also an active participation in a restructuring or review exercise undertaken in the Fund. In this spirit, we understand that the intention of the Swedish candidate, which is found in the third paragraph of his statement, means not only an “equitable” but also an “effective” distribution of the senior management posts of IFAD. The developing countries hope to have a more enhanced participation in management and we are convinced that this should be translated through an appointment of a Vice-President that does not come from List A. This Vice-President would have to bear substantive responsibilities.

We would like to reaffirm, at the same time, that it is not the intention of the developing countries to increase the number of management posts as that would lead to an increase in administrative costs. During the negotiations and in Plenary, we have already stated that the developing countries should and do need a truly equitable and effective representation among the Assistant President posts. We wish to reaffirm that what is found in the statement of the candidate in paragraph 3 is directly in line with our group’s feelings.

Finally, we hope that any President, in reviewing the structure of the organization when he or she takes up duty, will realize that this should take place and we emphasize the fact that this should entail an open dialogue with all Lists during such a review. We also wish to underscore the need that this be done in a time-bound manner during the coming months. If the ideas and objectives that are contained in the statement of our List are in line with the ideas and actions that will be undertaken by the future President of IFAD, in this case, Mr Båge, then, with great joy, we will be ready to give our support to electing the future President of IFAD.

We would like to receive confirmation that the ideas and feelings expressed by our List, of working for all the time necessary together, are shared by Mr Båge.
Statement by Mr Lennart Båge,
Candidate of the Kingdom of Sweden

Madam Chairperson,

I was just trying to see that I have fully understood the statement of List C. It seems to me, when listening to it, that it is very much in the line of what I said in my statement. From with what I heard, that statement clearly expresses my strong conviction of having an equitable balance, of having a review, and of having a consultative and inclusive process of reaching out to all Lists.

Statement by the Convenor of List C Member States,
Mr Ariel Fernández, Argentine Republic

Madam Chairperson,

I just want to request that the declarations made by the coordinators of the Lists be included in the official proceedings of this Governing Council, in addition to the response thereto by the President-Elect.

Referring to the latter point, since we will have a new President of this Fund as of 1 April 2001, I would like to reiterate what we said in our statement and voice our complete availability so that before, during and after his election we can work hand-in-hand with him in frank, sincere, open and constructive, if possible, even daily dialogue. In that way, we will be able to honour and expedite together the most noble mandate of this organization, so that never again will there ever be any phantom-like crises in this organization and so that its resources go to the intended beneficiaries.

I would like to refer to the staff, to the technical people in this organization, who have such high levels of quality, competence and expertise. We have no doubt whatsoever that the consensus will be the first element to be taken into consideration by the former candidate, now President-Elect. Forging consensus is so important and applying those consensus, as forged and achieved, renders the mandate of this organization all the more effective without excluding anyone and with the active participation of all.

Member States, Mr President, management and staff of the Fund, let us work in that direction so that we will no longer see the phantom crises looming on the horizon.
CHAPTER 4

C. CONGRATULATORY STATEMENTS ON THE APPOINTMENT OF MR LENNART BÅGE AS PRESIDENT OF IFAD

Statement by the Alternate Governor for the Republic of Cuba, Mr Juan Nuiry Sánchez, on Behalf of the Group of 77

Madam Chairperson,

I had intended, as Chairman of the Group of 77, not to intervene in the general discussion in Plenary on this subject – and this for two quite obvious reasons. The first is that I did not wish to interfere with the work of the coordinators of IFAD and because of the very active and efficient manner in which the convenors of Lists B and C had worked. As spokesman of the G-77, I would like to express our thanks and recognition to them for the work they have done, because they have been able to strengthen the position of the G-77 membership – an effort that has helped us to have a good basis for consensus today as we begin a very broad negotiation.

And now that the waters have calmed, allow me to make a few comments and share a few thoughts with you as Chairman of the G-77. The beginning of a new millennium means that what happens now is something of very great historical importance. The fact that we have elected a president of IFAD at this time is something that will be noted as the first president of IFAD of the twenty-first century, and this will also be the first time that this election falls to a Member State of List A. That is the reason why I would like to congratulate you, Mr Båge.

It is often said that a very long process leads to a better conclusion. Now I realize that during this election process new elements arose that had not existed at previous elections. So, allow me, Mr Båge, on behalf of the developing countries, to make some comments which, along with our satisfaction on your success, will also refer to the great responsibility that you bear as you guide this institution, IFAD, which is of such importance to the G-77.

As was expressed here, we want to ensure that the vision that led to the creation of IFAD is still the one that is in force now. We are opening a millennium in which new challenges are facing us and one in which we will have to deal with matters that remain outstanding. The presidency of a United Nations agency such as this is always a great challenge, and that is all the more the case when the institution has the very clear objective of helping developing countries to fight against poverty and achieve rural development by making available financial resources on concessional terms and under special circumstances.

This institution has a very unique mandate within the United Nations system, and your election is taking place at a very critical moment in the history of mankind – when mankind is faced with numerous problems that can no longer be left aside. The first and foremost of these is obviously the fight against hunger. Now, the World Food Summit referred to this problem in its declaration. We have to go back to the agreements that were made then and implement them. This commitment is a commitment that the G-77 also accepts. Furthermore, this is a general challenge – it is a general challenge to all United Nations institutions – but it is particularly a challenge to IFAD whose objectives cannot be achieved without the Fund itself being strengthened.
We are aware that, as effective as IFAD will be, we can be sure that the aid that it renders to our countries will also be more effective. This is how we understand the need for a greater participation of our countries and this is why we are ready to offer our fullest cooperation and support to the new management of the Fund.

I hope we will be able to achieve our common objectives of strengthening this institution, which is within the general interests of a world which is ever-changing. Your task, therefore, Mr Båge, as you guide this most important international institution, is not going to be to follow the beaten path. I am sure you will be faced with many difficulties, which you will have to overcome with your ceaseless efforts, and this without a doubt will test your leadership qualities, which we have been able to appreciate through your curriculum. It will also be a test of your experience, and this will be very decisive in the work you will undertake and which I have just referred to.

The developing countries, through meetings and conferences, are working towards an objective, a more just society without inequalities of any form, whether social or economic, without excessive foreign debt or protectionism, without blockades. Our efforts are focused on eradicating poverty, hunger and malnutrition, on a world where no child will go to bed hungry; where there should be more tractors than destructive weapons, a world without war, a world of peace.

Mr President-Elect,

I hope that IFAD will be a transparent institution where the utmost priority is given to rural development; where the President and his senior staff will be able to exercise their expertise, while representing a geographic balance. We also hope that full respect will be given to all interests and to all languages.

The Group of 77 will give you its firm and constructive support and will always remain open to dialogue. We are very much aware of the importance of your election and we will be ready to work together on the road to development, developing as well as developed countries together. Developing countries are faced with the problems of inequality as well as natural disasters that have affected some of our countries such as El Salvador and India.

These are the ideas that I have tried to share with you; that I tried to jot down quickly at this time. I wanted, nonetheless, to congratulate you on your election and offer you our support and cooperation whenever you feel it is necessary.
Statement by the Co-Convenor of List A Member States,
Mr Jean Devlin, Canada

Madam Chairperson,

I shall be very brief. On behalf of List A, I would just like to add my voice and echo those who have spoken before me to applaud the decision we have made and to congratulate the President-Elect, Mr Båge.

As indicated by the distinguished Ambassador of Cuba, the Chairperson of the G-77, Mr Båge has an enormous task awaiting him, especially in the light of the results we saw in the report on rural development. There is so much more to be done. So I would like to assure the incoming President that List A will provide him with its full support, and we also hope to be able to give our support in the sense of a full and effective partnership with the other Lists.

Statement by the Acting Governor for
the Islamic Republic of Iran, Mr Bozorgmehr Ziaran

Madam Chairperson,

The race for the Office of the President of IFAD was a fair competition, of which IFAD should be proud. I would like to take this opportunity to congratulate Mr Båge on his well-deserved election, and to wish him every success in discharging the onerous tasks lying ahead of him. Given his qualifications, I am certain he will steer the Fund effectively through existing and emerging challenges. In the meantime, I take this opportunity to sincerely thank all the delegations that supported our candidate all the way through.
Statement by the Acting Alternate Governor for
the Kingdom of Saudi Arabia, Mr Ahmad Ben Souleiman Al-Aquil

Madam Chairperson,

On behalf of my delegation, I wish to congratulate the Kingdom of Sweden for the election of their candidate, Mr Båge, and as President of IFAD to wish him every success in his duties. I would also like to commend the esteemed delegation of Iran and their candidate, Mr Nuri, for their efforts in this fair competition and for the great support he got from all Lists. We also seize this opportunity to thank all Member Countries that voted for the OPEC candidate who won a large portion of their votes. May I also remind Member Countries that OPEC-country presidents have successfully guided this Fund from its establishment to where it now stands as one of the most effective agencies of the United Nations system. We now have a capital equivalent to USD 2 500 million and a whole series of most successful projects carried out during the last 25 years at a total cost of USD 6 000 million. Undoubtedly, the OPEC countries have provided their best energies, human resources – the first President Al-Sudeary from Saudi Arabia, President Jazairy from Algeria to President Al-Sultan from Kuwait, our best sons – for this task. And we are grateful for the words of thanks that have been extended to President Al-Sultan during the course of this Governing Council.

It is high time that OPEC countries leave the leadership and take a back seat, or rather a co-pilot seat. We are sure that the Vice-President’s seat will be for the developing countries, to which OPEC countries belong and which will continue to support the activities and objectives of this Fund within their possibilities and economic capacities.

Finally, I wish to commend the efforts deployed by the three convenors in order to forge this satisfactory outcome for all parties concerned. Thank you, too, Madam Chairperson, for your wise helmanship of this Governing Council.
Madam Chairperson,

The moment of decision has now finally come and the decision has been taken. On behalf of my List, and particularly the Governor of Nigeria who had to leave this morning, I want to assure the incoming President that in spite of the long negotiations, and in spite of all the demands that we have made (although not all of them were met), we fully support his presidency and, as a group, will do everything to sustain him.

Let me recall that as a group we are in some form of dilemma because we are losing a position. Fortunately, however, it is going to a friend: a friend in the sense that Sweden has been in the vanguard of support for the developing countries and I would like to place on record that this was one of the credentials that saw him to victory. Those who voted for him must have taken note of that, but we also had a moral responsibility to our own candidate. We accept the results with absolute faith and respect for the system and the honour of the Office.

Some restructuring has taken place in IFAD in recent times and, as my Governor mentioned before he left, those restructurings were intended to attract more funds and moral support. With the election of our new President we hope that we will see even greater support. Let me, as a Member of List B, publicly acknowledge the financial contribution of List A membership. I would like to assure them that, in the course of their support for this new organization, the OPEC members will continue to be strong partners and strong sympathizers of this dynamic, vibrant institution.

In conclusion, let me take this opportunity to personally thank my colleagues, the Convenors of Lists A and C. It has been a very taxing experience but I assure you that we enjoyed it because it gave us an opportunity to appreciate the intricacies of human existence. I want to assure all of you that we took the job seriously and we are happy that, at the end of it all, this distinguished gathering is happy with the outcome. There lies our satisfaction. I therefore wish to thank you, Madam Chairperson, for your patience and for bearing with us right from the start of the negotiations in so many rooms. I know you have visited us, and that you may have been frustrated at one point and elated at another, but in the end it is the end-results that matter. Once again, let me join the Chairman of the Group of 77 in congratulating the President-Elect in laying out our aspirations and expectations and in saying that the new President may be assured he has partners that will work with him and work faithfully.
Statement by the Acting Alternate Governor for
the People’s Democratic Republic of Algeria,
Mr Mohand Salah Ladjouzi

Madam Chairperson,

It is a pleasure for me to speak on behalf of my country, and on behalf of the Governor for Algeria, to extend heartfelt congratulations to Mr Båge on his election as head of this Fund.

I also wish to say that, as one of the founding members of IFAD and as a member of the Group of 77, Algeria has participated most actively in the last 48 hours’ efforts. Happily, those efforts have led to us arriving at a compromise of which IFAD and all of us here should be proud.

A long road now opens up before us, but I wish to assure Mr Båge of my country’s full support, both as a founding country of the Fund and as a Member of List B and of the Group of 77, and of our readiness to work with him in any effort he may wish to undertake within IFAD.

Statement by the Acting Governor for
the United States of America, Mr William E. Schuerch

Madam Chairperson,

I would like to say that, throughout this process the United States has been a strong and enthusiastic supporter of Mr Båge’s candidacy and we congratulate him and wish him the best in his leadership of IFAD.

The United States has played a prominent role in IFAD’s creation and, throughout its period, looks forward to continuing that role and also wishes to be clear in its support for the commitments that the President-Elect has made today.
Madam Chairperson,

First and foremost, I wish to echo all of the preceding speakers by extending a welcome to the President-Elect of the Fund. And I would like to assure him that, within our group and on behalf of the Sudanese delegation, we shall cooperate and collaborate in full, providing all necessary support for the good of this organization, which is of such strategic importance.

Sudan is a beneficiary country; that is, it benefits from the support and activities of this Fund, and this down through the years since our membership of this organization began. I would like to say that in my country we have a long-standing history of very close collaboration with the Kingdom of Sweden. So in any case, we harbour the hope that this solution we have reached in the wake of an extensive democratic and, at times, difficult process, takes into account the aspirations and yearnings of all the Lists party to this Governing Council.

So, once again, congratulations to the President-Elect. Allow me also to take this opportunity, on behalf of my country, The Sudan, to applaud the outgoing President, Mr Fawzi Al-Sultan, for his record down through his years as President of this Fund and just say that this new stage will be, the Almighty willing, a continuity of the success stories registered during the years under Mr Al-Sultan’s leadership.

I also wish to support what was said by previous speakers in the sense that these statements and declarations, including the statement by the President-Elect and those delivered by the convenors and some Governors, should be on the record, that is, part of the official proceedings of this Twenty-Fourth Session of the Governing Council of IFAD. In this manner, we could refer back to them should the need arise in the years to come.
Madam Chairperson,

Just to remind you that this house has a dean. I am the dean, so I would like to have a word before you.

Now that Mr Båge is sitting right in front of us, I would like to leave him with this message:

Once upon a time an old man was sitting in his garden, reminiscing about his life, when his grandson walked up to him with his two hands closed and said, “Grandpa, I have a butterfly here in my hand. Tell me, is this butterfly dead or alive?” The old man thought seriously and said to himself, if I say the butterfly is dead, my grandson will open his hands and say, “Grandpa, you did not get it. It is alive”. If I say the butterfly is alive, he will squeeze it to death and open his hand and say to me, “Grandpa, you did not get it”. So the old man looked at the boy and said, “My son, it is all in your hands”.

Mr Båge, we give you the butterfly. Think of whether you keep it alive or you kill it.
CHAPTER 4

D. STATEMENT BY THE PRESIDENT-ELECT

Statement by Mr Lennart Båge to the
Twenty-Fourth Session of the Governing Council
upon his Election as President of IFAD

Madam Chairperson

Let me start by saying that with your help, all of you, I think we can keep the butterfly alive. First of all, of course, let me thank you all for your strong show of support. I am honoured and I am grateful that you have elected me to this important position as President of IFAD. And I pledge to you that I will do my utmost to serve the organization and all its Members in our common goal to reduce poverty and improve the lives of the rural poor.

I would like to take this occasion to thank the other candidates, Ms Joshi, Mr Noori-Naeini and Mr Beattie, for a fair, honourable and transparent process. It has been the best of relationships, both personal and professional, even though we have been competitors, and I very much look forward to working together with you in the future.

I have had the honour to work closely with IFAD over the past ten years. I worked very closely with President Al-Sultan, and I would like at this moment to pay tribute to you, Fawzi Al-Sultan, to your dedication, to your commitment and to your leadership of IFAD. You have managed to lead the organization with great efficiency, even under very difficult circumstances at times, and I look forward very much to benefiting from your advice in the transition period.

I must also pay tribute to the staff of IFAD. Over the years I have come to greatly respect their dedication and professionalism and I look very much forward to working with them. In fact, as one of the key factors for my involvement in IFAD and on my trips around the world, I have experienced how the work of IFAD and all its staff has given the Fund a very strong reputation – something to be proud of.

Now I believe that IFAD, with its focused mandate to combat rural poverty, is extremely well placed in today’s international system, where we now have a common commitment to poverty reduction from all major actors, most recently expressed by the Millennium Assembly. Now with this very strong message from the newly published *Rural Poverty Report 2001*, IFAD has also created a platform both for advocacy and for resource mobilization, and I see a great challenge to realize these opportunities in my new assignment.

In doing that, I would like to build on the special strength of IFAD and that is, of course, the partnership between the OECD, OPEC and developing countries, the Lists A, B and C. This is, and should be, manifested in many ways and I would like to strengthen and reinforce this base of IFAD where there is an important role for every grouping.

Funding is one of the keys to success and it is also a show of commitment to IFAD and the cause of poverty reduction. Here I will reach out to all groups for the future development of IFAD. I was very reassured by the statement of the Convenor of List B that OPEC will continue to be a strong
partner in the funding of IFAD in the future. And, I must say, I have been very impressed by the large number of developing countries making financial contributions to IFAD: a very strong show of support and commitment. This is one of the key assets of IFAD.

IFAD is a joint and shared undertaking combining the three groupings into one unified purpose of poverty reduction. Our Governing Council has now demonstrated its ability to rally around this important goal. Once again, thank you for your strong support and for sending the message of unity and focus on the future.
CHAPTER 4

E. CHAIRPERSON’S CLOSING STATEMENT

Statement by the Chairperson of the
Twenty-Fourth Session of the Governing Council,
Ms Kirsti Lintonen

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

We have come to the end of the Twenty-Fourth Session of the Governing Council, but we are at
the beginning of another chapter in the history of our Fund. The statements and reports we have heard
over the past two days are clear evidence of Member States’ unreserved support for IFAD and their
trust in its good management.

The Council was greatly honoured by the inspiring address of the President of the Arab
Republic of Egypt, His Excellency Mohamed Hosni Mubarak. This continued support and
encouragement for the work of IFAD by one of the world’s great statesmen is a tribute to the
accomplishment of the Fund and its staff.

His Excellency Natale D’Amico, Under-Secretary at the Italian Ministry of Finance,
highlighted his Government’s appreciation of the invaluable role IFAD has maintained over the years
in alleviating the hunger and poverty still besetting so many.

This unique role was also recognized, particularly within the United Nations family, by the
Secretary-General of the United Nations. In his message to the Council, Mr Kofi Annan emphasized
the Fund’s vital role as an essential partner in the effort to achieve our Millennium goal.

The statement of Mrs Catherine Bertini, Executive Director of the World Food Programme, and
the message of Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of
the United Nations, delivered on his behalf by Mr David Harcharik, shared the theme of a unified front –
a combined effort towards a common goal. The stronger the bond that links these three organizations
in Rome, the better the chance of reaching those men and, especially, women and children, who are
destined for a life of hunger.

Distinguished Governors,

At this last Session of the Governing Council in which Mr Fawzi Al-Sultan has attended as
President of IFAD, many tributes have been paid to his leadership and dedication. Tributes that have
come from President Mubarak, his colleagues in WFP and FAO, and, most importantly, from the
Governors of the Member States he has so ably served over the past eight years. During these years
Fawzi Al-Sultan has been able to create an environment conducive to change within the Fund. His
insight has allowed for the evolution of the organization both internally and with respect to its
external operations, making IFAD – in his own words – a tested and proven instrument to fight
poverty. He has not only acquired the praise of the international development community but has earned the esteem of his staff – the mark of a true leader.

Mr Al-Sultan, we once again wish you good fortune and have no doubt of the success of your future endeavours.

The Council appointed Mr Lennart Båge, by acclamation, as the fourth President of IFAD, for a four-year term of office. We are certain Mr Båge’s reputation in the field of development more than qualifies him to take on this impressive responsibility.

During this Session, we approved the application for non-original membership of the Republic of Iceland. The Council is pleased to be able to welcome in its midst a Member State that has already expressed its willingness to support the Fund both financially and through collaboration with its programmes.

Distinguished Governors,

At this Session the Fund was able to announce the completion of the Fifth Replenishment of IFAD’s Resources – a threshold to its future. It now rests with each of us to ensure the Replenishment’s speedy effectiveness so that the hard work of our colleagues on the Consultation can be translated into productive results for the Fund’s clients, the rural poor. Let us not leave today without that commitment.

The Governing Council approved the administrative budget of IFAD for 2001 at a level of USD 53.59 million, including a contingency of USD 250,000. It also approved the establishment of a Programme Development Financing Facility and a framework for market-based cofinancing of our projects and programmes. This framework will allow IFAD to support recipient governments’ access to private-sector capital in order to cofinance activities linked to the Fund’s projects.

The Council was presented with two reports on management and staff efforts towards the changes the Fund is undergoing. The first of these was on the progress made in implementing the IFAD Plan of Action for the years 2000-2002 that incorporates the recommendations and findings of the Consultation. I believe that a Fund that listens to its Member States and honours their requests deserves their continued support.

The second report was on the Process Re-Engineering Programme, which the Fund is undertaking to further streamline its operational processes. We are all well aware that constructive change starts from within and we look forward to the results of the programme.

We also had a presentation on IFAD’s Rural Poverty Report 2001 and its launching in New York by the Secretary-General of the United Nations. The report highlights the importance of rural poverty in the context of overall poverty and the role of agriculture and related activities in the livelihoods of the poor. I believe that the report will make an important contribution to the development dialogue and help us achieve the poverty targets established by the Millennium Summit last September.

Finally, as the Council well knows, IFAD plays a particularly active role in two major global partnerships: the Popular Coalition to Eradicate Hunger and Poverty and the Global Mechanism of the United Nations Convention to Combat Desertification. Their annual progress reports further demonstrate the synergies obtained in pooling resources and expertise.
Fellow Governors,

This Session marks the fourth in which I have served on the Governing Council Bureau, the second as Chairperson. Each occasion has been an exhilarating experience, but I must thank you all for having made this particularly challenging Session a pleasure to preside over. So thank you very much for the cooperation. Physically I will be here for the last time.

My appreciation goes to my fellow Bureau members, the Governors for Honduras and the Libyan Arab Jamahiriya. I could not have asked for more cooperative and gracious colleagues. Thank you very much, gentlemen.

Our thanks should go as well to the staff of IFAD whose expertise in organizing and conducting this conference is matched only by its dedication. I might add here that the members of the Voting Committee should take particular pride in having so efficiently carried out such a stressing and delicate duty. A special note of thanks goes always to the interpreters, technical staff, print shop and, of course, the conference messengers without whom no conference could function.

On a more personal note, I would like to thank Fawzi Al-Sultan. It has truly been a pleasure working with you. You have not only been a good leader, colleague and friend but have always been, above all, a gran señor.

Ladies and Gentlemen,

Over the past two days we have delivered statements, heard reports, made decisions, adopted resolutions and held elections. All the while enjoying the comforts of a modern conference centre in one of the most beautiful cities in the world. Let us not take these privileges for granted. Too many of our fellow human beings go without – too many go hungry – too many children have no future. Until we meet again next year, let us ensure that we do our share and that, more importantly, we convince others to do their share in helping the world’s needy. Mr Båge, our trust has been placed in you to ensure that IFAD’s share of this so difficult task is duly performed.

I now hereby close the Twenty-Fourth Session of the Governing Council.

Thank you.
ANNEX I

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Fourth Session
Rome, 20-22 February 2001

LIST OF PARTICIPANTS AT THE TWENTY-FOURTH SESSION
OF THE GOVERNING COUNCIL

LISTE DES PARTICIPANTS À LA VINGT-QUATRIÈME SESSION
DU CONSEIL DES GOUVERNEURS

LISTA DE LOS PARTICIPANTES EN EL 24° PERÍODO DE SESIONES
DEL CONSEJO DE GOBERNADORES

Chairperson: Kirsti Lintonen (Finland)
Présidente: Kirsti Lintonen (Finland)
Presidenta: Kirsti Lintonen (Finland)

Vice-Chairpersons: Ali Yousef Guima (Libyan Arab Jamahiriya)
Vice-Présidents: Ali Yousef Guima (Libyan Arab Jamahiriya)
Vicepresidentes: Ali Yousef Guima (Libyan Arab Jamahiriya)

Vice-Chairpersons: Guillermo Enrique Alvarado Downing (Honduras)
Vice-Présidents: Guillermo Enrique Alvarado Downing (Honduras)
Vicepresidentes: Guillermo Enrique Alvarado Downing (Honduras)
AFGHANISTAN

Governor
Hamidullah Nasser ZIA
Minister Plenipotentiary
Chargé d’affaires, a.i.
Embassy of the Islamic State
of Afghanistan
Rome

(acting)

Alternate Governor
Abdul Razak AYAZI
Agricultural Attaché
Embassy of the Islamic State
of Afghanistan
Rome

(acting)

ALBANIA

Governor
Lufter XHUVELI
Minister for Agriculture
and Food
Tirana

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

Adviser
Sali METANI
Director
Foreign Affairs Division
Ministry of Agriculture
and Food
Tirana
ALBANIA (cont’d)

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

ALGERIA

Gouverneur (provisoire)
Saïd BARKAT
Ministre de l’agriculture
Alger

Gouverneur suppléant (provisoire)
Mohand Salah LADJOUZI
Ministre Conseiller
Chargé d’affaires, a.i.
Ambassade de la République algérienne démocratique
et populaire
Rome

Conseiller
Larbi BOUMAZA
Directeur
Ministère des finances
Alger

Conseiller
Idir BAIS
Directeur de la programmation, des investissements et des études économiques
Ministère de l’agriculture
Alger

Conseiller
Nasr-Elddeen RIMOUCHE
Conseiller
Ministère des affaires étrangères
Alger

Conseiller
Ahmed HACHEMI
Conseiller
Ambassade de la République algérienne démocratique et populaire
Rome

Conseiller
Faiza YAKER
Chargée du suivi du financement extérieur
Ministère de l’agriculture
Alger
ANGOLA

Gouverneur
Gilberto Buta LUTUCUTA
Ministre de l'agriculture et
du développement rural
Luanda

Gouverneur suppléant
Boaventura DA SILVA CARDOSO
Ambassadeur de la République
d'Angola auprès du FIDA
Rome

Conseiller
Pedro Alfonso CANGA
Directeur général
Institut du développement agricole
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
Coopération et relations internationales
Ministère de l'agriculture et
du développement rural
Luanda

Conseiller
Ana Raquel PIEDADE JOSÉ
Assistante
Ministère de l'agriculture et
du développement rural
Luanda
ARGENTINA

Gobernador Suplente  Hilda GABARDINI
Consejera
Representante Permanente Alterna
de la República Argentina
ante el FIDA
Roma

Asesor  Ariel FERNÁNDEZ
Secretario
Representante Permanente Alterno
de la República Argentina
ante el FIDA
Roma

ARMENIA

Governor  Gaghik BAGHDASSARIAN
(acting)  Ambassador of the Republic
of Armenia to Italy
Rome

AUSTRALIA

Governor  Robin DAVIES
(acting)  Counsellor (Development Cooperation)
Australian Permanent Delegation
to the OECD
Paris

AUSTRIA

Governor  Walter RILL
Director
International Finance Institutions
Federal Ministry of Finance
Vienna

Alternate Governor  Herbert JÄGER
Minister
Embassy of the Republic
of Austria
Rome
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BANGLADESH

Governor  A.B.M. ABDUL LATIF
(acting) Additional Secretary
Ministry of Agriculture, Food,
Disaster Management and
Relief
Dhaka

Adviser  A.K.M. Khairul ALAM
Joint Chief
Economic Relations Division
Ministry of Finance
Dhaka

Adviser  Mohammad ZIAUDDIN
Ambassador of the People’s Republic
of Bangladesh to the United Nations
Agencies
Rome

Adviser  Mohammad MEJBAHUDDIN
Economic Counsellor
Alternate Permanent Representative
of the People’s Republic of Bangladesh
to the United Nations Agencies
Rome

BELGIUM

Gouverneur  Christian MONNOYER
Ambassadeur du Royaume de
Belgique auprès du FIDA
Rome

Gouverneur suppléant  Bernard DE SCHREVEL
Attaché
Coopération internationale
Représentation permanente du
Royaume de Belgique auprès
du FIDA
Rome

BENIN

Gouverneur  Cosme AKPODJI
(provisoire) Directeur du cabinet
Ministère du développement rural
Cotonou
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BENIN (cont’d)

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  Jean-Marie EHOUZOU
Directeur
Organizations Internationales
Ministère des affaires étrangères
et de la coopération
Cotonou

BHUTAN

Governor  Lyonpo Kinzang DORJI
Minister for Agriculture
Thimphu

Adviser  Deki PEMA
Planning Officer
Policy and Planning Division
Ministry of Agriculture
Thimphu

BOLIVIA

Gobernador  Eduardo Prudencio TARDIO
(ministro consejero)
Representante Permanente Alterno
de la República de Bolivia
ante el FIDA
Roma

Asesor  Mireya DURÁN
Consejera
Representante Permanente Alterna
de la República de Bolivia
ante el FIDA
Roma
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ANNEX I

BOSNIA AND HERZEGOVINA

Governor
Miroslav PALAMETA
(acting) Ambassador of Bosnia and Herzegovina to the United Nations Agencies for Food and Agriculture Rome

Adviser
Enver DEMIROVIC
Minister Counsellor Alternate Permanent Representative of Bosnia and Herzegovina to the United Nations Agencies for Food and Agriculture Rome

Adviser
Branko KESIC
Counsellor Alternate Permanent Representative of Bosnia and Herzegovina to the United Nations Agencies for Food and Agriculture Rome

BRAZIL

Governor
Julio César GOMES DOS SANTOS (acting) Ambassador of the Federative Republic of Brazil to IFAD Rome

Adviser
Irene Pessôa DE LIMA CÂMARA
Minister Counsellor Deputy Permanent Representative of the Federative Republic of Brazil to IFAD Rome

BURKINA FASO

Gouverneur
Noellie Marie Béatrice DAMIBA
Ambassadeur du Burkina Faso auprès du FIDA Rome

Conseiller
Barthélémy YAMEOGO
Ministre Conseiller Ambassade du Burkina Faso Rome
BURKINA FASO (cont’d)

Conseiller  André Anatole YAMEOGO
Conseiller économique
Représentant permanent adjoint
du Burkina Faso auprès
du FIDA
Rome

Conseiller  Adèle YAMEOGO
Agent commercial
Ambassade du Burkina Faso
Rome

BURUNDI

Gouverneur  Salvator NTIHABOSE
Ministre de l’agriculture
et de l’élevage
Bujumbura

Conseiller  Ildephonse MBAZUMUTIMA
Conseiller
Ministère de l’agriculture
et de l’élevage
Bujumbura

Conseiller  Alexis NTAMAVUKIRO
Directeur projet de gestion des
ressources rurales
Ministère de l’agriculture
et de l’élevage
Bujumbura

CAMEROON

Gouverneur suppléant  Michael TABONG KIMA
Ambassadeur de la République
du Cameroun auprès du FIDA
Rome

CANADA

Governor  Jean-Marc MÉTIVIER
Vice-President
Multilateral Programmes Branch
Canadian International
Development Agency
Hull
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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CANADA (cont’d)

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

CAPE VERDE

Gouverneur
Élvio GONÇALVES NAPOLEÃO FERNANDES
Ambassadeur de la République
du Cap-Vert auprès du FIDA
Rome

Conseiller
 Arnaldo DELGADO
Conseiller
Représentant permanent adjoint
de la République du Cap-Vert
auprès du FIDA
Rome

CHAD

Gouverneur (provisoire)
Saleh KEBZABO
Ministre d'état et Ministre de
l'agriculture
N'Djaména

Gouverneur suppléant (provisoire)
Bintou MALLOUM
Ambassadeur de la République
du Tchad
Bonn

Conseiller
Paul Francis NGARADOUMRI
Directeur général
Ministère de l'agriculture
N'Djaména
CHILE

Gobernador: Angel SARTORI ARELLANO
Embajador de la República de Chile ante el FIDA
Roma

Gobernador Suplente: Antonio Arturo PLAZA JIMÉNEZ
Segundo Secretario
Representante Permanente Alterno de la República de Chile ante el FIDA
Roma

CHINA

Governor (acting): WAN Barouyi
Vice-Minister for Agriculture
Beijing

Alternate Governor (acting): MA Shiqing
Minister Plenipotentiary
Permanent Representative of the People's Republic of China to IFAD
Rome

Adviser: YU Yongwei
Director-General
Ministry of Agriculture
Beijing

Adviser: TANG Zhengping
Director-General
Department of International Cooperation
Ministry of Agriculture
Beijing

Adviser: XIAO HUA Chen
Director
Ministry of Agriculture
Beijing

Adviser: GAO Danfei
Deputy Director
Agricultural International Exchange Center
Ministry of Agriculture
Beijing
CHINA (cont’d)

Adviser ZHANG Zhongjun
Deputy Director
Department of International Cooperation
Ministry of Agriculture
Beijing

Adviser WANG Yanning
Deputy Director
Ministry of Finance
Beijing

Adviser YE Anping
Second Secretary
Alternate Permanent Representative of the People’s Republic of China to IFAD
Rome

COLOMBIA

Gobernador Suplente Bernardo GUTIÉRREZ ZULUAGA BOTERO
Primer Secretario
Representante Permanente Adjunto de la República de Colombia ante el FIDA
Roma

CONGO

Gouverneur (provisoire) Rufin Gabriel AMBERO
Ministre Conseiller
Représentant permanent adjoint de la République du Congo auprès du FIDA
Rome

Conseiller Sébastien Magloire NSE
Directeur général du projet d'appui à la commercialisation et aux initiatives locales
Ministère de l'agriculture et de l'élevage
Brazzaville
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX I

COSTA RICA

Gobernador  Victoria GUARDIA ALVARADO DE HERNÁNDEZ

Embajadora de la República de Costa Rica
ante el FIDA
Roma

Gobernador Suplente  Yolanda GAGO PEREZ DE SINIGAGLIA

Ministra Consejera
Representante Permanente Alterna
de la República de Costa Rica
ante el FIDA
Roma

CÔTE D' IVOIRE

Gouverneur (provisoire)  Alphonse DOUATI

Ministre de l'agriculture et des ressources animales
Abidjan

Conseiller  Germain N'DRI

Attaché du Cabinet
Ministère de l'agriculture et des ressources animales
Abidjan

Conseiller  Dally Antoine DEGRI

Conseiller technique du Ministre
Ministère de l'agriculture et des ressources animales
Abidjan

Conseiller  Aboubakar BAKAYOKO

Conseiller
Représentant permanent adjoint de la République de Côte d'Ivoire auprès des organisations des Nations Unies
Rome

Conseiller  Marius ASSEMIAN

Conseiller
Ambassade de la République de Côte d'Ivoire
Rome
CROATIA

Governor (acting)  Neven BORIC
First Secretary
Chargé d'affaires, a.i.
Embassy of the Republic of Croatia
Rome

CUBA

Gobernador Suplente  Juan NUiry SÁNCHEZ
Embajador de la República de Cuba ante los Organismos de las Naciones Unidas
Roma

CYPRUS

Governor  George F. POULIDES
Ambassador of the Republic of Cyprus to IFAD
Rome

Alternate Governor (acting)  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

Adviser  RI Si Hong
Deputy Director
Department of International Organizations
Ministry of Foreign Affairs
Pyongyang
D.P.R. KOREA (cont’d)

Adviser
HYON Hak Bong
Counsellor
Deputy Permanent Representative
of the Democratic People’s Republic
of Korea to IFAD
Rome

Adviser
RI Hyong Chol
Second Secretary
Alternate Permanent Representative
of the Democratic People’s Republic
of Korea to IFAD
Rome

D.R. CONGO

Gouverneur suppléant
Edouard Umba ILUNGA
Ambassadeur de la République
démocratique du Congo auprès
de la République italienne
Rome

Conseiller
Ngoie LUBEMBEY
Premier secrétaire
Ambassade de la République
démocratique du Congo
Rome

Conseiller
Phoba DINKA
Agent administratif
Ambassade de la République
démocratique du Congo
Rome

DENMARK

Governor
Torben BRYLLE
Under-Secretary for
Multilateral Affairs
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
DENMARK (cont’d)

Adviser  
Johan SØRENSEN  
Head of Section  
Ministry of Foreign Affairs  
Copenhagen

Adviser  
Maria Louise MELHEDE  
Attaché  
The Royal Danish Embassy  
Rome

DJIBOUTI

Gouverneur  
Ali Mohamed DAOUD  
Ministre de l'agriculture de l'élevage et de la mer  
Chargé des ressources hydrauliques  
Djibouti

Gouverneur suppléant (provisoire)  
Djama Mahamoud DOUALEH  
Conseiller technique  
Ministère de l'agriculture de l'élevage et de la mer  
Djibouti

Conseiller  
Mohamed Kamel HOUNED  
Directeur financier  
Office national des eaux  
Ministère de l'agriculture, de l'élevage et de la mer  
Djibouti

DOMINICAN REPUBLIC

Gobernador  
Leonardo MATOS BERRIDO  
Embajador de la República Dominicana ante el Gobierno Italiano  
Roma

Gobernador Suplente  
Dolores Margarita CEDEÑO PEREZ  
 Ministra Consejera  
 Representante Permanente Alterna de la República Dominicana ante los Organismos de la Naciones Unidas  
 Roma
DOMINICAN REPUBLIC (cont’d)

Asesor  Dagoberto RODRÍGUEZ ADAMES
Senador de la República Dominicana
por la Provincia Independencia
Santo Domingo, D.N.

Asesor  Fernando MANGUAL
Director Nacional de Planificación
Secretariado Técnico de la Presidencia
Oficina Nacional de Planificación
Santo Domingo, D.N.

Asesor  Anabel BUENO
Consejera
Representante Permanente Alterna
de la República Dominicana ante
los Organismos de la Naciones
Unidas
Roma

ECUADOR

Gobernador  Arturo GANGOTENA GUARDERAS
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

EGYPT

Governor  Nehad Ibrahim ABDEL LATIF
(acting)
Ambassador of the Arab Republic of Egypt
to the United Nations Food and
Agriculture Agencies
Rome
EGYPT (cont’d)

Alternate Governor (acting) Mohamad KHALIFA
Agricultural Counsellor
Deputy Permanent Representative of the Arab Republic of Egypt to the United Nations Food and Agriculture Agencies Rome

Adviser Nehal HEGAZY
Third Secretary
Embassy of the Arab Republic of Egypt Rome

EL SALVADOR

Gobernador José SAGUER SAPISSI
Embajador de la República de El Salvador ante el FIDA Roma

Gobernador Suplente María Eulalia JIMÉNEZ ZEPEDA
Ministra Consejera Representante Permanente Adjunta de la República de El Salvador ante el FIDA Roma

ERITREA

Governor (acting) Arefaine BERHE
Minister for Agriculture Asmara

Adviser 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 FEJI
Ambassador of the Federal Democratic Republic of Ethiopia to IFAD
Rome

Adviser
Gebrehiwot REDAI
Counsellor
Alternate Permanent Representative of the Federal Democratic Republic of Ethiopia to IFAD
Rome

FIJI

Governor
Isikeli Uluinairai MATAITOGA
Ambassador of the Republic of the Fiji Islands to the United Nations Agencies for Food and Agriculture
Brussels

FINLAND

Governor
Kirsti LINTONEN
Ambassador of the Republic of Finland

Alternate Governor
Matti AALTOLA
(acting)
Director
Department of International Development Cooperation
Ministry of Foreign Affairs
Helsinki

Adviser
Roope JUSSILA
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
FINLAND (cont’d)

Adviser
Ulla-Maija FINSKAS-AHO
Minister Counsellor
Permanent Representative of the
Republic of Finland to the
United Nations Agencies
Rome

FRANCE

Gouverneur (provisoire)
Bruno BÉZARD
Sous-directeur
Sous-direction de dette,
développement et marché
émergents
Direction du trésor
Ministère de l’économie,
des finances et de l’industrie
Paris

Gouverneur suppléant (provisoire)
Alain GUILLOUËT
Ministre
Conseiller financier auprès
de l’Ambassade de France
Rome

Conseiller
Philippe BERNIER
Attaché principal d'administration
centrale
Bureau de l’aide au développement
Direction du trésor
Ministère de l’économie,
des finances et de l’industrie
Paris

Conseiller
Danick IBAÑEZ-RINALDI
Attaché
Ambassade de France
Rome

GABON

Gouverneur
Bernabé NDAKI
Ministre délégué auprès du
Ministre de l'agriculture,
de l'élevage et du
développement rural
Libreville
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX I

GABON (cont’d)

Conseiller Ivone Alves DIAS DA GRAÇA
Premier conseiller
Représentant permanent adjoint
de la République gabonaise
auprés du FIDA
Rome

Conseiller Lambert EDOU
Directeur national de l’APG/FIDA
Ministère de l’agriculture,
de l’élevage et du
développement rural
Libreville

GAMBIA, THE

Governor Hassan SALLAH
Secretary of State for Agriculture
Banjul

Alternate Governor Baboucar Sompo CESSAY
Permanent Secretary
Department of State for Agriculture
Banjul

GERMANY

Governor Michael HOFMANN
Director-General
Federal Ministry of Economic
Cooperation and Development
Bonn

Alternate Governor Jobst HOLBORN
Head of Division
Federal Ministry of Finance
Bonn

Adviser Rudolf Josef HUBER
First Counsellor
Alternate Permanent Representative
of the Federal Republic of Germany
to IFAD
Rome
GERMANY (cont’d)

Adviser  Hans-Wolf RACKL
          Deputy Head of Division
          Federal Ministry of Economic
          Cooperation and Development
          Bonn

GHANA

Governor  Kwaku NICOL
          (acting) Minister Counsellor
          Alternate Permanent Representative
          of the Republic of Ghana
          to IFAD
          Rome

GREECE

Alternate Governor  Vassilis BORNOVAS
          Counsellor
          Deputy Permanent Representative
          of the Hellenic Republic to IFAD
          Rome

Adviser  Dimitri DADIOTIS
          Consultant
          International Organizations and
          Economic Cooperation Division
          Ministry of Foreign Affairs
          Athens

Adviser  Emmanuel MANOUSSAKIS
          Expert
          International Organizations and
          Economic Cooperation Division
          Ministry of Foreign Affairs
          Athens

GRENAADA

Governor  Mervin HEYNES
          (acting) Head
          Projects and Development Unit
          Ministry of Finance, Trade,
          Industry and Planning
          St. George’s
GUATEMALA

Gobernador  Acisclo VALLADARES MOLINA
Embajador de la República
de Guatemala ante el FIDA
Roma

Gobernador Suplente Rita CLAVERIE DE SCIOLLI
Ministra Consejera
Representante Permanente Adjunta
de la República de Guatemala
ante el FIDA
Roma

Asesor  Ileana RIVERA DE ANGOTTI
Primera Secretaria
Representante Permanente Alterna
de la República de Guatemala
ante el FIDA
Roma

GUINEA

Gouverneur  Jean Paul SARR
Ministre de l'agriculture
et de l'élevage
Conakry

Conseiller  Souhaib Deen BANGOURA
Ambassadeur de la République de
Guinée auprès du FIDA
Rome

HAITI

Gouverneur suppléant  Jean WALNARD DORNEVAL
Ministre conseiller
Représentant permanent de la
République d'Haiti auprès
des organisations des
Nations Unies
Rome

Conseiller  Suze PERCY
Conseiller
Représentant permanent adjoint
de la République d'Haiti auprès
des organisations des
Nations Unies
Rome
HAITI (cont’d)

Conseiller  Patrick SAINT-HILAIRE
Premier secrétaire
Représentant permanent suppléant
de la République d’Haïti auprès
des organisations des
Nations Unies
Rome

HONDURAS

Gobernador  Guillermo Enrique ALVARADO DOWNING
Secretario de Estado en los Despachos
de Agricultura y Ganadería
Tegucigalpa, D.C.

Asesor   Mayra Aracely REINA DE TITTA
Consejera
Representante Permanente Alterna
de la República de Honduras
ante el FIDA
Roma

INDIA

Alternate Governor  Adarsh KISHORE
Additional Secretary (Fund Banking)
Department of Economic Affairs
Ministry of Finance
New Delhi

Adviser   Neela GANGADHARAN
Minister (Agriculture)
Embassy of the Republic
of India
Rome

INDONESIA

Governor  Noor FUAD
Secretary-General
Department of Finance
 Ministry of Finance and
State Enterprises
Jakarta Pusat
INDONESIA (cont’d)

Alternate Governor  Soendaroe RACHMAD
Ambassador of the Republic of Indonesia to IFAD
Rome

Adviser  Prasetijono Widjodo MALANGJOEDO
Director
Department of International Cooperation
Ministry of Finance and State Enterprises
Jakarta Pusat

Adviser  Wahib ABDULJAWAD
Counsellor
Alternate Permanent Representative of the Republic of Indonesia to IFAD
Rome

Adviser  I. Nyoman ARDHA
Agricultural Attaché
Alternate Permanent Representative of the Republic of Indonesia to IFAD
Rome

Adviser  Abdullah TADJOEDDIN
Minister Counsellor
Embassy of the Republic of Indonesia
Rome

Adviser  Timbul SITUMORANG
Third Secretary
Alternate Permanent Representative of the Republic of Indonesia to IFAD
Rome

IRAN, ISLAMIC REPUBLIC OF

Governor (acting)  Bozorgmehr ZIARAN
Director-General
International Specialized Agencies Department
Ministry of Foreign Affairs
Teheran
IRAN, ISLAMIC REPUBLIC OF (cont’d)

Alternate Governor  Jalal RASOULOF
(acting)  President
Agricultural Bank
Teheran

Adviser  Seyed Mohammad Saeid NOORI NAEINI
Ambassador of the Islamic Republic
of Iran to the United Nations
Agencies
Rome

Adviser  Hamid Nikou HARF
First Secretary
Ministry of Foreign Affairs
Teheran

Adviser  Mostafa JAFARI
Alternate Permanent Representative
of the Islamic Republic of Iran to the
United Nations Agencies
Rome

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

Adviser  Saied FARIABI
Senior Expert
Ministry of Foreign Affairs
Teheran

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

IRAQ

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

Alternate Governor Anthony DEVLIN
First Secretary (Agriculture)
Alternate Permanent Representative of Ireland to the United Nations Agencies
Rome

Adviser Nigel HUDSON
Third Secretary Development Cooperation Division Department of Foreign Affairs Dublin

ISRAEL

Governor Ofer BAVLY
(acting) Attaché Embassy of the State of Israel Rome

ITALY

Gouverneur Natale D'AMICO
Sous-secrétaire Ministère des finances Rome

Gouverneur suppléant Raffaele BERLENGHI
(provisoire) 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 Filippo ALESSI
Spécialiste Direction générale de la coopération au développement Ministère des affaires étrangères Rome
ITALY (cont’d)

Conseiller Simona D’AMBROSIO
Conseiller Ministère du trésor, du budget et de la planification économique
Rome

JAMAICA

Governor Ransford A. SMITH
Ambassador of Jamaica to IFAD
Geneva

Adviser Salvatore ALFANO
Consul of Jamaica
Rome

JAPAN

Governor Keiji YAMAMOTO
(acting) Minister
Deputy Head of Mission
Embassy of Japan
Rome

Adviser Shoichi NAKANO
First Secretary
Embassy of Japan
Rome

Adviser Takeo TOMONO
Assistant Director
International Cooperation 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
Jawad HADID
Minister for Planning
Amman

Alternate Governor
Omar Abel Minim AL RIFAEE
Ambassador of the Hashemite
Kingdom of Jordan to the
United Nations Agencies
Rome

Adviser
Naal HAJAJ
Director of the International
Organizations Department
Ministry of Planning
Amman

KAZAKHSTAN

Governor (acting)
Angelika SHELUKHINA
Attaché
Embassy of the Republic
of Kazakhstan
Rome

KENYA

Governor (acting)
Betty CHEPLETING KIMURGOR
First Secretary
Chargé d'affaires, a.i.
Embassy of the Republic
of Kenya
Rome

Adviser
Samuel C. YEGON
Agricultural Attaché
Embassy of the Republic
of Kenya
Rome

Adviser
Joseph Kipchirchir BOINNET
Second Secretary
Embassy of the Republic
of Kenya
Rome
KUWAIT

Governor
Hesham I. AL-WAQAYAN
(acting)
Deputy Director-General
Operations and Disbursement
Kuwait Fund for Arab
Economic Development
Kuwait City

Adviser
Fatimah Hasan J. HAYAT
Counsellor
Alternate Permanent Representative
of the State of Kuwait to FAO
Rome

LAOS

Governor
Yao PHONEVANTHA
(acting)
Vice-Minister for Finance
Vientiane

Alternate Governor
Bounsamack SAYASENG
(acting)
Director
General Fiscal Policy
Department
Ministry of Finance
Vientiane

Adviser
Bounthavy CHALEUNEPHO
Director
Bokeo Food Security
Project
Ministry of Finance
Vientiane

LEBANON

Gouverneur
Samir Samy EL-KHOURY
Ambassadeur de la République
libanaise auprès des organisations
des Nations Unies
Rome

Gouverneur suppléant
Adel CHOUÈRI
Directeur général
Ministère de l'agriculture
Beyrouth
LEBANON (cont’d)

Conseiller  Fadj HAJI ALI  
Premier secrétaire  
Représentant permanent suppléant  
de la République libanaise auprès  
des organisations des  
Nations Unies  
Rome

LESOTHO

Governor  Vova BULANE  
Minister for Agriculture,  
Cooperatives and Land  
Reclamation  
Maseru

Alternate Governor  Rachel Refiloehape MATHABO NTISINSYI  
Ambassador of the Kingdom  
of Lesotho to IFAD  
Rome

Adviser  Mantho MOTSELEBANE  
Director  
Department of Planning  
and Policy Analysis  
Ministry of Agriculture,  
Cooperatives and Land  
Reclamation  
Maseru

Adviser  Ines MAPHUTHEHO RANOOE  
First Secretary  
Embassy of the Kingdom  
of Lesotho  
Rome

Adviser  Kabelo MAFURA  
Counsellor  
Embassy of the Kingdom  
of Lesotho  
Rome

LIBYAN ARAB JAMAHIRIYA

Governor  Ali Yousef GUIMA  
Secretary of the People's Committee  
of the General Authority for Agriculture,  
Animal and Marine Wealth  
Homs
LIBYAN ARAB JAMAHIRIYA (cont’d)

Alternate Governor Nuri Ibrahim HASAN
Ambassador of the Socialist People’s Libyan Arab Jamahiriya to IFAD
Rome

Adviser El Taher A. AL-AZZABI
Director of Agricultural Research Centre
Homs

Adviser Issam Mahjoub ZAWIA
Counsellor
Alternate Permanent Representative of the Socialist People’s Libyan Arab Jamahiriya to IFAD
Rome

Adviser Moamar EL SINOUSI
Adviser
Office of the People’s Committee of the General Authority People’s for Agriculture, Animal and Marine Wealth
Homs

Adviser Osman Salim AL DAOUKI
Adviser
General Department of the International Organizations General People’s Committee for Foreign Liaison and International Cooperation
Tripoli

LUXEMBOURG

Gouverneur (provisoire) Paul Victor Joseph FABER
Ambassadeur du Grand-Duché de Luxembourg auprès du FIDA
Rome

Gouverneur suppléant (provisoire) Miguel MARQUES
Attaché de Gouvernement Ministère des finances
Luxembourg-Ville
MADAGASCAR

Gouverneur  Marcel Théophile RAVELOARIAONA
Ministre de l'agriculture
Antananarivo

Gouverneur suppléant  Georges RUPHIN
Ambassadeur de la République
de Madagascar auprès du FIDA
Rome

Conseiller  Joseph Bruno RAKOTO
Inspecteur
Ministère de l'agriculture
Antananarivo

Conseiller  Monsieur MONJA
Conseiller
Représentant permanent adjoint
de la République de Madagascar
auprès du FIDA
Rome

MALAWI

Governor  Ellard S. MALINDI
Principal Secretary for Agriculture
Ministry of Agriculture
and Irrigation
Lilongwe

Alternate Governor  Charles J. MATABWA
Controller
Agriculture Extension
and Technical Services
Ministry of Agriculture
and Irrigation
Lilongwe

Adviser  Clement Peanson MZEMBE
Controller
Irrigation Services
Ministry of Agriculture
and Irrigation
Lilongwe
MALAYSIA

Alternate Governor  Shamsudin BIN ABDULLAH
Ambassador of Malaysia
to the United Nations
Agencies
Rome

Adviser  Syed Bakri RAHMAN
Second Secretary
Alternate Permanent Representative
of Malaysia to the United Nations
Agencies
Rome

MALDIVES

Governor  Abdul Rasheed HUSSAIN
Minister for Fisheries, Agriculture
and Marine Resources
Malé

Adviser  Mohamed ZUHAIR
Assistant Director-General
Ministry of Fisheries, Agriculture
and Marine Resources
Malé

MALI

Gouverneur suppléant  Ibrahim Bocar DAGA
Ambassadeur de la République
du Mali auprès du FIDA
Rome

Conseiller  Modibo Mahamane TOURÉ
Deuxième conseiller
Représentant permanent suppléant
de la République du Mali
auprès du FIDA
Rome

MALTA

Governor  Abraham BORG
Ambassador of the Republic
of Malta to IFAD
Rome
MALTA (cont’d)

Adviser
James FARRUGIA
First Secretary
Embassy of the Republic
of Malta
Rome

MAURITANIA

Gouverneur Ahmedou OULD TEYAH
(provisoire)
Premier Conseiller
Chargé d'affaires, a.i.
Ambassade de la République
islamique de Mauritanie
Rome

MAURITIUS

Governor Pravind Kumar JUGNAUTH
Minister for Agriculture, Food
Technology and Natural Resources
Port Louis

Adviser Nayen Koomar BALLAH
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 Ernesto ACEVEDO CARRERA
Ministro
Encargado de Negocios, a. i.
Representante Permanente Alterno
de los Estados Unidos Mexicanos
ante el FIDA
Roma
MEXICO (cont’d)

Gobernador Suplente: Víctor Hugo MORALES MELENDEZ
Consejero
Representante Permanente Adjunto
de los Estados Unidos Mexicanos
ante el FIDA
Roma

MONGOLIA

Governor: Darjaagyn NASANJARGAL
Minister for Food
and Agriculture
Ulaanbaatar

Adviser: Daydu DALANTAINYAM
Officer
Strategic Planning and Policy
Department
Ministry of Food
and Agriculture
Ulaanbaatar

MOROCCO

Gouverneur: Mohamed AIT KADI
Secrétaire général
Ministère de l’agriculture,
du développement rural et
des eaux et forêts
Rome

Gouverneur suppléant (provisoire): Aziz MEKOUAR
Ambassadeur du Royaume
du Maroc auprès du FIDA
Rome

Conseiller: Ahmed AFAILAL
Ministre plénipotentiaire
Représentant permanent adjoint
du Royaume du Maroc
auprès du FIDA
Rome
MOROCCO (cont’d)

Conseiller Mohammed EL GHOLABZOURI
Chef de service
Relations avec les organisations financières internationales
Direction du trésor
Ministère de l’économie et des finances
Rabat

Conseiller Allal CHAALI
Ingénieur en chef
Division de la coopération
Ministère de l’agriculture, du développement rural et des eaux et forêts
Rabat

Conseiller Jamila ALAOUI
Secrétaire des affaires étrangères
Représentant permanent suppléant du Royaume du Maroc auprès du FIDA
Rome

MOZAMBIQUE

Governor Manuel CHANG
Vice-Minister
Ministry of Planning and Finance
Maputo

Alternate Governor António PINTO DE ABREU
General Manager
Banco de Mozambique
Maputo

Adviser Carla Elisa MUCAVI
First Secretary
Chargé d’affaires, a.i.
Alternate Permanent Representative of the Republic of Mozambique to the United Nations Agencies
Rome

Adviser Isabel Maria SUMAR
Attaché
Ministry of Planning and Finance
Maputo
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX I

MOZAMBIQUE (cont’d)

Adviser Ananias Benjamin SIGAÚQUE
Second Secretary
Embassy of the Republic
of Mozambique
Rome

Adviser Rafael UAIENE
National Director
National Institute of Agronomic Research
Ministry of Agriculture and Rural Development
Maputo

MYANMAR

Governor Aung MYINT
(acting) Minister Counsellor
Alternate Permanent Representative
of the Union of Myanmar to IFAD
Rome

NAMIBIA

Governor Paul SMIT
Deputy Minister for Agriculture,
Water and Rural Development
Windhoek

Alternate Governor Desmond R. TSHIKESHO
IFAD Project Coordinator and
Director of Extension and Engineering Services
Ministry of Agriculture, Water and Rural Development
Windhoek

NEPAL

Governor Jaya PRAKASH GUPTA
Minister for Agriculture and Cooperatives
Kathmandu
NEPAL (cont’d)

Alternate Governor (acting)  Chandni JOSHI
Regional Programme Director
South Asia Regional Office
United Nations Development
Fund for Women
New Delhi

Adviser  Shyam Sundar SHARMA
Joint Secretary
Ministry of Agriculture
and Cooperatives
Kathmandu

Adviser  Badri POKHREL
Under Secretary
Ministry of Finance
Kathmandu

Adviser  Basanta Prasad BIDARI
Deputy Chief of Mission
Counsellor
Embassy of the Kingdom
of Nepal
Paris

NETHERLANDS

Governor (acting)  Jan BERTELING
Ambassador
Permanent Representative of the
Kingdom of The Netherlands
to FAO, WFP and IFAD
Rome

Alternate Governor (acting)  Jeoren T.M.G. STEEGHS
Counsellor
Deputy Permanent Representative of
the Kingdom of The Netherlands
to FAO, WFP and IFAD
Rome

NEW ZEALAND

Alternate Governor  Godfrey R. B. PAYNE
First Secretary
Embassy of New Zealand
Rome
NICARAGUA

Gobernador (interino) Alejandro MEJÍA FERRETTI
Embajador de la República de Nicaragua ante los Organismos de las Naciones Unidas Roma

NIGER

Gouverneur (provisoire) Adam MAÏGA ZAKARIAOU
Conseiller Représentant permanent adjoint de la République du Niger auprès du FIDA Rome

Conseiller Adamou DANGUIOUA
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

NIGERIA

Governor (acting) Chris AGBOBU
Federal Minister of State for Agriculture and Rural Development Abuja

Alternate Governor (acting) Oloche Anebi EDACHE
Director Federal Department of Agriculture Federal Ministry of Agriculture and Rural Development Abuja

Adviser Gabriel LOMBIN
Minister Permanent Representative of the Federal Republic of Nigeria to the United Nations Agencies for Food and Agriculture Rome
NIGERIA (cont’d)

Adviser
Moses NGBALE
Director of Finance
Federal Ministry of Agriculture
and Rural Development
Abuja

Adviser
E. O. OKEKE
Director
Department of Rural Development
Federal Ministry of Agriculture
and Rural Development
Abuja

Adviser
Omieze ANDY
Assistant
Federal Ministry of Agriculture
and Rural Development
Abuja

NORWAY

Governor
Aage B. GRUTLE
Director-General
Department for United Nations and
International Finance Institutions
Ministry of Foreign Affairs
Oslo

Alternate Governor
Ingrid GLAD
Assistant Director-General
Department of Multilateral Affairs
Ministry of Foreign Affairs
Oslo

Adviser
Therese Løken GHEZIEL
Higher Executive Officer
Department of Multilateral Affairs
Ministry of Foreign Affairs
Oslo

Adviser
Dag BRISEID
Minister Counsellor
Permanent Representative of the
Kingdom of Norway to IFAD
Rome
OMAN

Governor (acting) Yahya bin Abdullah bin Salim AL-ARAIMI Ambassador of the Sultanate of Oman to IFAD Rome

Adviser Hassan Ahmed AL NABHANI Director-General of Planning and Investment Promotion Ministry of Agriculture and Fisheries Ruwi

Adviser Yousuf Abdullah Nasser AL-AFIFY First Secretary Alternate Permanent Representative of the Sultanate of Oman to IFAD Rome

PAKISTAN

Governor (acting) 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 J. MALTEZ Ministro Consejero Representante Permanente Adjunto de la República de Panamá ante el FIDA Roma

PARAGUAY

Gobernador Lilia ROMERO PEREIRA Embajadora de la República del Paraguay ante el FIDA Roma
PARAGUAY (cont’d)

Asesor Osvaldo ADIB BITTAR
Primer Secretario
Representante Permanente Alterno
de la República del Paraguay
ante el FIDA
Roma

PERU

Gobernador Marcela LÓPEZ BRAVO
Ministra
Encargada de negocios, a.i.
Representante Permanente Adjunta
de la República del Perú
ante el FIDA
Roma

Gobernador Suplente José Miguel BARRETO SÁNCHEZ
Primer Secretario
Representante Permanente Alterno
de la República del Perú
ante el FIDA
Roma

PHILIPPINES

Governor Noel D. DE LUNA
(acting) Agricultural Attaché
Deputy Permanent Representative
of the Republic of The Philippines
to IFAD
Rome

PORTUGAL

Governor Carlos Manuel Inácio FIGUEIREDO
President
Financing and Support Institute for
the Development of Agriculture
and Fisheries
Ministry of Agriculture, Rural
Development and Fisheries
Lisbon
PORTUGAL (cont’d)

Alternate Governor  Rosa CAETANO
(acting)  Expert
Ministry of Finance
Lisbon

Adviser  Pedro GONÇALVES PINTO DA SILVA
Counsellor
Deputy Permanent Representative
of the Portuguese Republic to
the United Nations Agencies
Rome

Adviser  Catarina GEORGE
Assistant
Financing and Support Institute for
the Development of Agriculture
and Fisheries
Ministry of Agriculture, Rural
Development and Fisheries
Lisbon

QATAR

Governor  Ali Fahad AL-HAJRI
(acting)  Ambassador of the State
of Qatar to IFAD
Rome

Adviser  Abdulla Rahman FAKHROO
Counsellor
Alternate Permanent Representative
of the State of Qatar to IFAD
Rome

Adviser  Sheik-Mohammed AL-THANI
Third Secretary
Embassy of the State
of Qatar
Rome

Adviser  Akeel HATOOR
Adviser
Embassy of the State
of Qatar
Rome
REPUBLIC OF KOREA

Governor  KIM Suk-Hyun  
Ambassador of the Republic of Korea to IFAD  
Rome

Alternate Governor  SONG Joo-Ho  
Director  Multilateral Cooperation Division  
Ministry of Agriculture and Forestry  
Kyonggido

Adviser  JEONG Chan-Woo  
Assistant Director  United Nations Affairs  
Ministry of Foreign Affairs and Trade  
Seoul

Adviser  KIM Kyeong-Kyu  
First Secretary  Agricultural Attaché  
Embassy of the Republic of Korea  
Rome

REPUBLIC OF MOLDOVA

Governor  Valentin CIUMAC  
(Acting)  Ambassador of the Republic of Moldova to the United Nations Agencies  
Rome

Adviser  Veaceslav FILIP  
First Secretary  Deputy Permanent Representative of the Republic of Moldova to the United Nations Agencies  
Rome

Adviser  Stela STINGACI  
Second Secretary  Deputy Permanent Representative of the Republic of Moldova to the United Nations Agencies  
Rome
ROMANIA

Gouverneur suppléant  Serban STATI
Ambassadeur de la Roumanie
après du FIDA
Rome

Conseiller  Ioan PAVEL
Conseiller
Représentant permanent adjoint
de la Roumanie après du FIDA
Rome

RWANDA

Governor  Ephraim KABAIJA
Minister for Agriculture, Animal
Resources and Forestry
Kigali

Adviser  Laurent KAYITARE
Director of Agriculture
Ministry of Agriculture, Animal
Resources and Forestry
Kigali

SAINT LUCIA

Governor  Cassius ELIAS
Minister for Agriculture,
Fisheries and Forestry
Castries

SAUDI ARABIA

Governor  (acting)  Abdalla ALOBEID
Deputy Minister for Agriculture
and Water
Riyadh

Alternate Governor  (acting)  Ahmad Ben Souleiman AL-AQUIL
Minister Plenipotentiary
Permanent Representative of
the Kingdom of Saudi Arabia
to FAO
Rome
SAUDI ARABIA (cont’d)

Adviser
Zeid EL HOWAISHEL
Director
External Relations
Ministry of Agriculture
and Water
Riyadh

Adviser
Mohammed Ibrahim ALBRAITHEN
Director
Research and Water Studies
Ministry of Agriculture
and Water
Riyadh

Adviser
Bandar AL-SHALHOOB
Counsellor
Alternate Permanent Representative
of the Kingdom of Saudi Arabia
to FAO
Rome

SENEGAL

Gouverneur (provisoire)
Papa DIOUF
Ministre de l’agriculture
et de l’élevage
Dakar

Gouverneur suppléant (provisoire)
Mame Balla SY
Ambassadeur de la République
du Sénégal auprès du FIDA
Rome

Conseiller
Moussa Bocar LY
Ministre Conseiller
Représentant permanent adjoint
de la République du Sénégal
auprès du FIDA
Rome

Conseiller
Abdoukarim DIOUF
Deuxième conseiller
Représentant permanent suppléant
de la République du Sénégal
auprès du FIDA
Rome
SIERRA LEONE

Alternate Governor
Umaru Bundu WURIE
Ambassador of the Republic of Sierra Leone
Bonn

Adviser
Abdulai SHERIFF
Assistant
Consulate of the Republic of Sierra Leone
Rome

SOMALIA

Governor
Yousuf Moallim AMIN
Minister for Agriculture
Mogadishu

Alternate Governor
Abbas Musse FARAH
Ambassador of the Somali Republic to IFAD
Rome

Adviser
Hakima TOURAYE FAREY
Assistant
Ministry of Agriculture
Mogadishu

Adviser
Omar Sheikh JAMA HASHI
Expert
Ministry of Agriculture
Mogadishu

Adviser
Mohamed Hussein MOHAMED
Director
Ministry of Agriculture
Mogadishu

Adviser
Abshir OSMAN HUSSEIN
Counsellor
Chargé d'affaires, a.i.
Embassy of the Somali Republic
Rome
ANNEX I

SOUTH AFRICA

Governor (acting) Roelof Johannes Janse VAN VUREN
Counsellor
Chargé d'affaires, a.i.
Embassy of the Republic of South Africa
Rome

Adviser Edward Xolisa MAKAYA
Second Secretary
Embassy of the Republic of South Africa
Rome

SPAIN

Gobernador Jorge DOMEcq
Ministro Consejero
Embajada de España
Roma

Gobernador Suplente Luis CUESTA CIVÍS
Primer Secretario
Embajada de España
Roma

SRI LANKA

Governor (acting) T. H. Wilhelm WOUTERSZ
Ambassador of the Democratic Socialist Republic of Sri Lanka to the United Nations Agencies
Rome

Adviser S. B. RAJAPAKSE
Additional Secretary
Ministry of Agriculture
Battaramulla

Adviser Deeptha KULATILLEKE
Minister Counsellor (Commercial)
Alternate Permanent Representative of the Democratic Socialist Republic of Sri Lanka to the United Nations Agencies
Rome
SUDAN

Governor  Abdel Hamid MUSA KASHA
Minister for Agriculture
and Forestry
Khartoum

Alternate Governor  Abdel Rahaman Mohamed HASSAN
Minister of State for Finance
and National Economy
Khartoum

Adviser  Abdelrazik El Bashir MOHAMED FADUL
Under-Secretary
Ministry of Agriculture
and Forestry
Khartoum

Adviser  Amal Ahmed AL-HASSAN ELKABER
Representative
Ministry of Finance and
National Economy
Khartoum

Adviser  Andrew MAKUR THOU
Ambassador of the Republic
of The Sudan to Italy
Rome

Adviser  Mohamed Said MOHAMED ALI HARBI
Counsellor
Permanent Representative of the
Republic of The Sudan to IFAD
Rome

Adviser  Yasir Ibrahim ALI
Second Secretary
Alternate Permanent Representative
of the Republic of The Sudan
to IFAD
Rome

SWAZILAND

Governor  Roy FANOURAKIS
Minister for Agriculture
and Cooperatives
Mbabane
SWAZILAND (cont’d)

Alternate Governor Christopher NKWANYANA (acting)
Under-Secretary
Ministry of Agriculture and Cooperatives
Mbabane

Adviser Khangezile DLAMINI
Project Coordinator
Ministry of Agriculture and Cooperatives
Mbabane

Adviser Gordon MBULI
Assistant
Ministry of Agriculture and Cooperatives
Mbabane

SWEDEN

Governor Gun-Britt ANDERSSON
State Secretary for International Development Cooperation
Ministry of Foreign Affairs
Stockholm

Alternate Governor Lennart Båge
Deputy Director-General
Head of the Division for International Development Cooperation
Ministry of Foreign Affairs
Stockholm

Adviser Carl Johan GROTH
Ambassador
Division for International Development Cooperation
Ministry of Foreign Affairs
Stockholm

Adviser Marina BERG
Desk Officer
Division for International Development Cooperation
Ministry of Foreign Affairs
Stockholm
SWEDEN (cont’d)

Adviser
Kåre PUGERUP
Desk Officer
Division for International Development Cooperation
Ministry of Foreign Affairs
Stockholm

Adviser
Rolf Göran Kristoffer BERG
Ambassador of the Kingdom of Sweden to Italy
Rome

Adviser
Michael ODEVALL
Minister
Permanent Representative of the Kingdom of Sweden to IFAD
Rome

Adviser
Magnus NORDSTRÖM
Second Secretary
Alternate Permanent Representative of the Kingdom of Sweden to IFAD
Rome

SWITZERLAND

Gouverneur
Lothar CAVIEZEL
Conseiller scientifique principal
Direction du développement et de la coopération
Département fédéral des affaires étrangères
Berne

Gouverneur suppléant
Catherine CUDRÉ-MAUROUX
Conseillère scientifique
Secrétariat d’État à l’économie
Département fédéral de l’économie
Berne

SYRIA

Governor
Orfan ALLOUCH
Assistant Minister for Agriculture and Agrarian Reform
Damascus
SYRIA (cont’d)

Alternate Governor
(acting) Nabila CHAALAN
Minister Plenipotentiary
Permanent Representative
of the Syrian Arab Republic
to IFAD
Rome

Adviser Nahi AL CHIBANI
Director
Planning Department
Ministry of Agriculture
and Agrarian Reform
Damascus

Adviser Karbouj Mohamed SULAIMAN
Deputy Director
International Relations
Ministry of Agriculture
and Agrarian Reform
Damascus

Adviser Bashar AKBIK
Second Secretary
Deputy Representative of the
Syrian Arab Republic to the
United Nations Agencies
Rome

TANZANIA, UNITED REPUBLIC OF

Governor Pius P. MBAWALA
(acting) Deputy Minister for Agriculture
and Food Security
Dar-es-Salaam

Alternate Governor Costa Ricky MAHALU
(acting) Ambassador 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
THAILAND

Governor (acting)  Suthiporn CHIRAPANDA
Deputy Permanent Secretary
Ministry of Agriculture and Cooperatives
Bangkok

Alternate Governor (acting)  Chao TIANTONG
Minister (Agriculture)
Permanent Representative of the Kingdom of Thailand to the United Nations Agencies
Rome

Adviser  Vichai VARASIRIKUL
Minister Counsellor
Alternate Permanent Representative of the Kingdom of Thailand to the United Nations Agencies
Rome

Adviser  Korntip RATANAKOMUT
Counsellor
Office of Agricultural Affairs
Deputy Permanent Representative of the Kingdom of Thailand to the United Nations Agencies
Rome

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Governor  Ivan ANGELOV
Professor
Ss Cyril and Methodius University
Skopje

Alternate Governor  Ljubica TRENCEVSKA
Counsellor
Ministry of Agriculture, Forestry and Water Economy
Skopje

Adviser  Miomir RISTOVSKI
Minister Counsellor
Deputy Permanent Representative of The Former Yugoslav Republic of Macedonia to the United Nations Agencies
Rome
TONGA

Governor
Fetu‘utolu TUPOU
High Commissioner of the Kingdom of Tonga
London

TUNISIA

Gouverneur (acting)
Ameur HORCHANI
Secrétaire d'état auprès du Ministre de l'agriculture chargé des ressources hydrauliques
Ministère de l'agriculture
Tunis

Gouverneur suppléant (acting)
Azouz ENNIFAR
Ambassadeur de la République tunisienne auprès des organisations des Nations Unies
Rome

Conseiller
Kamel BEN REJEB
Directeur général de la coopération financière multilatérale
Ministère de la coopération internationale et de l'investissement extérieur
Tunis

Conseiller
Moez SINAOUI
Conseiller Représentant permanent adjoint de la République tunisienne auprès des organisations des Nations Unies
Rome

TURKEY

Governor (acting)
Oya KARAKAS
Counsellor Alternate Permanent Representative of the Republic of Turkey to IFAD
Rome
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX I

TURKEY (cont’d)

Adviser
Ahmet SAYLAM
Agricultural Counsellor
Alternate Permanent Representative
of the Republic of Turkey to IFAD
Rome

UGANDA

Governor
Gerald SSENDAULA
Minister for Finance, Planning
and Economic Development
Kampala

Adviser
Vincent KIRABOKYAMARIA
Ambassador of the Republic
of Uganda to IFAD
Rome

Adviser
Longino Kigambo TISASIRANA
Economic Adviser
Ministry of Finance, Planning
and Economic Development
Kampala

Adviser
Joshua MUTABAZI
First Secretary
Alternate Permanent Representative
of the Republic of Uganda to IFAD
Rome

UNITED ARAB EMIRATES

Governor (acting)
Sager NASSER ALRAISI
Counsellor
Embassy of the United
Arab Emirates
Rome

Adviser
Majed Ali Ahmed OMRAN AL SHAMSI
Assistant Director Revenue Department
Ministry of Finance
and Industry
Abu Dhabi

Adviser
Mirghani Hassan OBEID
Adviser
Embassy of the United
Arab Emirates
Rome
UNITED KINGDOM

Governor  Tony FAINT
Director
International Development Affairs
Department for International Development
London

Alternate Governor  Anthony BEATTIE
(acting)
Minister
Permanent Representative of the United Kingdom to the United Nations Food and Agriculture Agencies
Rome

Adviser  Michael ELLIS
Humanitarian Affairs Adviser
Permanent Representation of the United Kingdom to the United Nations Food and Agriculture Agencies
Rome

UNITED STATES

Governor  William E. SCHUERCH
(acting)
Deputy Assistant Secretary
International Development, Debt and Environmental Policy
Department of the Treasury
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  Lynne A. REICH
International Economist
Office of Multilateral Development Banks
Department of the Treasury
Washington, D.C.
UNITED STATES (cont’d)

Adviser
Lucy TAMLYN
First Secretary
Alternate Permanent Representative
of the United States of America 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
Julio César LUPINACCI
Embajador de la República
Oriental del Uruguay
ante el FIDA
Roma

Gobernador Suplente
Laura GALARZA
Agregada
Representante Permanente Alterna
de la República Oriental del Uruguay
ante el FIDA
Roma

VENEZUELA

Gobernador
Fernando GERBASI
(interino)
Embajador de la República Bolivariana
de Venezuela ante los Organismos
de las Naciones Unidas
Roma

Asesor
Gabriel MARIN
Coordinador
Gerencia de Acuerdos
Financieros Internacionales
Fondo de Inversiones
Caracas
VENezUELA (cont’d)

Asesor Carlos POZZO BRACHO
Ministro Consejero
Representante Permanente Alterno
de la República Bolivariana de
Venezuela ante los Organismos
de las Naciones Unidas
Roma

VIET NAM

Governor Nguyen Thi Xuan HUONG
(acting) First Secretary
Alternate Permanent Representative
to the United Nations Agencies
for Food and Agriculture
Rome

YEmen

Governor Mosleh Ali Saad HAJAR
(acting) Minister
Chargé d'affairs, a.i.
Embassy of the Republic
of Yemen
Rome

Alternate Governor Ahmed Ali Hummed AL-HAWRI
Counsellor
Permanent Representative of the
Republic of Yemen to IFAD
Rome

ZAMBIA

Governor Yotam J. NGULUBE
Deputy Minister for Agriculture,
Food and Fisheries
Ministry of Agriculture, Food
and Fisheries
Lusaka

Alternate Governor F. Monde SITWALA
Principal Economist
Ministry of Finance and
Economic Development
Lusaka
ZAMBIA (cont’d)

Adviser   Abedanigo Kwenje BANDA
Director
Planning and Cooperatives
Development
Ministry of Agriculture, Food
and Fisheries
Lusaka

ZIMBABWE

Governor  Joseph M. MADE
Minister for Lands, Agriculture
and Rural Resettlement
Harare

Alternate Governor  Mary Margaret MUCHADA
Ambassador of the Republic
of Zimbabwe to IFAD
Rome

Adviser  Vincent HUNGWE
Acting Permanent Secretary
Ministry of Lands, Agriculture
and Rural Resettlement
Harare

Adviser  Basilio SANDAMU
Deputy Secretary
Ministry of Lands, Agriculture
and Rural Resettlement
Harare

Adviser  Rudo Grace MANYARARA
Counsellor
Alternate Permanent Representative
of the Republic of Zimbabwe
to IFAD
Rome

Adviser  Andrew MBAUYA
Assistant
Embassy of the Republic
of Zimbabwe
Rome
OBSEVERS FROM UNITED NATIONS MEMBER STATES

OBSERVATEURS D’ÉTATS MEMBRES DES NATIONS UNIES

OBSERVADORES DE LOS ESTADOS MIEMBROS DE LAS NACIONES UNIDAS

CZECH REPUBLIC

Observer Pavel SKODA
Counsellor
Permanent Representative of
the Czech Republic to FAO
Rome

ICELAND

Observer Jón Erlingur JÓNASSON
Counsellor (Agricultural Affairs)
Deputy Permanent Representative
of the Republic of Iceland to FAO
Rome
HOLY SEE

SAINT-SIÈGE

SANTA SEDE

Observer

Agostino MARCHETTO
Nonce Apostolique
Observateur permanent du Saint-Siège
auprès du FIDA
Cité du Vatican

Observer

Vincenzo BUONOMO
Conseiller
Cité du Vatican

Observer

Giovanni TEDESCO
Conseiller
Cité du Vatican
REPRESENTATIVES OF THE UNITED NATIONS AND SPECIALIZED AGENCIES

INTERNATIONAL LABOUR ORGANIZATION

Food and Agriculture Organization of the United Nations

David HARCHARIK
Deputy Director-General
Rome

Michael FITZPATRICK
Chief
Investment Centre
Rome

International Labour Organisation

Giuliana LEDOVI
Officer
ILO Office
Rome

United Nations Centre for Human Settlements

Don OKPALA
Acting Head
Economy and Finance Branch
Nairobi

United Nations Development Programme

Evlogui BONEV
Senior Adviser
European Office
Geneva
United Nations Office for Project Services

Bisrat AKLILU
Deputy Executive-Director and Director of Operations
New York, N.Y.

Alberto ORLANDI
Chief
Division for IFAD Programmes
UNOPS Office in Rome
Rome

Noemi NAZARIO
Manager
Loan Administration Unit
UNOPS Office
Rome

United Nations Population Fund

Alphonse L. MAC DONALD
Director
European Liaison Office
Geneva

World Food Programme

Catherine Ann BERTINI
Executive Director
Rome

Zoraida MESA
Director
Office of the Executive Director
Rome

Thomas YANGA
Secretary to the Executive Board
Chief
Inter-Agency Affairs Service
Rome

Susana RICO
Assistant to the Executive Director
Office of the Executive Director
Rome
World Food Programme (cont’d)

Yasuhiko TSUMURA
Officer
Inter-Agency Affairs Service
Rome

A. Namanga NGONGI
Deputy Executive Director
Rome

World Meteorological Organization

M.V.K. SIVAKUMAR
Chief
Agricultural Meteorological Division
Geneva

Taysir Mustafa AL-GHANEM
Chief
Information and Public Affairs Office
Geneva
OBSERVERS FROM INTERGOVERNMENTAL ORGANIZATIONS

OBSERVATEURS DES ORGANISATIONS INTERGOUVERNEMENTALES

OBSERVADORES DE LAS ORGANIZACIONES INTERGUBERNAMENTALES

African Development Bank

Tamrat KEBEDE
Senior Cooperation Officer
Abidjan

Arab Authority for Agricultural Investment and Development

Abdul Kareem Mohammad AL-AMRI
President
Dubai

El Arabi HAMDI
Director
Regional Office
Dubai

Arab Bank for Economic Development in Africa

Wahid HAJRI
Assistant Director-General of Operations
Khartoum

Arab Center for the Studies of Arid Zones and Dry Lands

Hassan SEOUD
Director-General
Damascus

Salah Edoune Al KURDI
Director of Planning and Economics
Damascus
Arab Center for the Studies of Arid Zones
and Dry Lands (cont’d)

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

Salem AL-LOUZI
Head
AOAD Office
Amman

Caribbean Development Bank

Jeffrey DELLIMORE
Acting Director
Projects Department
St. Michael

McDonald THOMAS
Project Officer
Social Analyst
Poverty Reduction and
Environment Unit
St. Michael

Development Assistance Committee

Jean-Claude FAURE
Chairman
Paris
European Community

Wilma DU MARTEAU
Permanent Representative to the United Nations Agencies Commission of the European Community Rome

Frances-Anne HUNTER
Attaché Commission of the European Community Rome

International Center for Agricultural Research in the Dry Areas

Adel S. AL-BELTAGY
Director-General Aleppo

Mahmoud B. SOLH
Assistant Director-General International Cooperation Aleppo

International Centre of Insect Physiology and Ecology

Hans R. HERREN
Director-General Nairobi

International Livestock Research Institute

Getachew ENGIDA
Chief Financial Officer Nairobi

International Organization for Migration

Giulia FALZOI
Programme Officer Rome
League of Arab States

Khaldoun ROUEIHA
Counsellor
Rome

Permanent Interstate Committee for Drought Control in the Sahel

Musa MBENGA
Executive Secretary
Ouagadougou

Ide BANA
Technical Adviser
Ouagadougou

West African Development Bank

Seini Ganda HASSANE
Deputy Director
Rural Development and Infrastructures
Lomé
OBSERVERS FROM NON-GOVERNMENTAL ORGANIZATIONS

OBSERVATEURS DES ORGANISATIONS NON GOUVERNEMENTALES

OBSERVADORES DE LAS ORGANIZACIONES NO GUBERNAMENTALES

American Council for Voluntary International Action

Michael W. DEEGAN
President
Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance
Washington, D.C.

Bread for the World

Richard A. HOEHN
Director
Washington, D.C.

Centre for Environment and Development for the Arab Region

Kamal A. SABET
Executive Director
Cairo

Human Appeal International

Ahmed Yousuf ABDULLAH
Executive Director
Ajman

Mahmoud ASFA
Director of Italian Office
Milan
International Juridical Organization for Environment and Development

Mary Ellen SIKABONYI
Executive Director
Rome

Society for International Development

Stefano PRATO
Managing Director
Rome

Elena MANCUSI-MATERI
Programme Officer
Rome

Worldview International Foundation

Arne FJORTOFT
Secretary-General
Oslo
AGENDA

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RESOLUTIONS ADOPTED BY THE GOVERNING COUNCIL AT ITS TWENTY-FOURTH SESSION


2. These Resolutions are transmitted for the information of all Members of IFAD.
THE FIFTH REPLENISHMENT OF IFAD’S RESOURCES

Resolution 119/XXIV

The Fifth Replenishment of IFAD’s Resources

The Governing Council of IFAD,

Recalling Article 4.3 of the Agreement Establishing the Fund, which provides that, in order to assure continuity in the Fund’s operations, the Governing Council shall periodically review the adequacy of the resources available to the Fund and, if necessary, invite Members to make additional contributions to the resources of the Fund;

Further recalling Governing Council Resolution 112/XXII, adopted on 17 February 1999, establishing a Consultation to review the adequacy of the resources available to the Fund, and to negotiate, if appropriate, such arrangements as may be necessary to ensure the adequacy of the said resources;

Urging those Members which have not yet paid the full share of their previous contributions to the resources of the Fund and those which have not yet deposited their Instruments of Contribution for the Third and/or Fourth Replenishments to adopt effective measures to complete such payments and deposit such Instruments of Contribution as soon as possible;

Reaffirming its unanimous support for the Fund and its mandate to fight hunger and alleviate poverty and noting with great satisfaction the Fund’s continued progress in discharging effectively that mandate;

Noting the desire of its Members to maintain an adequate level of annual loan and grant commitments in order to enable the Fund to fulfil its mandate;

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

Having considered Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD, contained in document GC 24/L.3 and the Draft Resolution on the Fifth Replenishment of IFAD’s Resources attached thereto;

Taking into account the statements made in the Consultation to Review the Adequacy of the Resources Available to the Fund that a number of Members have indicated their intention to contribute to the resources of the Fund through pledges of contributions under the Fifth Replenishment, in accordance with the arrangements set forth in this Resolution, it being understood that no commitment in that regard will arise for any Member until the Member concerned has deposited an Instrument of Contribution and that such instrument takes effect in accordance with its terms and conditions consistent with this Resolution and the Agreement Establishing the Fund;
Acting upon the conclusions of the Consultation to Review the Adequacy of the Resources Available to the Fund, which has recommended that, in view of the needs of the developing Member Countries of the Fund in regard to their continued development in the agricultural and rural sectors, the resources of the Fund are in vital need of replenishment so as to enable the Fund to carry out its programme of work for the Replenishment Period, the Members should be invited to make additional contributions to the resources of the Fund.

Decides:

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

1. Document GC 24/L.3, containing Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD, and, in particular, the recommendations specified in Section V thereof and the IFAD V: Plan of Action (2000-2002) contained in Annex I thereof, are hereby approved and shall form the basis of the Fund’s operations during the Replenishment Period. Accordingly, the Governing Council has decided to authorize the replenishment of the resources of the Fund.

2. Definitions

The terms used in this Resolution have the meanings herein set forth:

(a) “ACA”: the advance commitment authority conferred by paragraph III.17 of this Resolution;

(b) “additional contribution”: a Member’s contribution under the Fifth Replenishment of the resources of the Fund as defined in Section 3 of Article 4 of the Agreement;

(c) “Agreement”: the Agreement Establishing the Fund, as it stands amended on 21 February 1997;

(d) “complementary contribution”: the amount made available by a Member to the Fund during the Replenishment Period on a voluntary basis and referred to in paragraph II.4(d) of this Resolution;

(e) “completion of this Resolution”: the action taken by the Executive Board in accordance with paragraph V.21 of this Resolution;

(f) “Consultation”: the committee of senior representatives of the Members established pursuant to Resolution 112/XXII of the Governing Council to review the adequacy of the resources available to the Fund;

(g) “contribution”: the amount that a Member is legally committed to pay into the resources of the Fund under its Instrument of Contribution;

(h) “Contribution Votes”: those votes from the Original, Fourth Replenishment and Fifth Replenishment Votes allocated to each Member in accordance with Sections 3(a)(i)(B) and 3(a)(ii)(B) of the Agreement, paragraphs II.16(b) and II.17(b) of Resolution 87/XVIII of the Governing Council and
paragraph IV.19(b) of this Resolution, respectively, on the basis of each Member’s contribution to the resources of the Fund;

(i) “dollar” or “USD”: United States Dollar;

(j) “Fourth Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Fourth Replenishment of the Fund’s Resources in the form of Membership and Contribution Votes in accordance with paragraphs II.17 and II.18 of Resolution 87/XVIII of the Governing Council;

(k) “Fifth Replenishment Votes”: the votes defined generally as Replenishment Votes by Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and distributed under the Replenishment in the form of Membership and Contribution Votes in accordance with paragraph IV.19 of this Resolution;

(l) “Fund”: the International Fund for Agricultural Development;

(m) “increase in contribution”: an increase by a Member, pursuant to Section 4 of Article 4 of the Agreement, of the amount of its additional contribution;

(n) “instalment”: one of the instalments in which a contribution is to be paid;

(o) “Instrument of Contribution”: a written commitment whereby a Member confirms its intention to make additional contribution to the resources of the Fund under the Replenishment;

(p) “Member”: a Member of the Fund;

(q) “Membership Votes”: those votes from the Original, Fourth Replenishment and Fifth Replenishment Votes allocated to each Member in accordance with Sections 3(a)(i)(A) and 3(a)(ii)(A) of the Agreement, paragraphs II.16(a) and II.17(a) of Resolution 87/XVIII of the Governing Council and paragraph IV.19(a) of this Resolution, respectively, on the basis of membership of the Fund;

(r) “Original Votes”: the votes defined by Sections 3(a)(i) and (iii) of Article 6 of the Agreement and distributed in the form of Membership and Contribution Votes in accordance with paragraphs II.16 and II.18 of Resolution 87/XVIII of the Governing Council;

(s) “payment of” or “to pay” a contribution: payment of, or to pay, a contribution in cash or by deposit of promissory notes or similar obligations;

(t) “qualified contribution”: the contribution covered by a qualified Instrument of Contribution as defined in paragraph II.6(c) of this Resolution;

(u) “Replenishment”: the Fifth Replenishment of the resources of the Fund through contributions in accordance with this Resolution;

(v) “Replenishment Period”: the three-year period commencing upon the date upon which the Executive Board takes a decision on the completion of this Resolution;
(w) ‘special contribution’: a contribution from a non-Member State or other sources to the resources of the Fund as defined in Section 6 of Article 4 of the Agreement;

(x) ‘unit of obligation’: a freely convertible currency or Special Drawing Right (SDR) of the International Monetary Fund (IMF), as selected by each Member and in which its contribution is denominated in accordance with its pledge as specified in Columns B-1 and B-2 of Attachment A to this Resolution; and

(y) ‘unqualified contribution’: the contribution covered by an unqualified Instrument of Contribution as defined in paragraph II.6(b) of this Resolution.

II. Contributions

3. General Clause

(a) The Governing Council accepts the Report of the Consultation to Review the Resources Available to the Fund (document GC 24/L.3) and invites Members to make additional contributions to the resources of the Fund under the Replenishment.

(b) The target level of the Replenishment is established at five hundred and sixty nine million dollars (USD 569 000 000), which amount shall be contributed in freely convertible currencies. In seeking that objective, the Replenishment has been accomplished through the good will of all Members in making an effort to ensure the availability of a sufficient level of resources to the Fund. In this respect, the Member Countries shall endeavour to ensure that the target level of the Replenishment is achieved, if necessary, by an increase in their additional contributions.

4. Additional, Increase in and Complementary Contributions

The Fund is authorized, in accordance with the Agreement and the provisions of this Resolution, to accept from Members for the resources of the Fund:

(a) additional contributions in freely convertible currencies from all Members totalling four hundred and thirty one million dollars (USD 431 000 000)

(b) with the objective of attaining and supplementing the target level of the Replenishment referred to in paragraph II.3(b) of this Resolution, additional contributions in freely convertible currencies from all Members that increase the additional contributions of Members shown in Columns B-1 and B-2 of Attachment A to this Resolution and pledged in accordance with paragraph II.4(a) above, if the said increase in additional contributions is notified in writing to the Fund no later than a date six months after the date of

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1 This figure was inserted on 20 February 2001 upon the completion of this Resolution in accordance with paragraph V.21 of this Resolution.
the completion of this Resolution. Upon receipt of formal pledges of further additional contributions, the President of the Fund shall communicate a revised Attachment A to all Members of the Fund no later than fifteen days after the above-mentioned date. In order to assist this process, the President of IFAD is requested to take such steps as may be necessary to ensure that the target level of the Replenishment specified in paragraph II.3(b) of this Resolution is attained;

(c) an increase in contribution to the resources of the Fund for the Replenishment; and

(d) complementary contributions, not forming part of the pledged contributions included in Columns B-1 and B-2 of Attachment A to this Resolution.

5. Special Contributions and Complementary Contributions

(a) Special Contributions. During the Replenishment Period, the Fund may accept special contributions from non-Member States or other sources. The President shall notify the Executive Board of all such contributions.

(b) Complementary Contributions. During the Replenishment Period, the Fund may accept complementary contributions from Member States. Complementary contributions shall not form part of the pledged contributions included in columns B-1 and B-2 of Attachment A to this Resolution and, accordingly, shall not entitle the said contributing Member State to receive Contribution Votes under paragraph IV.17(b) of this Resolution. After the completion of this Resolution, the Executive Board may, from time to time, decide upon the use to be made of the complementary contributions so received.

6. Instrument of Contribution

(a) General Clause

(i) Members making contributions under this Resolution shall deposit with the Fund, not later than a date six months after the date of the completion of this Resolution, an Instrument of Contribution specifying therein the amount of its contribution in the applicable unit of obligation as set forth in Columns B-1 and B-2 of Attachment A to this Resolution.

(ii) Any Member which has not been able to make a pledge of its contribution under this Resolution may deposit its Instrument of Contribution in accordance with the requirements of provision (i) of this paragraph. The President of the Fund shall take such steps as may be necessary for the implementation of this provision and shall keep the Executive Board informed, in accordance with paragraph II.16 of this Resolution.

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2 An illustrative format of an Instrument of Contribution is given in Attachment D to this Resolution, which a Member may follow in preparing its Instrument of Contribution.
(b) **Unqualified Contribution.** Except as provided in paragraph II.6(c) below, the Instrument of Contribution shall constitute an unqualified commitment by the Member to make payment of the contribution in the manner and on the terms set forth in or contemplated by this Resolution.

(c) **Qualified Contribution.** As an exceptional case, where an unqualified contribution commitment cannot be given by a Member due to its legislative procedures, the Fund may accept from that Member an Instrument of Contribution that contains a formal notification by that Member that it will pay the first instalment of its contribution without qualification but that payment of the remaining instalments is subject to the enactment of the necessary appropriation legislation and compliance with other legislative requirements. Such a qualified Instrument, however, shall include an express undertaking on the part of the Member to seek the necessary appropriations at a rate so as to complete payment of its total contribution not later than a date three years after the date of the completion of this Resolution, except as the Executive Board shall otherwise determine. The Fund shall be notified as soon as possible after such appropriation has been obtained and such other legislative requirements have been fulfilled. For the purposes of this Resolution, a qualified contribution shall be deemed to be unqualified to the extent that appropriations have been obtained, other legislative requirements have been met and the Fund has been notified.

7. **Effectiveness**

(a) **Effectiveness of the Replenishment.** The Replenishment shall come into effect on the date upon which the Instruments of Contribution relating to contributions from all the Members have been deposited with the Fund in the aggregate total amount equivalent to at least fifty per cent (50%) of the total contribution to the Replenishment of all such Members as set forth in Column B-3 of Attachment A to this Resolution.

(b) **Effectiveness of Individual Instruments of Contribution.** Instruments of Contribution deposited on or before the effective date of the Replenishment shall take effect on the date the Replenishment becomes effective and Instruments of Contribution deposited after that date shall take effect on their respective dates of deposit.

8. **Advance Contribution**

Notwithstanding the provisions of paragraph II.7 above, any Member may notify the Fund that a specified portion of its contribution shall be treated as an advance contribution to the resources of the Fund until the Replenishment becomes effective. Such advance contributions may be used by the Fund for its operations, if necessary, in accordance with the requirements of the Agreement and other relevant policies of the Fund. Any loan and grant commitments made by the Fund on such advance contributions shall for all purposes be treated as part of the Fund’s operational programme.
9. Instalment Payments \(^3\)

(a) Payment of an Unqualified Contribution

(i) Each contributing Member shall, at its option, pay its unqualified contribution in a single sum, in two or in no more than three instalments, as specified in the Instrument of Contribution. The single sum or the first instalment shall be due on the thirtieth day after the Member’s Instrument of Contribution enters into effect, and any other instalment shall be due on the first anniversary of the entry into effect of the Replenishment but the balance, if any, of the payment shall be made no later than a date three years after the completion of this Resolution, except as the Executive Board shall otherwise determine.

(ii) Instalment payments in respect of each unqualified contribution shall be, at the option of the Member, either (A) in equal amounts or (B) in progressively graduated amounts with the first instalment amounting to at least thirty per cent (30%) of the contribution, the second instalment amounting to at least thirty five per cent (35%) and the third instalment, if any, covering the remaining balance. In special circumstances, the Executive Board may, upon the request of a Member, agree to vary the prescribed percentages or number of instalments of a Member subject to the requirement that such a variation shall not affect adversely the operational needs of the Fund.

(b) Payment of a Qualified Contribution. Payment in respect of a qualified contribution shall be made within ninety (90) days as and to the extent each instalment has become unqualified and becomes due in accordance with provision (a)(i) of this paragraph.

(c) Payment of an Advance Contribution and Amount of Instalments. A Member who shall make advance contribution of no less than forty per cent (40%) of its total contribution may, in consultation with the Executive Board, vary the amounts of the second and third instalments free of any restriction on the size of such instalments prescribed in provision (a)(ii) above, subject to the total amount of its contribution.

(d) Schedule of Payments. To the extent the payments are to depart from the requirements of provision (a)(i) and percentages of instalments specified in provision (a)(ii) of this paragraph, at the time of depositing its Instrument of Contribution, each Member should preferably indicate to the Fund its proposed schedule of instalment payments on the basis of the arrangements set forth in this paragraph.

(e) Optional Arrangements. A Member may at its option pay its contribution in fewer instalments or in larger percentage portions or at earlier dates than those specified in this paragraph, provided that such payment arrangements are no less favourable to the Fund.

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\(^3\) Payments from all Members shall be consistent with the provisions of Section 5(c) of Article 4 of the Agreement.
10. **Mode of Payment**

(a) **Form of Payment.** All payments in respect of each contribution shall be made in cash or, at the option of the Member, by the deposit of non-negotiable, irrevocable, non-interest-bearing promissory notes or other similar obligations of the Member, encashable by the Fund at par on demand in accordance with such drawdown arrangements as the Executive Board shall determine on the basis of the operational requirements of the Fund.

(b) **Freedom from Restriction of Use.** In accordance with the requirements of Section 5(a) of Article 4 of the Agreement, all freely convertible currency contributions shall be made free of any restriction as to their use by the Fund.

(c) **Increase in Cash Payment.** To the extent possible, the Members may favourably consider payment of larger portions of their contributions in cash.

11. **Encashment of Promissory Notes or Similar Obligations**

It is expected that the Fund will commence drawing down against promissory notes or other similar obligations made as payment of contributions under this Resolution only in 2004.

12. **Currency of Payment**

All contributions referred to in Columns B-1 and B-2 of Attachment A to this Resolution shall be paid in freely convertible currencies or in SDRs as specified in the respective Instruments of Contribution.

13. **Delay in Deposit of an Instrument of Contribution and/or Reduction in Payment**

(a) **Option of Commensurate Modification.** In the case of an undue delay in the deposit of an Instrument of Contribution or in payment or of substantial reduction in its contribution by a Member, any other Member may, notwithstanding any provision to the contrary in this Resolution, at its option, after consultation with the Executive Board, make a commensurate modification, *ad interim*, in its schedule of payment or amount of contribution. In exercising this option, a Member shall act solely with a view to safeguarding the objectives of the Replenishment and avoiding any significant disparity between the relative proportion of Members’ total contributions until such time that the Member whose delay in the deposit of an Instrument of Contribution and/or payment or reduction in its share causing such a move by another Member has acted to remedy the situation on its part or the Member exercising the option revokes its decision taken under this provision.

(b) **Member not Modifying Commitment.** Members that do not wish to exercise their option referred to in paragraph II.13(a) above may indicate so in their respective Instruments of Contribution.
14. **Meeting of the Consultation**

If, during the Replenishment Period, delays in the making of any contributions cause or threaten to cause a suspension in the Fund’s lending operations or otherwise prevent the substantial attainment of the goals of the Replenishment, the Fund may convene a meeting of the Consultation to review the situation and consider ways of fulfilling the conditions necessary for the continuation of the Fund’s lending operations or for the substantial attainment of those goals.

15. **Exchange Rates**

For the purposes of freely convertible currency contributions and pledges under this Resolution, the rate of exchange to be applied to convert the unit of obligation into the dollar shall be the average month-end exchange rate of the International Monetary Fund (IMF) over the six-month period preceding the adoption of this Resolution between the currencies to be converted (1 July 1999-31 December 1999), rounded to the fourth decimal point.

16. **Review by the Executive Board**

The Executive Board shall periodically review the status of contributions under the Replenishment and shall take such actions, as may be appropriate, for the implementation of the provisions of this Resolution.

III. **Advance Commitment Authority**

17. The Executive Board may, from time to time and having regard to the resources of the Fund available for commitment to loans and grants, including investment income and payments and repayments under loans provided by the Fund net of administrative costs, employ an Advance Commitment Authority (ACA) in a prudent and cautious manner to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. The procedures for the use of the ACA during the Replenishment Period are set out in Attachment B to this Resolution and form an integral part thereof. The ACA shall come into effect upon the adoption of this Resolution and shall terminate upon a date one year after the end of the Replenishment Period.4

IV. **Voting Rights**

18. **Distribution of Original Votes and Fourth Replenishment Votes**

(a) **Original Votes.** The one thousand eight hundred (1,800) Original Votes shall continue to be distributed in accordance with Sections 3(a)(i) and (iii) of Article 6 of the Agreement and paragraphs II.16 and II.18 of Resolution 87/XVIII of the Governing Council on the Fourth Replenishment of IFAD’s Resources. Column A-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the seven hundred and ninety (790) Original Membership Votes. Column A-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the one thousand and ten (1,010) Original Contribution Votes.

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4 This Resolution was completed on 20 February 2001.
(b) **Fourth Replenishment Votes.** The two hundred and sixty-five point fifty five (265.55) Fourth Replenishment Votes shall continue to be distributed in accordance with Sections 3(a)(ii) and (iii) of Article 6 of the Agreement and paragraphs II.17 and II.18 of Resolution 87/XVIII of the Governing Council on the Fourth Replenishment of IFAD’s Resources. Column B-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the one hundred and twelve point four (112.4) Fourth Replenishment Membership Votes. Column B-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of the one hundred and fifty three point fifteen (153.15) Fourth Replenishment Contribution Votes.

(c) **Effectiveness.** The allocation and distribution of the Original and Fourth Replenishment Votes referred to in provisions (a) and (b) above shall continue irrespective of the entry into force of this Resolution.

19. **Allocation of New Votes for the Replenishment**

In accordance with Section 3(a)(ii) of Article 6 of the Agreement, (____) new votes are hereby created for the Replenishment (“Fifth Replenishment Votes”). Those votes shall be distributed as follows:

(a) **Membership Votes.** (____) votes shall be allocated as membership votes, with each Member receiving an equal number of the said votes. Upon any change in the number of Members of the Fund, the (____) votes shall be redistributed upon the same basis. Column D-1 of Attachment C to this Resolution, as it may be amended from time to time, specifies the current distribution of Fifth Replenishment Membership Votes.

(b) **Contribution Votes.** The remaining (____) votes shall be allocated as contribution votes to each Member in the proportion that each Member’s paid contribution, valued in USD at the effective rate for the Replenishment, to the additional contributions made under the Replenishment, as specified in paragraph II.4(a) of this Resolution and as amended by paragraph II.4(b) of this Resolution, bears to the aggregate of the total contributions made by all Members to the Replenishment. For that purpose, a paid contribution shall be deemed to be only the part of a contribution of a Member actually paid to the Fund, in accordance with paragraph IV.20 of this Resolution. Column D-2 of Attachment C to this Resolution, as it may be amended from time to time, specifies the potential Fifth Replenishment Contribution Votes for each Member if all Members pay the pledges specified in Column B-2 of Attachment A to this Resolution. Column D-3 of Attachment C to this Resolution, as it may be amended from time to time, specifies the actual Fifth Replenishment Contribution Votes of each Member.

The number of Fifth Replenishment Votes shall be inserted upon a date six months after the date upon which this Resolution is completed in accordance with the requirements of paragraph II.4(b) of this Resolution.
(c) **Effectiveness.** The allocation of the _________ (_______) A/ votes, as specified in provisions (a) and (b) above, shall enter into effect immediately upon the entry into effect of this Resolution, in accordance with paragraph II.7 of this Resolution.

20. For the purpose of the allocation of the contribution votes in paragraphs 18(b) and 19(b) of this Resolution, a paid contribution shall mean a contribution paid, in a freely convertible currency, in cash or by deposit of promissory notes or similar obligations, with the exception of those promissory notes or other obligations against which an accounting provision is made.

V. **Completion of this Resolution**

21. The Executive Board, taking into account reports of the President of the Fund, is requested to take action at the earliest possible time to complete this Resolution in accordance with its provisions, including the allocation of the amounts of pledged contributions in Attachment A hereto. The Executive Board shall take such action only at the moment that pledges shall have been received equaling at least eighty per cent (80%) of the three hundred and sixty million dollars (USD 360 000 000) target of the List A Member Countries and eighty per cent (80%) of the combined one hundred million dollars (USD 100 000 000) target of the List B and List C Member Countries. In the event that such pledges do not reach the above-mentioned target levels, the President of the Fund shall convene a meeting of the Consultation at an appropriate time. The Consultation shall then recommend what further action shall be taken.

VI. **Reporting to the Governing Council**

22. To request the President of the Fund to submit to the Twenty-Fourth Session and subsequent sessions of the Governing Council reports on the status of commitments, payments and other relevant matters concerning the Replenishment. The reports shall be submitted to the Governing Council together with the Executive Board's comments, if any, and its recommendations thereon.

23. The President of the Fund shall be requested to provide the Governing Council, at each of its annual sessions, with revised and updated versions of Attachments A and C to this Resolution.

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A/ The number of Fifth Replenishment Votes shall be inserted upon a date six months after the date upon which this Resolution is completed in accordance with the requirements of paragraph II.4(b) of this Resolution.
## ATTACHMENT A

### Fifth Replenishment

**Contributions of Member Countries as at 21 February 2001**

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<th>State</th>
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<th>B-3 Pledges (USD)</th>
<th>B-4 Payments (USD)</th>
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### Fifth Replenishment

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### Contributions of Member Countries as at 21 February 2001

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## Fifth Replenishment

**Contributions of Member Countries as at 21 February 2001**

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1/ Pledges (USD, EUR, CFA francs, or other currencies convertible at the official exchange rate): Amount of contribution agreed to be paid in the currency of the pledge.  
2/ Payments (USD, EUR, CFA francs, or other currencies convertible at the official exchange rate): Amount of contribution already paid in the currency of the pledge.  
3/ Obligation (USD, EUR, CFA francs, or other currencies convertible at the official exchange rate): Amount of the contributory obligation agreed to be paid in the currency of the pledge.  
4/ Unit of obligation in USD, EUR, CFA francs, or other currencies convertible at the official exchange rate: Amount of the contribution pledged, converted at the official exchange rate.  
5/ Amount in SDR: Amount of the contribution pledged, converted at the official exchange rate into SDRs.
# Fifth Replenishment

**Contributions of Member Countries as at 21 February 2001**

<table>
<thead>
<tr>
<th>A. Previous Contributions (USD)</th>
<th>B. Contributions Pledged to Fifth Replenishment</th>
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<tbody>
<tr>
<td>Cumulative Contributions in Convertible Currencies to IFAD’s Replenishments (Initial to Third)</td>
<td>Four Replenishment 3/</td>
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Note: 1/ Pledges 2/ Payments 3/ Four Replenishment 4/ Amount in USD 5/ Equivalent in SDR
# Fifth Replenishment

**Contributions of Member Countries as at 21 February 2001**

**A. Previous Contributions (USD)**

<table>
<thead>
<tr>
<th>State</th>
<th>Cumulative Contributions in Convertible Currencies to IFAD’s Replenishments (Initial to Third)</th>
<th>Fourth Replenishment</th>
<th>Complementary Contributions to Replenishments</th>
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**B. Contributions Pledged to Fifth Replenishment**

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<th>Equivalent in SDR 5/</th>
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<td><strong>Netherlands</strong></td>
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<td><strong>Italy</strong></td>
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<td>1 603 074</td>
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<td><strong>Total</strong></td>
<td>40 605 424</td>
<td>33 778 278</td>
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</table>

| Total Replenishment | 460 176 559 | 416 935 521 | --- | --- | --- | --- | --- | 447 993 749 | 326 049 850 |

1/ Payments in cash and promissory notes excluding accounting provisions against the encashment of promissory notes at time of drawdown.
2/ In accordance with Resolution 87/XVIII on the Fourth Replenishment of IFAD’s Resources.
4/ Converted into USD amount applying the average exchange rate as described in paragraph II.15 of this Resolution.
5/ Converted from USD amount applying the average IMF USD/SDR exchange rate for the period 1 July 1999 to 31 December 1999.
6/ This amount has been pledged by Belgium as a complementary contribution in accordance with paragraph II.4 (d) of this Resolution. The Governing Council has decided that this complementary contribution shall be used for the specific objectives of the Belgium Survival Fund for the Third World, and in conformity with its procedures.
ATTACHMENT B

PROCEDURES FOR THE USE OF THE ADVANCE COMMITMENT AUTHORITY

1. The main purpose of the Advance Commitment Authority (ACA) is to fill shortfalls in the amount of committable resources available for loans and grants that may arise in a particular year due to delays in the receipt of contribution payments under the Replenishment and/or volatility in the rate of return of investment income and/or delays in the receipt of payments and repayments under loans provided by the Fund.

2. The Executive Board shall ensure that the amount available for commitment under the ACA and related disbursement requirements remain within the limits of financial prudence, using conservative assumptions and including a margin for expected loan repayment arrears. The Executive Board shall receive projections in relation to commitments to be made under the ACA (expected loan reflows and disbursements) that include safety margins to ensure that the cash-in-hand at any point in time is sufficient to cover the disbursement needs of the Fund.

3. The ACA may only be used if the resources available for commitment (i.e. net additional resources received or accrued during the previous year, in addition to unused resources brought forward) are insufficient to complete the approved lending programme in any given year.

4. The ACA may only be used to make commitments for loans and grants.

5. The President of the Fund shall ensure that accounting mechanisms are established to show the level of the ACA used on each occasion and the loan reflows that are set aside for disbursements arising from such commitments.

6. The President of the Fund shall ensure that accounting procedures are established so that once a commitment for a loan or a grant is made under the ACA, the disbursements associated with such commitment are removed from the loan reflows subsequently received in order to avoid double counting.

7. The Executive Board shall: (i) decide the maximum amount that may be made available through the ACA during the Replenishment Period; and (ii) approve the total resource commitment to be made through the ACA at each session of the Executive Board.

8. The President of the Fund shall report regularly to the Executive Board on the status of Resources Available for Commitment, including the management of the ACA. This report shall include details on resources available for commitment from assets held in freely convertible currencies (Members’ contributions, investment holdings, etc.) less liabilities, commitments already made, exclusions from committable resources due to accounting provisions, the current and cumulative amount committed under the ACA, the amount of the ACA transferred to Regular Resources, and the amount that may be available under the ACA for future use, with detailed calculations and assumptions.
9. As the ACA is intended for use as a measure to fill shortfalls in committable resources, all commitments made under the ACA shall be transferred and charged to the Regular Resources of the Fund as and when sufficient Replenishment contributions become available and/or investment income is earned, net of administrative expenses, to cover the commitments made under the ACA.

10. The use of the ACA shall be reviewed by the External Auditor and his findings shall form part of the regular audit of the Financial Statements of the Fund. The External Auditor’s report shall be discussed with the Audit Committee of the Executive Board in the same manner as for his report on the Financial Statements of the Fund.
### ATTACHMENT C

#### Fifth Replenishment

Votes of Member Countries as at 21 February 2001

<table>
<thead>
<tr>
<th>State</th>
<th>A. Original Votes</th>
<th>B. Fourth Replenishment Votes</th>
<th>C. Total Original and Fourth Replenishment Votes</th>
<th>D. Fifth Replenishment Votes</th>
<th>E. Total Votes</th>
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### Fifth Replenishment

Votes of Member Countries as at 21 February 2001

<table>
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<tr>
<th>State</th>
<th>A. Original Votes</th>
<th>B. Fourth Replenishment Votes</th>
<th>C. Total Original and Fourth Replenishment Votes</th>
<th>D. Fifth Replenishment Votes</th>
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## Fifth Replenishment

### Votes of Member Countries as at 21 February 2001

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### Fifth Replenishment

**Votes of Member Countries as at 21 February 2001**

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<th>State</th>
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1/ Only freely convertible currency contributions will be taken into account in calculating Contribution Votes, in accordance with paragraph IV.20 of this Resolution.

2/ This column indicates the potential Contribution Votes that will be earned by each Member once all Members have paid their pledged contributions as shown in Column B-2 of Attachment A to this Resolution.
ATTACHMENT D

INSTRUMENT OF CONTRIBUTION TO THE RESOURCES OF IFAD

The President
The International Fund for
Agricultural Development
107 Via del Serafico
00142 Rome
Italy

1. I have the honour to inform you that (name of donor country) will contribute an amount equivalent to (amount in letters)* (state applicable unit of obligation) (amount in figures in applicable unit of obligation)* as its additional contribution to the resources of the International Fund for Agricultural Development (IFAD). This contribution will be made in accordance with the terms and conditions set forth in Resolution 119/XXIV of the Governing Council.

2. Payment of the contribution will be made in (unit of obligation)*/ (in a single sum/two instalments/three instalments) (in cash) (partly in cash and partly in the form of promissory notes or other similar obligation) (in the form of promissory notes or other similar obligation). The amount of (amount in figures in applicable unit of obligation) */ which constitutes the (total contribution) (first instalment) of (country) will be paid by ______ 20__ in (cash) (by promissory note or other similar obligation) (cash equivalent of SDR...... and the balance in the form of promissory note or other similar obligation).

3. The balance of the contribution will be paid in ___ instalments by ______ 20__ in (cash) (cash and promissory notes or other similar obligation) (promissory notes or other similar obligation).1

4. The balance of the contribution will be payable after the enactment of necessary appropriation legislation and we will seek the necessary appropriation to complete our payments within the Replenishment period.2

* If the currency of payment is different from the unit of obligation then please state here the currency of payment.
1 This paragraph is to be used only in conjunction with paragraph II.9(d) of the Resolution and the timings of the payment of instalments should be indicated. The paragraph is to be deleted when not applicable.
2 This paragraph should be deleted when not applicable.
5. (country) will not exercise its option under paragraph II.13 of the Resolution of modifying its commitment provided in this Instrument.  

6. I confirm that all other requirements that are necessary for the deposit of this Instrument of Contribution with IFAD have been duly completed.

(Name of donor country)

(signature of authorised representative)

(Title of the Signatory)

---

3 This paragraph should be deleted when not applicable.
APPROVAL OF NON-ORIGINAL MEMBER OF THE FUND

Resolution 120/XXIV

Approval of Non-Original Member of the Fund

The Governing Council of IFAD,

Taking into account Articles 3.2(b) and 13.1(c) of the Agreement Establishing IFAD and Section 10 of the By-laws for the Conduct of the Business of IFAD;

Having considered the application for non-original membership by the Republic of Iceland, transmitted to the Council in document GC 24/L.7, and the recommendation of the Executive Board thereon;

Approves the membership of the Republic of Iceland.
THE EMOLUMENTS OF THE PRESIDENT OF IFAD

Resolution 121/XXIV

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 118/XXIII, adopted by the Governing Council on 17 February 2000, 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 specialized agencies and international financial institutions;

Noting and having considered the report of the Emoluments Committee contained in document GC 24/L.12 and the recommendations of the Executive Board thereon;

Decides that:

1. The salary, allowances and other entitlements of the President of IFAD shall continue to be established on a par with that of the Director-General of the Food and Agriculture Organization of the United Nations (FAO).

2. In accordance with paragraph 1 above:

   (i) a housing allowance shall be provided to the President of IFAD corresponding to the actual expenditures incurred by him for rent and related expenses, including service charges (condominium), electricity, gas, heating and authorized telecommunication charges; and

   (ii) the representation allowance of USD 50,000 shall continue to be provided.

3. The salary, allowances and other entitlements specified in paragraphs 1 and 2 above shall apply to the person elected as President of IFAD at the Twenty-Fourth Session of the Governing Council with effect from 1 April 2001 and thereafter.
Resolution 122/XXIV

Increasing the Financing Available from Non-Donor Resources

The Governing Council of IFAD,


Noting Recommendation (vii) of the said IFAD V Plan of Action (2000-2002), which called on the Secretariat to “explore the scope for increasing the financing available from non-donor resources” so as to produce an “agreed approach to possible new ways of increasing non-donor finance”;

Taking into consideration document GC 24/L.10 on Financing from Non-Donor Resources;

Decides to:

1. Request the Secretariat to continue to explore the scope for increasing the financing available from non-donor resources, including market-based mechanisms, and to submit any proposals that may result from such exploration to the Executive Board for approval.

2. Approve the proposed framework on market-based cofinancing of IFAD-financed projects and programmes contained in document GC 24/L.10 and to authorize the Executive Board to consider and approve each specific proposal for such cofinancing, and the arrangements therefor, on a case-by-case basis. The Executive Board is further requested to review on a regular basis the framework for such cofinancing as approved by the Governing Council herein.
THE BUDGET OF IFAD FOR 2001

Resolution 123/XXIV

The Budget of IFAD for 2001

The Governing Council of IFAD,

Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

Noting that, at its Seventy-First Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 2001 in the amount of at least SDR 307.0 million;

Having considered the review of the Seventy-First Session of the Executive Board concerning the proposed Budget of IFAD for 2001;

Approves the Budget of IFAD for 2001, as contained in document GC 24/L.8, in the amount of USD 53,587,000 determined on the basis of a rate of exchange of ITL 2.084/USD 1.00, including a contingency of USD 250,000;

Decides that in the event the average value of the United States dollar in 2001 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 2001 bears to the Budget exchange rate.
THE ESTABLISHMENT OF A PROGRAMME
DEVELOPMENT FINANCING FACILITY

Resolution 124/XXIV

The Establishment of a Programme Development Financing Facility

The Governing Council of IFAD,

Recalling Article 7, Section 2, of the Agreement Establishing IFAD and the Financial Regulations of IFAD;

Having considered document GC 24/L.8 on the Programme of Work and Budget of IFAD for 2001, the proposal contained therein for the establishment of a Programme Development Financing Facility and the draft resolution attached thereto;

Decides that:

(a) A Programme Development Financing Facility (PDFF) shall be established, separate from the Programme of Work and the Administrative Budget of IFAD, to finance the expenditures required for the design and implementation of projects and programmes financed by loans and grants from IFAD. The Secretariat shall hereinafter prepare annually a proposal for the PDFF and submit the same for approval to the Executive Board together with the Programme of Work of IFAD.

(b) Article 7, Section 2(a), of the Agreement Establishing IFAD shall be amended to read as follows:

“Financing by the Fund shall take the form of loans and grants, which shall be provided on such terms as the Fund deems appropriate, having regard to the economic situation and prospects of the Member and to the nature and requirements of the activity concerned. The Fund may also provide additional financing for the design and implementation of projects and programmes, financed by the Fund through loans and grants, as the Executive Board shall decide.”

(c) Article 7, Section 2(b), of the Agreement Establishing IFAD shall be amended to read as follows:

“The proportion of the Fund’s resources to be committed in any financial year for financing operations in [either] any of the forms referred to in subsection (a) shall be decided from time to time by the Executive Board with due regard to the long-term viability of the Fund and the need for continuity in its operations. The proportion of grants shall not normally exceed one-eighth of the resources committed in any financial year. A large proportion of the loans shall be provided on highly concessional terms.”

(d) The Executive Board shall be informed by the Secretariat of the guidelines and procedures for the operation of the PDFF.

(e) This Resolution and the amendments to the Agreement Establishing IFAD contained therein shall enter into force and effect on the date of the adoption of this Resolution.
TRANSITION IN THE OFFICE OF THE PRESIDENT OF IFAD

Resolution 125/XXIV

Transition in the Office of the President of IFAD

The Governing Council of IFAD,

Having considered document GC 24/L.15 and the proposal therein and the Executive Board’s recommendation thereon;

Having noted that the second and last term of office of the incumbent President of IFAD is to expire on 21 February 2001;

Bearing in mind Article 6, Section 8(a) and (b), of the Agreement Establishing IFAD;

Decides that:

(a) In accordance with Article 6, Section 8(b), of the Agreement Establishing IFAD, and in order to ensure a smooth handover of the office of the President of IFAD:

(i) The incumbent President of IFAD, Fawzi Hamad Al-Sultan, shall continue to perform the duties of his office until 31 March 2001. The incumbent President shall consult, as appropriate, the President-elect during this transitional period and provide briefing and such other facilities as may be required for the President-elect to acquaint himself with the office.

(ii) The incumbent President shall perform his duties until the date referred to in paragraph (i) above on the same terms and conditions of service as are applicable to him on the date of the adoption of this Resolution.

(b) This Resolution shall enter into effect on the date of its adoption.
Resolution 126/XXIV

Appointment of the President of IFAD

The Governing Council of IFAD,

Having acted upon the proposal for the appointment of the President contained in documents GC 24/L.2, dated 10 January 2001, GC 24/C.R.P.2, dated 22 February 2001, and Resolution 125/XXIV dated 21 February 2001;

Decides, in accordance with Article 6, Section 8(a), of the Agreement Establishing IFAD, to appoint Mr. Lennart Båge of the Kingdom of Sweden as President of IFAD for a term of office of four years, to take effect from 1 April 2001.