



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

GOVERNING COUNCIL
TWENTY-FIFTH SESSION REPORT
ROME, 19-20 FEBRUARY 2002

FINANCING DEVELOPMENT – THE RURAL DIMENSION

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CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Twenty-Fifth Session of the Governing Council of IFAD was held in Rome on 19-20 February 2002. The list of participants is attached as Annex I.

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

A. Opening of the Session

3. The Session was opened by Ms Ulla-Maija Finskas-Aho, Minister Counsellor and Permanent Representative of the Republic of Finland to the United Nations Food and Agriculture Agencies in Rome, on behalf of the outgoing chairperson of the Council, Her Excellency Kirsti Lintonen, Ambassador of the Republic of Finland to South Africa.

B. Agenda and Documentation

4. The Governing Council adopted the Agenda, shown together with the Programme of Work for the Session in Annex II. The documents placed before the Council are listed in Annex III. The resolutions adopted by the Governing Council appear in Annex IV.

C. Election of the Bureau of the Governing Council

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

Chairman	His Excellency Bungaran Saragih Minister for Agriculture of the Republic of Indonesia
Vice-Chairmen	The Honourable Roy Fanourakis Minister for Agriculture and Cooperatives of the Kingdom of Swaziland
	Mr William E. Schuerch Deputy Assistant Secretary International Development, Debt and Environmental Policy Department of the Treasury of the United States of America



6. Due to the national emergency caused by the drastic flooding in Indonesia just before his scheduled departure, His Excellency Bungaran Saragih was not able to attend the Session. Mr Jannes Hutagalung, Special Adviser to the Indonesian Minister for Finance and Head of the Indonesian delegation, presided on this occasion on behalf of the newly-elected chairman.

D. Inaugural Meeting of the Session

7. The Governing Council was addressed by His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria. The full text of President Obasanjo's keynote address is reproduced in Chapter 4, pages 95–99.

8. A statement was delivered on behalf of His Excellency Carlo Azeglio Ciampi, President of the Italian Republic, by His Excellency Mario Baccini, Under-Secretary of State at the Ministry of Foreign Affairs, and a message from Mr Kofi Annan, Secretary-General of the United Nations, was delivered to the Governing Council on his behalf by Mrs Catherine Bertini, Executive Director of the World Food Programme. Mrs Bertini also delivered a statement in her personal capacity. A message from Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations was delivered on his behalf by Mr David Harcharik, Deputy Director-General. These statements are reproduced in Chapter 4.

E. Statement of the President of IFAD

9. The full text of President Båge's statement appears in Chapter 4, pages 89–93.

F. General Statements

10. The general statements delivered by Governors and observers and those webcast by Member State representatives are summarized in the summary records contained in Chapter 3, Part A. A summary of roundtable discussions on IFAD's regional strategies is contained in Chapter 3, Part B. General statements submitted in writing by Member State representatives who did not make oral interventions are reproduced in full in Chapter 3, Part C.

G. Closure of the Session

11. The statement by Mr Jannes Hutagalung, summarizing the results of the Council's main deliberations and closing the Twenty-Fifth Session of the Governing Council, is reproduced in full in Chapter 4, pages 103–105.

CHAPTER 2

DECISIONS OF THE GOVERNING COUNCIL

A. Report on the Fifth Replenishment of IFAD's Resources

12. The Governing Council took note of the Report on the Fifth Replenishment of IFAD's Resources contained in documents GC 25/L.2 and GC 25/L.2/Add.1. It noted that the total value of the instruments of contribution deposited and payments in cash or promissory notes against pledges not supported by instruments of contribution amounted to USD 282.3 million, or 64.7% of total pledges. It also noted that total payments in cash and promissory notes amounted to USD 153.6 million, or 35.2% of total pledges.

13. Note was also taken that Belgium had pledged the equivalent of USD 15.5 million for the specific objectives of the Belgian Survival Fund for the Third World, whereas Germany and Italy had pledged the equivalent of USD 8.0 million and USD 3.9 million, respectively, in support of IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries. Payments of complementary contributions totalled USD 17.5 million equivalent, or 64% of total complementary pledges to the Fifth Replenishment.

B. Sixth Replenishment of IFAD's Resources

14. The Governing Council considered document GC 25/L.3 and adopted Resolution 127/XXV on 19 February 2002, establishing the Consultation on the Sixth Replenishment of IFAD's Resources. In accordance with paragraph 2 of the resolution, the Consultation shall consist of all Member States from Lists A and B, and twelve Member States from List C as communicated to the President of IFAD by that List. In this respect, the Council took note of the following composition of List C Member States in the Consultation:

Sub-List C1:	Angola, Egypt, Eritrea and Tunisia
Sub-List C2:	China, India, Pakistan and Romania
Sub-List C3:	Argentina, Brazil, Mexico and Panama

15. Also in accordance with paragraph 2 of the resolution, the Council further noted that the List C membership wished to invite the following Member States as observers to the Consultation proceedings: Bangladesh, Chile, The Congo, Côte d'Ivoire, Peru and Sri Lanka.

C. Audited Financial Statements of IFAD – 31 December 2000

16. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 2000 and the results of its operations for the year ended on that date, as contained in Appendixes A to H, inclusive, of document GC 25/L.4 and the report of the External Auditor thereon.

D. Proposed Administrative Budget of IFAD for 2002

17. After considering the proposed administrative budget of IFAD for 2002, as presented in document GC 25/L.5 and its addendum and corrigendum, the Governing Council adopted Resolution 128/XXV on 19 February 2002.

**E. Progress Report on the IFAD V: Plan of Action (2000-2002)**

18. The Governing Council took note of both the written report, document GC 25/L.6, and the oral report given by Mr Klemens van de Sand, Assistant President of the Programme Management Department, on the implementation of the Plan of Action recommendations set out in Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD, 2000-2002.

F. Progress Report on the Process Re-Engineering Programme

19. The Governing Council also took note of the second annual Progress Report on the Process Re-Engineering Programme contained in document GC 25/L.7, and the oral update given by Mr John Westley, Vice-President of IFAD, on the new and stronger direction the programme had taken.

G. Membership of the Executive Board

20. In accordance with the decisions taken at its Twenty-Third Session, the Governing Council endorsed the agreement reached by the Sub-List C2 group of Member States with regard to the exchange of seats on the Executive Board for 2002, as outlined in document GC 25/L.8. Specifically, Romania was to replace Bangladesh as Alternate Member to India for the one-year remainder of the term of office.

21. Accordingly, the composition of the Executive Board for 2002 is shown in the following table:

Executive Board Composition for 2002

	Member	Alternate Member
LIST A	Canada France Germany Italy Japan Norway United Kingdom United States	Spain Belgium Switzerland Portugal Denmark Sweden Netherlands Australia
LIST B	Kuwait Nigeria Saudi Arabia Venezuela	United Arab Emirates — Indonesia Algeria
LIST C		
Sub-List C1 – Africa	Angola Tunisia	Egypt Eritrea
Sub-List C2 Europe, Asia and the Pacific	China India	Pakistan Romania
Sub-List C3 Latin America and the Caribbean	Brazil Mexico	Panama Argentina



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

22. The Governing Council took note of both the written report, document GC 25/L.9, 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-Fourth Session of the Governing Council in improving access of the poor to productive resources in the countries and regions covered by current activities of the Coalition.

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

23. The Governing Council also took note of both the written report, document GC 25/L.10, and the oral report given by Mr Per Ryden, Managing Director of the Global Mechanism, on the evolving operational strategy and activities during 2001 of the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.

J. Approval of Disclosure of Documents

24. 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 or Webcast by Governors and Observers)

- (i) Summary Record of the First Meeting of the
Twenty-Fifth Session held on Tuesday,
19 February 2002, at 10.00 hours

OUTGOING CHAIRPERSON: **KIRSTI LINTONEN (FINLAND)**
CHAIRMAN **JANNES HUTAGALUNG (INDONESIA)**

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25. **The meeting was called to order at 10.00 hours.**

OPENING OF THE SESSION (Agenda Item 1)

26. **Ms FINSKAS-AHO** (Finland), speaking on behalf of the outgoing Chairperson, declared open the Twenty-Fifth Session of the Governing Council and welcomed participants. It was the first Governing Council Session at which delegates would be taking part in an interactive policy discussion on the theme of the Session, “Financing Development – The Rural Dimension”, so crucial at a time when efforts to achieve the Millennium Development Goals (MDGs) had to be reconciled with the constraints of reduced development aid. In view of IFAD’s participation in the forthcoming World Summit on Sustainable Development, there was no better time to share its goals and commitments and thoughts on how best to proceed. The roundtable discussions on the Fund’s regional assessments and draft regional strategies for poverty reduction would provide a further opportunity to guide the Fund’s operations. While Finland would be relinquishing the Chair of the Council’s Bureau, it would continue to participate actively and was particularly supportive of the establishment of the Consultation on the Sixth Replenishment of IFAD’s Resources.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 25/L.1)

27. **The Agenda (GC 25/L.1) was adopted.**

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

28. **Ms FINSKAS-AHO** (Finland) announced that, according to Rule 12 of the Rules of Procedure, the Council should elect a Bureau consisting of a Chairman and two Vice-Chairmen to serve for a period of two years. She had been informed of the nomination of Mr Bungaran Saragih, Minister for Agriculture of Indonesia, for the office of Chairman. However, since the Minister had been detained in Indonesia on account of the recent flood emergency, Mr Jannes Hutagalung, head of the Indonesian delegation, would chair the Session on his behalf.

29. **Mr Bungaran Saragih (Indonesia) was elected Chairman of the Governing Council by acclamation.**

30. **Ms FINSKAS-AHO** (Finland) said that she had been informed of the nomination of Mr Roy Fanourakis of Swaziland and Mr William Schuerch of the United States for the offices of Vice-Chairmen.

31. **Mr Fanourakis (Swaziland) and Mr Schuerch (United States) were elected Vice-Chairmen of the Governing Council by acclamation.**

32. **Ms FINSKAS-AHO** (Finland) conveyed the former Bureau’s thanks to the Council and the staff of IFAD for their collaboration and support.

33. **Mr Hutagalung (Indonesia) took the Chair.**

34. **The CHAIRMAN** conveyed the regret of His Excellency Bungaran Saragih, the newly elected Chairman, at being unable to chair the current Session in person and read out a statement from him expressing gratitude for the confidence placed in him, which he regarded as recognition of the role that Indonesia played in the common struggle against poverty, food insecurity, malnutrition and illiteracy. He paid tribute to the outgoing Chairperson for her successful conduct of the Council’s proceedings and expressed his appreciation to the President and staff of the Fund for having redesigned the Council as an open international forum for discussion and exchange of views while maintaining its important decision-making role. If it was to fulfil its mandate, the Fund must not only maintain its



commitments at the current level in real terms but also gradually raise the level of such commitments. That would depend on the support of its Member States.

MESSAGE OF THE PRESIDENT OF THE ITALIAN REPUBLIC

35. **The CHAIRMAN** said it was a pleasure to welcome His Excellency Mario Baccini, who would address the Council on behalf of His Excellency Carlo Azeglio Ciampi, President of the Italian Republic.

36. **Mr Baccini** (Under-Secretary at the Ministry of Foreign Affairs of the Italian Republic) delivered a message on behalf of the President of the Republic, the full text of which is reproduced in Chapter 4.

37. **The CHAIRMAN**, on behalf of the Governing Council, expressed appreciation to Mr Baccini, whose Government was not only the Fund's host country but also a strong supporter of its work and a pillar of the international community.

MESSAGE OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

38. **Ms BERTINI** (Executive Director, World Food Programme) read out a message from Mr Kofi Annan, Secretary-General of the United Nations, the full text of which is reproduced in Chapter 4.

39. **The CHAIRMAN** expressed the Governing Council's appreciation of the Secretary-General's words and continued confidence in IFAD's work.

STATEMENT OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

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

41. **The CHAIRMAN** thanked Ms. Bertini for her stimulating and thought-provoking statement, the last she would be delivering to the Governing Council as Executive Director of the World Food Programme. He was sure that the fruitful collaboration she had established with the Fund would continue to bear fruit for a long time to come, and he extended to her the Council's best wishes for her personal and professional success.

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

42. **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, the full text of which is reproduced in Chapter 4.

43. **The CHAIRMAN** thanked Mr Harcharik and asked him to convey to Mr Diouf the Governing Council's thanks for his enlightening message. The Council looked forward to further cooperation between the two organizations in reaching out to the rural poor.

STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 4)

44. **Mr BÅGE** (President of IFAD) made a statement, the full text of which is reproduced in Chapter 4.



45. **The CHAIRMAN** expressed the Governing Council's appreciation of Mr Båge's statement, which demonstrated the kind of leadership IFAD was receiving. It was particularly encouraging to hear of his commitment to meeting the goals of the Millennium Summit and those of the Fund.

KEYNOTE ADDRESS BY THE PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA

46. **His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria, was conducted to his seat.**

47. **Mr BÅGE** (President of IFAD) said it was an honour and a pleasure to welcome His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria, whose presence reaffirmed Nigeria's consistent support of IFAD, a key factor in the Fund's growth as an effective instrument in the fight against poverty. President Obasanjo's leadership of Nigeria, his role in restoring democracy in the country and the importance he attached to eradicating poverty were a source of inspiration to all. He had played a decisive part in efforts to relaunch Africa's development on the basis of strong national ownership, notably in formulating the New Partnership for Africa's Development (NEPAD). IFAD would be contributing to the successful implementation of that partnership and looked forward to a dynamic future in Nigeria under President Obasanjo's able and courageous leadership.

48. **Mr OBASANJO** (President of the Federal Republic of Nigeria) gave a keynote address, the full text of which is reproduced in Chapter 4.

49. **Mr BERTELING** (Netherlands), speaking on behalf of the Governing Council, expressed his appreciation to President Obasanjo for his eloquent address and for his exemplary perception of the problems besetting Nigeria and many other African countries. Only with the dedication and wisdom of leaders such as he would it be possible to strengthen the combined efforts being put in motion to address such problems. The world therefore both looked forward to and needed the success of NEPAD. Nigeria was a long-standing supporter of the Fund's work and had helped lay the very foundations of IFAD.

50. **The CHAIRMAN** thanked President Obasanjo for his words of wisdom.

51. **His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria, withdrew.**

**REPORT ON THE FIFTH REPLENISHMENT OF IFAD'S RESOURCES (Agenda Item 6)
(GC 25/L.2 and Add.1)**

52. **Mr ROY** (Assistant President, Economic Policy and Resource Strategy Department of IFAD) recalled that the Fifth Replenishment of IFAD's Resources had become effective on 7 September 2001, when the aggregate amount of instruments of contribution deposited with the Fund and of payments by Member States of contributions not supported by an instrument of contribution had reached 53.8% of total pledges to the Replenishment. As at 12 February 2002, instruments of contribution deposited and payments against pledges not supported by an instrument of contribution had increased to USD 282.3 million equivalent, or 64.7% of total pledges of USD 436.2 million equivalent. Payments in cash and promissory notes had amounted to USD 153.6 million equivalent, or 35.2% of total pledges.

53. By way of complementary contributions to the replenishment, Belgium had pledged the equivalent of USD 15.5 million to meet the specific objectives of the Belgian Survival Fund for the Third World, whereas Germany and Italy had pledged the equivalent of USD 8 million and USD 3.9 million, respectively, in support of the Debt Initiative for the Heavily Indebted Poor



Countries (HIPC). Payments of complementary contributions to the Fifth Replenishment totalled USD 17.5 million equivalent, representing 64% of total complementary pledges to the Fifth Replenishment. All Members that had not yet deposited instruments of contribution or were overdue in the payment of the first instalment of their contributions were urged to take action as soon as possible.

54. In reply to a comment by **PERU, Mr MYRVANG** (Treasurer of IFAD) said that Peru's contribution had been recorded in document GC 25/L.2. IFAD had been notified by the Government of the arrival of a promissory note, but was still awaiting official notification of its deposit with the central bank.

55. The Governing Council took note of the Report on the Fifth Replenishment of IFAD's Resources.

AUDITED FINANCIAL STATEMENTS OF IFAD – 31 DECEMBER 2000 (Agenda Item 8) (GC 25/L.4; GC 25/INF.6)

56. **The CHAIRMAN** said that the Executive Board had reviewed the Audited Financial Statements for 2000 at its Seventy-Second Session and had recommended that they be submitted to the Governing Council for approval.

57. **Mr WESTLEY** (Vice-President of IFAD), after drawing attention to the conclusions of the External Auditor's report attached to document GC 25/L.4, referred to the arrears in loan repayments covered in Appendix H of the Audited Financial Statements. Most of those arrears 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.

58. Arrears on donor contributions remained a problem, causing the Fund to maintain provisions against promissory notes and amounts receivable from contributors. As at 31 December 2000, provisions totalling USD 195.6 million had been so established. He called on the countries concerned to fulfil their commitments in the interests of the Fund's beneficiaries. In 2000, the fourth year of investment diversification into different asset classes, the investment loss had amounted to USD 47 million compared with profits of USD 196.2 million in 1999, representing an average negative rate of return on investment of 2.2% in 2000 compared to a positive return of 8.7% in 1999. Administrative expenses for 2000 had amounted to USD 46.2 million, excluding provision for the unfunded liability for after-service medical benefits of USD 4.3 million and the costs of the Process Re-engineering Programme of USD 0.9 million. The total for 2000 was approximately 7.7%, or USD 3.9 million, less than the approved administrative budget for that year, mainly owing to the reduced level of the programme of work. Management continued to pursue its policy of improvement and efficiency in its operations.

59. The 2001 Financial Statements were currently being finalized and examined by the External Auditor. Preliminary results indicated that the net investment loss in 2001 had amounted to approximately USD 42.9 million compared with USD 47 million in 2000, which involved a negative average rate of return of 2.3% compared with a negative return of 2.2% in 2000. At market values as at 31 December 2001, the investment portfolio had stood at USD 1.9 billion, a decrease of USD 151 million compared with the previous year. Administrative expenses had once again been lower than the approved budget, mainly on account of the reduced level of the programme of work, staff vacant posts and a slowdown in duty travel for staff and consultants in the wake of the events of 11 September 2001. Loan arrears overdue had remained unchanged from the end of 2000. The Financial Statements for 2001 would be reviewed by the Audit Committee in March and presented to the Executive Board in April.



60. **The CHAIRMAN** invited the Council to adopt the draft decision in paragraph 4 of document GC 25/L.4

61. **It was so decided.**

GENERAL STATEMENTS (Agenda Item 5)

62. **UGANDA** said that, despite significant macroeconomic achievements over the previous decade – an average GDP growth rate of 6%, inflation of less than 5% per annum, increased per capita incomes, a competitive, stable exchange rate regime and foreign currency reserves of about five months of imports of goods and services – some 35% of the population still lived below the poverty line and only about 10% had access to financial services. The fight against hunger and poverty was the central theme of government programmes and action plans for eradicating poverty, modernizing agriculture, encouraging private-sector growth and development, and promoting the production, processing and marketing of selected strategic exports. Following unsuccessful attempts to deliver credit, the Government was engaged in formulating a suitable microfinance delivery mechanism with IFAD and other parties within the context of a proposed rural microfinance outreach scheme. The Uganda National Capacity Building Framework had been developed to provide training to microfinance institutions, subject to fulfilment of eligibility and funding criteria.

63. Uganda was grateful to IFAD, the Belgian Survival Fund and other partners for the support and cooperation provided to date, and had already paid its contributions to IFAD replenishments. It would continue to need IFAD assistance, and remained committed to a firm, collaborative relationship with the Fund.

64. **URUGUAY**, speaking on behalf of the Latin American and Caribbean Group (GRULAC), drew attention to the structural and systemic factors that prevented the right to development from being a tangible reality for the thousands of millions of the world's poor, and to the need to reverse the decline in official development assistance (ODA), particularly to agriculture. GRULAC would be taking an active part in the interactive discussion on the financing of rural development and the regional roundtables to be held during the current session, and believed that the forthcoming International Conference on Financing for Development and the World Food Summit: Five Years Later should provide the impetus for reversing the decline in development assistance and an opportunity for the three Rome-based food agencies to work more closely together towards achieving the MDGs. With reference to the particular problems of the region, it was true that development should be based on domestic resources and capacities, but there could be no success without lasting changes in the external environment.

65. The Fifth Replenishment of IFAD's Resources had been concluded at a satisfactory level, but the financial sustainability of the organization should continue to be borne in mind. Replenishment exercises provided an excellent forum for multilateral dialogue. It was regrettable that the losses sustained by the Fund had led to fewer projects in 2001, but IFAD was to be commended for deciding to limit its investments in equities to 10% of the portfolio and for its President's openness to debate on the Fund's investment policies. That would ensure that consensus was reached, *inter alia*, on the Fund's continuing investments in developing countries. During the transition period, the Fund's governing bodies should pay due attention to ensuring transparency and to providing substantive information. Improved internal structures and operational capacities for implementing policies should be taken into account in the Strategic Change Programme (SCP). The work of the Audit Committee was welcomed, and consideration might be given to broadening its mandate.

66. It was encouraging to note that the Programme of Work and Administrative Budget of IFAD for 2002 showed a significant increase in the number and volume of loans, to which the use of the



Advance Commitment Authority, a key instrument, had contributed. However, it was necessary to reduce uncertainties associated with investment trends and other financial factors so that in 2002-2004 the Fund could comply more effectively with its mandate. The SCP should be brought into line with the Strategic Framework for the forthcoming period. GRULAC fully supported IFAD's contribution to the Popular Coalition to Eradicate Poverty and Hunger and placed particular emphasis on access to land and means of production. It hoped to see closer links between IFAD and the Global Mechanism of the United Nations Convention to Combat Desertification. Despite budgetary limitations, the GRULAC countries would be participating actively in the Consultation on the Sixth Replenishment of IFAD's Resources and hoped to see intersessional meetings in addition to the regular sessions. They were encouraged by the views of a number of industrialized countries on ways of increasing ODA.

67. GRULAC welcomed the recent appointment of nationals of two important developing countries to senior-level posts, which would make for more equitable geographical distribution in the senior management of the organization, but still hoped to see a national of a GRULAC country appointed to a high-level post within IFAD, a move that was long overdue and would be commensurate with the commitment of the region. The President of IFAD's statement that he would be appointing a woman to an executive position was most welcome. GRULAC remained committed to supporting IFAD in its efforts to achieve its objectives.

68. **JAPAN**, pointing to IFAD's potential as a flag-bearer in tackling the challenge of meeting the MDGs, stressed the importance attached by the Japanese Government to the role of agricultural and rural development in alleviating poverty and ensuring sustainable development, as set out in its Medium-Term Policy on ODA adopted in 1999. As the world's second largest economy and the foremost donor of ODA, Japan made an important contribution to sustainable development in developing countries. ODA indeed played a significant role in ensuring Japan's own stability and prosperity, which was closely linked to world peace and stability and depended greatly on foreign imports. Like other countries, however, it was experiencing economic and financial difficulties, and had been forced to reduce its ODA by 10% for the fiscal year 2002. It was, therefore, more than ever necessary that aid programmes should be carried out more efficiently and effectively. In recent years, Japan had attached ever greater importance to South-South cooperation in the conviction that the more advanced developing countries and those with suitable experience and technology should actively participate in assisting the more disadvantaged countries, which would both help bolster global aid resources and stimulate intra- and interregional cooperation. In Japan's experience, that type of assistance was particularly effective in facilitating the transfer of technologies among countries at similar stages of development or with common languages or cultures.

69. Given its extensive experience and know-how in the field of mobilizing resources, IFAD *should* play a catalytic role in promoting the mobilization of private investment in rural development to overcome the problem of decreased ODA. In a broader context, IFAD was one of Japan's most important partners in the fight against rural poverty, and was expected to continue to act as an innovative and effective vehicle for promoting rural development in the developing world.

70. **VENEZUELA** welcomed the two recent senior-level appointments within IFAD and expressed the hope that, when filling the vacant Assistant President position, consideration would be given to appointing a woman from the developing world, possibly Latin America. While the Fund was pursuing clear policies with established criteria for granting loans for rural development there was still some concern that it had moved away from its original vision, especially in view of the losses it had sustained when seeking to increase its financial resources by investing in a fluctuating stock market. Venezuela therefore supported the Fund's decision to reduce investments in stocks to 10% of the portfolio and to launch a debate on changes in its investment policy.

71. Despite its current economic difficulties, the Government of Venezuela reaffirmed its commitment to the Fund and its intention to participate in negotiations on the Sixth Replenishment. It



was to be hoped that the developed countries would contribute substantially to the replenishment of the Fund's resources, and also that the levels of ODA would be increased in order to reach the 0.7% target and that IFAD would be used to channel resources deriving from ODA. It was disappointing that the Monterrey Consensus, which was to serve as the basis for coordinated international action in financing development, gave no clear support for agricultural and rural development, despite the Group of 77's efforts to that end.

72. Problems related to rural development in the Latin America and Caribbean countries were worsening, for a number of reasons: declining ODA levels, the burden of external debt servicing, difficult access to loans, international capital markets and direct foreign investment, costly and inadequate transfers of technology, trade and tariff restrictions, and falling prices for the region's goods on world markets. The mobilization of resources from external sources was crucial. Finally, the Government of Venezuela supported the President of IFAD's initiative to convene a roundtable on the Fund's strategy in the region, to which the Venezuelan delegation would contribute data on successful national projects; it likewise favoured any initiatives that contributed to ensuring sound and efficient management of the Fund and ongoing evaluation of its work.

73. **EGYPT** reiterated its support for the Fund, as evidenced by the attendance of President Mubarak at two Governing Council sessions, at which he had described Egypt's rural development plan, consistent with the importance he attached to agriculture. In addition to the welcome cooperation with the Fund in the form of IFAD-financed projects, credit was due to the Fund for acting as intermediary between the Egyptian and Italian Governments in connection with Italy's forgiveness of part of Egypt's debt.

74. Implementation of IFAD-funded projects had enabled Egypt to develop human and natural resources in desert and newly resettled areas, set up technical support centres for land management and improvement and increase the overall land area under cultivation. It was hoped to establish new development areas in the south of the country that might attract public and private funding. The Government was providing support to farms managed by young, suitably trained persons, and to a number of training and extension projects aimed at protecting the environment and natural resources. Special attention was likewise devoted to gender issues through special production schemes for women in rural areas, especially in the new development areas, in line with the great importance accorded to justice and equity in combating poverty in both the rural and the urban areas and to the equitable share of projects directed by men and women. Infrastructure development was a core feature of rural development projects.

75. Funding remained a major difficulty, but merchant, savings and other banks were now participating in addition to the funding provided by the Agricultural Credit Bank and other agencies such as IFAD. In that connection, training for rural development should include training for personnel of banks and microcredit institutions.

76. **SIERRA LEONE** said it was a pleasure to inform the Governing Council that, on 18 January 2002, a document had been signed bringing the civil war in Sierra Leone to an end. The Government was grateful to all those that had helped Sierra Leone reach that stage. However, with the return of peace and the repatriation of the population, the fall-out from the war was expected to exacerbate the difficult situation prevailing in the country and, following the President of IFAD's statement of 6 September 2001, Sierra Leone hoped to be assisted in helping the poorest of the poor. Following the Government of Sierra Leone's recent restructuring of its outstanding debts, the suspension of disbursements to the North-Central Agricultural Development Project had been lifted. That would not, however, be sufficient to pull the country through and Sierra Leone appealed to IFAD to initiate a post-war reconstruction and rehabilitation assistance programme for the agriculture sector in order to create investment opportunities and a 'trickle-down' effect, which would in turn enhance poverty eradication.



77. Acts such as those of 11 September 2001 served as a reminder of the need to work collectively to expose the forces creating poverty, injustice, hatred and environmental degradation and should act as a catalyst for donors to do more by way of setting identifiable and verifiable goals in the drive to reduce poverty by the year 2015. It was unfortunate that the effects of those events were set to put Africa in a losing position, as was evidenced by the recent postponement of negotiations on the replenishment of the African Development Fund. With regard to recent reports about a connection between the Revolutionary United Front in Sierra Leone and Al Qa'eda, his Government would do everything to avoid Sierra Leone becoming a breeding ground for that organization. Given the conditions prevailing in the country, however, groups such as Al Qa'eda might attempt to strengthen their presence in the region. Any serious unrest in the region would inevitably affect Europe.

78. Globalization was now a fact of life, but it had enhanced the position of the strong to the detriment of the weak, especially with regard to trade, finance and development technology. An equitable system should therefore be established to bring sustainable economic benefits to rich and poor countries alike. If the Council's theme was to be followed, changes should be introduced in current trading patterns and practices. IFAD should continue to cooperate with the other Rome-based United Nations agencies, seek further collaboration with regional development institutions and continue its support in terms both of projects and regional representation. The appointment of Mr Enweze as Vice-President of the Fund was a step in the right direction.

79. **NIGERIA** said that the current Council session had several unique features. First, delegations were being given a rare opportunity to engage in dialogue on the main issue at hand – the fight against poverty in general and rural poverty in particular. Second, the choice of a specific theme would keep the discussions in sharp focus and help delegates to draw conclusions that would send a strong message to the international community. Third, the Council was being held on the eve of an important global event, the forthcoming International Conference on Financing for Development, which was of great significance to the developing world and the largely marginalized rural majority of the world population. Fourth, the Session was being held at a time when the issues of poverty reduction and rural development appeared to have captured the attention of the international community more than ever before, and delegates should therefore not hesitate to be forthright in their discussions.

80. The issue at stake was no longer one of alerting the international community to the plight of the rural poor. The main issues to be debated now were: securing acceptance of the fact that rural poverty alleviation and rural development constituted the cornerstone of truly sustainable human development; the need to free developing debtor nations from the burden of external debt so as to set them on the path of true economic recovery; the need for the developed countries to address seriously the issues of both export subsidies and tariff and non-tariff barriers to agricultural trade so as to integrate the developing world into the globalized free market economy; the need to mobilize resources, both domestic and international and both public and private, to combat rural poverty; the increasingly widening gap between the rural poor and the powerful urban elite; and how IFAD, with its eminent comparative advantage, might be further supported and strengthened in order to continue to play a catalytic and advocacy role in the collective global effort to combat rural poverty.

81. In conclusion, the President of IFAD was to be thanked for inviting the President of Nigeria to address the Council and for having appointed a Nigerian as Vice-President of the Fund.

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



- (ii) Summary Record of the Second Meeting of the
Twenty-Fifth Session held on Tuesday,
19 February 2002, at 14.30 hours

CHAIRMEN: JANNES HUTAGALUNG (INDONESIA)
WILLIAM SCHUERCH (UNITED STATES)

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83. **The meeting was called to order at 14.30 hours.**

THE NEW INSTITUTIONAL FILM OF IFAD

84. **The CHAIRMAN**, introducing IFAD's new institutional film entitled "The Challenge and the Commitment", said that it highlighted the need to accelerate rural poverty eradication in order to achieve the Millennium Development Goals (MDGs) and illustrated IFAD's role in working towards that objective. It included a statement given by the President of the Fund while visiting the beneficiaries of an IFAD-supported project in Nigeria and showed examples of the Fund's achievements and successful interventions in all regions.

85. **IFAD's new institutional film was screened.**

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

PANEL DISCUSSION ON THE THEME OF THE TWENTY-FIFTH SESSION OF THE GOVERNING COUNCIL: "FINANCING DEVELOPMENT – THE RURAL DIMENSION" (GC 25/L.11)

87. **The CHAIRMAN** said he would begin by introducing the four panelists who had agreed to share their views and expertise with the Council. Ambassador Ruth Jacoby of Sweden was the Co-chairman of the Preparatory Committee of the International Conference on Financing for Development, in which capacity she shared responsibility for leading the preparations for the summit-level Conference, to be held in Monterrey, Mexico, in March 2002. Senator Sartaj Aziz of Pakistan had served as Assistant President of the Economic Policy and Resource Strategy Department at IFAD from 1978 to 1984, since which time he had held the positions of Minister of State for Food and Agriculture, Minister for Finance and Minister for External Affairs of the Islamic Republic of Pakistan. Dr Maggie Kogozi of Uganda, who had worked extensively as a medical doctor in Kenya, Uganda and Zambia, was Chairperson of the Uganda Women's Effort to Save Children/Orphans (UWESCO), as well as Executive Director of the Uganda Investment Authority and Vice-Chairman of the World Association of Investment Promotion Agencies. Lastly, Dr Roberto Bissio, a Uruguayan journalist, was Director of the Third World Institute, a non-profit organization committed to promoting South-South information exchange and access to information for communities and citizens' organizations. He was also Global Coordinator of Social Watch, a coalition of international citizens that produced an annual report on the implementation of social development commitments.

88. **Mr BÂGE** (President of IFAD) said that the panel discussion would enrich the background theme paper to be submitted to the International Conference on Financing for Development, where the main issue would be the extent of the political will to mobilize adequate domestic and international resources and develop appropriate policies for attaining the goals established by the Millennium Summit, in particular that of poverty reduction, which, since the Summit, had become an overriding objective for national governments and the majority of multilateral and bilateral development agencies. Indeed, therein lay a huge potential for synergy. Given the low rate of poverty reduction attained over the previous decade, however, substantially higher growth and a more balanced allocation of resources would be needed to achieve the targets set.

89. In many countries, where agriculture was the mainstay of the economy, rural and agricultural development was crucial to raising growth and accelerating poverty reduction, and yet the situation in terms of investment and resource allocation for the rural sector was alarming. Official development assistance (ODA) to agriculture had declined sharply from the late eighties onwards, as had domestic public investment in the rural sector, as the earlier prevailing fears of global food shortages and famines had waned. Agriculture had dropped off the poverty agenda. Sectoral priorities among donors



had shifted to the social sectors and, although greater investment in health and education was undeniably important, social services could not be sustained without an accompanying growth in incomes, particularly in rural areas. It was therefore vital to achieve a better balance and closer linkage between investment in the productive activities of the poor and in the social sector. He hoped that valuable new insights into such issues would be generated by the panel discussion, the thrust of which could then be provided as one input to the International Conference on Financing for Development with a view to highlighting the rural dimension of financing development.

90. **Ms JACOBY**, stressing the crucial importance of the Monterrey Conference, said that mobilization of the resources needed to eradicate poverty and achieve the target of halving the proportion of those living in extreme poverty by 2015 represented a major challenge. She endorsed the focus placed by the President of the Fund on the political will needed to take concrete steps to that end. Increased political will to take up that challenge was indeed the expected outcome of the Conference, which was unique in both concept and breadth, as it would endeavour to cover all the main areas affecting the potential mobilization of resources for development. ODA was by no means the only significant source of financing for development; the effective use of domestic resources was also potentially significant and should be maximized. Moreover, it was imperative to ensure that foreign direct investment contributed effectively to financing development and that trade became an engine for growth and poverty eradication. The issue of debt would constitute another major theme of the Conference.

91. In short, it was important to build policy coherence and achieve cooperation among the key actors and stakeholders involved in the development process at both the national and international levels, including the private sector as the investment decision-maker and civil society as the voice of the people. To bring all such actors together with a view to establishing a common agenda aimed at mobilizing resources for development was, in her view, a paramount objective of the forthcoming Conference, the preparatory process for which had now been completed with the adoption of the basic document for the Conference, namely the Monterrey Consensus. Although not a revolutionary document that would instantly resolve the problems of financing for development, its scope was broad enough to form the platform for a forward-looking discussion in Monterrey and for building a new type of coalition for financing development. In other words, it embodied the necessary political will mentioned by the President of IFAD.

92. In view of its core mandate of reducing rural poverty and its experience in that connection, IFAD could make a major contribution to the success of the Conference itself and, more importantly, to its subsequent outcome. She therefore hoped that the Member States would encourage the active participation of their governments in Monterrey to that end and also ensure the genuine mobilization of resources for sustainable long-term development.

93. **Mr AZIZ** said that, if present trends continued, the stark reality was that the target of halving poverty by 2015 would move farther away rather than closer. Unless determined action was taken on all determinants of poverty in a coherent manner the goal would be impossible to achieve by the target date. It was also regrettable that ODA to agriculture, which was the key to poverty reduction, had declined. In addition, there had been a corresponding reduction in domestic resources, partly because of the reduction in ODA but also because of the large subsidies provided by the Organisation for Economic Co-operation and Development (OECD) countries to their agriculture. The incentives for agriculture in the developing countries had consequently become weaker. It was more profitable to conduct research and invest in the crops grown in the rich countries than the poor. Finally, even agencies like IFAD had received a declining level of resources: the current replenishment was, in real terms, less than one third of the initial resources provided to IFAD for the period 1978-1980.

94. Since the events of 11 September 2001 there had been a new sense of urgency to tackle poverty. Many observers had noted the irony that if the Western alliance had provided in the early



1990s even one third of the amount it was now spending on the war in Afghanistan for the reconstruction of that country it might not have degenerated into the kind of anarchy that had made the events of 11 September possible.

95. In the light of the compulsions arising from those events a much more positive and dynamic consensus document might have been expected to emerge from the preparatory process. Indeed, most delegates would probably share the disappointment of the developing world that another valuable opportunity to make globalization work for everyone was probably being lost. On the issue of ODA, the document merely recognized that a substantial increase in ODA and other resources would be required if the developing countries were to achieve the internationally agreed goals, and urged those developed countries that had not yet done so to make concrete efforts to achieve the target of 0.7% of gross domestic product (GDP) as ODA, and 0.15-0.20% for the least developed countries. That was very similar to what other conferences had done. On the debt issue, the document only encouraged the exploration of innovative mechanisms rather than actually discussing them. On the important subject of new approaches to development financing, it did no more than recognize the value of exploring innovative sources of financing, such as the Tobin tax, provided that those sources did not unduly burden developing countries.

96. Unless the heads of state and government gathering at the International Conference on Financing for Development were able greatly to improve the outcome, or some countries or groups of countries announced new initiatives they wished to pursue, it seemed that the development of a more equitable and coherent framework of policies and institutions to promote sustainable development would not be achieved at the Conference. What could be done in the face of that dismal prospect?

97. Even though the consensus document itself did not refer to the rural dimension of the poverty issue, most delegates could request their representatives who would be addressing the Conference to highlight that theme and make some specific proposals, which would then assist in its follow-up. Such statements should emphasize that the main objective of the Conference was to mobilize additional resources for the MDGs; that, within those goals, that of halving poverty by 2015 should receive the maximum priority; that the goal of poverty reduction required recognition of the rural dimension; and that that task could not be achieved unless ODA could be substantially increased for agricultural and rural development, with priority to those institutions that channelled resources to the poor. IFAD's capability and performance in channelling resources to the poor should not be forgotten: many independent assessments had reaffirmed its cost-effectiveness.

98. He emphasized in conclusion that the growing international consensus on the importance of the poverty issue coincided with a basic change in the burden-sharing formula between countries members of OECD and the Organization of the Petroleum Exporting Countries (OPEC), which had in the past few years effectively maintained the level of IFAD replenishments. Now that there was that basic change, as donor countries began to implement their plans for poverty reduction and, as a follow-up to the Monterrey Conference, to increase their ODA to agriculture, they would find that IFAD was one of the most cost-effective instruments for achieving the millennium goal of halving poverty by 2015.

99. **Ms KOGOZI** said that her message was that success could be achieved. Her own country, Uganda, and others now had educated leaders with a vision. Africa and the developing countries were changing. Uganda's vision was that by 2017 poverty in her country would be below 10%. It needed a GDP growth of 7% per annum, and had already set in place a coherent poverty eradication action plan led by the private sector but with the support of government and civil society. The plan required good governance and democracy, as well as decentralization, with power being given back to the people. Uganda had put in place a plan for modernizing agriculture, turning subsistence farmers in the villages into commercial farmers, and looking for large commercial farmers, either Ugandan or



foreign, to form a nucleus. The nucleus farmer was also an IFAD idea – he was able to add value and to advise surrounding smallholders on what to grow and how to diversify into non-traditional exports.

100. Uganda's poverty eradication action plan had to include the provision of social services, especially for the poor; free, local health services, including preventive health care to deal, among other things, with HIV/AIDS, the incidence of which had been reduced from 30% to 6% of the population; free secondary education in addition to the free universal primary education already available; and more practical and relevant curricula, possibly provided by the private sector. There had to be roads to reach rural areas, water supplies within one kilometre of villages, and the development of hydroelectric and other, non-traditional forms of power. The information and communication technologies would enable Uganda to bridge the digital divide, and the country was looking to the private sector and Government to put the necessary infrastructure in place so that even the rural areas were connected. Women in Uganda were making great headway: the country's Vice-President was a woman, a quarter of the Members of the Ugandan Parliament were women, and women were becoming more prominent both in the private sector and as farmers. A medium-term strategy was in place to enable the private sector to become more competitive in key areas, and domestic resources were being mobilized to finance the rural dimension of development.

101. The poverty eradication action plan improved productivity, but, like most African countries, Uganda needed help in improving the collection of taxes. Uganda also needed to attract foreign direct investment (FDI) and support local investors. The country had achieved good results in attracting FDI: 5% of its GDP was now provided from that source, and everything was being done to develop it. Donors were part of the annual budget consultation process, along with the private sector and civil society. Ugandans themselves decided what they wanted to do, and the donors worked with them.

102. Non-governmental organizations (NGOs) played a very significant role, as did the country's free press. Projects were still very important, especially for NGOs that were not funded from the government budget. Her own organization, UWESCO, which had received substantial support from IFAD and the Government of Belgium, provided microfinance and training for the volunteer women helping orphans as well as for the more than 10 000 orphans themselves.

103. The Ugandan economy continued to grow: total GDP had more than doubled in the previous ten years and the average annual rate of growth was 6%. To achieve the planned poverty reduction by 2017 the country would have to achieve an average annual growth rate of 7%. Per capita income had more than doubled in the previous ten years and inflation was well under control. The poverty rate had come down from 56% to 35%. Her message was that with the help of IFAD and others poverty could be reduced. It was not something that was out of the question.

104. **Mr BISSIO** said that the Social Watch coalition of which he was the Global Coordinator saw the eradication of poverty as a historic task. The potential for reducing poverty was there, if only to judge by the huge subsidies paid to agriculture in, for instance, the European Union. Social Watch did not make bold promises or excessive requests: it went to governments and reminded them of their social development commitments. Social Watch had statistics for each country, and sought to contribute to the political will to ensure that governments' promises were kept. Each of the 60 national citizen coalitions that formed the Social Watch network believed that governments could do a great deal more than they were doing, and asked more of them. In terms of the promises made in Copenhagen in 1995, the developing countries had kept their side of the agreement much better than had the more developed countries.

105. The enabling environment spoken of in Copenhagen was quite difficult for developing countries to achieve, and crises and recession made it even more difficult. The multilateral financial institutions generally applied double standards in dealing with developing countries: instead of supporting the counter-cyclical measures they were set up for, they simply requested a reduction of



tax deficits and other matters which then fed into the recession cycle. The previous week the United States Senate had approved USD 76 billion in additional agricultural subsidies for the agrifood industry, despite the fact that in the Uruguay Round it had been agreed that such subsidies should not be increased precisely because there was a political need to tackle recession with anti-cyclical measures. Such a double standard was not sustainable in the long term. It simply made poverty worse, and contributed to the instability of the young political democracies of the poorest middle-income countries.

106. Great hopes had been raised by the forthcoming International Conference on Financing for Development and by the possibility that the World Trade Organization (WTO) trade negotiations would begin to deal seriously with the implementation problem and the negotiations on textiles and agriculture would be brought to a successful conclusion. However, the Monterrey Consensus was one that looked at the lowest common denominator, and the trade negotiations were seriously hampered by the attempt to keep adding new problems and issues to the trade agenda which, instead of promoting free trade, distorted trade, and left WTO overburdened with a series of issues most of which lay outside its original mandate.

107. What margin for optimism was left? Hope lay in the fact that the undertakings and promises made by governments and the values of the United Nations and of IFAD were still alive in public opinion. Those commitments and values had to be taken to the people so as to ensure that what had been promised was really achieved.

108. **BRAZIL** agreed with the previous speaker that the Monterrey Conference had started out on a bad footing. An early example had been the unwillingness of a major industrialized country to allow the real protagonists, NGOs and civil-society organizations (CSOs), to participate in the discussions. With regard to subsidies, it seemed pointless to discuss the question of financing for rural development or for alleviating rural poverty when about USD 360 million went to subsidize agriculture every year. In addition, there were non-tariff barriers that went beyond the question of subsidies, as in the case of a cheese-maker whose product had not been allowed into Europe despite it having been produced under a project financed entirely by the Food and Agriculture Organization of the United Nations (FAO) and in accordance with all the European requirements, whereas European foodstuffs could be sold anywhere in the world. The issue of subsidies needed therefore to be resolved. All the arguments were to hand to ensure that the financing of rural development proceeded in a natural, direct manner and did not involve negotiations back and forth between WTO and the capitals of the industrialized countries. Some donors were reluctant to approve the financing of IFAD projects in countries in the Latin American region on the grounds that other countries were worse off, but it should be borne in mind that, unless infrastructure and rural poverty alleviation projects were financed in countries with an intermediary development index, there was a risk that major multinationals would lose confidence in investing in those countries, thus reducing prospects for medium or long-term trade and business. It was important to remember that, in the absence of investments in developing country agriculture, there was a real risk of social unrest.

109. **The Observer for the AFRICAN DEVELOPMENT BANK** expressed concern about the somewhat general approach to the issue of financing development. For example, the time had come to review the different instruments used and to be more innovative about the ways and means of financing development. A number of issues called for greater attention and a more concrete approach, such as HIV/AIDS, malaria and child labour, inasmuch as they had a profound effect on production systems in the countries involved. Taxation in rural areas was another case in point. There was also a need for measures to check the flight of skilled agricultural workers – including mechanical workers – from the land and thus help build up capacity for agriculture. The decline in funding for research was another cause for concern, a difficulty experienced, for example, by the Consultative Group on International Agricultural Research (CGIAR). Ways should be sought of securing more funding to generate technology for agriculture. The impact of recent conflicts on countries such as Guinea-



Bissau, Liberia and Sierra Leone should be assessed to determine how patterns of rural development had been affected. Good governance could go a long way towards alleviating poverty in post-conflict situations, but required constant monitoring to determine the influence of other factors, such as ethnic problems, on rural areas.

110. **AFGHANISTAN** expressed concern that the document for the Monterrey Conference made no reference to the hard-core poor and touched only briefly on nutrition and food security. The hard-core poor were those who had no assets whatsoever, people living in very remote areas with no infrastructure available, those who were socially excluded and, finally, those who were either displaced or disabled. It would be useful to hear from those present what specific measures might be proposed for assisting the hard-core poor, relevant institutional arrangements, the scale and pattern of investments involved, the technology to be provided, and the extent to which their indigenous knowledge could be built upon.

111. **ITALY** drew attention to the paradoxical situation in which there was greater sensitivity among the international community to issues relating to hunger and poverty, yet ODA was declining. Ambitious goals were being set in the fight against poverty and hunger, yet specific aid to agriculture was dwindling. The launching of the Sixth Replenishment of IFAD's Resources might well constitute a message from the international community that that trend could be reversed. The thematic paper under discussion appeared to indicate three main alternative lines of action that could realistically be pursued at the present juncture: one was improving the access of developing and, particularly, less developed countries to markets, through trade negotiations; the second was promoting private direct investment in the developing countries, which required the developing countries to create the necessary political, macroeconomic and legal conditions in the countries themselves and also required the international community and international institutions to implement reforms conducive to more stability in the financial markets; and the third was easing the burden of debt on the developing countries.

112. **SIERRA LEONE**, referring to the point raised about developing countries' responsibility for improving conditions so as to attract investment, asked how the rural poor could produce when they could not live in their environment, and how they could survive when they were not supported even as refugees. Donors were also responsible for supplying arms. It was said that there was no investment in the countries of Africa because they were not stable, but how did they become stable when there were no employment opportunities, and when direct investment was almost zero? Improving the lot of the rural poor had to be addressed, but how could the rural poor be supported without roads that were often so bad because of wars that even small quantities of food could not be transported?

113. **CHILE**, referring to the emphasis that had been placed on agricultural markets during the discussion, said that something more was needed: transparent markets. There was a need for markets in which countries could compete and where the price of products reflected production costs. Agricultural development was important for rural development, and rural development involved developing the areas of health, transport and communications. New tools were needed, and more use could be made, for instance, of the triangular forms of collaboration that had proved successful in the Latin American and the Caribbean region. Transparent markets were a necessary and indispensable step for the achievement of sustainable development.

114. **The SUDAN** said that there appeared to be a missing link between the questions that had been asked time and again in international forums and finding solutions for the way forward. In Monterrey there needed to be a very clear and open discussion regarding the tools that had to be used to deal with poverty and rural development. For their part, the developing countries should ensure good governance and administration, and part of their budgets should be earmarked for agricultural and rural development. The international funds and institutions should have the same commitment so that clearly identified projects could be designed and implemented. The real solution for developing



countries was for them to depend upon themselves, to have national programmes that made it possible to mobilize resources as well as partnerships with civil society. To a great extent credibility for the developing countries depended on their debt situations. How were developing countries to achieve growth and development if they were so heavily burdened by debt? In many cases, such debts had been incurred for totally irrational purposes, and they should be written off. Credit was due to Italy in that regard. The Monterrey Conference should mark the point at which attention turned from theoretical questions to implementation.

115. **ARGENTINA**, referring to the theme paper under discussion and in particular to systemic issues, asked how the situation of countries undertaking very profound macroeconomic changes, which were often described as an enabling environment, could be reconciled with an international environment that was known to be not enabling. It was essential to develop enabling environments at both the national and international levels. There were systemic questions regarding interdependence: when crises arose, interdependence was unequal, with those who lagged farthest behind usually encountering the most serious problems.

116. **The NETHERLANDS** said that the main hope for the Monterrey Conference was that the donor community would finally abide by its agreement to spend at least 0.7% of gross national product (GNP) on development cooperation. At present only a few countries achieved that, and The Netherlands, which was one of them, felt that the entire international donor community should set very clear dates for achieving the target. The second point was that there needed to be policy coherence between the United Nations, the World Bank, the International Monetary Fund and WTO. The third point that should be addressed at Monterrey was that of mutual obligations: agriculture was barely mentioned in the Monterrey documentation. The experience of The Netherlands in bilateral cooperation was that very few of its cooperation partners had chosen the sectors of rural development and agriculture. Education and health were chosen instead, and the explanations for that were usually not very clear. It was, of course, for the countries and not for the donors to decide on the selection of sectors. It would be interesting to hear from the developing countries themselves about their priorities.

117. **UGANDA** said that a three-dimensional approach was needed if people were to be raised out of poverty. There was a need to create awareness through education; there was a need for people who were healthy and active so as to raise health standards; and there was a need to improve infrastructure and transport, and, of course, make sure that they were available and affordable. There was also a need for partners to help to find markets for the produce of developing countries. The challenge the developing countries faced was that traders wishing to export complained that farmers were unable to supply sustainably and in sufficient quantity, while farmers complained that they had no markets. The question was which came first, whether it was the market or the production. Also, as tariffs were being removed, developing countries faced invisible barriers in terms of food safety and high standards. The approach should be a gradual one: if markets were open and farmers were assured of those markets, developing countries would ensure that productivity was increased. However, if farmers were encouraged to produce a particular crop for which there turned out to be no market, the following season they would not produce even enough to feed themselves. It was a question not only of food security but also of household incomes. Help was required in terms of markets. Investors had to be attracted so that they could assist in sorting, grading, packaging and delivering quality goods, because most farmers in developing countries were not exposed to the markets for which they were producing, and such entrepreneurship did not exist, certainly in many African countries. Once those countries had markets and someone who could help them to ensure that what they produced was acceptable internationally, then, domestically, they would mobilize farmers and private sector participation.

118. **Mr BISSIO** said that much hinged on negotiations and how better deals could be secured. The problem was that microfinancing had so far been negotiated in the Bretton Woods institutions where the voting power was related to an initial capital contribution, and not in the United Nations where



each country had a vote. The historical importance of financing for development was that such issues were being brought into the United Nations arena for the first time. It also explained why negotiation had been so difficult and why it had been so hard to achieve consensus. The very fact of shifting power over microeconomic policies a little towards the United Nations might be a positive element.

119. The same was happening with trade negotiations. It was very clear that since the end of the Uruguay Round the developing countries had negotiated much better. Agreements were, of course, more difficult, but there was a better capacity for negotiation. That was why it was so important to look at the coherence between all the systems. Decades of work on rural poverty issues had been wiped out by one measure of trade or financial policy, and the impact on rural development and the agricultural poor had never been studied. In recent years international negotiations had become more transparent, and more subject to public scrutiny. The tools for investment in rural development and poverty reduction were in place, as were the policies that were needed. The problem was one of political will. There were very powerful interests working against the poor. If you looked at who benefited from a crime you generally had a clue as to what had happened. What was ultimately needed was to negotiate better and, in the light of public opinion, to ensure that there was political support for the decisions taken.

120. **Ms KOGOZI**, referring to the statement made by the representative of the African Development Bank (AfDB), said that, while the discussion had been about the rural poor, the AfDB, at least in Uganda, had really been funding larger projects in commercial agriculture, although the adding of value to create jobs for the rural poor might be something it could do. The innovative ideas which Uganda had for funding the rural poor were such things as cooperatives working together and therefore accessing finance, i.e. microfinance institutions; leasing; funds for exports; and credit guarantees. Other instruments to help the rural poor that were being considered were the reduction of taxes in rural areas, as well as a graduated tax.

121. Turning to the comment made by the representative of Italy regarding access to markets, she said it was absolutely crucial for the promotion of FDI. The fact had to be faced that no one was going to invest in a country that was at war, so some action had to be taken by developing countries to deal with such situations. It was difficult to know what to suggest, given the sometimes intractable situations, but economic reforms and political stability were perhaps a pointer.

122. Developing countries' debt relief should be increased, and these countries needed to have plans as to what they were going to use their debt relief for. The question of the missing link raised by The Sudan prompted the response that developing countries needed to attract investment, and that they needed help from donors and not theories.

123. As to the systemic issues raised by the representative of Argentina, she said that what Uganda would like to have was support through bilateral and multilateral donors providing technical assistance to enable it to monitor capital inflows. Developing countries were now faced with increasing capital inflows and they had economies that were not very strong. They were therefore worried that what had happened in the Far East might happen to them. The help of experts and consultants was needed.

124. **Mr AZIZ** agreed with The Netherlands that it would be useful, and perhaps an example to others, for countries that had not yet done so to indicate when they expected to reach the ODA target of 0.7% of GNP. The concept of sustainable debt financing was one that should be built upon, taking account of worsening global growth prospects and declining terms of trade. That the financing discussion was moving from the Bretton Woods institutions to the United Nations forum opened up new possibilities for consensus-building. As the highest governing body of a United Nations agency devoted exclusively to reducing hunger and poverty, the Council now had an excellent opportunity to contribute to the success of the Monterrey Conference by highlighting the importance of rural and



agricultural development for reducing poverty. It was to be hoped, therefore, that, subject to any amendments made in the light of the present discussion, IFAD's theme paper and the summary of the discussion would be brought to the attention of Member States' delegations to the Conference.

125. **Ms JACOBY** said that, while the Consensus document might not have satisfied all parties, being naturally a compromise, she was most encouraged by the vibrant and comprehensive panel discussion, which was very much in line with the Conference agenda. With regard to Brazil's remarks about the proposed exclusion of NGOs and CSOs from discussions at the Conference, what was interesting was that such objections had been overridden, which was a step forward in inclusiveness. During the present discussions, much importance had rightly been accorded to agricultural markets, and to the transparency of and access to such markets. The new message that was most interestingly being conveyed, however, was that, if anything were to be achieved in terms of alleviating rural poverty, it would be necessary to go beyond those questions and beyond problems of tariff and non-tariff barriers. It was encouraging that what was now being challenged and brought into the development debate were the trade system, trade organizations and the autonomous decisions of trade mechanisms. That was only the beginning, but it had already had an impact: for the first time the Doha Ministerial Declaration had stressed that development should be accorded top priority in the next round of trade negotiations.

126. The representative of AfDB had rightly stressed the need to improve on instruments for reducing poverty. In that connection, discussions at Monterrey were expected to focus, *inter alia*, on how ODA resources might be pooled more effectively, on harmonizing what were often cumbersome procedures and on ensuring effective capacity-building and institution-building. Regarding the pertinent questions raised by Afghanistan about ways of assisting the hard-core poor, the general feeling appeared to be that no external assistance would automatically reach such groups as it was the countries concerned that would need to identify the most suitable ways of assisting those vulnerable groups and to use all means and knowledge available. That called for political will on the part of the governments concerned.

127. Several speakers had referred to the importance of ODA and the need to increase its volume. If the millennium goal for eradicating poverty was to be met, it was nothing short of scandalous that ODA as a percentage of the OECD countries' GNP had declined so sharply. Not only had the original 0.7% target set by the United Nations General Assembly some 32 years before not been achieved, but there had been an opposite trend. That called for political will to reverse the trend, backed up by firm commitments with regard to the volume of ODA to be provided and time frames for meeting such commitments.

128. Argentina had raised some key points about systemic issues. Along with good domestic governance there must equally be sound international governance to meet development needs and also ensure a prosperous future for the world's peoples. Ways should be found to make the present system more responsive to the needs of all countries. It was to be hoped that some progress would be made on ways of giving developing countries a greater voice in decisions on international economic and financial issues without necessarily changing the formal mandates of financial institutions. Finally, as Sierra Leone had pointed out, there was no doubt that without peace there could be no political stability, which was so necessary for development.

129. **Mr BÅGE** (President of IFAD) informed participants that the salient points of the discussion would be included in the Chairman's summary. He wished to stress two points: first, from concrete experience to date, it was in fact perfectly feasible to halve the level of poverty within the targeted time frame; and second, that called for international and national political will because interest in providing assistance to agricultural and rural development and poverty alleviation had clearly waned, as was reflected both in national budget priorities and in international assistance. The document under discussion served as a platform to move forward as an international community, but that would not be



possible without the active participation of governments and organizations to bring it to the fore at the Monterrey Conference, which would be the first summit that would bring together world leaders to discuss the financing of collectively agreed development commitments.

130. **The CHAIRMAN** expressed the Council's gratitude to the guest panelists for their participation.

SIXTH REPLENISHMENT OF IFAD'S RESOURCES (Agenda Item 7) (GC 25/L.3)

131. **The CHAIRMAN** said that, since the period set for the Fifth Replenishment of IFAD's Resources would conclude on 19 February 2004, IFAD should now focus on its resource requirements from the year 2004 onwards and initiate a timely review of the availability of resources in order to assure continuity between the two replenishment periods. If the draft resolution on the establishment of the Consultation on the Sixth Replenishment of IFAD's resources (contained in document GC 25/L.3) were adopted, the President of the Fund envisaged a first meeting of the Consultation in two days' time in order to plan the content and schedule of its work. As indicated in the draft resolution, the Consultation would consist of all Member States from Lists A and B and 12 Member States from List C, to be appointed by the List C membership. The Secretariat had been informed that, after consideration within each List C sub-listing, the following Member States had been proposed as List C Members of the Consultation: from Sub-List C1, Angola, Egypt, Eritrea and Tunisia; from Sub-List C2, China, India, Pakistan and Romania; and from Sub-List C3, Argentina, Brazil, Mexico and Panama. The draft resolution also provided for the Consultation to invite such other Member States to participate in the Consultation as might facilitate its deliberations, in which respect the Secretariat had been informed that List C wished to invite the following Member States as observers to the Consultation's proceedings: Bangladesh, Chile, The Congo, Côte d'Ivoire, Peru and Sri Lanka.

132. **Resolution 127/XXV on the Establishment of the Consultation on the Sixth Replenishment of IFAD's Resources was adopted.**

**PROPOSED ADMINISTRATIVE BUDGET OF IFAD FOR 2002 (Agenda Item 9)
(GC 25/L.5 and Corr.1 and Add.1)**

133. **Mr WESTLEY** (Vice-President of IFAD), introducing the proposed administrative budget of IFAD for 2002 (GC 25/L.5 and Corr.1 and Add.1), said that the Executive Board had approved the programme of work for 2002 at its Seventy-Fourth Session, in an amount of SDR 354.5 million, equivalent to USD 450 million, covering 27 planned projects. The level, however, would be reviewed at each Executive Board session with a view to adjustment on the basis of the available resources and the criteria for use of the Advance Commitment Authority in 2002. The Executive Board had also approved the Programme Development Financing Facility for 2002, amounting to USD 26.7 million, and reviewed the administrative budget for 2002, which was again presented at zero real growth. Calculated at the exchange rate of EUR 1.116/USD 1.00, the budget was proposed at a level of USD 42.3 million, including a contingency of USD 165 000. The Strategic Framework for IFAD 2002-2006 had also been developed. In addition, the Executive Board had approved the recommendation for more flexibility in the use of the budgetary allocations through delegation of authority to the President to reallocate funds among budget categories for amounts not exceeding 10% of such approved categories. Following the usual practice, however, the total administrative budget had been recalculated at the USD/EUR exchange rate which prevailed at the time of approval by the Governing Council, in other words, EUR 1.146/USD 1.00. As recommended by the Executive Board, the Governing Council was accordingly invited to approve the draft resolution contained in document GC 25/L.5/Add.1, which determined the administrative budget of IFAD for 2002 in the amount of USD 41.7 million, including a contingency of USD 165 000.

134. **Resolution 128/XXV was adopted.**



135. **Mr Schuerch (United States) took the Chair.**

PROGRESS REPORT ON THE IFAD V: PLAN OF ACTION (2000-2002) (Agenda Item 10) (GC 25/L.6)

136. **Mr VAN DE SAND** (Assistant President of the Programme Management Department of IFAD), introducing the Progress Report on the IFAD V: Plan of Action (2000-2002) (GC 25/L.6), said that the overview contained in the report addressed the partly overlapping recommendations of the Plan of Action under four mutually dependent and reinforcing building blocks: impact and performance; policy and participation; knowledge management and innovation; and partnership building. In response to those recommendations and with regard to impact, a proposal for a new methodology of assessing the impact on the livelihood of poor rural people had been drawn up for testing in all IFAD evaluations during 2002. The methodology would establish linkages to the MDGs and reflect the harmonization of evaluation criteria called for by the Development Assistance Committee. A comprehensive practical guide for impact-oriented and participatory monitoring and evaluation at the project level had also been developed for pilot testing in 2002. Following an intensive review of impact achievement through the project cycle, a unified project design document with a key file as the centrepiece had been introduced in June 2001 with a view to adding greater detail and clarity to existing project design documents and focusing project design on the diagnosis of poverty, the strengths and weaknesses of the specific institutional environment and a logframe-based hierarchy of objectives and measurable results.

137. In the area of policy and participation, he had chaired an interdepartmental working group for the development of a conceptual framework and practical guide for institutional analysis and policy dialogue. IFAD's success in the areas of rural finance, community-based local governance, applied research on pro-poor technologies and land tenure had been confirmed by the group's analysis of cases where IFAD-supported loan and grant projects had been catalytic in influencing policies and the legal framework relevant to the poor, as a result of which it had formulated brief papers on the lessons learned for policy changes in those focal areas. It was currently finalizing a concept note on policy and institutional analysis and dialogue for change, building on IFAD's new strategic framework and the relevant chapters of the Consultation report. Collaboration had also been strengthened with IFAD's other partners in the assessment of policy and institutional environment, in particular the World Bank and the German Agency for Technical Cooperation, in the context of the poverty reduction strategy papers (PRSP).

138. A Knowledge-Management Facilitation and Support Unit was now operational and a knowledge management strategy was being finalized. Concrete outputs had been produced by the four thematic groups formed prior to development of the Plan of Action and IFAD's capacity for innovation had been comprehensively evaluated with a view to developing both that capacity and a more systematic approach to the promotion and upscaling of innovations. Lastly, as part of the efforts for partnership-building, IFAD had contributed to, or planned to take part in, PRSPs for some 15 countries in order to facilitate the involvement of the rural poor and their representatives. More recently, in conjunction with the World Bank, it had also developed an implementation plan for reaching the rural poor and was preparing concrete actions for specific country-level cooperation with focus on scaling up, joint learning and networking on innovation. Moreover, together with the World Bank Rural Development Group, FAO and the World Food Programme, it was engaged in preparing or developing joint positions concerning the reduction of rural poverty for major global events, in particular the International Conference on Financing for Development and the World Summit on Sustainable Development.

139. The lack of a permanent presence in the borrowing member countries had been a constraint on IFAD's efforts to increase impact and promote policy dialogue, partnership-building and knowledge-sharing. A study had therefore been carried out on how that constraint could be overcome,



taking into account the practices of partners under the specific conditions prevailing in each geographical region. The recommendations resulting from that study pointed to the need to adopt an adequate mix of options for each country, ranging from physical presence through regular staff missions and coordination offices staffed by local resource persons to networking and electronic mail contacts.

140. The implementation of the Plan of Action recommendations was an important platform for the operationalization of the strategic framework 2002-2006. Looking ahead, it was envisaged that more needed to be done in all four building blocks. For 2002 the main focus would be on carrying out a number of concrete priority actions aimed at making further progress in the areas of learning, knowledge and innovation; institutions, policies and partnerships; and programme management for impact. Those actions would be backed up by strengthening staff capacity through focused training. At the same time, efforts would be made to address the challenge of human and financial constraints in an effective and practical manner.

141. The Governing Council took note of the Progress Report on the IFAD V: Plan of Action (2000-2002).

GENERAL STATEMENTS (Agenda Item 5) (continued)

142. **PAKISTAN** said that the events of 11 September 2001 had added fresh urgency to the MDG of halving poverty by the year 2015. Although primarily a national responsibility, the targets that had been set would not be met without meaningful global support, which should emerge from the forthcoming Monterrey Conference. It was hoped that the outcome of the interactive policy discussion held at the current Council session would foster the mobilization of resources for investment in agriculture and rural development.

143. At the national level, Pakistan had prepared an interim poverty reduction strategy whose rural elements focused on improving access to land for poor farmers through the distribution of state land, improving access to credit through microcredit institutions, increasing the availability of water for agriculture, and reducing the vulnerability to shocks through a set of social safety net initiatives. IFAD had been a valuable partner of Pakistan, consistently targeting the poorest and the most inaccessible areas of the country and focusing on the most marginalized sections of the population with innovative strategies to create sustainable livelihoods. One such experiment had now been scaled up, leveraging huge resources from the Asian Development Bank and the Government of Pakistan.

144. Pakistan welcomed the resolution on establishing the Consultation on the Sixth Replenishment of IFAD's Resources. It had increased its contribution to IFAD resources to USD 2 million. It remained concerned, however, that the proposed programme of work for 2002 was still below the level of USD 450 million in real terms and reiterated the importance of a stable lending level that could keep IFAD relevant in the development context at both the global and local levels. Pakistan welcomed the progress made by IFAD in its participation in the enhanced Debt Initiative for Heavily Indebted Poor Countries (HIPC), but, since that participation continued to have an impact on its lending level, efforts should be made to raise additional resources for the Initiative over and above those required for the lending programme.

145. Pakistan had been alone in shouldering the burden of more than three million Afghan refugees, but the international community had recognized the consequences of past neglect and had moved to remedy the situation. Pakistan saw IFAD also playing an active role in that area; it had recently prepared and approved a project in the hitherto neglected tribal areas of Pakistan adjoining Afghanistan, which provided IFAD with unique knowledge of the region's social structures and practices, making it best placed to spearhead the rural development component there.



146. **LEBANON** said that the activities carried out under the IFAD V: Plan of Action (2000-2002) would strengthen the Fund and further the development of new methodologies for enhancing its performance. Both as a knowledge institution and as an organization engaged in pioneering efforts to develop effective strategies to eradicate poverty and expand its partnerships with governmental and non-governmental partners, the progress that it had achieved would surely encourage donor countries to increase their financial contributions to IFAD-supervised projects and activities. IFAD's activities had undoubtedly promoted radical agricultural reform in the majority of developing countries. Poverty and food insecurity, however, continued to prevail, compounded by factors such as natural disasters, political instability, famine, drought and war.

147. Lebanon's capacity-building and production capabilities were hampered by similar problems of war and conflict, which prevented its attainment of sustainable food security and the balanced use of natural resources. In southern Lebanon, for example, the ongoing Israeli occupation and attacks discouraged farmers from cultivating their land, instead driving them away in search of a better and more secure life. In any event, agricultural land was no longer fully exploitable owing to the presence of mines. Lebanon's agricultural policy was nevertheless aimed, *inter alia*, at developing animal and plant resources, furthering agricultural research and industrialization, preserving biological diversity, improving the use of land, water and pesticides, developing the capabilities of rural women and encouraging rural cooperatives. With IFAD assistance, a number of development projects designed to provide lasting food security had been successfully implemented and it was hoped that IFAD support would be extended country-wide, beginning with the areas liberated from Israeli occupation and including technical assistance for projects that would enable rural inhabitants to stay on their land and improve production levels. Lebanon also looked forward to speedy implementation of the Cooperative Rural Finance Programme in view of its relevance to the theme of the current session and to continuation of the efforts aimed at achieving the balanced development of Lebanon as a whole.

148. **SRI LANKA** expressed gratitude for the assistance provided by IFAD to rural development programmes in the country over the years. In acknowledgement of the cooperative nature of the commitments made, the Government of Sri Lanka had contributed in a timely manner to the Fifth Replenishment. The Council was meeting at a time when the economic underpinnings of the developing and developed world were being challenged. Together with a number of other Asian countries Sri Lanka had registered a negative growth rate for 2001. Faced with the challenges of globalization, all countries now needed to be more competitive. Agriculture continued to be the mainstay of the Sri Lankan economy, and the Government was embarking on a new approach to rural development and poverty alleviation, with greater emphasis on empowering farmers and improving their wellbeing. The aim of the new draft poverty reduction strategy, which would ensure better coordination of government and donor efforts, was to create opportunities for pro-poor growth, empower rural and vulnerable communities, invest in social infrastructure and assure pro-poor reform in governance. Agriculture would continue to form the basis for revitalizing rural development. Action was being taken to boost poultry and dairy development and several ongoing programmes, including measures to control disease and improve feed and pasture development, were to be redirected to poor farmers.

149. To overcome the problems impeding competitiveness, farmers were being provided with new high-yielding crop varieties and quality seed, and improved management practices based on the use of natural resources were being introduced. Research and development efforts were being concentrated on a few specific crops, on enhanced post-harvest value-added programmes and on reducing production costs. IFAD's assistance was sought in securing access to new production technologies, minimizing post-harvest losses, increasing value addition, improving quality and ensuring better marketing.

150. The Government was committed to developing a market-oriented pricing and incentives environment for the agricultural sector based, among other things, on guaranteeing reasonable



incomes for farmers. Sri Lanka looked forward to working closely with IFAD to improve the quality of life for the country's farming community and provide a better social and economic development environment.

151. **The SUDAN**, having emphasized that agriculture was still the main sector in developing economies, said that environmental degradation and the non-rational use of resources had led to food insecurity. Bearing in mind the calls for economic reform and structural adjustment and the local repercussions of economic globalization and trade, greater solidarity between poor and donor countries was a vital forerunner of economic and social change. The finest example of such solidarity was the writing-off of debt under the Debt Initiative for HIPC.

152. The recent political developments that had strengthened stability and peace in The Sudan went hand-in-hand with a successful economic reform programme that had boosted economic growth, lowered inflation and stabilized the currency exchange rate. In 2001, an emergency agricultural support programme focusing on rural development and poverty eradication had been introduced pending finalization of the poverty alleviation strategy. IFAD was to be commended for its ongoing efforts to strengthen organizations working in the interests of small producers, farmers and fishermen and for its emphasis on partnership in design, financing, implementation, monitoring and evaluation. The Sudan was prepared to play its part in the elaboration of strategic choices for agricultural development and poverty alleviation.

153. The Sudan concurred with IFAD's approach concerning partnership between governments, CSOs and financial organizations. It accorded maximum priority to maintaining and strengthening its relationship with the Fund and would do its utmost to pursue the activities carried out as part of projects now completed, which had been among the most successful ever implemented at both the regional and international levels.

154. **MAURITIUS** expressed gratitude to IFAD for its continued support since 1983. The agricultural sector accounted for 7% of GDP and provided employment for 16% of the population. The Government of Mauritius was firmly committed to the alleviation of poverty and to the MDG of halving extreme poverty by 2015. It had undertaken a comprehensive poverty study, set up a trust fund for the rehabilitation of vulnerable groups and conducted a study of the social aspects of HIV/AIDS. The results of such studies had been used to formulate an action plan to counter the root causes of poverty, social exclusion and economic deprivation.

155. There was a pressing need to increase assistance to needy countries, particularly in the agricultural sector. The regrettable downward trend in ODA to agriculture prompted the comment that IFAD and other United Nations agencies, as well as donor countries, should rethink their assistance strategy in respect of the agricultural sector. Assistance should be extended to cover the fight against HIV/AIDS. Food security was becoming increasingly difficult for developing countries to achieve as the process of trade liberalization gathered momentum. A more flexible and realistic approach should be adopted in addressing the issues of food and food security, and the policy objectives, production conditions and potential of each country should be taken into account, as should its historical and cultural balance. Mauritius was looking forward to the establishment of a financing mechanism under the Marrakesh Agreement for Least Developed Countries and Net Food-Importing Developing Countries, and proposed that an international reserve of food be established by donor countries on which food-deficit countries could draw in times of crisis.

156. All the threats and challenges faced by the agricultural sector could be tackled by the adoption of innovative technologies, such as biotechnology, but they were costly and the required know-how was not to be found in developing countries. It was essential for developed countries and organizations involved in providing assistance to agricultural development to encourage the transfer



of know-how and technology, and financially to support initiatives in that direction. In order to attain its objective of developing a modern agricultural sector, Mauritius needed further support from IFAD.

157. **The REPUBLIC OF KOREA** said that, despite efforts to eradicate hunger, 800 million people in the world were still suffering from malnutrition, and agricultural and rural development remained stagnant. Among the many causes of poverty were decreasing domestic and foreign investment in agriculture and the deterioration of agricultural resources such as land and water. More fundamental measures and efforts were needed immediately if the number of those living in extreme poverty was to be halved by 2015.

158. There was a need to analyse and categorize current situations of hunger and poverty, and pursue diverse and effective approaches accordingly. Priority should be given to programmes that could maximize cooperation between donors, programme organizers and beneficiaries. Cost-saving projects to improve food security should be co-developed and more broadly implemented through the establishment of a cooperative system at the local, national, regional and global levels. Such a system would contribute not only to more effective rural development but also to further voluntary participation and information exchange from the preparatory to the final stage of development support programmes. Successful examples of agricultural and rural development should be noted for the valuable lessons they provided. Each and every country should demonstrate its strong will and motivation to eliminate hunger and poverty at the community and national levels. As a country that had overcome hunger and poverty within a relatively short period of time, the Republic of Korea would continue to participate actively in international rural development efforts on the basis of its own experience and know-how.

159. **INDONESIA** said that IFAD's role had become even more important now that it was helping to promote and implement a global campaign, set in motion by the Millennium Summit, to eliminate hunger and poverty. The social impact of the severe economic crisis that had engulfed Indonesia since 1997 had been painful, but one of the greatest consequences had been the erosion of the Government's budget. Social expenditures had been reduced, and even today, because of the heavy debt burden, few resources were left to help finance development and poverty reduction programmes. Indonesia urgently needed the support of the international community for poverty alleviation programmes, technology transfer, opening market access to products and exports, microfinance, infrastructure development and the rehabilitation of the forestry industry. One of IFAD's four projects in Indonesia, the Income-Generating Project for Marginal Farmers and Landless – Phase III was working successfully to alleviate poverty in rural areas by focusing on the development of the agribusiness sector. Following the economic crisis, the Government had shifted the focus of its development programme to private sector-driven programmes. The Fund's new emphasis on more sustainable community development projects had been reflected in a recent IFAD-funded project based on an innovative partnership between the Government and NGOs.

160. Indonesia had honoured its commitment to the Fund by making its first payment of USD 3.5 million. IFAD needed to reach a consensus regarding the Sixth Replenishment as soon as possible during 2002, for the lack of adequate funding would affect the Fund's ability to carry out its mandate satisfactorily. Partnerships and collaboration with other multilateral and bilateral institutions and donors should be explored and pursued. Indonesia had worked with the World Bank in a number of development efforts on poverty eradication programmes, and it was encouraging to note that the World Bank, FAO and IFAD were all committed to supporting agricultural development, especially rural development and poverty alleviation in developing countries.

161. **CANADA**, speaking also on behalf of Australia and New Zealand, highlighted IFAD's achievements over the previous year, which included the election of a new President, the consequent strengthening of partnership among its Member States and the production of the *Rural Poverty Report 2001*. A number of challenges lay ahead. As discussions started on the Sixth Replenishment,



care should be taken to implement the priorities set forth in the IFAD V: Plan of Action (2000-2002), especially with regard to increasing the effectiveness of its operations and building more strategic partnerships with multilateral and bilateral donors. Progress towards those priorities would strengthen the Fund while integrating it better into the multilateral system, improving its coordination and leverage with bilateral donors and raising its profile. In an environment of competitive demands for development funding, IFAD must enhance its capacity to assess and report on results and show that resources were put to good use. While the proposed independent evaluation of IFAD was welcome, that did not preclude the need for strong, results-based reporting capacity within the organization. The Fund also needed to do more in terms of promoting innovation and to work with other donors in that area, building on existing links. It was gratifying to note that IFAD was now a co-sponsor of CGIAR, as that would enhance its role as a knowledge institution. IFAD's international profile was not sufficiently high. Every opportunity should be taken to increase awareness of its mandate, methods and achievements as that would also raise the profile of issues relating to agriculture and rural poverty, which, as had been rightly noted, were not receiving the attention they deserved.

162. At the June 2002 G-8 Summit in Canada, the Canadian Prime Minister intended to play a leading role in building support for the New Partnership for Africa's Development, an impressive plan put forward by African leaders. African ownership was critical to the achievement of the MDGs and to lifting the continent out of poverty. Agriculture would play a crucial role in fostering development and sustainable poverty alleviation in Africa, and the empowerment of women was vital in that regard. However, IFAD should not neglect other developing regions of the world and should continue its efforts in the Latin America and Asia and the Pacific regions.

163. Present restrictions and distortions in world agricultural markets would limit the impact of strengthened developing country agriculture. Canada, Australia and New Zealand therefore welcomed the commitment made in Doha to direct the forthcoming WTO negotiations to improving market access, reducing and ultimately eliminating agricultural export subsidies and reducing trade-distorting domestic support. Finally, they would continue to give full support to the Fund and to work with all Member States to help make IFAD a more effective organization.

164. **D.P.R. KOREA** commended IFAD on its success in assisting developing countries and actively contributing to rural development and poverty alleviation in its Member States. Its effectiveness was enhanced by its focus on priority sectors and regions, more efficient management and partnerships with other international organizations. Cooperation between D.P.R. Korea and IFAD was continuing, with the launching of the Uplands Food Security Project in 2001 and the Sericulture Development Project and the Crop and Livestock Rehabilitation Project now at the final stages of implementation. IFAD's support was an encouragement to the people in their struggle to overcome the after-effects of successive natural disasters and to increase their agricultural production

165. Under the leadership of General Kim Jong Il, the Government had made significant efforts to increase state investments in agriculture and boost production, resulting in important advances in the sector. Progress in strengthening the agricultural production base, improved land use and the launching of major waterway projects demonstrated the validity of that policy. The progress achieved thus far was a clear reflection of the sense of unity between the country's leader and his people and of the support provided by international organizations. D.P.R. Korea supported the Programme of Work and Administrative Budget of IFAD for 2002, which was consistent with the Fund's objectives and Member States' demands. Recognizing the importance of supporting the Fund through contributions to its resources, his Government had already pledged its support to the Fifth Replenishment, and would continue to cooperate actively with the Fund.

166. **SAUDI ARABIA** said that, in the light of recent global changes, particularly those affecting economic growth in the developing countries, the Fund should play an effective role in helping the latter to achieve high agricultural growth rates and self-sufficiency and to export their surplus



products. Since the early 1960s, Saudi Arabia had adopted measures aimed at safeguarding its environment and natural resources, both renewable and non-renewable, with a view to meeting current needs without affecting the right of future generations to those resources. In line with that approach, its agricultural policies aimed to achieve sustainable development and food security through sound planning and the use of modern technology. As a result, it was now self-sufficient in major food commodities such as grains, animal products, fruit and vegetables. Emphasis had also been placed on the diversification of crops, particularly those not requiring large amounts of water. Agricultural production and incomes had consequently increased and the sector had provided a total of 388 000 job opportunities.

167. Aware of the importance of joint efforts to strengthen international peace and stability, Saudi Arabia had supported developing countries and international development organizations to the tune of over USD 75 billion between 1973 and 2000, a figure that represented over 4% of its average GDP. It had also been one of the biggest contributors to the Fund since its establishment in 1977; by the Fifth Replenishment, it had contributed over USD 370 million and it continued to support the Fund on the basis of its available economic resources. Moreover, it had cancelled debts of USD 6 billion that it was owed by 11 developing countries and was participating in activities such as the Debt Initiative for HIPC to the tune of SDR 94 million.

168. In conclusion, Saudi Arabia praised the efforts made to cut IFAD's administrative budget and welcomed the fact that previous levels had been successfully maintained, both in the budget and in the programme of work for 2002. It would be pleased to participate in the Consultation on the Sixth Replenishment of IFAD's Resources and to contribute to the Replenishment on the basis of its economic circumstances.

169. **GABON** said that Gabon's GDP was overestimated because it took into account the financial results of oil companies, only a tiny part of whose earnings actually contributed to the nation's wealth. In fact, there was a wide gap between the GDP and the real standard of living of the population. The Government was making every effort to reduce rural poverty, launching a vast development programme for the building of roads, schools and dispensaries, setting up village water pumps, and providing medicines and other equipment, as well as trained personnel. Most of the budget of the Ministry of Agriculture was devoted to development, and industrialization had been left to private initiative. The Government had set up an inter-ministerial committee to look into poverty reduction problems. State funding for the rural sector needed to be supplemented by assistance from external donors. Since Gabon did not wish to add to its external debt, it wanted any outside financing to be negotiated on a favourable concession basis, and in that regard hoped to receive assistance from IFAD.

170. Gabon considered that it was possible to achieve the goal of halving world poverty by 2015, but that that would require commitment and a will to allocate the necessary resources. It noted with satisfaction that international development institutions had now made the campaign against poverty their major objective, but regretted the sharp fall in the share of ODA for agricultural and rural development. Gabon shared IFAD's philosophy that what the poor lacked was opportunity, and not capacity or talent. Subsidies and transfers were no panacea and the rural poor, small farmers, landless peasants and rural women had to be helped to acquire the means to increase their production and improve their lot. Small farmers needed technical help and access to credit, but also saving systems and lasting relationships with viable institutions. No longer should there be a concentration simply on microcredit. Efforts should be made to establish long-lasting rural financial systems that were accessible to the poor and that could call on a range of institutions from small savings groups and microfinancing institutions to commercial banks. The time had come to acknowledge the need to move from a system where the poor participated in official development programmes to a system where governments and external donors supported the development initiatives of the poor themselves. IFAD was now rightly focusing on empowering the poor.



171. The poor must be given the tools that would enable them to overcome poverty and the opportunity to take part in decision-making and access to productive resources. Poverty was not only a personal tragedy but also a tragedy for societies since it meant great economic, social and cultural waste. It also caused conflict and insecurity. Given the necessary means, the poor were capable of extricating themselves from poverty. It was imperative to enable them to do so.

172. **ZAMBIA** praised IFAD's participatory approach in its poverty alleviation projects. For the past six years it had been supporting the country's agricultural sector investment programme, focusing on improving food security and strengthening the delivery of services for the benefit of resource-poor households, as well as improving their access to markets. As a result, the food security of vulnerable families was improving, and had greatly contributed to the reduction of poverty. Zambia had a very high incidence of poverty, namely 73%, with the figure rising to 83% in rural areas.

173. Zambia qualified for the Debt Initiative for HIPC, and was grateful for IFAD's decision to participate in it. IFAD had also financed a number of agricultural development projects in Zambia and IFAD-funded programmes had yielded major positive impacts, notably an increase in smallholder production and income generation. There had also been significant progress in the development of governance skills at the district and community levels. Rural water, crop seed, low-cost storage and better response to emergencies had all been made possible because of the availability of community development funds.

174. Zambia backed IFAD's implementation of the gender mainstreaming initiative in agricultural development, but noted that a good deal remained to be done in terms of sensitizing communities and programme implementers with regard to gender roles.

175. **EL SALVADOR** said that as a result of Hurricane Mitch in 1998, *El Niño* and recent earthquakes there had been an increase in rural poverty in the country of between 10 and 15%, compounding the already slow decline in rural poverty compared with urban poverty in the previous decade. For that reason the Government had drawn up a general policy to combat exclusion and poverty. Corresponding government and civil-society plans were aimed at promoting integrated national development involving all sectors of the population that had been excluded from decision-making and from the benefits of development. Among the priorities was the promotion of activities that generated employment and increased the income of rural families. In that context, external financing for development was of the utmost importance in supporting the efforts of the Government and the communities themselves.

176. IFAD funding was completely in line with the Government's objectives in combating poverty, and had produced good results and brought benefits to some 62 000 families living in the areas of greatest poverty and marginalization. The lessons learned from projects that had been implemented had shown that a substantial increase in incomes could be achieved only when farmers had introduced new, profitable crops, combined with the efficient use of agricultural extension services, access to markets and the existence of small farmer organizations. Access to technology, management skills, flexible and efficient financing facilities and the promotion of producer organizations and microenterprises were all important factors. One general lesson was that project design needed to be flexible and adaptable to changing circumstances. In order to improve the effectiveness of policies, mechanisms and tools had to be identified that would promote the modernization of production. The Government also planned to provide support by rebuilding infrastructure that had been damaged by recent natural disasters. It hoped that IFAD's new operation in the country for rural reconstruction and modernization, with its emphasis on income generation, would greatly contribute to increasing the productivity and development of El Salvador's rural population.

177. **The meeting rose at 18.55 hours.**



- (iii) Summary Record of the Third Meeting of the Twenty-Fifth Session held on Wednesday, 20 February 2002, at 11.00 hours

CHAIRMAN: JANNES HUTAGALUNG (INDONESIA)

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178. **The meeting was called to order at 11.20 hours.**

GENERAL STATEMENTS (Agenda Item 5) (continued)

179. **NORWAY**, speaking on behalf of the Nordic countries, welcomed the new Governing Council format, the theme of the Session being highly relevant both to the forthcoming International Conference on Financing for Development and to the Millennium Development Goals (MDGs). The Strategic Framework for IFAD's 2002-2006 clarified the organization's role in attaining those goals. The eradication of poverty now had top priority on national and international agendas, and IFAD could be instrumental in renewing the focus on rural populations and unequal gender relations. The need for gender mainstreaming was no longer just a moral issue but one that related to economic growth and, particularly, to rights. Women's right to own and inherit land was crucial to agriculture. Application of IFAD's gender mainstreaming policies was not entirely satisfactory because of the absence of monitoring systems and incentives. Furthermore, the Fund needed to pay greater attention to gender equality among its own staff. While it was encouraging to learn that the President of IFAD intended to appoint a woman to the vacant Assistant President position, more women should occupy key positions within the organization. The management of the Fund was requested to report to the Executive Board on progress achieved in that respect.

180. One of the most important outcomes of the Fifth Replenishment negotiations was the IFAD V: Plan of Action (2000-2002) with its emphasis on enhanced impact assessment and partnership-building. In the run-up to the Sixth Replenishment, it was important for the organization to be in a position to measure its activities and results. Development cooperation had changed considerably in recent years, and all now worked towards the common goal of poverty eradication. New concepts of cooperation and partnership had been developed among developing countries and donors, and there had been a shift in the approach from projects to programmes. With its special organizational set-up, IFAD should strive to enhance field-level cooperation in order to maintain its efficiency and relevance in the development process.

181. The Nordic countries supported the President's initiative to launch consultations on the Sixth Replenishment. Having pledged to provide 16.3% of all Fifth Replenishment funds, the Nordic countries were among the Fund's largest donors. However, in their view, greater consideration should be given to the question of burden sharing to assure IFAD of a sustainable and adequate level of financing.

182. **GUATEMALA**, while recognizing that it was not always possible to do so, said that IFAD would be in a position to meet all its objectives if it were to allocate 100% of its resources to rural development loans. It was true that project funds were not all used at one and the same time, making unproductive funds – i.e. funds that were not used strictly for rural development purposes – available within the organization, and that was what justified its investment policy. It should be borne in mind, however, that investment was a means to an end, not the Fund's rationale. The more IFAD adhered to its fundamental objectives, the better its leadership would be, and the President of IFAD was to be commended for his firm stand on that issue. To achieve maximum efficiency, every possible source of funding for rural development should be tapped. That was the message conveyed by the President of Nigeria in his call for a financial coalition against poverty, following similar calls by the Vice-President of Guatemala, the President of Germany and the Italian Minister for Agriculture; today, the Fund should take the lead in mobilizing resources for the fight against hunger and poverty. A coalition against terrorism was not enough in today's world: what was also needed was a coalition against hunger and poverty. Without sufficient resources there could be no peace or justice, no end to hunger and poverty, and it was incumbent on one and all to create an environment that would make that possible.



183. Guatemala welcomed the appointment of Mr Enweze of Nigeria as the new Vice-President of IFAD and Mr Roy of India as Assistant President of the Economic Policy and Resource Strategy Department, and supported the recommendation of the Latin America and Caribbean Group that a national of that region be appointed to a high-level position in the organization.

184. **AUSTRIA** said that only if poverty were alleviated and a more equitable distribution of wealth achieved would tensions and hopelessness, which might otherwise constitute potent roots for unrest, conflicts and terrorist activities, be reduced. IFAD could make valuable contributions to achieving that goal by constantly fine-tuning and sharing with other actors the knowledge it had acquired over the years in the alleviation of rural poverty. Its grass-roots approach was a good example of IFAD's expertise as it gave due regard to the needs of the beneficiaries of aid by integrating them in the design of projects and aid programmes.

185. Austria commended IFAD's willingness to contribute to the Debt Initiative for Heavily Indebted Poor Countries (HIPC), but participation must not be at the expense of IFAD's lending capacity. To the extent that the costs incurred through debt relief could not be covered by the Fund's own resources without jeopardizing its lending capacity, Austria would support IFAD's intention to come to an agreement with the World Bank giving the Fund equitable access to untied HIPC Trust Fund resources. Within the framework of such an agreement, Austria would see no problem in using a portion of its own untied contribution to the Debt Initiative for HIPC Core Fund on a pro rata basis together with Core Fund contributions of other donors.

186. To maintain a reasonable annual lending level, the Fund needed fresh resources soon. During the Fifth Replenishment negotiations, Austria and many other donors had underlined the need for the Fund to work constantly on its comparative advantage in the field of rural poverty alleviation and to prove that advantage through convincing results. That issue would be raised again in the forthcoming negotiations, and in that context a positive external efficiency examination of IFAD projects could serve as a persuasive argument for donors. Turning to the programme of work for 2002, Austria supported the volume of USD 450 million as appropriate and necessary, and expected IFAD, when allocating Fund resources, to give due consideration to the performance of borrowers and to the policy environment in borrowing countries, reflecting *inter alia* the principles of good governance. As to the administrative budget for 2002, Austria commended the Fund for its continuous efforts to contain administrative expenditures within the limit of inflation rates.

187. **SYRIA** said that IFAD's agricultural development projects were an example of successful cooperation and played a part in ensuring economic and social stability in the target areas. The Syrian Government had prioritized the agricultural sector in its economic and social programmes, with particular emphasis on matters such as integrated rural development and the involvement of women and all human resources in such development. Various projects implemented in conjunction with IFAD had provided livelihoods through their transformation of previously unproductive land into cultivated areas and their success was a deserved source of pride for IFAD and the other international institutions that had helped to finance them.

188. Nevertheless, much remained to be done to increase agricultural productivity, reduce production costs, improve marketing and alleviate poverty and hunger among poor farmers. To that end, Syria was engaged in determined efforts to achieve overall development, liberate the occupied territory in the Golan and restore usurped rights within the context of a just and comprehensive peace. Syria looked forward to enhancing its constructive cooperation with IFAD and greatly appreciated the efforts of the various financial institutions and regional and international organizations involved in assisting developing countries, including Syria, to achieve the desired progress in the agricultural sector.



189. **BANGLADESH** said that IFAD was the only international development organization that had poverty reduction as its central objective since its inception. Poverty eradication required an attack on economic, social and political fronts. The benefits of conventional anti-poverty policies had not trickled down sufficiently and the gap in income and power was widening between and within countries. The poor countries were still awaiting the promised benefits of globalization and liberalization. In that context IFAD's approach to poverty reduction was appropriate, with efforts directed to enabling the poor to overcome their poverty.

190. The poor must be given access to physical, social and financial resources, an effective functioning market and strengthened institutions, which would necessitate a change in the economic and political power structure in the society concerned. Participatory rural development, as practised through existing institutions, did not go far enough. The poor must be able to have an impact on the environment and on the issues that impinged on their lives. Civil society organizations (CSOs) could play an important role but they could not be a substitute for strong political commitment by States to bring about fundamental structural changes in the power relationships between the poor and rich groups in society. IFAD, with its rich experience of working with CSOs and in institution-building for the poor, should strengthen its advocacy role at the national and international levels and keep it as a priority in policy dialogue with recipient countries.

191. In Bangladesh, a country of chronic food shortages, food security was of crucial importance not only for poverty reduction but also for social and political stability. The country had achieved some measure of self-sufficiency in cereal production in recent years, largely through increases in yield, but now the challenge was to ensure access and sustain production and growth. National agriculture policy envisaged both continuing self-sufficiency in cereals and crop diversification. That would involve investment in agricultural research and extension for which many countries like Bangladesh did not have adequate resources. Bangladesh urged IFAD to assume a strong advocacy role for enhanced international support to be given to agricultural research. It noted with concern the decline in IFAD's assistance to Bangladesh in recent years. The larger time frame for project intervention under IFAD's Flexible Lending Mechanism needed to be matched by a larger amount of funds. IFAD and other donors should come forward with financial and technical support to improve the implementation skills of national and local government, CSOs and organizations of the poor. The International Conference on Financing for Development and the Sixth Replenishment of IFAD's Resources would provide further opportunities for the international community to demonstrate a genuine and strong political will to fight poverty as a collective responsibility.

192. **ALGERIA** said that, in the context of declining official development assistance (ODA) and public and private sector support for rural development, the theme chosen for the current Session was particularly welcome. Other timely initiatives in that connection included the launching of the New Partnership for Africa's Development (NEPAD) and the holding of the forthcoming International Conference on Financing for Development. With its comparative advantages in combating rural poverty, IFAD should play a greater role in mobilizing and transferring resources and should also act as a catalyst by establishing strategic partnerships with the various actors in funding and implementing agricultural and rural development programmes.

193. Almost two years previously, Algeria had launched an ambitious medium-term national agricultural development plan, an original feature of which was a funding mechanism that favoured farm workers over and above landowners and combined mutual agricultural credit mechanisms with State support and promotion for the implementation of development and modernization programmes for farms. Algeria had also recently established a national fund to combat desertification and continued to support the Global Mechanism of the United Nations Convention to Combat Desertification. Algeria reiterated its support for reinforcing IFAD's role in the Debt Initiative for HIPC.



194. **ITALY**, assuring IFAD of its continued full support, said that, despite the Fund's limited resources, it could play a very important role in mobilizing the resources required for achieving the goal of halving the number of poor people by 2015. It was to be hoped that the International Conference on Financing for Development would be able to reverse the downward trend in aid for agricultural development. Looking at the macroeconomic picture, Italy believed that a new trade negotiation round within the World Trade Organization should give special attention to problems relating to access to markets for the products of poor countries. The past decade had shown that financial instability, which spread rapidly from one country to another, inhibited all prospects of improving poor countries' access to credit and of increasing direct investment. In that context, IFAD must play a decisive role in combating poverty and promoting equitable and sustainable growth, and strengthen its own catalytic role in channelling international resources to those areas where their impact on development was greatest.

195. It was important to consider IFAD's sources of funding. The outcome of the Fifth Replenishment could not be considered satisfactory in terms of IFAD programmes and the ambitious general objectives of reducing world hunger and poverty. In view of the volatility of financial markets, IFAD should receive higher levels of official investment so as not to have to revise its own lending programmes. A sound financial position was the necessary premise for the fulfilment of IFAD's mandate. Italy noted the commencement of the Sixth Replenishment with satisfaction and, as one of the Fund's main contributors, called for a better balance to be struck between the contributions of the various lists of countries. Italy understood those countries that had requested that the negotiations on the Replenishment be linked to an assessment of the results of projects and seen in the context of beneficiary countries' strategies to combat poverty, and believed that a performance-related allocation of resources would provide the necessary incentives for undertaking reforms and reducing poverty.

196. Italy, a major contributor to the HIPC Trust Fund, believed that IFAD, like other international institutions, had a right of access to the resources of the HIPC Trust Fund managed by the World Bank. Italy had guaranteed IFAD an additional contribution of Euro 3.72 million. In conclusion, the Government of Italy considered that if substantive agreement were reached rapidly on the Sixth Replenishment it would send an important message to the international community as well as to the poorest rural populations of the world.

PROGRESS REPORT ON THE PROCESS RE-ENGINEERING PROGRAMME (Agenda Item 11) (GC 25/L.7)

197. **Mr WESTLEY** (Vice-President of IFAD) said that, before launching the five business processes of financial management, human resource management, management information systems, administrative services and knowledge management that had been approved as part of the first phase of implementation of the Process Re-Engineering Programme (PRP), a change readiness assessment had been undertaken in July 2001 in order to identify possible barriers to change and define a change management strategy for the implementation phase. The review had concluded that the staff was willing to engage in the change process on condition it was credible, supported by senior management and allocated adequate resources. It had further concluded that the elements of PRP that focused on modernization in the interests of enhancing efficiency and increasing the impact of IFAD's programmes required further clarification.

198. PRP had been renamed the Strategic Change Programme (SCP) so as to emphasize its alignment with the strategic framework for 2002-2006. An October 2001 analysis of the five approved business processes had stressed the need to strengthen management and planning capacities, as well as modernize support tools in finance, human resources and administrative services by means of the approved investments in upgraded information systems. On that basis, the SCP work plan and budget for 2002 had been drawn up and approved by IFAD's senior management.



199. Implementation of the work plan had begun with presentations and ‘due diligence visits’ of the three companies shortlisted as potential implementation partners, whose final proposals would be evaluated by an in-house panel with a view to the adoption of a final decision concerning the award of the contract by the end of March 2002. The ensuing implementation of modernization, scheduled to commence in mid-April 2002, was aimed at simplifying and increasing the efficiency of budget management and monitoring, ensuring the efficient processing of financial and human resources and administrative transactions, and providing easier access to information for reporting and analysis.

200. During the first half of 2002, high priority would also be given to building the Fund’s strategic planning and management capacities. A new annual strategic and budget process would be defined in the coming weeks in order to support elaboration of the Programme of Work and Administrative Budget for 2003 and beyond. During 2002, SCP would additionally facilitate alignment of the priorities defined by the strategic framework with the work undertaken during the PRP design phase in the area of impact, partnerships and new product development. Together with the required investments, proposals for strengthening IFAD’s catalytic role and increasing its field impact would be presented by SCP in December 2002 for review and approval by the Executive Board.

201. As indicated in the report (GC 25/L.7), the expenditure of the design phase budget as at 31 December 2001 stood at USD 1 million of the maximum approved amount of USD 1.3 million, and USD 570 000 of the USD 15.5 million approved for implementation of the first phase had now been spent. In conclusion, he said that the clearer focus on modernization and the alignment with the priorities of the Strategic Framework for IFAD 2002-2006 should permit attainment of the desired results, while also increasing the impact of IFAD’s programmes.

202. **The CHAIRMAN** said that he took it that the Council wished to note the report as contained in document GC 25/L.7, together with the update provided by the Vice-President of IFAD.

203. **It was so decided.**

MEMBERSHIP OF THE EXECUTIVE BOARD (Agenda Item 12) (GC 25/L.8)

204. **The CHAIRMAN**, introducing document GC 25/L.8, noted that, in accordance with the decision taken at the Twenty-Third Session, the Council was invited to endorse the agreements reached during the elections to the Executive Board by Sub-List C2 Member States regarding exchanges of seats on the Board: specifically, Romania would replace Bangladesh as Alternate Member to India for the remainder of the term of office. Accordingly, with the endorsement of the Governing Council, Sub-List C2 would be represented on the Executive Board in 2002, as follows:

	Member	Alternate Member
Sub-List C2	China	Pakistan
	India	Romania

205. There being no objections, he declared the Alternate Member elected to its position on the Executive Board.

206. **The elections were approved.**

GENERAL STATEMENTS (Agenda Item 5) (continued)

207. **INDIA** commended IFAD for maintaining the administrative budget at the zero growth level, as that was crucial to its cost-effectiveness. India endorsed the need to sharpen the relevance of monitoring and evaluation, and welcomed the introduction of interactive sessions and roundtable



discussions. In the light of the forthcoming International Conference on Financing for Development, the process provided an opportunity for dialogue towards consensus on enlightened international economic cooperation and on the steps required to achieve the goal of equitable universal development, in a context of ever-declining levels of ODA. Generation of the estimated annual amount of USD 50 billion needed to achieve the MDGs by 2015 was therefore a challenge to be faced.

208. India fully shared IFAD's vision of focusing on rural investment and capital formation in agriculture, to which end it was concentrating on the development of better market access for Indian farmers and on undertaking and maintaining productive works such as afforestation, irrigation and drainage. Education, particularly for girls, was a key element of the poverty reduction strategy, as were the empowerment of women, people's ownership of programmes and participatory planning. In India, where the incidence of poverty as a percentage of people below the poverty line had more than halved over the previous 25 years, the commitment to reach the targeted pace in the poverty reduction level was reflected in the second-generation reforms and increased budgetary allocations now in place. India had adopted a policy of ensuring that the rural poor were equal partners in contributing to and benefiting from growth and it therefore deeply appreciated IFAD's efforts to devise international and operational approaches offering long-term support to developing countries.

209. Given IFAD's limited resource base, efforts to leverage more funds towards IFAD-led interventions would be welcome in the context of the Consultation on the Sixth Replenishment. Although ODA played only a catalytic role in development, for which the responsibility ultimately lay with individual States, it was nonetheless crucial to create an environment conducive to a greater flow of investment. It was also essential to ensure that the newly emerging partnerships with the private sector and other players preserved the fundamental neutrality of IFAD assistance, based on the priorities defined by the recipient country. India's programme delivery was strongly premised upon community empowerment and a people-centred approach to development. IFAD's attention was drawn to India's constitutional mechanisms for the devolution of power to local self-government institutions, which were the critical building blocks for the country's people-led initiatives for poverty eradication.

210. **BURUNDI** said that agriculture was the mainstay of the national economy, accounting for 50% of gross domestic product and 80% of export income and providing employment for 90% of the working population. In recent years, the agricultural sector had been badly affected both by structural constraints and by the eight-year socio-political crisis that had led, *inter alia*, to the displacement of the population and the destruction of their means of production. In that context, the Government of Burundi was implementing strategies aimed at intensifying subsistence crop production and the production of traditional and non-traditional export crops and import substitution crops, supported by marketing circuits, research, microcredit facilities and improved processing techniques. The equivalent of USD 2 million, or 18% of the national budget, had been allocated to the agricultural sector, which was also receiving bilateral and multilateral assistance. Thanks to favourable weather and improved security, it was estimated that food crop production had increased by 100% over pre-1993 levels, although the drop in world coffee prices and sluggish international cooperation had delayed the relaunching of Burundi's economy. Burundi's food security situation remained precarious, however, on account of the massive return of refugees and resettlement of displaced persons within the country, and malnutrition was on the increase.

211. Poverty reduction, food security and increased production could not be achieved without peace and security. As part of the implementation of the Arusha Peace and Reconciliation Agreement for Burundi, a transitional government had now been installed and cease-fire talks were going forward. In the current post-conflict situation, Burundi would need to work with its partners to formulate strategies for combating poverty and relaunching the economy. Thanking the Fund and other partners for their valuable assistance at a difficult time in the country's history, Burundi appealed to the



international community and to its bilateral and multilateral partners to do their utmost to ensure that all assistance promised at the Paris and Geneva conferences would be forthcoming.

212. **THAILAND**, commending the President of IFAD for his initiative in rendering the Council Session more interactive and productive, said that among the new policies successfully being implemented by the Thai Government as part of its war on poverty were the “Debt Restructuring Scheme for Small-Scale Farmers” that included a three-year moratorium for small farmers, an occupational rehabilitation programme and a savings plan to strengthen farmers’ financial base and help them become more self-reliant. Another initiative was the “One Million Baht Village Fund”, acting as a revolving loan facility, which had already reached 90% of the targeted villages and was aimed at developing community-level self-sufficiency and strengthening people’s capacity to meet their subsistence requirements. The Thai Government’s Ninth National Economic and Social Development Plan (2002-2006) included the key goals of sustainable recovery and poverty alleviation.

213. Thailand was pleased to see from the Progress Report on the IFAD V: Plan of Action (2000-2002) that more than 70% of IFAD’s loans were provided on highly concessional terms. However, in view of the economic crisis that continued to affect a number of countries, he recommended a reduction in the interest on ordinary loans to, for example, 75% of the reference rate per annum for a certain period of time. Finally, as a mark of its commitment to the work of the Fund, the Government of Thailand had contributed to the Fifth Replenishment of IFAD’s resources.

214. **The UNITED STATES** said its strong support for IFAD over many years reflected its belief in the centrality of agricultural development in rural poverty alleviation and the need to invest in the agricultural sector in order to lay the foundation for sustainable growth. Experience had shown that forcing the pace of industrialization by investing in uncompetitive large-scale manufacturing was not the way forward, and that instead much could be done to improve the lives of the rural poor through well-designed projects that increased on-farm productivity while also creating an environment that fostered broad-based private sector income diversification. The challenge remained formidable: the commitment to halve poverty by 2015 would require the sustained attention and disciplined coordinated effort of both beneficiary and donor governments. IFAD was uniquely well positioned among international institutions to play an important role in that endeavour. The United States had committed itself to strengthening the multilateral development banks by sharpening their focus on real improvements in the everyday lives and living standards of the poorest through concentrating resources on productivity-enhancing activities that generated sustainable growth. Impact measurement needed to be built into projects at an initial stage so as to help institutions track progress, establish best practices and make course corrections as and when required. Demonstrated institutional effectiveness and publicly measured results would generate greater confidence among donors.

215. The reforms initiated with the Fifth Replenishment had been a good starting-point; IFAD had strengthened its collaboration with other international institutions, had committed itself to the development of country strategy documents for full review by the Executive Board, and had improved mechanisms for project evaluation and impact assessment. The Sixth Replenishment afforded an opportunity to look to the future while building on the achievements of the past. It seemed to be an appropriate time to recognize that List A, B and C categories were something of an anachronism and perhaps divided Member States more than they united them. Spending more time during the replenishment meetings working as a united group would build a stronger foundation for the future. All countries clearly shared the same desire to improve institutions and achieve better results. In Global Environment Facility replenishments, where there were no such distinctions between donors, negotiations worked well, and in the current International Development Association replenishment negotiations, where for the first time representative borrowers had been included, there was no pattern of disagreement on issues that split donors and borrowers, or even regions. The United States hoped



that there could be a constructive dialogue on the question with an eye towards creating a more open and interactive system of consultation and negotiation.

216. During the Sixth Replenishment discussions, the United States would emphasize continued and sustained focus on assessing the impact of IFAD projects on increasing productivity and achieving sustainable reductions in rural poverty; strengthening IFAD's capacity to assess the enabling policy and institutional environment in borrowing countries to help ensure that resources were allocated most effectively; bolstering institutional effectiveness through continued management focus on operational efficiency, strategic planning and financial soundness; and maximizing IFAD's catalytic role through innovation and promotion of new approaches that were replicated and leveraged by other development partners.

217. **FRANCE** said that in the aftermath of the events of 11 September 2001 and in the light of forthcoming international conferences and the challenges of globalization, there should be a genuine rethinking of the role and resources of the multilateral instruments for funding agricultural development in a global context. The two most important questions for IFAD concerned collective responsibility in terms of food security and its place and resources in the international funding community for tackling those challenges. Amid fears that the objectives agreed by the international community for fighting world hunger would not be met, three points deserved attention.

218. First, the persistence of hunger as a consequence of continued inequality between North and South raised a number of questions: how to deal sustainably with the problems of agriculture in the South, the pressure on the environment and water resources, and the feeling that the South was being bypassed by globalization; how IFAD could participate in the general rethinking process and find concrete solutions in agreement with Member States; how the States of the North intended to exercise international solidarity while seeking global growth; and how the developing countries could be availed of appropriate resources to ensure food security for their populations. Secondly, the international community needed to ensure, notably in the forthcoming trade negotiations, that the removal of trade barriers did actually lead to increased growth for the developing countries. Food aid was often tied to the surplus production of the rich countries and was to the detriment of the poor countries' agricultural development. France hoped that increasingly the South would feed the South and that the markets of the North would be more open to products from the poor countries. Multilateral negotiations were indispensable but they were only part of the answer. Some important European Union initiatives were a step in the right direction. Thirdly, there was the collective responsibility to ensure that the food security of the South did not conflict with that of the North: in the North consumers required certain health and environmental standards, and it would be the ability to respect those standards that would determine market access. It was the only way of ensuring good governance in terms of food security.

219. France was pleased that the Fifth Replenishment had been completed and that many commitments had been fulfilled. However, in the common interest, IFAD should not take unconsidered risks in pursuit of a higher investment return. France reiterated its disagreement with the investment policy that had been followed until recently, and which would continue to have a long-term impact on the Fund's financial situation. There were proposals for reform in the months ahead, as the Fund stood at a turning-point: in terms of implementation of the Debt Initiative for HIPC, IFAD had decided to move ahead faster than other international organizations, although its losses on the stock market might prevent the deadlines being met. There were solutions, but they were difficult ones, and the prospects were hardly promising. Some Member States had responded positively to the call for additional direct contributions, which was good for the Fund. IFAD might also wish to have "equitable" access to the World Bank HIPC Debt Initiative Trust Fund, but that could mean other institutions receiving less. Was that an "equitable" solution? France favoured greater transparency with regard to the international financial institutions, and acknowledged that efforts had been made in that direction but that further steps had to be taken. There should be quality recruitment of staff based



not only on geographical distribution but reflecting sound staff management, and a budget that unambiguously expressed the institution's strategy and financial resources.

220. With the establishment of the Sixth Replenishment it was time to step back and look at what was being done to meet the needs of the poorest countries, especially in Africa. France considered that an external review was essential before IFAD embarked upon a negotiation. Furthermore, in the light of the scarcity of resources, assistance had to be more effective and management more prudent. IFAD's resources would enable it to be only a marginal player if it remained isolated. All organizations must work together in a more coordinated manner, ensuring greater consistency between their objectives and programmes.

221. **PORTUGAL** said that it was necessary to rethink strategies and make adjustments in order to improve effectiveness in combating intolerable injustices such as the unacceptable human development indicators still persisting in rural Africa and the high numbers of people living in extreme poverty, particularly in rural areas. In the light of the MDG of halving poverty by 2015, it was more important than ever, following the events of 11 September and the recent crisis in Argentina, to consolidate the commitment to combating poverty and hunger. IFAD had a fundamental role to play in establishing new partnerships to that end. Portugal's own commitment was mirrored in its involvement in international initiatives and in bilateral and multilateral organizations. In regard to the less developed Portuguese-speaking countries and territories, Portugal had also pursued a cooperation policy largely designed to stimulate economic growth, reduce poverty and promote the sustainable management of natural resources.

222. Portugal was determined to increase its cooperation with IFAD and would actively participate in the Sixth Replenishment in order to engage fully in poverty eradication programmes and projects in the hope of achieving visible results within an acceptable period of time. The recently negotiated Trust Fund that aimed at providing additional financial resources to ensure collaboration on projects of mutual interest was now active, prompting justified expectations for its success, compounded by the imminent reinforcement of the conditions required to intensify institutional relations and active cooperation on a basis of mutual understanding. Portugal, together with IFAD, had participated in the first exploratory mission to Guinea-Bissau with a view to strengthening institutional relations and outline a more active cooperation strategy. Portugal also reiterated the need for coordinated efforts to support the rebuilding of Timor Lorosae during the independence process that would take place in 2002.

223. A primary challenge of the current globalization movement was to ensure a fairer distribution of income and a significant reduction in hunger, poverty and social exclusion worldwide, with particular reference to sub-Saharan Africa. It was imperative to forge the right conditions for all societies to share in the benefits of globalization and ensure a just and interdependent development process. Cooperation for development on the basis of broad and responsible partnerships played a major role in achieving more visible results and optimizing the use of resources. From that standpoint, it was vital to foster better knowledge and exchange among the different cooperation- and development-oriented national organizations in the interests of intensifying interaction with IFAD and enhancing the effectiveness of programmes designed to combat rural poverty.

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



- (iv) Summary Record of the Fourth Meeting of the Twenty-Fifth Session held on Wednesday, 20 February 2002, at 15.00 hours

CHAIRMEN: **ROY FANOIRAKIS (SWAZILAND)**
 JANNES HUTAGALUNG (INDONESIA)

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225. **The meeting was called to order at 15.20 hours by Mr Fanourakis (Swaziland).**

FILM ENTITLED *LETTERS FROM CHALATENANGO*

226. **The CHAIRMAN** said that the afternoon's proceedings would begin with the screening of the film *Letters from Chalatenango*, which would be presented by His Excellency Salvador Urrutia Loucel, Minister for Agriculture and Livestock of the Republic of El Salvador.

227. **The film *Letters from Chalatenango* was screened.**

228. Mr Urrutia Loucel of El Salvador said the film dealt with experience under the IFAD-financed Rehabilitation and Development Project in War-Torn Areas in the Department of Chalatenango – one of the areas worst hit by the conflict of the 1980s in which small farmers had been most seriously affected, losing their land, crops and livestock.

229. Approved in 1992 following the restoration of peace in the country, the “Prochamate” project, launched in 1994, had been the only one thus far financed by IFAD in a period of transition between war and peace. The project was not the usual rural development and poverty alleviation intervention because of the initial difficulties to be overcome but his Government and IFAD had cooperated successfully in determining strategies and implementing activities, building on existing experience in the field and, very importantly, involving the local people. The lessons learned from the project were that farmers could earn more by using high-yielding crop varieties and that activities should be backed up by agricultural services and the formation of entrepreneurial farmer groups, with other important factors for success being increased productivity and the setting up of small income-generating activities for the landless. A suitable organizational structure had been created and the additional environmental education and timber production goals had been met. The greatest achievement had been the beneficiaries' change in attitude: they were now agents of their own socio-economic development, and their increased self-esteem enabled them to take an entrepreneurial approach to solving their problems. Experience under the project had shown the importance of greater participation by governments and national experts in project design, and adjustment as required, so that the needs, aspirations and realities of the communities would be taken fully into account.

230. In conclusion, on behalf of the President of El Salvador, he thanked IFAD for all its support, especially following the 2001 earthquake.

231. **COLOMBIA** said that visiting the project in Chalatenango ten years after peace had finally been restored in El Salvador had been a deeply moving experience, as it had shown that the dreams of those who lived in war-torn countries could become reality. Over and above the immediately measurable impact of a project such as Chalatenango were its consequences in terms of restoring democracy, the social fabric and the participatory process. In short, it had enormous political implications. Colombia agreed that projects should involve the full participation of governments, communities and other stakeholders. IFAD had contributed to that achievement and it was along those lines that international organizations should continue to work. The international community had a major responsibility in terms of helping to bring about development that would lead to freedom, peace and opportunity for all.

232. **HAITI** said that the film demonstrated both the organization's commitment to helping the poor and the importance of the results achieved. Some concern had been expressed during the Session about the lack of commitment to countries of Latin America and the Caribbean on the part of international organizations, but his view was that IFAD had provided valuable assistance to many countries of the region, including his own. Credit was due to the Government of El Salvador for the tangible results seen in Chalatenango, and to IFAD for its sterling work in Haiti, which was affected by serious rural poverty, and elsewhere.



GENERAL STATEMENTS (Agenda Item 5) (continued)

233. **MADAGASCAR** said that the initiative to place the theme of “Financing Development – the Rural Dimension” on the Council’s agenda met the expectations of Member States and would enable IFAD to make a significant contribution to the International Conference on Financing for Development. With reference to the Programme of Work and Administrative Budget of IFAD for 2002 (GC 25/L.5), Madagascar noted with satisfaction the slight increase in the budget compared with 2001 and encouraged IFAD to continue revising its strategic operations for the period 2002-2006. The new measures taken to ensure stable investment returns were reassuring and helped to create favourable conditions for the Sixth Replenishment of IFAD’s Resources. The outcome of the Consultation on the Sixth Replenishment was awaited with interest. Madagascar supported adoption of the draft resolution on the establishment of the consultation for the replenishment.

234. Madagascar reiterated its support for IFAD, whose interventions in Madagascar were appreciated by its rural inhabitants and concurred fully with the Government’s own set of priorities. Following the success of an ongoing project, a second phase had now been launched and Madagascar had hosted the regional workshop on the implementation of IFAD-funded projects. IFAD projects, which met farmers’ needs as they perceived them, had helped to improve the country’s growth rate. Madagascar was pleased to be among the countries eligible under the Debt Initiative for HIPC. The IFAD Strategy for Rural Poverty Reduction in Eastern and Southern Africa was to be recommended as a reference for all rural development programmes in the region. It was hoped that IFAD would actively participate in programmes in support of initiatives such as the New Partnership for Africa’s Development (NEPAD), adopted in 2001 by the Assembly of Heads of State and Government of the Organization of African Unity (OAU), which attached great importance to food security and rural development.

235. **NEPAL** said that today’s greatest challenge was to enhance the living conditions of the most deprived and impoverished in a world of two extremes, in which one side displayed unmatched capacities and achievements while the other continued to struggle for its bare subsistence. For Nepal, whose people were among the world’s poorest, that challenge was at its most intense. Efforts made to create a life of dignity for the majority of the Nepalese people were, however, hampered by such factors as a lack of infrastructure, geographical hardships and, in recent years, Maoist terrorist activities. Given the difficulty that individual countries faced in solving such problems alone, the support provided to the poor by organizations such as IFAD was extremely valuable, particularly in view of the currently increasing need for wider cooperation. Nepal was also grateful for the support pledged by its development partners in order to further its poverty alleviation agenda, the strategy and focus of which would be improved under its next development plan, building on the vision for poverty alleviation and development framed at the Nepal Development Forum. Nepal was fully committed to collaboration with IFAD, and endorsed the proposed Programme of Work and Administrative Budget of IFAD for 2002.

236. **THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA** was pleased that the IFAD Strategy for Rural Poverty Reduction in Central and Eastern Europe and the Newly Independent States continued to give high priority to the development of rural financial services as a fundamental precondition for sustainable economic growth. IFAD’s support to the country’s efforts to deliver sustainable lending programmes to rural areas in order to reduce rural poverty was much appreciated. The continuation of IFAD-financed operations had been particularly helpful during 2001, when the country’s main agricultural areas had been affected simultaneously by military action, drought and early frost. The lending programme was now increasingly diversified and focused on improving farm incomes in areas with poor economic and social conditions through an initial project that had established a commercial credit structure aimed at enhancing agricultural and livestock production within the private rural smallholder sector. On the basis of experience gained from that project and



other programmes, and in view of largely unsatisfied demand for agricultural credit, IFAD had responded positively to the Government's request for the implementation of a second project aimed at raising the living standards of the target population through increased economic activity and the establishment of a long-term linkage with the formal financial sector.

237. Poverty alleviation efforts would be furthered by prioritizing the education and training of agricultural managers through the development of, *inter alia*, research centres in rural areas, improved technology, rural enterprise zones and rural incubators. Food production could also be increased through measures such as organizing private farmers' groups, transforming former State-owned cooperatives and enterprises, and creating producers' markets. The Government wished to pursue its cooperation with IFAD in a variety of areas, including vocational training for private farmers, policy formulation, credit facilities, institutional support, rural women, rural revitalization, computerized accounting management and quality control of primary agricultural products.

PROGRESS REPORT ON THE POPULAR COALITION TO ERADICATE HUNGER AND POVERTY (Agenda item 13) (GC 25/L.9)

238. **Mr MOORE** (Coordinator, Popular Coalition to Eradicate Hunger and Poverty) said that the added value which the Popular Coalition had provided to its partners and supporters lay in its capacity to bring governments and intergovernmental and CSOs into practical, action-centred alliances that helped to increase the rural poor's access to land and other productive resources. The results of its 44 programmes in 27 countries and a growing number of initiatives at the international level had increased participation and added new partners, most recently the Inter-American Development Bank.

239. The Popular Coalition's Community Empowerment Facility (CEF), drawing on resources contributed by IFAD and the World Bank, was now operational through 13 projects worldwide. The Knowledge Network on Agrarian Reform (ARnet) involved eight regional and 23 national activities implemented with support from the Government of Italy. In 2002 ARnet would acquire a more precise focus with the Popular Coalition's Knowledge Programme and Network Programme, which would form the basis of its knowledge documentation and sharing initiatives and of its efforts to create, support and strengthen civil-society networks at the local, national and international levels. Those changes had come about as a result of a detailed assessment of past activities and a process of continuous consultation with programme partners.

240. The Women's Resource Access Programme (WRAP), which had been initiated in 2001 and aimed to raise understanding of and support for women's access to assets by drawing directly on the views of poor rural women, had been developed and implemented through Japan's contribution to IFAD's Women in Development Trust Fund. Nine community workshops had been organized in 2001 and another would be taking place in March 2002. The first WRAP report was being distributed at the present meeting. Also in 2001, the Asian Development Bank (AsDB), which was interested in becoming a Popular Coalition partner, had asked it to present two papers to the first Asia and Pacific Forum on Poverty to highlight both the importance of access to assets and the lessons learned in building the Popular Coalition.

241. In 2000, during the World Bank Rural Week, a multi-donor and civil society consultative group on land had been formed, and the Popular Coalition was coordinating efforts to develop a common platform for action aiming for greater country-level coherence in support of the resource rights of the rural poor. A common platform on access to land was to be launched at the forthcoming World Summit on Sustainable Development, and the Popular Coalition had been working closely with the Commission on Sustainable Development in that connection. Since the beginning of the Summit preparatory process, the Popular Coalition had served as a global mechanism to build alliances on land issues across lines that had formerly separated stakeholders. The initiative afforded a very exciting opportunity to build a truly global coalition to draw international attention to the importance



of land policy and support for its implementation. The Popular Coalition had also brought lessons from its partners into the preparation of IFAD's *Rural Poverty Report 2001*.

242. The Popular Coalition worked in support of government initiatives: together with the Canadian International Development Agency (CIDA) it had developed a report on access to assets to assist CIDA in its efforts to strengthen its aid effectiveness; and it had joined the cofinanced and IFAD-sponsored Community-Based Resettlement and Technology Project in Zimbabwe to strengthen community resettlement. In 2002 new Africa projects would be launched now that the Popular Coalition had become a partner of the Belgium Survival Fund Joint Programme; the Popular Coalition would also be seeking collaboration with the International Federation of Surveyors, new activities with the European Commission and expanded efforts with the World Food Programme to improve the asset holdings of vulnerable households.

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

PROGRESS REPORT ON THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION (Agenda Item 14) (GC 25/L.10)

244. **Mr RYDEN** (Managing Director, Global Mechanism) said that discussions relating to the Global Mechanism at the Fifth Conference of the Parties of the United Nations Convention to Combat Desertification (CCD), in October 2001, had concluded that it had emerged as a promising mechanism for rationalizing, in a cost-effective manner, the allocation of resources and for mobilizing additional resources to implement the Convention. The Conference had approved a budget increase for the Global Mechanism of 33% for the biennium 2002-2003, which placed a greater responsibility on it to demonstrate that existing financial resources were used efficiently and effectively and that additional resources for implementing action programmes at all levels were mobilized.

245. In 2001, the Global Mechanism had made considerable progress with a number of countries; it was also closely involved with NEPAD and, as requested, was initiating resource mobilization activities for NEPAD implementation as they related to the United Nations CCD. The Global Mechanism had developed innovative models for cooperation, one of which was with the Southern African Development Community (SADC). It was channelling technical and financial support through a multi-donor hub for mainstreaming the Convention into the work of SADC and donors alike. More recently, it had entered into a strategic partnership agreement with AsDB, the German Agency for Technical Cooperation and CIDA to harmonize support to Central Asia.

246. Recently the Global Environment Facility (GEF) Council had decided to consider land degradation as a prospective focal area and to select IFAD as an executing agency, prompting a need to delineate the future relationship between GEF, IFAD and the Global Mechanism, which welcomed the new development and intended to work closely on overall resource allocations to sustainable drylands development. Given the human development orientation of the United Nations CCD, it was clear that the role of the Global Mechanism would be pivotal, as there would continue to be a need to mobilize resources beyond those GEF could finance in relation to incremental costs. Conversely, the Global Mechanism would work to ensure that the ecological facets of arid, semi-arid and dry sub-humid areas were integrated into development projects. In that light, the Global Mechanism had embarked on a pilot exercise with IFAD to develop a GEF integrated ecosystem management component in IFAD's ongoing initiative in north-eastern Brazil; similar components were under consideration in IFAD-supported projects in Africa and Asia.

247. Many of the issues and initiatives he had highlighted involved a tighter coupling of the Global Mechanism's work with that of IFAD, and emphasis would accordingly be laid on intensifying cooperation with IFAD's Programme Management Department. Lastly, he thanked the bilateral and



multilateral partner agencies, and IFAD, for their consistent support to the Global Mechanism, and urged its development partners as well as affected country parties to mainstream the Convention into their development frameworks.

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

249. Mr Hutagalung (Indonesia) took the Chair.

OTHER BUSINESS (Agenda Item 15)

APPROVAL OF DISCLOSURE OF DOCUMENTS

250. **The CHAIRMAN** recalled that IFAD's policy on the disclosure of documents provided that the final decision on disclosing documents for any particular session should be the prerogative of the governing body concerned. He 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.

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

252. It was so decided.

SUMMARY OF THE SIX ROUNDTABLES ON IFAD'S DRAFT REGIONAL STRATEGIES HELD IN CONJUNCTION WITH THE TWENTY-FIFTH SESSION OF THE GOVERNING COUNCIL

253. **Mr VAN DE SAND** (Assistant President of the Programme Management Department of IFAD) gave a summary of the discussions that had taken place during the six roundtables on IFAD's draft regional strategies held on 20 February 2001 in conjunction with the Twenty-Fifth Session of the Governing Council. The full text of the summary is reproduced in Chapter 3B of the Governing Council Report.

254. He went on to say that the many varied points raised during the six roundtable discussions stood as evidence of IFAD's value and strength as an organization capable of responding to the specific demands of different countries and regions. Equally, however, *unity in diversity* was found in the many convergent opinions also expressed. In many regions, especially in Asia and Latin America, IFAD activities in marginalized areas, with marginalized groups, were in particular demand by stakeholders. Elsewhere, the demand also focused on areas inhabited by the poorest groups, including high-potential areas where fragile conditions made people vulnerable to external shocks. Three of the more prominent sectoral areas were market access for on-farm and off-farm producers, productivity of the resource base of the poor and rural finance. As to IFAD activities favoured by partners, stress had been placed on the promotion of gender equity through capacity-building of women as agents for change by means of gender-sensitive planning and monitoring, accompanied by improvement of the policy and legal framework in regard to matters such as land property rights for women.

255. IFAD's traditional approach and its emphasis on community empowerment, including capacity-building of CSOs, had also been endorsed, as had its catalytic role in facilitating true partnerships between local, national and international stakeholders. In the latter context, the major guidelines provided by the strategic framework had been clearly confirmed. IFAD had an institutional agenda in addition to its projects. On that basis and in the context of country programmes, it sought to enable the



poor and their organizations to influence policies and organizations in their favour, and its aim was to facilitate that long-term process.

256. During the roundtables, the consensus had been that the targets set for 2015 were achievable; many countries worldwide had enormous potential for rural-based growth and their institutions and policies in favour of rural poverty alleviation were increasingly appropriate. Globally, a remarkable trend towards more open societies and democratization was emerging, a challenge which the new leadership of IFAD was taking on board. All countries, however, needed resources in order to support economic growth and institutional development, which IFAD could help to provide.

257. **VENEZUELA** said that the Twenty-Fifth Session had been positive, dynamic and pro-active, having enabled those present to participate more directly in dealing with issues of key importance for the Fund. The newly initiated format of roundtables should therefore be continued in future but, in order to allow for fuller discussion than had been possible during the present Session, consideration should be given to extending the duration of future sessions, possibly to two and a half or three days, with an entire day devoted to the roundtables, which were a truly innovative and instructive resource of benefit both to IFAD staff and to Member States.

258. **INDONESIA** endorsed the comments of Venezuela, particularly the proposal to allow for more time. It would also be useful if Member States received advance copies of the agenda for such roundtable discussions, together with any relevant materials.

259. **ZIMBABWE** agreed with the two previous statements and expressed gratitude for the opportunity to take part in the interactive discussion on regional strategies.

260. **ERITREA**, expressing support for the proposal made by Venezuela, said that the roundtable discussions and thematic issues had been very interesting, and that in future it would be greatly appreciated if more time could be given to such panel discussions. Because of the time constraint, the number of general statements should be restricted to five per region, to be decided in advance by the regional groups themselves.

261. **FRANCE** said that all the roundtables had been interesting, albeit too brief, and regretted having been able to take part in only one. With reference to the summary of the roundtables and on the subject of project monitoring, consideration might be given to using former staff with experience in the sector concerned.

262. **CHILE** said that the suggestions, recommendations and ideas that had come up in the various roundtables should be integrated within IFAD's development strategy, with a planning timetable, so that they could be developed, reviewed and if necessary amended.

263. **Mr PRIEN** (Secretary of IFAD) said that there would be an interactive consultation process in which IFAD would seek feedback and guidance from Members so that the Twenty-Sixth Session of the Governing Council could benefit from the lessons learned at the present Session.

264. **Mr VAN DE SAND** (Assistant President of the Programme Management Department of IFAD) informed the representative of Chile that his proposal was indeed what IFAD was planning to do. The strategic foundations represented by the Strategic Framework for 2002-2006 and the regional strategies were being revised and translated into work plans for 2002 with actions, measurable results and time plans attached. A progress report would be presented to the Governing Council at its Twenty-Sixth Session.



GENERAL STATEMENTS (Agenda item 5) (continued)

265. **TUNISIA** said that declining growth rates and inadequate resources were among the causes of poverty. There had clearly been inadequate investment in the fight against poverty, and international efforts had fallen far short of poverty alleviation goals. Ensuring peace and security in a world free of terrorism could not be achieved unless those goals were met. What was needed was a global solidarity fund, as called for at the OAU Summit in 2000.

266. A key factor in overcoming rural poverty was the empowerment of women, and Tunisia was working towards that end. Other factors were support for the rational use of natural resources, setting up agricultural networks, providing adequate drinking water and electricity supplies and stepping up support for small-scale agriculture. Implementation of such policies had led to a significant reduction of poverty in Tunisia, where IFAD-funded projects had contributed substantially to improved living standards in all the target areas and to Tunisia's overall development. Experience gained under those projects had proved useful in IFAD projects in other countries where similar conditions prevailed. Such partnership and exchange of experience was to be encouraged.

267. IFAD was to be commended for engaging in a more prudent investment policy to ensure the stability of its resources, an important point to be borne in mind as the Fund embarked on a new Replenishment. Tunisia welcomed the establishment of the Consultation on the Sixth Replenishment. It supported the enhanced Debt Initiative for HIPC and, in conclusion, looked forward to continued cooperation with the Fund.

268. **ZIMBABWE**, welcoming the interaction that had taken place during the panel discussion and roundtables and acknowledging that President Obasanjo's keynote address had set the tone for the Session, said that Zimbabwe remained confident that the regional thrust being explored in the Strategic Framework for 2002-2006 would go a long way towards solving specific regional concerns. IFAD was one of Africa's most important investment partners in its rural areas. Since 1980, Zimbabwe had benefited from cofinanced IFAD projects aimed at increasing smallholder farmers' access to productive resources and improving their agricultural capacity, enhancing food security and raising the living standards of rural communities. Smallholder farmers now produced over 80% of Zimbabwe's cotton. The current Smallholder Dry Areas Resource Management Project and the South Eastern Dry Areas Project placed emphasis on organizing rural communities for income-generating projects; promoting demand-driven research and extension; and developing livestock, wildlife and drylands crop production techniques appropriate in marginal rainfall regions. However, positive project results observed to date were likely to slow down in light of the current economic downturn in Zimbabwe, which was likely to be applying for a rescheduling of some of its repayments to IFAD so as to avoid the suspension of activities. Zimbabwe hoped to see the Flexible Lending Mechanism principle applied.

269. The second phase of Zimbabwe's land reform and resettlement programme, launched in 1999, was an opportunity for IFAD to play a role in helping the Government to transform the indigenous farming sector into a vibrant commercial sector, which called for the transformation of existing farming systems and institutions, the stimulation of agro-industries and provision of a supporting infrastructural base. Above all, there was a need to increase research and development efforts to help preserve some of the seasonal crops that were grown in abundance but often rotted, leaving communities short of food.

270. Zimbabwe was grateful for IFAD's assistance in commissioning a gender diagnosis and evaluation study for IFAD-funded projects in the country, and hoped that it would assess whether and to what extent the projects responded to the specific interests and needs of various categories of women. The Government would propose strategic actions to address any current and potential weaknesses that might be highlighted. Zimbabwe also acknowledged the efforts of IFAD and its



cooperating partners in funding activities aimed at extending its theme of knowledge empowerment at the community level into the realm of HIV/AIDS. It counted on IFAD's continued assistance.

271. **SENEGAL** said that IFAD had funded ten projects in the country; five were still under way, and a sixth was being assessed with a view to a second phase. All were integrated rural development projects and incorporated the new area of developing rural microenterprises to improve the income of the rural poor. Senegal supported IFAD's multidimensional approach as a way of ensuring sustainable development, appreciating though it did that that took time. IFAD had understood that rural poverty could not be truly solved by using only national resources; the continent-wide problem could not be sustainably solved unless there was a true continental vision and true international solidarity. It was gratifying to note that IFAD's regional strategy, adopted at the regional workshop hosted by Senegal, was consistent with the NEPAD vision.

272. IFAD's approach was an excellent strategy for development but, in order to be more consistent and achieve greater synergy, and hence greater efficiency, it would be helpful if projects were incorporated into a general framework programme for intervention in the countries of the region. Senegal, for example, was developing a programme of support to small rural producers that would contain the current portfolio and future projects the Government would be deciding on together with IFAD. That approach would foster greater interaction between projects from the same or different donors moving towards the same targets.

273. The concept of poverty should be considered anew in the light of the increased vulnerability of rural populations because of conflicts, major epidemics or simply the rural exodus. Those vulnerable groups were growing in number, and they should therefore be targeted and taken into account. It was Senegal's hope that the forthcoming International Conference on Financing for Development would lead to the reaffirmation of a firm political will to achieve the objective of halving world poverty by 2015. The success of the Monterrey Conference would depend upon that of the World Food Summit: Five Years Later, to be held in Rome in June 2002; Senegal encouraged the Rome-based organizations to play an active part in those meetings and together make a vigorous plea to the international financial institutions, donors and beneficiary governments to ensure that adequate financial resources were earmarked for the agricultural sector. In conclusion, Senegal welcomed the appointment of Mr Enweze as Vice-President of IFAD.

274. **The Observer for the INTERNATIONAL LABOUR ORGANIZATION (ILO)** said that employment made an important contribution to reducing poverty and achieving pro-poor growth, although it was not by itself sufficient. That was why ILO advocated the concept of "Decent Work": productive remunerative jobs that assured workers of protection, dignity, dialogue and rights. ILO was currently following up its 2001 Global Employment Agenda geared to achieving the Millennium Development Goal of halving poverty by 2015 by analysing employment and labour market variables that contribute to reducing poverty and preparing strategy papers on selected countries in collaboration with the World Bank. In Africa, it was working through the Jobs for Africa Programme to influence investment for achieving pro-poor growth through the creation of poverty-reducing jobs.

275. Through its programmes, ILO sought to promote labour-based approaches in infrastructure, cooperative development, microfinance and microenterprise development, and skill development for the poor. It was also involved in developing reconstruction programmes aimed at rebuilding livelihoods and jobs in crisis and post-crisis situations. Gender mainstreaming was a cross-cutting theme in those areas and there were, in addition, specific gender-focused programmes. Finally, ILO was committed to achieving the goal of reducing poverty by the year 2015 and to working with IFAD and other international agencies to that end.



SUMMARY OF THE PANEL DISCUSSION ON THE THEME OF THE TWENTY-FIFTH SESSION OF THE GOVERNING COUNCIL: “FINANCING DEVELOPMENT – THE RURAL DIMENSION”

276. **The CHAIRMAN** gave a summary of the panel discussion held on the previous day on the theme of the Twenty-Fifth Session of the Governing Council: “Financing Development – The Rural Dimension”. The full text of the summary is reproduced in Chapter 4.

CLOSURE OF THE SESSION

277. **The CHAIRMAN** made a closing statement, the full text of which is reproduced in Chapter 4 of the Governing Council Report.

278. He declared the Twenty-Fifth Session of the Governing Council closed.

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



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280. **ANGOLA** said that more than 75% of its population lived in rural areas, where poverty and the effects of war were most alarming. Boosting production, with priority given to agriculture and fisheries, featured prominently in the Government's economic and social development policies for the years ahead. The Government's strategy involved mobilizing all actors, including civil society and the private sector, in an effort to reduce poverty, which had already received welcome assistance from individual countries and institutions. Angola was counting on such contributions continuing.

281. Angola welcomed the entry into force of the Fifth Replenishment and the beginning of negotiations on the Sixth Replenishment, which it hoped would be concluded rapidly so as to provide IFAD with the necessary resources to raise lending levels. It also appreciated the Fund's participation in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) and the action taken to identify other funding sources. Angola, expressing its approval of IFAD's programme of work and administrative budget, appreciated the efforts made and progress achieved in the IFAD V: Plan of Action (2000-2002), and hoped that the Secretariat of IFAD would keep Member States informed of developments. Likewise, it encouraged those in charge of the Global Mechanism of the United Nations Convention to Combat Desertification to report regularly on its activities.

282. The theme paper on "Financing Development – The Rural Dimension" provided an eloquent overview of the critical situation of the developing countries as a whole and guidelines to make up for the delay in implementing the decisions of the World Food Summit and the Millennium Summit, particularly the goal of halving world poverty by 2015. The mobilization of resources at the international level, the reduction of tariffs and the elimination of subsidies and relief of foreign debt were all important issues that deserved consideration. Angola was grateful to IFAD for its financial assistance in implementing projects to support the rural poor in agriculture and fisheries, and expressed its interest in establishing a broader financial aid programme with the Fund in those areas.

283. **ECUADOR** said that today's world was a huge desert with a sole source of fresh water from which few drank, flowing forth from the base of economic power, and that the aspirations of all human beings desirous of drawing nourishment from it converged upon that source. It was therefore the responsibility of world leaders, the owners of that source, to construct channels that would enable the water to flow into the desert areas and render them once again fertile and productive. Those who had been bypassed by the flow – the 'have-nots' – must henceforth be treated as strategic partners. The interdependence of the world's nations and people had become even more evident since the events of 11 September 2001.

284. Despite its difficulties, Ecuador's economy had grown by almost 6% thanks to foreign investment in the country, the reorganization of the institutional framework and the making good of production sector losses. The country could count on the political will of the Government, building on Ecuador's human and natural resources, to do everything possible to eradicate hunger and poverty, including investments in rural development and especially in agriculture. That being said, little could be achieved if double standards continued to be applied in international trade, with protectionist measures and subsidies working against trade liberalization.

285. Following losses on its investments, IFAD had had to revise its investment policies and reduce its operating costs. At a time of low interest rates in the developed countries, the Fund should be looking to new sources of funding for agricultural development projects. At the same time, in a context of worldwide recession, what was needed as a matter of mutual interest was a 'new deal' to develop the economy of the Latin America and the Caribbean region. In what would amount to a major debt-swap project, the debt repayments of the region's developing countries would be paid into a fund administered by IFAD for reinvestment in the developing countries. It could well be that the decisions taken at the present Session could replenish the source of water from which all had to drink.



286. **GUINEA** said that the theme of “Financing Development – The Rural Dimension” met the concerns of the Guinean Government, which gave priority to the financing of rural development with a view to furthering eradication of the poverty suffered by Guinea’s rural inhabitants, who accounted for 80% of the population. Guinea’s efforts on that score were substantially assisted by international cooperation and donors, and in that connection IFAD deserved tribute for its work in conjunction with the Guinean Government to ensure the harmonious and sustainable development of rural communities. Four of Guinea’s natural regions benefited from IFAD-financed programmes and projects which were genuinely helping to improve living conditions in those regions through activities such as the construction of rural socio-economic infrastructures, the provision of access to rural finance services, institutional capacity-building through training, and the strengthening of farmer participation with a view to sustaining the achievements made.

287. Guinean women played an important role in agriculture. The gender perspective was therefore stressed in the formulation of all new development projects and programmes, a policy which was fully consistent with IFAD’s own approach to the fight against rural poverty. The lives of Guinea’s rural inhabitants, however, continued to be adversely affected by the armed aggressions perpetrated in late 2000 along its southern and south-western borders. The Guinean Government consequently appealed to the international community for support in restoring peace and calm to the country and to IFAD for support in financing future projects and programmes to assist those rural communities in distress. For its part, it would spare no effort in participating in the Sixth Replenishment of IFAD’s resources and likewise encouraged all Member States and donors to ensure that IFAD was provided with the means to continue its fight against rural poverty.

288. **SPAIN** expressed the hope that the focus on a specific theme, the panel discussion and the regional roundtables would become a regular feature of the Governing Council’s sessions, and that the current session would provide input for the International Conference on Financing for Development. A greater impact on the financing of rural development could be achieved through improved coordination between the Rome-based organizations, taking full advantage of synergies and accumulated experience. Attaining the Millennium Development Goal (MDG) of halving world poverty by 2015 entailed cooperation with other international development bodies and a need for consistency with Member States’ own plans. It was also important for the IFAD leadership to be more equitably representative of the various regions; Spain was particularly concerned about the lack of Ibero-American representation in recent years.

289. Spain had slightly increased its contribution to the Fifth Replenishment and looked forward to its entry into force; as negotiations began on the Sixth Replenishment it was of the utmost importance that outstanding pledges to the Fifth Replenishment should be honoured. Spain intended to increase its participation in the Fund and hoped that when it came to the Sixth Replenishment all Member States, especially those in List B, would shoulder their responsibilities and contribute even more generously. Spain was considering new approaches to cooperation with the Fund, such as cofinancing agricultural and rural development projects through the microcredit programme of the Spanish Agency for International Cooperation in regions such as North and sub-Saharan Africa, the Middle East, Asia and Latin America where IFAD could provide technical assistance and where Spain could likewise offer its expertise in controlling desertification and soil erosion; it was also studying the possibility of reconverting part of the debt of some of the poorest countries for rural development projects.

290. In the preparations for the International Conference on Financing for Development, Spain was particularly concerned to ensure that financing for development did not overlook the substantial pockets of mostly rural poverty that were camouflaged in the macroeconomic indices of low-income and even middle-income developing countries. The fight against poverty, and the resources for that purpose, must not be focused exclusively on the least developed countries but should also be directed to countries which were not necessarily the poorest but had a large proportion of poor people. Spain believed IFAD should have fair access to the resources of the World Bank Debt Initiative for HIPC



Trust Fund and should continue to participate in relieving the debt burden of the poorest and most indebted countries without jeopardizing its programme of loans and grants. IFAD should move promptly to determine its strategy for participation in the Initiative and establish a maximum ceiling to permit financing from its internal resources without affecting its loans programme.

291. Finally, Spain wanted to see far-reaching changes to improve IFAD's visibility, and the earliest possible application of the new strategy for managing its investment portfolio, avoiding major losses in the future and ensuring that contributions to future replenishments did not amount to giving the Fund's management a blank cheque. The Fund should continue to concentrate on agricultural and rural development where it had obvious comparative advantages, focusing on staff training and field work as well as on strategic alliances with the major multilateral donors and the participation of local populations in the formulation of IFAD programmes and projects, with continuous rigorous evaluation of programme implementation and impact.

292. **The UNITED REPUBLIC OF TANZANIA** said that IFAD was a trusted development partner for the country, which had benefited from ten IFAD projects since 1977. It was hoped that the present session of the Governing Council would mark the start of a new era in which all IFAD Member States would work together to eradicate the scourge of hunger and poverty. The Council was taking place at a particularly difficult time for the developing countries, whose export crops were now commanding the lowest prices for several decades, a situation further aggravated by the debt burden.

293. In the United Republic of Tanzania, where about 50% of the population lived in absolute poverty despite the country's abundant natural resources, national and international resource allocations to agriculture and rural development had dwindled to 25% of earlier levels. Yet it was among the 70% of the population living in rural areas and producing over 90% of the food consumed in the country that poverty was at its most severe. In 2002, aware of the need for something akin to a revolution in agriculture, the Government had formulated the Agricultural Sector Development Strategy and the Rural Development Strategy, to be implemented through an Agricultural Sector Development Programme, addressing the main constraints of the agriculture sector, namely, low production and productivity levels; inadequate research and extension services; inadequate irrigation; poor use of improved technologies; weak infrastructure, especially roads; and inadequate market structures. Those problems were compounded by limited access to financial services in rural areas; falling prices of export commodities; protectionist tendencies in developed countries; limited processing capacity and technology; and the spread of HIV/AIDS. The Government was committed to putting in place a conducive environment for private sector-led agricultural growth, including a facilitative tax regime and a participatory system, and to mobilizing the resources needed for implementing programmes being prepared under the strategies and establishing the necessary institutional framework. However, it continued to count on the support of its development partners, including IFAD, whose sustainable development approach had helped rural communities to manage their resource base, raise their incomes and food security status and gain access to basic services.

294. The United Republic of Tanzania was gratified to have been chosen as the venue for the forthcoming IFAD regional workshop, and appealed to the world community to work with the developing countries towards meeting the MDG of halving poverty by 2015.

CHAPTER 3

B. ROUNDTABLE DISCUSSIONS ON IFAD'S REGIONAL STRATEGIES

Introduction

295. On the morning of 20 February 2002, the Council held six roundtables, simultaneously, on the Fund's draft regional strategies. The roundtable discussions were proposed with a view to receiving comments and inputs on the strategies. As basic background material delegates also received the Strategic Framework for IFAD 2002–2006, IFAD's *Rural Poverty Report 2001*, and the individual regional assessments.

296. Each roundtable was chaired by a minister or senior representative from the region concerned, with IFAD division directors and senior economists assisting the groups and introducing the relevant regional strategies. The chairpersons of the roundtables were as follows:

Asia and the Pacific:	Ms Teresita Quinton-Deles, Lead Convenor of the National Anti-Poverty Commission, in the Office of the President of the Republic of The Philippines
Central and Eastern Europe and the Newly Independent States:	H.E. Dr Ivan Angelov, Ambassador of The Former Yugoslav Republic of Macedonia to the United Nations Food and Agriculture Agencies in Rome
Eastern and Southern Africa:	H.E. Wilburforce Kisamba-Mugerwa, Minister for Agriculture, Animal Industry and Fisheries of the Republic of Uganda
Latin America and the Caribbean:	H.E. Salvador Urrutia Loucel, Minister for Agriculture and Livestock of the Republic of El Salvador
Near East and North Africa:	H.E. Nouredin Mona, Minister for Agriculture and Agrarian Reform of the Syrian Arab Republic
Western and Central Africa:	Co-chairperson, H.E. Théophile Nata, Minister for Rural Development of the Republic of Benin
Western and Central Africa:	Co-chairperson, H.E. Sékou Oumar Tall, President of the Permanent Assembly of the Chambers of Agriculture, Republic of Mali

297. Towards the end of the session, Mr Klemens van de Sand, Assistant President of the Programme Management Department of IFAD, presented the Governing Council with the following summary of the roundtable discussions.

Asia and the Pacific

298. IFAD's strategy in Asia and the Pacific stresses that poverty reduction – and indeed peace, stability and sustainable economic growth – can only be achieved by enabling historically excluded people to achieve their potential. The Fund can play a catalytic role by focusing on remote uplands and mountains, marginal coastal areas and erratically watered drylands. The strategy has four elements:



- changing gender relations to increase women's ownership and control of assets and their participation in community management;
- increasing the production of staple foods in less favoured areas through sustainable agricultural technologies;
- reforming the property and tenurial rights of marginalized minorities and indigenous peoples; and
- expanding the capabilities of the poor through greater access to self-help, local accumulation and new skills and technologies.

299. The following points were emphasized:

- the role of the state in delivering services and promoting pro-poor growth;
- the importance of south-south cooperation and the need to learn from developed countries and other regions; and
- the focus on operational issues such as mainstreaming and developing indicators for monitoring and building government capacity to evaluate progress.

300. It was suggested that IFAD should focus on small areas, stay longer and use its experience to play a catalytic role in scaling up.

Central and Eastern Europe and the Newly Independent States

301. The starting point for IFAD's strategy in central and eastern Europe and the newly independent states of the former Soviet Union is the transitional state of agriculture in the subregion. Central planning and state services have been abruptly terminated, public-sector spending has been reduced and production, marketing and distribution channels have collapsed. The sector urgently requires institutional reform to encourage investment and improve small farmers' access to markets, input supplies, finance and technical assistance. Rural poverty is severe and widespread among farmers in uplands and mountainous areas, rural wage earners, rural women, the elderly and ethnic minorities. The proposed IFAD strategy for reducing rural poverty in the subregion consists of six themes:

- strengthening institutional capacity;
- establishing markets for agriculture;
- improving farm productivity;
- investing in the non-farm rural economy;
- improving management of natural resources; and
- developing rural financial services.

302. Participants expressed appreciation for the opportunity to discuss regional strategy with IFAD staff. There was strong support for the proposed IFAD strategy, particularly the focus on mountain areas, land consolidation, rural financial services, market access and links with the private sector.

303. It was emphasized that IFAD and other multilateral and bilateral donors should collaborate closely on policy dialogue. The meeting urged IFAD to explore opportunities for cooperation with the European Bank for Reconstruction and Development (EBRD) and the World Bank to develop small and medium marketing enterprises and links with the private sector.



Eastern and Southern Africa

304. The challenge of reducing poverty in eastern and southern Africa is particularly urgent. It is the region with the furthest to go and where progress is slowest. Rural and agricultural questions are at the heart of the poverty problem. IFAD's strategy in the region has four thrusts:

- improve poor farmers' access to markets and enhance relations with the private sector;
- increase poor farmers' access to, and control over, land and water;
- organize financial services for saving, investment and response to crises; and
- develop technology and information to enable poor people to grow and sell their own produce.

305. The following issues were highlighted:

- the importance of land-tenure systems that ensure security, provide for inheritance and enable land to be used as collateral;
- the enormous potential for increasing production by extending irrigation;
- the crucial role played by rural finance in on-farm investment – the value of IFAD's support for delivery of financial services by non-financial institutions was confirmed; and
- the importance of ensuring that rural producers have access to local and international markets by improving rural transport, providing better market information and promoting local agro-processing.

306. Some important but hitherto neglected points were made with regard to the enormous scale of the HIV/AIDS problem in eastern and southern Africa.

- HIV/AIDS is not a health problem only, so responses to the epidemic by the health sector alone are limited in their effect.
- Poverty accelerates the spread of HIV/AIDS.
- The epidemic can best be tackled through rural development that embraces reduction of gender disparities, education, community empowerment and increased incomes.
- It was suggested that IFAD should consider building some projects around HIV/AIDS, reshaping its existing programme to focus on the issue and taking reduction of HIV/AIDS infection rates to be a measure of success.

307. With regard to the policy and institutional environment, there was consensus on the fundamental importance of local ownership and commitment as prerequisites for economic growth based on agriculture. The necessary political will and leadership are increasingly in evidence and must be matched by moves to strengthen the capacity of rural communities and women as agents of change and to decentralize government and service institutions. There was a strong plea for partnerships with donors that go beyond financing development, and awareness that such partnerships need to be built within government policy frameworks.

Latin America and the Caribbean

308. Participants supported the regional strategy, with the comments set out below.

- Rural poverty is one of the major challenges of the region, but this is often overlooked because policies tend to give priority to other sectors of the economy. IFAD has an important role to play in changing this attitude.



- The process of globalization has often had a negative impact on the rural poor; emerging opportunities are not being fully utilized. IFAD must adapt its strategy to meet these challenges in partnership with civil society, the private sector, non-governmental organizations (NGOs), the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP).
- IFAD must develop new instruments for poverty reduction. The innovative character of many of the projects was strongly supported, but innovation has to be carried into effect through new approaches such as direct lending to a range of institutions rather than to central governments only.
- Many countries in the region have started to decentralize; IFAD should work as much as possible with the new local and regional institutions.
- Services provided through projects must take into account the diversity of the rural population and respond to their needs and demands. There was support for IFAD's pioneering work in mainstreaming gender.
- The strategy provides a useful guide to the work of IFAD in the region, but it has yet to be translated into an action plan with targets for subsequent years. Implementation of the plan should be assessed periodically.
- Further analysis of trade barriers was called for, particularly agricultural subsidies in countries of the Organisation for Economic Co-operation and Development (OECD) and the impact of the financial crisis on the rural poor.

Near East and North Africa

309. In the roundtable on the Near East and North Africa, there was unanimous appreciation of the proposed strategy and agreement with its objectives and approach. It was emphasized that the real challenge lies in implementation.

310. The regional strategy deals with two types of constraint:

- natural resource constraints: a fragile land base, declining soil fertility, limited water resources and frequent droughts and floods; and
- institutional constraints: inequitable land distribution, insecurity of land tenure, unsustainable management of common resources, low public-sector investment in physical and social infrastructure in rural areas, gender imbalances and lack of grass-roots and civil organizations.

311. The proposed strategy for reducing rural poverty in the subregion focuses on four themes:

- empowerment of the rural poor;
- income diversification;
- equitable access to resources for men and women; and
- management of natural resources.

312. The following priorities were emphasized:

- build partnerships among countries of the region to lead the coordination process;
- use participatory approaches;
- prioritize the role of rural women at all levels;
- recognize access to regional and international markets as a significant factor in poverty reduction;
- recognize the importance of agricultural technology, extension and literacy among rural people, especially women;



- improve natural resource management to ensure sustainability of development;
- increase the region's share of IFAD's lending and grant resources; and
- be aware that the negative impact of agricultural subsidies in industrialized countries is a significant constraint to economically viable agricultural production and marketing by small farmers.

Western and Central Africa

313. Poverty in western and central Africa is predominantly rural; approximately 75% of the poor live in rural areas. Poverty needs to be viewed in the context of rapid changes in the region over the last decade: political, social, economic, demographic and environmental. The IFAD strategy for rural poverty reduction in the region, drawing on lessons learned, has four objectives relating to human capital and social organization, natural resource productivity, income generation and vulnerability, and three cross-cutting themes relating to gender equity, enhancing participation and building on indigenous knowledge.

314. To implement the IFAD mission of enabling the rural poor to overcome their poverty, the division intends to enhance the catalytic effect of its programmes, increase its role in policy dialogue and improve knowledge sharing.

315. Participants endorsed the strategy and welcomed the emphasis on:

- developing local capacity through support to decentralization initiatives and strengthening farmers' organizations;
- seeking complementarity with regional initiatives such as the New Partnership for Africa's Development (NEPAD);
- synergy among the objectives, particularly the links between investment in health and education, and agriculture and income-generating activities; and
- prioritizing investment in women.

316. The major role of the private sector was noted, with the caveat that it is not a panacea for agricultural development, because its interest is often limited to export crops and readily accessible production zones.

317. Participants emphasized the importance of the following areas for rural poverty reduction:

- agricultural product and input marketing;
- peri-urban agriculture;
- communications and rural infrastructure;
- pest control; and
- cooperative development, small-scale irrigation and malaria prevention as opposed to exclusive emphasis on HIV/AIDS.

318. Finally, it was emphasized that IFAD has an important role to play in pointing out the importance of the agricultural and rural sector to donor partners that have in recent years given it less attention in relation to poverty reduction.

CHAPTER 3

C. OTHER GENERAL STATEMENTS OF GOVERNORS

Statement of the Governor for the Republic of Benin

Mr Chairman,
President of IFAD,
IFAD Governors,
Members of the Governing Council,
Distinguished Guests and Observers,
Ladies and Gentlemen,

Allow me first of all, on behalf of the Government and people of Benin, to convey to you and your family, and to all those who will be working with you in the year 2002, my sincere wishes for peace and good will.

You have just completed your first year in office at the helm of IFAD. The actions you have taken so far, whether in favour of my own country or for the countries of the Africa region as a whole, give rise to the expectation that you will carry through the undertakings you entered into at the time of your election. A major priority of your mandate is to secure, on an enduring basis, the spirit of consensus and solidarity that are the mark of the Fund.

I will go even further: the theme of this Twenty-Fifth Session of the Governing Council is a perfect illustration of your commitment to finding an effective solution to the principal constraints against developing the potentialities of our countries' rural areas – potentialities that are the main source of financing for our rural people's activities.

Financing for the agricultural sector – a determining factor in the support given to promoting activities in the farming context – is among the fundamental concerns of my Government. Under the new agricultural policy adopted in July 2001, it will be drawing up several action plans; and prominent among these is the action plan for financing the rural sector.

That the theme chosen for the Council is entirely appropriate needs no demonstration, for how can we help rural people to enhance their capacity for action or improve the quality of their lives if they are denied access to technological innovation? And how is agricultural productivity itself to be enhanced if farmers are denied access to inputs or, indeed, to the whole range of factors they are told are necessary to improve their situations?

Benin continues to attach considerable importance to its decision to set up a financial mechanism for the development of the rural sector and intends to benefit fully from decentralized financial systems. Among the latter, its financial services associations, which IFAD supports, encourage one to hope that the rural population will have valid means at their disposal for negotiating and mobilizing, as appropriate, the funds that they need for developing their activities on a sustainable basis.

The fact that IFAD has made due allowance for this problem of financing the rural sector also leads one to hope that the Fund will reaffirm its intention to work along the lines it has followed thus far, and, not only under the Debt Initiative for the Heavily Indebted Poor Countries and the campaign against poverty through the Regional Seminar for Reducing Poverty; and that, in so doing, it will



define and implement an ongoing, carefully tailored strategy designed to remove the greatest constraint to developing the rural sector and improving people's lives – namely, inadequate financing.

As you are aware, the success of any strategy for reducing poverty depends on the solutions found to overcome this constraint. Rest assured that my country will make every effort to contribute, however modestly, in this regard. It hopes, however, that the Fund will continue, as in the past, to give its member countries the support they need so that they can establish viable systems for financing their rural sectors.

Benin is convinced that the theme chosen for our deliberations is the right one; and this, considering the challenges faced, will be a decisive factor in achieving the objectives we have set ourselves.

Mr Chairman,

I wish, moreover, to express, on behalf of the Government and the people of Benin, our thanks to the management of IFAD for continuing to support my Government's efforts in its struggle against poverty and in reducing its debts under the Debt Initiative, in which the Fund plays a leading role.

The progress achieved by IFAD in implementing its Plan of Action 2000-2002 should result in improved identification, design and follow-up of projects and programmes with objectives that are even more in keeping with national policies and strategies. Accordingly, the implementation of the different recommendations, particularly those related to strengthening the dialogue on national policies between IFAD and the various countries and to improving project performance and impact, must be the challenge we take up for the years to come so that the Fund will be able to harmonize the philosophy governing its interventions and the target groups benefiting from the activities that it supports.

In this context, it is important that IFAD's presence in the field be reinforced by persons with portfolio responsibilities, who must by that token act as catalysts in all concerted efforts, both within and among projects and together with other partners, so that Member States will be better able to carry out their coordinating role. In this way, the Fund's understanding of situations will be enhanced and its vision integrated with national policies and strategies.

IFAD has the means and the capacities to achieve this objective. I therefore hope that measures in pursuit of solidarity will effectively be taken in order to implement recommendations designed to empower the poor to engage in dialogue and negotiation and ensure that their living conditions will be improved in a sustainable way.

Long live international cooperation! Long live IFAD!

Thank you.



**Statement of the Governor for
Burkina Faso**

Mr Chairman,
IFAD Governors,
President of IFAD,
Distinguished Guests and Observers,
Ladies and Gentlemen,

On behalf of the delegation of Burkina Faso, I wish to say how delighted I am to see you presiding over the deliberations of the Twenty-Fifth Session of the Governing Council of IFAD.

Let me also renew my country's best wishes to the President of the Fund, Mr Lennart Båge, in this, his first session of the Council as head of the organization, and to express satisfaction at the numerous initiatives and innovations that he has launched in less than one year in his new function. We are particularly concerned that he should respect the commitments taken at the time of his election.

The challenges to the international community in the face of ever-increasing impoverishment among the populations of the world have underpinned the choice of the theme of the present session of the Council, "Financing Development – The Rural Dimension", as a prelude to the International Conference on Financing for Development to be held in Mexico next month. The choice of this most appropriate theme and the organization of interactive regional round table discussions introduce a dynamic approach to dealing with problems more pragmatically. They also open up the way for concrete action in the fight against rural poverty based on subregional and regional strategies. In fact, reducing by half the number of persons living below the poverty threshold by the year 2015 should be adopted as the slogan of the various summit meetings.

IFAD stands out as an example at a time when investments in agriculture are following a continuing downward spiral. Indeed, the Popular Coalition to Eradicate Hunger and Poverty, the successive replenishments of IFAD's resources (for which Burkina Faso supports the resolution adopted on the Sixth Replenishment), the targeting of women and the rural poor, the attention given to land tenure and to microfinancing – all indicate that, with IFAD, we are on the right track.

How could I not express Burkina Faso's gratitude with regard to the Debt Initiative for Heavily Indebted Poor Countries and the enhanced Debt Initiative, from which my country was one of the first to benefit? The Initiative has allowed my Government, through the poverty reduction strategy in Burkina Faso, to turn its attention to needs in the priority areas of education, health, food security and drinking water.

The Global Mechanism of the United Nations Convention to Combat Desertification, housed by IFAD, should receive more support from its development partners, as no gains will be made in the fight against poverty in areas where drought and pressure on natural resources have made the soil unproductive.

Burkina Faso, its Government and people, are determined to overcome the precarious conditions prevailing in the country. For that reason, President Blaise Compaoré has decided to allocate 34 billion CFA francs to agriculture over a five-year period and to launch a vigorous agricultural and marketing strategy.



Together with other countries in the region, Burkina Faso has every confidence in the New Partnership for Africa's Development (NEPAD). However, unless the rich countries pay their share, NEPAD will have no chance of achieving its objectives, particularly with regard to agriculture.

Thank you.



**Statement of the Governor for the
People's Republic of China**

Mr Chairman,
Mr President,
Distinguished Delegates,

It is a great honour for me to head the Chinese delegation to the Twenty-Fifth Session of the Governing Council of IFAD. On behalf of the Chinese Government and the Chinese delegation, I would like to extend my sincere greetings and best wishes to you, Mr Chairman and Mr President, to our friends from IFAD and other United Nations organizations, and to the other delegates. I would also like to take this opportunity to wish this Session of the Governing Council every success.

As an international organization devoted to alleviating poverty and hunger, IFAD has over the past two decades made a positive contribution to supporting rural economic development and improving farmers' production and living conditions in the impoverished areas of the developing world. In the name of the Chinese Government and the Chinese delegation, I would therefore like to express our appreciation to IFAD for its great efforts and its effective work.

In this new century, we still face the same severe global challenges of poverty and hunger. All governments, international organizations and others in the international community committed to alleviating poverty and hunger need to redouble their efforts to achieve this goal. Given its special role in addressing the needs of the rural poor, IFAD needs to increase its investments in impoverished areas worldwide in order to improve the productivity and living conditions of the world's poor and promote sustainable and stable development in these areas. To this end, we hope that all parties concerned will give further support to the replenishment of IFAD's resources so that the Fund's instruments for poverty alleviation can be reinforced. The Chinese Government has committed itself to donating USD 10 million to the Fifth Replenishment of IFAD's Resources. By so doing, it has shown the great importance it places on IFAD's work. In addition, provided that resources are available, the Chinese Government intends to give the same serious attention to its donation to the Sixth Replenishment. We also hope that other Member States will respond positively and with greater flexibility to the replenishment. Moreover, we hope that IFAD will seek additional funding sources for its Sixth Replenishment.

After 20 years of reform, the impoverished areas of China have made considerable progress. The poverty situation in rural areas has greatly improved, and the share of the population living in poverty has been significantly reduced. However, certain population groups in certain areas will inevitably continue to be poor in the coming years. Although the share of those unable to meet even basic subsistence needs is not large, we still have a long way to go before permanently solving their problems. Other groups have managed to free themselves from poverty, but have no reliable means of subsistence since no fundamental changes have been made in their production and living conditions. Preventing them from slipping back into poverty is a difficult task. Even those who are not poor but have a low level of subsistence will have to make greater efforts to have a better life. Bringing about a complete change in the social and economic situation in these areas and narrowing the gaps among regions is a long-term task. Therefore, the Chinese Government will take the following measures to continue its efforts in poverty alleviation: First, we will uphold the principle of alleviating poverty through integrated, holistic and sustainable development. Second, we will make the absolute poor the priority target in our poverty-alleviation efforts, while taking measures to help those who are poor increase their income and further improve their production and living conditions in order to reinforce their achievements. Priority will be given to areas inhabited by ethnic groups in central and western China, the border areas and destitute areas where the poor form a fairly large share of the population. Third, in these efforts we will focus on crop and livestock development. At the same time, we will



promote agricultural mechanization in these areas, improve infrastructure, increase access to technology and raise the educational level of the poor as the major instruments for alleviating poverty. Fourth, we will adopt policies to improve the management of government financial resources and develop international cooperation in this area in order to ensure the promotion of poverty-alleviation activities.

IFAD was the first international financial organization to invest in China. Up to now, it has supported 16 investment projects in China for a total of about USD 400 million. All of these projects have been implemented smoothly and have played a positive role in promoting the development of China's impoverished areas. On this occasion, I would like to express my sincere thanks to IFAD, its Member States and international organizations for their kind support to agricultural development and to the impoverished areas of the country. Moreover, I hope that IFAD and other parties concerned will give additional support to China in its poverty-alleviation efforts by launching more projects in China. This would contribute even further to reducing poverty, and help us to sustain our achievements and continue development in these areas.

The Chinese Government and the Chinese people cherish their friendly cooperative relations with IFAD and its Member States, and with other international organizations, and sincerely hope to continue this effective cooperation in the twenty-first century. And we hope that we will continue to work together to make an appropriate contribution to alleviating poverty and hunger worldwide and to accelerate agricultural and rural development in all countries of the world.

Thank you Mr Chairman.



**Statement of the Governor for the
Federal Republic of Germany**

Honourable Chair,

In a month's time, heads of state and government will be meeting at the International Conference on Financing for Development in the Mexican city of Monterrey to forge a new partnership among the countries of the world. This must, and will, primarily take the form of a coalition against poverty. The Monterrey Consensus will highlight food security and rural development as important areas for action. In parallel with this meeting, the Food and Agriculture Organization of the United Nations, the World Food Programme and IFAD will be holding a round of discussions with senior politicians and experts with the aim of forming a new urban-rural partnership, which will underpin this coalition against poverty. Only by sharing opportunities more fairly between urban and rural areas will it be possible to combat poverty (which is primarily rural poverty) as effectively as the international community wishes and to guarantee sustainable development.

Under your presidency, Mr Båge, IFAD has over the past year continued along the path of establishing itself as a highly skilled institution for rural development.

Mr President, you have entered office at difficult times for IFAD. Germany has done everything it can to support you and will continue to do so.

IFAD's efforts to date to implement its Plan of Action have been particularly encouraging. It has not yet entirely reached its goal. There is still more scope for incorporating the experience gained from past evaluations into the work of IFAD by means of more intensive knowledge management. We look forward to the forthcoming external evaluation and hope that it will document the lasting improvements that IFAD's projects have made to the lives of the rural population – and the expert advice the Fund has provided to governments and local authorities. This will help to highlight IFAD's specialist skills and make the Fund an even more important partner for other institutions, such as the World Bank and the regional development banks.

We welcome the IFAD's Strategic Framework 2002-2006, in which the Fund has redefined its goals, basing them on the Millennium Development Goals. Now everything hinges on the concrete steps that are taken towards their implementation, dividing the tasks with other development institutions, particularly those with headquarters here in Rome.

Mr President, in your first year in office you succeeded in completing the Fifth Replenishment. I congratulate you on that success. That this was achieved after long negotiations proves that the international community values IFAD as a particularly important partner in reducing rural poverty. We all, including you and your staff, should be particularly encouraged by the great financial contribution made by several developing countries to this replenishment. In addition to its contribution to the Fifth Replenishment, Germany also provided an additional USD 8 million to help IFAD play its part in the Debt Initiative for Heavily Indebted Poor Countries. We are confident that these funds will be put to good use.

The Fifth Replenishment did not result in the volume we would have hoped for. Together, we must therefore ensure that a strict policy of risk management is pursued when investing the funds. A sound plan for this is also important for the success of the negotiations on the Sixth Replenishment, which we are to embark upon these days.



In the German Programme of Action 2015, Germany outlines how it plans to help achieve the Millennium Development Goals, particularly that of halving poverty. In these efforts, we will seek ways of working more closely with IFAD.

In order to achieve the Millennium Development Goals, we must grant the developing countries, in particular, better market access for their agricultural produce. On the supply side, we will need IFAD's expertise to help these countries to develop their export potential – and to broaden the employment opportunities available in rural areas in upstream and downstream industries.

In view of the Monterrey Conference and the forthcoming World Summit on Sustainable Development in Johannesburg, South Africa, IFAD's support is most welcome **and vital** for achieving sustainable development for all.

Thank you.

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

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

I would like to take this opportunity to express, personally and on behalf of my delegation, my congratulations to you on your election as Chairman and Vice-Chairmen of the Governing Council, and on the confidence thus entrusted to you.

The agriculture sector in Jordan suffers from major constraints, which affect its growth and limit farmers' capabilities to increase their productivity. The main challenges that agricultural policies face are the limited arable land and scarce water resources. While mobilizing its capacities to develop the agriculture sector, Jordan has not neglected the social implications of international economic policies on the poor and near-poor.

The structural adjustment programme carried out by successive Jordanian governments has stabilized the exchange rate of the national currency, curbed inflation, reduced balance-of-payment and general budget deficits, lowered external debt and increased foreign currency reserves. However, the programme has also had negative socio-economic impacts on the agriculture sector, farmers, Bedouins and the poor, increasing poverty and unemployment.

Mr Chairman,

As you know, socio-economic development requires the mobilization of all efforts to develop rural and Bedouin areas, enhance the role of the agriculture sector in the national economy, alleviate poverty and reduce unemployment. To achieve these noble objectives, the Government has developed an efficient, sustainable and equitable policy, the main goals of which are improving food security at the national level and managing productive resources, while protecting the environment. The Government has paid special attention to major agricultural projects that have resulted in an increase in arable land and water conservation through the use of water-harvesting techniques.

To address poverty and unemployment, the Government launched the Social Productivity Programme in 1998. This national strategy was implemented in two phases. The first phase, which cost USD 250 million, aimed at achieving the following objectives:

- (i) improving the income of the poor who are unable to work through cash assistance;
- (ii) improving the economic and investment opportunities of the poor who are able to work by financing the development of the microproject sector;
- (iii) increasing employment opportunities through rehabilitation and training; and
- (iv) developing physical and social infrastructure in poor areas.

Starting in early 2000, and based on the results of the first phase, the Ministry of Planning has focused in the second phase on a set of social security objectives to increase the social productivity of the poor, in particular, and the Jordanian society, in general. This has been done through the development of major sectors, such as education, vocational training, information, technology and infrastructure, and through improvements in governance.



Before concluding, I would like to refer to the close cooperation between Jordan and IFAD, which dates back to the beginning of the 1980s. This cooperation has been important in achieving some of the agricultural development objectives in Jordan. It has taken the form of IFAD-provided assistance and loans as well as financing of agricultural development and infrastructure projects. All these projects have contributed to increasing family income (especially that of the most vulnerable), preventing soil erosion and the deterioration of agricultural land, and promoting the efficient use of water resources.

On behalf of my Government, I would like to express our gratitude to IFAD in this respect. I would like also to express our thanks and appreciation to Mr Lennart Båge and to all IFAD staff for their efforts in supporting the national capacities of Member States to achieve sustainable agricultural development.

I wish you all success.



**Statement of the Alternate Governor for
the Republic of Mali**

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

Allow me first of all to convey the best wishes of the highest authorities and the Government of Mali for the success of this Session of the Council and for the New Year that is now beginning. I would also like to express my sincere congratulations to you and the members of the bureau on your election. We are sure that you will bring to bear your grasp of matters to ensure that this Session achieves its objectives.

A year ago, at the time of the Twenty-Fourth Session of the Council, we were disappointed to learn of the default in payments to the Fifth Replenishment of IFAD's resources and of the poor level of returns on investments in the year 2000 – this because of the losses caused by exchange rate fluctuations had had serious repercussions on the Fund's resources, seriously affecting its capacity to make loans to finance programmes and projects in our countries. This year, we are relieved to see that, at its Seventy-Fourth Session, the Executive Board approved a Programme of Work for 2002 of some SDR 345.5 million – USD 450 million nominal value – as against USD 394 million for 2001. This suggests that the situation may have improved.

Against such a background, we dare to hope that the events of 11 September, which we deplore and always will, will have only minor repercussions on the Fund's resources. IFAD will need to take steps to safeguard its investments. We earnestly encourage Member States to pay their contributions to the Fifth Replenishment of IFAD's Resources. Mali will make every effort to honour its undertakings in this regard, despite the difficulties it has been facing following, among others, the decline in the terms of trade for cotton and the increase in petroleum prices.

In connection with investments, we welcome the decision taken to limit investments in shares to 10% of the portfolio, and the adoption of a revised investment policy designed to ensure that the recent unconscionable losses will be avoided.

We likewise approve the decision to launch the Sixth Replenishment, in particular the proposed consultation on, and external evaluation of, the results and impact of IFAD's activities. Such an evaluation is of the utmost importance for our countries, for we are truly concerned to know whether the projects and programmes mobilizing such enormous resources effectively contribute to development and to overcoming the poverty and hunger afflicting our rural poor. We will follow progress in this regard with great interest.

Use of the advance commitment authority will need to be monitored very carefully, and account rendered on a regular basis.

We congratulate IFAD on its participation in the reconstruction of Afghanistan, and appeal to the international community to show greater vigilance and solidarity in order to ensure that humanity will know no further 11ths of September. We also welcome the proposal for a world coalition against hunger and poverty. The views expressed by His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria, when he addressed our Council are highly relevant.

More than ever, the prime objective towards which IFAD is working is to meet the goal set by the Millennium Summit – namely, to halve by the year 2015 the proportion of people who are poor



and suffer from hunger in developing countries, especially in Africa. IFAD's efforts in achieving this challenging objective need to be strengthened.

On this occasion, too, it is right to express our satisfaction that, with the New Partnership for Africa's Development (NEPAD), African countries intend to take their development into their own hands. If Africa is to benefit from this long-awaited change, NEPAD deserves the support of donors and the entire international community.

My delegation approves the zero-growth administrative budget for 2002, for a total of USD 42.3 million, and the contingency reserve of USD 165 000.

We note with great satisfaction the President of IFAD's brilliant idea to make our present Session more interactive by organizing roundtable discussions on the rural dimension of development financing and on regional strategies. This new idea, which should be followed up in the future, should enable us to discern the lines of approach for the International Conference on Financing for Development that is to be held in Mexico.

It is to be hoped that IFAD's Strategic Framework 2002-2006 will benefit from our debate. My delegation approves the idea of holding a seminar at the end of the present Session, which would allow us to examine the strategic framework closely and to align the Process Re-Engineering Programme with it.

We approve the new name for the Process Re-Engineering Programme, which will emerge from the seminar, namely, the Strategic Change Programme. But, above all, it is the content of such a programme that counts if the organizational changes within IFAD are to achieve their purpose.

IFAD needs to secure the highest possible level of consensus on the centrality of rural poverty in the global fight against poverty, on the leading role of the poor in devising and implementing programmes for poverty alleviation, and on the need for the widest possible alliance among all sectors of society so as to build on the comparative advantages to be found there. In this connection, we are pleased to note the progress achieved by IFAD management in carrying out the IFAD V: Plan of Action 2000-2002, and urge the Fund to press on with the good work. Difficulties such as the shortage of human and financial resources are to be overcome through aid from donors and all Members that have a firm faith in IFAD's present and future role.

IFAD is rightly committed to the Debt Initiative for Heavily Indebted Poor Countries, and my own country – Mali – is numbered among the beneficiaries in this regard. Our hope is that the process will come to early fulfilment, and that other countries, too, will benefit in their turn. We consider it an honour to have been included under this Initiative, since it recognizes that Mali is resolutely committed to thoroughgoing structural, economic, social and policy reform in order to combat hunger, poverty and underdevelopment more effectively. Ours is an agricultural country first and foremost, and rural development and rural populations enjoy special attention in our poverty-reduction efforts.

We place our hopes in the great generosity of donors for further contributions so that IFAD's participation in the Initiative does not in any way jeopardize its loan programme.

My delegation is gratified to note the efforts of the Popular Coalition to Eradicate Hunger and Poverty and the progress it has achieved.

The Global Mechanism of the United Nations Convention to Combat Desertification continues to provide invaluable support to Mali, despite the inadequate resources at its disposal. We therefore appeal to donors to place greater importance on the Mechanism, which is achieving remarkable results



on the desertification-control front in our countries, which are still under threat from the scourge of desertification.

I cannot end without first expressing thanks to Madame Kirsti Lintonen for the magnificent work she has done. Thanks likewise go to the Vice-President of the Fund, Mr John Westley, and to Mr J-L. Lawson, Assistant President, who are leaving us after the great service they have rendered to IFAD. Our best wishes go with them.

Thank you.



Statement of the Governor for the Republic of Niger

Mr Chairman,
President of IFAD,
IFAD Governors,
Representatives of International Institutions,
Distinguished Guests and Observers,
Ladies and Gentlemen,

The importance of the rural sector in Niger's economic and social development is characteristic of my country: 85% of the population live in the rural areas, and approximately 80% are engaged in farming and in producing 40% of the gross national product.

What stands out in Niger's economy is the poverty that afflicts its population, two thirds of whom live below the poverty threshold – predominantly in the rural sector. Social ratings are among the lowest in the world. The rural economy is characterized largely by subsistence farming and a low level of monetarization. Nevertheless, and despite particularly harsh natural conditions, the results achieved by the agricultural sector are relatively encouraging. Agricultural output for the domestic market seems to be keeping pace with demand. The food sector has a slight deficit where the external market is concerned, exports being close to balancing imports. In other words, food production in Niger manages on the whole to 'feed' the population. Nevertheless, the country's external balance is in deficit.

Data such as these leave no doubt that the rural sector must be the principal locomotive in Niger's economy. We think that in due course the crop and animal husbandry sectors will be able to finance most of the imports that the country needs for consumption and investment – which means that agricultural exports must expand considerably.

The Government of Niger is aware of the means that need to be mobilized in order to meet this challenge. Accordingly, the strategy for reducing poverty, prepared in the context of the Debt Initiative for Heavily Indebted Poor Countries, has now been completed. We are convinced that if we are to keep up an effective and enduring struggle to overcome poverty, action must be directed to the productive sectors and to macroeconomic groupings – in other words, to the development of the rural sector, such development being one of the five national priorities for reducing poverty.

The overall objective for rural development is to improve people's living standards. The means of achieving this objective include an expansion in irrigated areas, livestock numbers and forest and fishery resources; control over water resources for both production and consumption purposes; improvements in animal feeding and health; the creation of an environment that stimulates private enterprise in crop and sylvo-pastoral husbandry; off-farm activities; and market integration.

Mr Chairman, IFAD Governors,

As you will have noted, rural development is a priority for my Government and one that is part of its new strategy for reducing poverty – a priority evidenced by the current preparation of a rural development strategy in collaboration with our partners in development.

This strategy for rural development seeks above all to modernize and integrate sectoral strategies already underway or soon to be finalized. Among them, there is one that I would like to dwell on for a moment given its overarching character: namely, our national microfinance strategy. From wide-ranging, national-level consultations and quality-focusing studies conducted in recent



years, a series of priorities has emerged. Foremost among these is the question of microfinance, with special reference to credit.

Over the last ten years, thanks to the different types of support received from our technical and financial partners, it has been possible for microfinance in Niger to develop and for the respective operators to assess the various needs – and difficulties – involved and set up effective mechanisms geared to regularizing, rendering more secure and monitoring the sector.

In this context, the principal operators in Niger's microfinance sector have prepared a strategy statement illustrating their joint approach to opportunities, present and future constraints, and prospects for the evolution of the sector. IFAD has provided considerable support throughout this process.

In parallel with these activities, IFAD financed the formulation of the Rural Financial Services Development Programme in Niger, for which a loan agreement was signed in Rome on 8 December 2000 between the Republic of Niger and IFAD. The programme's objective is to improve, on a sustainable basis, the access of rural people to financial services, particularly the poorest and most vulnerable groups, including women and young people. The programme, which constitutes the main tool for implementing Niger's national microfinance strategy, is structured around three components: development of skills and strengthening of the microfinance sector; consolidation and building up of the capacity of decentralized financial systems; and research and development. The ten-year programme is financed by an IFAD loan of SDR 8.8 million and by Niger's technical financial partners, that is, France and Germany.

My Government accords great importance to the success of the programme. On the one hand, its objective is to enable poor rural people to access locally available financial services; on the other hand, it is intended to constitute a multilateral investment programme in the microfinance sector, where the coherence of interventions is particularly crucial.

In view of the vast experience IFAD has acquired thus far, its contribution will be a determining factor in building up a reserve of locally available credit with the full participation of the beneficiary population.

Thank you.



Statement of the Alternate Governor for Romania

Mr Chairman,
IFAD Governors,
Ladies and Gentlemen,

Allow me, first of all, to offer the congratulations of my Government to the Chairman of the Governing Council and the two Vice-Chairmen on their election for the next biennium. I wish to assure you that my Government is keenly interested in the Council agenda and that my delegation intends to participate fully in its deliberations. The Secretariat of IFAD is to be congratulated for such a high standard of documentation. Furthermore, Romania is proud to take part in this year's sessions of the Executive Board as Alternate to India.

Within the space of almost 25 years, IFAD has become an important member of the United Nations family. Thanks to its twofold vocation – the mobilization of resources and the financing of development projects in rural areas – IFAD is now recognized as one of the foremost actors in the fight against rural poverty. With the experience it has acquired to date, however, it could play an even more effective role in carrying out its important mandate. As one of its founding members, Romania is fully committed to supporting the Fund.

It is encouraging to note IFAD's focus on eradicating poverty in the developing regions of the world and its new approach to the needs, in terms of rural development, of countries in transition. In that context, I wish to convey my Government's appreciation of IFAD's initiative to organize, in Bucharest in December 2001, a subregional seminar on the evaluation of rural poverty in countries of Central and Eastern Europe, and to express the hope that that initiative will be followed up by concrete action on the part of the Fund.

Romania is now moving towards a market economy and preparing for joining the European Union. Today agriculture contributes 15.6% of the country's gross domestic product (GDP) and employs almost 38% of the active population. While some 85% of all agricultural land is currently in the hands of private individuals, in line with government policy these lands will be returned to their original owners within the year 2004. With regard to the crop sector, the medium-term agricultural development strategy adopted by my Government in early 2001 aims at increasing production per unit cultivated and reducing production costs, and at achieving an annual reduction of 2-3% in the areas planted to cereals and a proportional increase in the areas cultivated with mechanical means. In terms of the livestock sector, we expect to increase the total numbers of animals, to improve breeds genetically and to promote the intensive use of biotechnology for the purpose of reproduction and the development of good-quality fodder. The objectives of the Government of Romania with regard to the agriculture, food industry and silviculture sectors are to:

- Adopt a European agricultural model within the larger context of rural development, by accelerating the process of integrating Romania into the European Union and taking advantage of the opportunities that membership will offer.
- Increase agricultural production, in terms of both quantity and quality, through upgrading national production potential, strengthening farm output, promoting ecological agriculture and increasing the competitive capacity of the national agrofood sector on both domestic and international markets.



- Develop and strengthen the private sector by privatizing state agricultural companies and promoting an efficient and advantageous investment programme for agricultural producers.
- Ensure the food security of consumers by means of a strategy aimed at protecting the health of plants and animals.
- Develop a competitive and stable market for agricultural produce, capable of ensuring suitable incomes for agricultural producers.

The implementation of these objectives will depend on the promotion of a vast, national-level rural development programme, including infrastructure, in which IFAD could participate more fully. The medium-term agricultural development strategy that I referred to earlier will involve a major investment programme aimed at developing Romania's agricultural and agrofood production potential. It is to be hoped that international financial institutions and foreign investors from both the public and private sectors will fully recognize Romania's agricultural potential.

I also wish to express satisfaction for the cooperation that led to the launching of a first IFAD-funded rural development project in Romania. We are convinced that this sustainable development project in a mountainous zone of our country could serve as a model for interventions in other rural areas affected by serious poverty. The prospects are good for closer cooperation between Romania and IFAD in the future, and it is to be hoped that such collaboration will lead to new projects.

In closing, allow me to convey my best wishes for the success of the Council.

Thank you.



CHAPTER 4

STATEMENTS AND SPECIAL ADDRESSES

**Message of His Excellency Carlo Azeglio Ciampi,
President of the Italian Republic,
delivered on his behalf by
His Excellency Mario Baccini, Under-Secretary of State,
Ministry of Foreign Affairs of the Italian Republic**

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

I have the honour to extend the greetings of the President of the Italian Republic, Carlo Azeglio Ciampi. At a recent meeting with President Båge at the presidential palace, His Excellency Ciampi took the opportunity to reiterate Italy's satisfaction that IFAD had selected Rome for its headquarters. He also expressed his appreciation for the essential role that the Fund carries out, within the United Nations system, in the field of agriculture and food.

I also wish to express to President Båge and the Governors gathered here the warmest wishes of the Prime Minister and Minister for Foreign Affairs of Italy, Silvio Berlusconi, whom I also represent here, for a successful outcome of the work of the Governing Council.

Cooperation between Italy and IFAD in our common commitment to battle hunger and poverty in the world – one of today's greatest international priorities – has strengthened over time.

Combating hunger and malnutrition is not just an imperative for economic stability and global security; it is above all an ethical duty. It involves the United Nations, the G-8 countries, the World Bank, the European Union, other international and regional organizations, and in particular the political will of each individual state.

The international community and the countries directly involved have the resources and the capabilities needed to win this battle. Success can only be achieved, however, through the contribution and commitment of all. Within this strategy, IFAD has a central role. It has always promoted activities aimed at overcoming rural poverty. This fundamental activity will contribute to the goal of halving the number of poor people in the world by the year 2015, in line with the principles and commitments expressed in the Millennium Declaration.

In this connection, the publication of IFAD's *Rural Poverty Report 2001* has provided the international community with an important reference document. Italy, convinced as it is of IFAD's fundamental importance, tripled its voluntary contribution to the Fund in 2001 and is considering the possibility of a further major increase. It has also recently increased its cooperation with multilateral and bilateral initiatives directed towards vulnerable rural communities, rural rehabilitation and food security in a number of specific regions such as central and western Africa and Iran. To strengthen cooperation even further, Italy entered into a partnership agreement with IFAD in November 2001 for the design and implementation of projects and initiatives it will cofinance with the Fund.



Italy also wishes to make its original contribution to combating hunger and poverty in the world in another way. This is reflected in the recent Memorandum of Understanding with the Food and Agriculture Organization of the United Nations, IFAD and the World Food Programme for international cooperation in the agriculture and food sector. With this initiative, we intend to emphasize the importance of the entrepreneurial component in this sector, stimulate a greater use of the scientific and educational patrimony of universities and research institutions, and promote the activities of trade and professional associations and non-governmental organizations working in the sector.

The Memorandum of Understanding also aims at involving all the components of the multifaceted Italian entities involved in the sector covered by the three international organizations in combating hunger and poverty in the world. This is an unprecedented initiative, in terms not only of the number of entities involved (more than 200) and their importance, but also of the great scope of action envisaged.

I am particularly happy to thank President Båge for the response that IFAD has provided to the project and the commitment it has made to its success.

While wishing the Fund every success in its work, I would at the same time like to confirm Italy's unconditional support.

I also wish to thank the Governing Council for the efforts the Fund is making in this direction, in full synergy with the other agencies of the United Nations that the city of Rome has the honour to host.



**Message of the Secretary-General of
the United Nations, Mr Kofi Annan,
delivered on his behalf by the
Executive Director of the World Food Programme,
Mrs Catherine Bertini,**

Dear Friends,

It gives me great pleasure to send my greetings to the Governing Council of the International Fund for Agricultural Development.

Like other entities of the United Nations system, IFAD is strongly committed to achieving the internationally agreed goal of halving the proportion of people living in extreme poverty by 2015. To succeed, we must focus on the poor where they live and work. For 75% of the extremely poor, 'home' is in the rural areas; for them, farming and related activities are the key to sustenance, to income and to survival.

As farmers and farm labourers, as pastoralists or fisherfolk, the rural poor are most threatened by degradation of the natural resources upon which their livelihoods depend. Perhaps nowhere is this link clearer than in water-stressed drylands, which are home to nearly 630 million rural poor people. For them, 'desertification' is more than an environmental problem; it is a direct threat to their ability to grow crops, generate income and raise their communities out of poverty.

Thus there is an urgent need to strengthen the mechanisms and institutions that are responsible for translating global environmental goals into sustainable development at the local level. One such body is the Global Mechanism of the United Nations Convention to Combat Desertification. I would like to thank IFAD for its continued support of this mechanism and for the valuable contribution it has made to the implementation of the Convention through its direct investments in drylands.

We must also reverse the declining flow of resources devoted to reducing rural poverty. This involves reinvigorating the level of investments that raise agricultural productivity and create off-farm employment. I hope that the International Conference on Financing for Development, to be held next month in Monterrey, Mexico, will find ways to mobilize additional resources for agricultural and rural development.

Money alone, however, will not achieve the 2015 target. We must improve the impact of investments in rural areas. IFAD has a key role to play in that effort. It has long experience of working with the rural poor, both on the ground and in their communities. Through its community-based projects, IFAD has amassed important insights into the priorities, capacities and needs of the rural poor. I commend the Fund for sharing this knowledge with all those who are dedicated to eradicating poverty.

By working together, I am confident that we can improve the conditions of all people who are trapped in poverty today and have no hope for the future. In that spirit, I wish you a most productive session.



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

Mr Chairman,
Excellencies,
Ladies and Gentlemen,

This is my last speech to IFAD as Executive Director of the World Food Programme. Over the last ten years, I have very much enjoyed and WFP has very much prospered from the close connection, the interwoven work, between IFAD and the World Food Programme. So it was always a pleasure to come to this meeting and to be with you, both for the opening ceremony and for the dinners, lunches and social events where so much work is always done - even off the premises of the actual meeting. I am sorry that this year I will not have the opportunity to do that, but some of my colleagues will. The Secretary-General has called a meeting of, a "retreat" of, his senior management group tomorrow in New York City so I must leave this morning to attend that event.

I also wish to pay special tribute to Lennart Båge and his colleagues at IFAD. In the time he has been at IFAD we have had a chance to work together on many important issues, just as we did before when he was a representative of his Government. It is a collaboration that I cherish and a friendship that I cherish, and I am very happy that we have had this opportunity to work together. During the tribute that my Board was kind enough to give me last week, Lennart was there representing IFAD and David Harcharik, the Deputy Director-General of FAO, was there representing FAO, and I appreciated their very kind words.

When I look back over these last ten years, I can see that in many ways the world is a far better place than it was just ten years ago. Economic globalization, scientific advances and the spread of information technology have all had a largely positive impact, particularly in terms of decreasing poverty and hunger worldwide. FAO estimates that the number of hungry people in the developing world has dropped from 822 million people ten years ago to 777 million people today. That is a remarkable achievement given that, during the same period, the world's population climbed by roughly the same number to over six billion. But of course, one person living in desperate hunger is one too many. Ethiopians sometimes describe such bad hunger as the 'fire of hunger' that hits them and hurts them and sometimes kills them.

As we have seen during the last decade, there have been many problems in the world: the largest number of civil conflicts the world has ever seen; the advent of terrorism worldwide; and the huge AIDS epidemic around the world. Moreover, several positive things we thought were going to happen did not in fact happen. In the early 1990s, at the end of the cold war, it was optimistically expected that there would be savings in military expenditure by NATO countries and by Eastern Bloc countries, and that those savings could be reinvested in economic development. But this so-called 'peace dividend' never really materialized. Instead, official development assistance (ODA) has decreased since 1992: ODA for multilateral institutions has fallen by 24%, and bilateral ODA has dropped by 17%.

We have seen a huge increase in natural disasters, and certainly in man-made disasters. While ODA has decreased, emergency humanitarian aid has almost doubled because of an unprecedented string of disasters. The natural disasters that have occurred during this last decade have been massive, starting with the 1992 drought in southern Africa where up to 18 million people were at risk. But the United Nations and bilateral or multilateral donors in countries in the region scored a significant success because there was no famine. We have recently seen a drought that went all the way from



Africa and the Middle East into Afghanistan and then on into India. We have seen major humanitarian emergencies in Afghanistan, in Eastern Europe and in Africa. We have seen a dangerous drought in the Horn of Africa, Hurricane Mitch in Central America and huge floods in Bangladesh, China and India. If this pattern holds, we will all have to work even harder during the next decade so as to be able to raise the resources and provide the assistance necessary to help people combat such disasters. And certainly after the disasters, whether man-made or natural, IFAD, FAO and WFP and the rest of the international community have much work to do to help people rebuild.

You know, too, that WFP's work has shifted over the last ten years. Whereas we used to be a development agency, we are now primarily an emergency agency. But the development work, the work to help peaceful countries and people living in peace but in desperate poverty, remains just as important as it always was.

The three agencies in Rome all are concerned, of course, about the decreasing availability of resources for development. That is one of the reasons we are working together for the International Conference on Financing for Development, to be held at Monterrey in March; why we are working on an event entitled 'Reducing Poverty and Hunger – The Critical Role of Financing for Rural Development, Food and Agriculture'; and why we are pleased that a joint IFAD/WFP/FAO statement will be delivered by the Director-General of FAO.

As you know, we handle a lot of collaboration with IFAD. WFP has projects with IFAD that benefit more than three million people in 14 countries, and our joint investments total about USD 84 million. WFP also has many projects with FAO, and the two organizations are working together on the Rome Millennium Initiative whereby Italian debt is swapped in countries to fund projects to alleviate poverty and help build up agricultural development.

But as I have said to you before, if we could all do one thing to help bring about a dramatic decrease in poverty in the developing world, then that one thing would be to reach out to women and girls and to reach them even more effectively than we do now. When we know, for instance, that seven out of ten victims of hunger are women and girls, then should we be spending most of our resources directly on men – or shouldn't we rather be spending those resources directly on those seven out of ten victims who are women and girls? When we know that the vast majority of farmers in Africa are women, then should we be spending most of the agricultural resources in Africa on the minority of farmers who are men – or should we be spending them on women, who constitute the majority of those working in the fields? When we know that, throughout the world, women are the cooks in the household, women are the people who gather firewood to cook the food, women find the water to cook the food, why should we be giving food to men?

As I have told this group before, women have told me over and over again: "If you get food into my household, I control the food and I know it is going to feed our children. If you give food to my husband, it does not necessarily come to the household and it might get sold to be used for something else." One of the basic tenets of development is that we are supposed to be involving beneficiaries in the direction, in the decision-making, in the management of programmes. So then it follows that if women are our primary beneficiaries, then women must be the people with whom we consult before we develop the projects, before we get the resources there. And women are the people that must be part of the local management provided by the host government because they are the ones most in need and so they are going to know what other women need.

I remember going to Angola some years ago and visiting a project, a rehabilitation project, where land had been de-mined and internally displaced people had moved back to their homes and their land. They were so thrilled to be able to farm and plant seed again on their own land, but the women complained because the NGO helping them had sent them male hoes. Now, since you are agricultural experts, I know you know what hoes are, but I once told this story and someone thought I



was talking about hose stockings. Anyway, the women complained that they had been sent male hoes. I did not know there was a gender differentiation between hoes before I talked to those women in Angola and obviously the people who sent the hoes did not know it either. Obviously they had not talked to the people who were going to be farming – the women. But they had sent long hoes, long wooden handles with rectangular spades. They looked like the hoes my husband has in our garden. Those are male hoes in Angola, ladies and gentlemen. Female hoes in Angola have much shorter wooden sticks and they meet on an almost 45-degree angle, almost like a shovel spade with a pointed end. Female hoes can dig a lot deeper into the ground than rectangular male ones, but you have to bend over in order to dig into the ground with female hoes. Why do the women prefer these hoes? Well, first of all, women are the ones doing the farming so they know they have to dig deeper into the ground in order to plant seed. Second, they have babies on their backs, so they can stay bent over in the fields hour after hour with those babies on their backs, longer than they can stay standing up with the babies on their backs. But before they sent the hoes, nobody had talked to the people who were going to do the work. That's one little story, but a story that illustrates that if the workers are women, if the farmers are women, then we need to talk to them about what they need and we need to get them what they need because they are the ones making the difference. They are the ones growing the crops.

The same is true for food in the household. Women cook the food. But if we send them hard kernelled corn, as we have in the past, they have problems with firewood for cooking. They have to go farther and farther into the countryside to get firewood to cook the corn, which takes three times as long as it would if the corn were milled, and that means more trees will be cut down and there will be less security for the women. Those are the kinds of things that have to be found out before inputs go into a country, and it is critically important that we do it. And getting girls to school: if I could make one wish about what should be done in the world in order to decrease hunger and poverty, it would be that we put our resources into educating girls at school because if girls are educated in school they can make different decisions about their lives and improve their lives. More economic opportunities come their way; they are literate; they know how to read; they know what to do when they read; they make decisions to have half as many children as they would if they had not been to school until at least age ten; and they know what is good nutrition and health for their children and they get it. Feeding girls in school, or just sending girls to school, is one of the most important things that we can do collectively to end hunger around the world.

So if I can leave a message with you in this speech, it is to say: Please, do not just remember the girls and the women. Make girls and women the focus of many of your interventions in IFAD, the focus of your policies in your governments, and make them the beneficiaries of loans, of food, of support and of other things that can make a difference to their lives. Because if you improve the lives of those girls and women you will improve the lives of everyone in the community and everyone in the country and, ultimately, improve the economic well-being of the entire world.

The World Bank and World Health Organization carried out a study called 'Dying for Change: The Voices of the Poor'. They asked the poor people they talked to: "What is your biggest want? What is your biggest problem?" And I quote from the study: "... Lack of food is the most frequently mentioned want. Hunger and malnutrition are the underlying causes of disease. They cause weakness and exhaustion, they make people more susceptible to infection." These people said that sometimes they do not eat for days on end. These are the people that IFAD, FAO, WFP and all of us are trying to reach. But these people still do not receive the attention they need: people who live throughout the world – many of them in peaceful places, people who do not make the front pages of newspapers but are still desperately in need of food. According to the study, people in Ethiopia said: "We have burning hunger, we have the fire of hunger". Let us make a commitment to work with women and girls to put out that fire.



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

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

It is a pleasure for me to address this opening session of IFAD's Twenty-Fifth Governing Council meeting, as it gives me an opportunity to emphasize once more the close collaboration and jointly-held goals of IFAD and FAO. I am particularly pleased to note that since I had the honour to address this Council just one year ago, IFAD and FAO have broadened and strengthened collaboration to fight against hunger and poverty in the world.

I know there may be some sceptics here today, but I would like to assure you that the working relationships and the joint activities of FAO, WFP and IFAD continue to grow as we work together in the pursuit of common goals. The recent edition of the joint publication by IFAD, WFP and FAO called *Working Together*, which was issued last November, portrays many of the ways in which the three organizations are collaborating in the rural areas of developing countries. At this point, I would like to especially recognize the excellent working relationship that FAO and WFP have had with John Westley, who as you know will be leaving us shortly. John has been a colleague and a friend, and I can tell you that he has always had ideas and initiatives on how to improve working relationships and the activities that we do together. He has not only worked well with me and Namanga Ngongi of WFP, and more recently Jean-Jacques Graisse, but also with many staff members within FAO. He has had constructive ideas that have always helped to solve problems; thus, John, I would like to express our most sincere appreciation to you. We will miss you. Of course, we also look forward to working with his successor, Mr Enweze.

Even though there is very good collaboration, it is sadly true that despite our efforts, be they joint or singular, hunger and poverty persist. In a world increasingly bound together through globalization, the existence of some 815 million people deprived of the most basic ingredient of a healthy life – food – must surely resonate among us here as a moral outrage.

But hunger reduction is not just a moral imperative. It also makes good economic sense. The economic cost of hunger and malnutrition, reflected in lost productivity, social programmes, illness and premature death, is extremely high. It is vital, therefore, that the problem of hunger be seen as a mainstream development challenge and not merely as a humanitarian issue. In particular, there is a need to increase substantially the funding available to the rural sector, where most of the hungry people reside, and to empower people – and yes, women – to take part in development programmes that will lift them from the grip of poverty. There is a need to invest in improving the livelihoods – not just social programmes but livelihoods, jobs – of the millions of rural people so that we can reverse rural decline and achieve broad-based rural development and sustainable social and economic progress.

That is why the three Rome-based food and agriculture organizations give such importance to the several high-level international meetings that are taking place this year. They provide opportunities to stimulate investment in sustainable rural development and to build a sense of urgency



to renew and reinvigorate the efforts to meet the commitments made at the World Food Summit in 1996.

I am therefore pleased to note the excellent collaboration that we have reached in the follow-up to these meetings. In particular, the preparatory work for the International Conference on Financing for Development has seen IFAD, WFP and FAO joined in common cause to push for the return of rural development, food and agriculture to their former positions as key elements in the development process throughout much of the world. The presentation by the President of IFAD, on behalf of the three Rome-based organizations, to the second session of the conference's Preparatory Committee in October last year, followed by the address to the subsequent Preparatory Committee session by the Deputy Executive Director of WFP, were of particular significance, and, I understand, were much appreciated by the participants. In addition, I know that several of the delegations here today were instrumental in reinforcing our central concerns through direct contacts with your representatives in New York, and I would like to express my appreciation to you for that.

Mr Chairman, our three organizations are also preparing a panel meeting to be held as a side event of the conference itself. The panel meeting, whose theme is 'Reducing Poverty and Hunger – The Critical Role of Financing for Rural Development, Food and Agriculture', will provide an opportunity for governments, NGOs, the World Bank and our three organizations to exchange views and ideas on how to raise and target more effectively the necessary development resources to achieve the Millennium Development Goals. The outcome both of this side event and of the conference itself will, of course, provide important inputs to the process leading up to the World Food Summit: Five Years Later, which, as you know, will be held at FAO headquarters from 10 to 13 June this year.

In this context, I am also pleased to mention our close collaboration with IFAD in the preparations for the summit. In particular, I would like to again thank John Westley, who so ably chaired the High-Level Panel that met here in Rome in June last year to explore the issue of resource mobilization for food security, agriculture and rural development, and also to identify specific actions needed to raise resource flows and the delivery capacities of donors and recipients for poverty and hunger reduction. The conclusions of the panel meeting emphasized the need for all parties to move into an accelerated mode if the World Food Summit and other International Development Goals contained in the United Nations Millennium Declaration are to be attained. The panel also recognized that closer partnerships would promote a common understanding of the links between food security, agriculture and economic development, as well as of the ways in which improved investment in agriculture and rural development can contribute to the achievement of the Millennium goals.

As we know, the 1996 World Food Summit's goal of halving the number of undernourished people by the year 2015, is in danger of not being achieved. Annual reductions in the number of undernourished have been made on the order of only 6 million per year; far below the 20 million originally needed. In other words, we are nowhere near being on target. The World Food Summit: Five Years Later will address the two major constraints identified as hampering achievement of the target: political will and resource availability. The report of the High-Level Panel will be a key background document for consideration by the assembled heads of state and government, and other delegates.

In mobilizing the international community once again and committing it to adequately address these two critical factors, the summit will provide further impetus to our common struggle for a world free of hunger and poverty. I hope very much that IFAD and the Members of the Governing Council gathered here today will join with us in carrying the message to government leaders throughout the world. Mobilizing political will and financial resources to overcome hunger and poverty is perhaps the most important issue facing the world today, and it is one that requires direct and concerted action by all to make a better, more prosperous and peaceful – yes, a peaceful – world for the future.



Mr Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

On behalf of the Director-General, I would like to extend to the Governing Council best wishes for success in its deliberations. Thank you very much.



**Statement by the President of IFAD,
Lennart Båge,
to the Twenty-Fifth Session of the Governing Council**

Mr Chairman,
Distinguished Governors,
Ladies and Gentlemen,

May I first warmly welcome you to Rome and to this Twenty-Fifth Session of the Governing Council of IFAD. We are grateful to His Excellency, Mario Baccini, Under-Secretary of State of the Ministry of Foreign Affairs of our host country for being with us today and delivering the message of the President of the Italian Republic, His Excellency Carlo Azeglio Ciampi. The message from the President of our host country emphasizes Italy's commitment to fighting poverty.

We are deeply honoured by the participation at our Council of the President of the Federal Republic of Nigeria, His Excellency Olusegun Obasanjo. His role in restoring democracy and his leadership in his own country and across the region, especially his part in shaping the New Partnership for Africa's Development (NEPAD), offers the promise of a new start for Africa.

It is also a pleasure to welcome Mrs Catherine Bertini, as this will be her last occasion to participate in the Governing Council in her present capacity. I had a chance last week at the WFP Executive Board to pay tribute to the strong leadership and dedicated service that Catherine Bertini has shown in working to support the vulnerable and poor of this world.

We are also happy to have with us Deputy Director-General of FAO, Mr David Harcharik. As the recent document *Working Together* has highlighted, the range of collaboration among the three Rome-based United Nations agencies is now wide-ranging and effective and we intend to take this collaboration to further and stronger heights in the coming years.

This is the first time that I have the honour to address the Governing Council as President of IFAD. The months that I have been here at IFAD, I must say, have been tremendously challenging, very stimulating, and I have found the work of the Fund even more inspiring than I expected. I would also add that I have been very much impressed by the devotion and commitment of IFAD staff.

But the year that has passed since the last Governing Council has been a turbulent one for the world. The tragic events of September 11 and their aftermath have reminded us of the close inter-linkages of our global society. They have brought forth a new recognition of the importance of inclusive political and economic processes and the imperative of making globalization work for all.

Last year was also marked by a severe economic downturn that, aggravated by the September 11 events, threatens to deepen the vulnerability of poor countries and poor peoples and intensify poverty in many parts of the world.

These trends remind us that globalization works unevenly, with some reaping growing benefits from the free flow of capital, information and goods and services, yet for hundreds of millions excluded from the fruits of globalization, life continues to be a struggle for mere survival.

The last two months I have had the opportunity to visit IFAD-supported projects in remote regions in Nigeria and Senegal. There are two images that I remember vividly. One was a woman in a small village in Katsina in Northern Nigeria. She had succeeded in increasing her income but as impressive was the self-confidence she had gained to deal with officials and even ministers. Given a microphone in hand she held the meeting spellbound as she described her problems and what



solutions she had found to deal with them. Looking to the future she wanted a better road to the market, a primary school, a television centre in the village. Poverty was still her reality, but hope and dignity her message.

The second image is of a simple house in a poor village in Matam, Senegal. The great pride was a shiny safe with a large ledger book on top of it. Members of the savings group had meticulously entered each cash deposit, each loan and each repayment. The repayment rates, as in many other IFAD projects, were well over 90%. The safe was a symbol of their entry into the modern world and they were fiercely and justifiably proud. Poverty was still their reality, but hope and dignity their message.

Mr Chairman,

Today, over twelve hundred million people live in extreme poverty, with incomes of less than one dollar a day.

World leaders at the Millennium Summit in September 2000 proclaimed their commitment to reduce by half the proportion of humanity living in extreme poverty by 2015. This we all know. This recognition is not limited to governments. At the World Economic Forum earlier this month it was striking to see heads of major private corporations and financial institutions underlining the importance and urgency of dealing with poverty. Many of their statements stressed that chronic poverty is the source of instability and a breeding ground for desperation. The same strong message in a different context comes from the World Social Forum in Porto Alegre in Brazil.

This new broader commitment to poverty reduction creates growing opportunities and growing responsibilities for IFAD to be actively building new partnerships and alliances.

Last year a number of important steps were taken to make IFAD more effective.

A new strategic framework has been formulated for the period 2002–2006. It builds on the *Rural Poverty Report 2001* and the regional poverty assessments. The framework was developed with broad participation of IFAD staff.

The strategic framework starts with the Millennium Summit Goals. It aims to strengthen the Fund's catalytic role. Enabling the rural poor to overcome their poverty is the mission statement, and three strategic objectives are highlighted: strengthen capacity of the rural poor and their organization; improving access to productive natural resources and technology; and thirdly, increased access to financial services and markets.

A key aim is to strengthen the Fund's impact through strong partnerships with host country institutions, farmers' associations, and other civil society organizations as well as with bilateral and multilateral agencies. This will allow IFAD – but, much more importantly, it will allow national stakeholders, farmers' associations, various kind of organizations – to participate actively in the poverty reduction strategy process of taking ownership of the country's process and strategy towards poverty eradication.

A loan approved for the Rural Financial Intermediation Programme in Ethiopia last year exemplifies the partnership approach. Perhaps the most critical constraint to raising productivity that faces smallholder farmers in Ethiopia is lack of credit and financial services.

The new programme will respond to this need by building a system of rural microfinance institutions and savings and credit societies. These institutions will help an estimated 1.5 million rural



households, some 7.5 million poor men, women and children, to gain access to credit, in many cases for the first time in their lives.

The Fund's loan of USD 25.7 million for the programme has mobilized substantial cofinancing from the African Development Bank and from Ethiopian financial institutions to cover its total investment cost of USD 88.7 million.

Ethiopia's population is about 63 million, out of which an estimated 40% or 25 million people are below the national poverty line. Thus this one intervention will offer about a quarter of Ethiopia's poor opportunity to work their way out of poverty.

Mr Chairman,

In addition to our strategy work, internal changes are underway to raise the operational effectiveness. Building on the Process Re-Engineering Programme which was approved by the Governing Council two years ago, the strategic change programme is focusing on modernizing financial and human resource management information systems and administrative services. The programme will also develop stronger strategic planning and management capacities.

Similarly, steps have been taken to develop a new information and communication strategy and a modernized human resource policy.

Another initiative relates to the Fund's participation in the Heavily Indebted Poor Countries Debt Initiative (HIPC). The long-term cost to IFAD of the Debt Initiative is now well over USD 400 million. Until last year, IFAD had received only one contribution from The Netherlands to help finance these costs. However, over the last year our efforts have led to a growing understanding that IFAD requires additional funding for the HIPC costs, as is the case for the International Development Association, the African Development Bank and the Inter-American Development Bank. Such funding can be provided by giving IFAD equitable access to the World Bank Trust Fund, or through direct contributions, and I am glad to say that in recent months Belgium, Germany, Italy and Switzerland have announced specific contributions for IFAD's HIPC requirements. Others have endorsed the principle of access to the HIPC Trust Fund. We will continue our efforts to make sure that IFAD is treated in a comparable way with regard to the HIPC as other multilateral institutions.

The Fund's investment policy has also been a matter of review over the past year. The severe volatility of financial markets over the last two years resulted in sharp changes in the Fund's investment income and in its resource position. In consultation with Member States, a new investment policy has now been developed to reduce the Fund's exposure to equities from 45 to 10%. In consequence, investment income in the future is likely to be less volatile. This will allow Member States and management to focus their attention on the replenishment process as the main source of financing IFAD's resource needs. During 2001 IFAD committed USD 434 million. This was a bit lower than the long-term planned level, but disbursements of over USD 300 million were a record high.

Let me also say a word about our efforts to strengthen IFAD's role in fighting desertification and land degradation, which is the key issue facing millions of poor farmers. IFAD is proud to host the Global Mechanism of the United Nations Convention to Combat Desertification, which, as the Secretary-General noted, is a key mechanism for the effective implementation of the Convention. Our own programmes provide for strong synergies with the work of the Global Mechanism.

Finally, let me also say that this past year we have also, with the help of an international executive search company, selected a new Vice-President. Mr John Westley, who has played a key role in IFAD as Vice-President since 1998, will be leaving the institution in April. The support he has



given me during my first year in office has been invaluable. I am pleased to introduce our new Vice-President, Mr Cyril Enweze from Nigeria, who comes with the rich experience most recently of five years as Vice-President of the African Development Bank. I also have the pleasure of presenting our new Assistant President for the Economic Policy and Resource Strategy Department, Mr Phrang Roy from India. I now look forward to appointing a woman for the remaining Assistant President post.

Mr Chairman,

Last year, IFAD brought out its *Rural Poverty Report 2001*. Launched last year by the Secretary-General, Mr Kofi Annan, the report has been the basis of workshops and seminars in a large number of developed and developing countries, most recently in France, Nigeria and Senegal. The report has had, I truly believe, a significant impact and its messages have begun to enter the development dialogue.

The poverty report highlighted that three quarters of the world's extreme poor, some nine hundred million people, live in rural areas, depending on agriculture and related crafts, trade and services for their livelihood.

Paradoxically, even as the focus on poverty has sharpened, domestic investment and official development assistance (ODA) to agriculture and the rural sector have fallen sharply. As the theme paper for the Council brings out, ODA to agriculture has fallen by nearly half from 1988 to 1999. In parallel, domestic public investment in agriculture has also fallen, for example in sub-Saharan Africa from 6.2% of total expenditure in 1990 to 3.9% in 1998. It is hardly surprising that during the last decade the rate of poverty reduction fell compared to previous decades.

And let me end this by a quote from NEPAD, and I quote, "Improvement in agricultural performance is a prerequisite of economic development. Bilateral donors and multilateral institutions have paid too little attention to the agricultural sector and rural development, where more than 70% of the poor people in Africa reside. The entire donor community must reverse such negative trends." End of quote.

The commitment to the Millennium Summit poverty-reduction goal calls for new policies and additional resources, both domestic and external. Recognizing this, the International Conference on Financing for Development is to be held in Mexico next month. This conference provides an important opportunity to focus world attention on an agenda for action to translate the commitment of the Millennium Summit into real changes in the daily lives of the poor.

This year, we have adapted the Governing Council to enable it to play a role in this critical dialogue and "Financing Development – The Rural Dimension" is the theme for the Council and for its interactive session. I hope, through this, we will be able to deliver a strong political message to the Mexico Conference.

Building on that, we intend to organize an event at the conference highlighting rural development and agriculture and working closely together with WFP and FAO as in the preparations. Through that coordinated effort by FAO, WFP and IFAD at the Mexico Conference I am sure that the voice of the rural poor will be heard.

Mr Chairman,

The level of additional resources required to achieve the Millennium Summit goals has been a subject of much discussion and analysis in recent months. A report prepared for the last session of the Development Committee of the World Bank and International Monetary Fund has estimated that



additional ODA of USD 54 billion per year is required, that is, doubling the existing ODA level. Several industrialized countries have recognized the need for such substantial increases in ODA to respond to the opportunities created by the Millennium Summit for more rapid poverty reduction.

There has been less discussion, however, on how those resources should be channelled to make a real impact on poverty. There is, at present, a disconnect – in fact, a fundamental inconsistency – in where ODA goes and where poverty is. International development cooperation must increasingly focus on where the poor are – the rural areas – and the sources of their livelihood – agriculture and related activities. Since a great majority of the poor live and work in rural areas, there should be greater balance in the way ODA is channelled between urban and rural areas.

Mr Chairman,

Poverty and deprivation have long been with us. But that does not mean they are an inevitable part of society. The Millennium Summit showed that the international community has now recognized this and decided to act upon it.

Now, IFAD's own operations at about USD 450 million per year do leverage substantial other resources, allowing the Fund to support poverty programmes with a total annual investment of about USD 1 billion. These programmes reach, on average, some ten million poor people each year, bringing them substantial support in raising their productivity and output. Our community-level programmes also help poor groups draw benefits from large-scale investments, such as road networks, dams and other infrastructure financed by national governments and other institutions.

IFAD's programmes could be increased substantially and relatively quickly so as to make a meaningful contribution to achieving the Millennium Summit poverty goal. Bringing about a more rapid rate of poverty reduction requires both a higher level of development resources, including ODA, and a better balance of existing flows

IFAD is an institution directly relevant to the new focus on poverty reduction. It has proved effective in undertaking innovative programmes that help even the poorest of the poor achieve lives free of deprivation and want. An institution like IFAD I hope will receive a significant part of the additional resources mobilized for poverty reduction and the negotiations of the Sixth Replenishment, offer a means for this.

Next year will mark the Fund's twenty-fifth anniversary. With the support of our Member States, on the basis of the strong foundation IFAD already has, I am sure we together can build an institution that is unique not only in its exclusive focus on rural poverty but also in its effectiveness in addressing it.

During this first year at IFAD, I have witnessed at first hand the capacity of poor people to grow, like those villagers in Senegal. That desperation and despair turn into dignity and hope when opportunities are offered, like for those village women in Katsina. That effective poverty reduction is possible and doable and that IFAD's mission statement to "Enable the poor to overcome their poverty" is as important today, if not more, as when IFAD was created.

Thank you.



**Welcoming Statement by the President of IFAD,
Lennart Båge,
on the Occasion of the Visit of
His Excellency Olusegun Obasanjo,
President of the Federal Republic of Nigeria**

Mr President,

It is truly an honour and a pleasure to welcome Your Excellency officially to the Twenty-Fifth Session of the Governing Council of IFAD. Nigeria's strong and consistent support for IFAD has been a key factor in the institution's growth as an effective instrument against poverty. Your presence here today is a reaffirmation of that support, and we are grateful to you for coming here.

The world community has recognized that addressing poverty is the most important challenge for international cooperation. Your own leadership in Nigeria, and in the restoration of a democratic process in your country with a new emphasis on development and poverty reduction, is truly an inspiration to all of us. I personally had the opportunity, during my recent visit to your country when you launched the Nigerian Rural Development Strategy and Policy, to witness the importance you attach to eradicating poverty.

The last decade in Africa has been disappointing in terms of progress made in achieving poverty reduction and development. There is wide recognition in the region that Africa must relaunch its development on a basis of strong national ownership. Your leadership has already played a decisive part in these efforts, particularly your role in the formulation of the New Partnership for Africa's Development (NEPAD). We in IFAD will contribute fully towards the successful implementation of this partnership.

Mr President,

Eradicating poverty and building vibrant societies in the developing world is a task that requires determination and courage. Your own record has shown both of these qualities in remarkable ways. With your leadership we look forward to a dynamic future in your country.

We are indeed privileged, Your Excellency, to have you with us today and we look forward to your address.



**Keynote Address by His Excellency Olusegun Obasanjo,
President of the Federal Republic of Nigeria**

I am indeed pleased and honoured for the opportunity to raise with this distinguished and esteemed audience issues of mutual concern to both the developed and developing world. I bring to you the good wishes of my Government, and the entire people of Nigeria.

My visit to IFAD has a special significance, as this is my first official engagement here since the Fund was established about a quarter of a century ago. At that time, I was Nigeria's Military Head of State, and I recall with satisfaction the central role that Nigeria played, as a member of OPEC, in getting the organization established. I am gratified that our collective vision and optimism at that time have been amply vindicated and justified by the impressive performance of IFAD in addressing its core mandate of combating hunger and rural poverty in the developing world.

The theme of this Session of the Governing Council, "Financing Development – The Rural Dimension", has a special appeal to me because it touches directly on a subject that constitutes a major plank and inspirational focus of Nigeria's present developmental strategy. The theme is appropriate and well timed to set the tone for the upcoming Mexico Conference on Financing for Development.

Mr Chairman,

It is indeed an unsavoury – if not embarrassing – paradox that, although the issue of poverty has been succinctly brought to the centre stage of international discourse, especially in the last decade, and in spite of the giant strides that have been made in the field of science and technology in an increasingly interdependent world, the incidence of poverty continues to escalate in most developing countries, particularly in South Asia and sub-Saharan Africa. The target of reducing by half the proportion of the world's extreme poor by 2015, set by the Copenhagen Summit on Social Development in 1995, reaffirmed by the World Food Summit in 1996 and further reaffirmed by the Millennium Summit in September 2000, remains largely a mirage.

We are all aware of the consensus within the international community that the coexistence of pervasive extreme poverty among a large segment of the world population side by side with the bewildering affluence of a small minority, is ethically unacceptable, socially unjust, economically inefficient and politically dangerous. Yet there are today 1.2 billion people, an estimated 500 million of whom live in South Asia and 300 million in Africa, struggling to survive on less than one United States dollar a day.

For most developing countries, 60-70% of this segment of the population lives in the rural areas, which have remained centres of deprivation, often lacking in economic opportunities and choices, as well as enabling infrastructural facilities such as potable water, rural feeder roads, energy and communication needed to improve the quality of life of rural dwellers.

Furthermore, we continue to live with this paradox of an increasingly widening gap between the rich and the poor countries, even when technological innovations have reduced the world to a 'global village'. Progress on the commitment to poverty reduction has been slow. According to the *Rural Poverty Report 2001*, published by IFAD, the rate of poverty reduction from 1990 to 1998 was less than one third of what is needed to reduce extreme poverty by half during 1990-2015. In sub-Saharan Africa, it was six times less. While the share of development aid going to low-income, least developed countries, which account for over 85% of the poor, stayed at around 63%, agricultural aid virtually collapsed.



We may ask what has happened? What has gone wrong and what remedial action must we take? These are questions that we are hoping this esteemed Council would find answers to in the next two days of your deliberations in order to meet the target we have set for ourselves.

At the Twenty-First FAO Regional Conference for Africa, held in Yaounde, Cameroon, in February 2000, it was recommended that national governments should commit a minimum of 25% of their budgets for agriculture and rural development programmes. Regrettably, due to various factors, notably falling commodity prices and competing needs for education, health, social and economic infrastructures, law and order, African countries have generally not been able to achieve this target. The import of all this is not difficult to see: our rhetoric simply have not been matched by appropriate action!

Mr Chairman,

I recall that one key element of the first commitment of the World Food Summit Plan of Action is ensuring an enabling political, social and economic environment for the eradication of poverty and for durable peace. Implicit in this statement is the tacit acknowledgement of the inescapable relationship between poverty and durable peace.

Poorly functioning agricultural systems tend to heighten rural poverty, which in turn provides a fertile ground for discontent and, ultimately, political unrest. The solution to this problem lies in our collective resolve to sincerely commit ourselves to raising the standards of living of the rural poor by raising agricultural productivity and market access, which will, ultimately, not only ensure adequate food on the table but also provide jobs both on- and off-farm, raise incomes, and thereby pave the way for a more stable society.

The failure to improve the quality of rural life is largely responsible for the rural-urban migration that has today become a common feature of most developing countries, especially those in sub-Saharan Africa. Consequently, the social infrastructural facilities in such urban settlements rapidly become inadequate and over-stretched, resulting in social tension and sometimes the outbreak of violence.

In my country, after a long period of military rule, we inherited collapsed economic and social infrastructures in both urban and rural sectors. I am glad to note that our efforts in rehabilitating infrastructural facilities are beginning to pay off. Many rural areas are now linked to the national grid of our electric power distribution network. Rural roads are being rehabilitated. We have introduced a universal basic education programme; thereby improving on the universal primary education that had been in place. Telecommunications in both urban and rural areas have similarly been improved. We have developed pragmatic agricultural and rural development policies and strategies designed to improve agricultural production and living standards in rural areas. Indeed, the President of IFAD, Mr Båge, joined me about ten weeks ago in Abuja to launch the Planned Policies and Strategies.

Mr Chairman,

There are those who hold that the first step towards peace, both within and outside national borders, is the eradication of hunger. Personally, I think the first step towards universal durable peace is the eradication of poverty, which is the root cause of hunger. Durable peace will continue to elude humanity until there is social justice and until the rural sectors of our populations are reasonably empowered and mainstreamed into the national development goals and strategies. I dare say that if developing countries continue to yield to the ever-increasing demands of the urban elite at the expense of the rural poor, the scourge of rural-urban drift will be accentuated, thus creating a ripe environment for social and political instability.



As we are all aware, the mainstay of the rural economy is agriculture. Unfortunately, as has been severally observed, the hopes that the World Trade Organization (WTO) Agreements raised for the rural world have since been dashed by the strategic protection given by the developed countries to their agriculture through export subsidies, tariffs, quotas and other restrictions on commodity imports from the developing countries. Under these circumstances, globalization and the present one-way trade liberalization can only worsen the economic plight of the rural poor in the developing world.

My friend, Mr Bill Clinton, one of the greatest men of our time and a great champion of globalization, is reported to have once said, "If the wealthiest countries ended their agricultural subsidies, levelling the playing field for the world's farmers, that alone could increase the income of developing countries by USD 20 billion a year." Well said. But why have the subsidies not been removed? Why has the playing field not been levelled? Why have the millions of farmers in the developing world not been given an equitable chance to improve their agriculture and income? To these questions, Mr Clinton simply said, "It is not as simple as it sounds." But why not?

Lest I am misunderstood, let me state clearly that globalization and the market-oriented economy have tremendous potential for mankind, but I also hold the view that globalization should have a human face. Putting it differently, and to paraphrase my friend, Dr Mahathir Bin Mohammad, the Prime Minister of Malaysia, globalization should work much harder in the service of the very poor in the long-term interest of the very wealthy.

Given the multidimensional nature of poverty, developing nations for their part must evolve intervention measures that are multitargeted and multifaceted, encompassing economic, social, political and institutional factors. The New Partnership for African Development (NEPAD), offers a unique platform for the industrialized countries to enter into a genuine partnership with Africa based on mutual interests and shared commitments.

Mr Chairman,

Poor access to credit remains a very crucial factor militating against rural productivity and income. It is thus imperative that developing nations must put financial systems in place for the rural poor, ranging from microfinance institutions and community banks to efficient agricultural development banks, as well as commercial banks, offering a wide and potentially exciting range of instruments that could open the door to savings mobilization and credit and insurance services to poor groups. All tiers of government and non-governmental organizations must be involved in rural empowerment. The decisive role that project beneficiaries themselves must play in the formulation and implementation of development programmes must be fully explored.

Mr Chairman,

Let me now briefly touch on what I consider the appropriate focus and action to be taken by each of the major actors – the international community, national governments, and multilateral and regional financing institutions, including IFAD. At its establishment, IFAD was given a very specific mandate, namely, to assist developing countries in combating rural poverty by mobilizing and providing financial resources on concessional terms for agricultural and rural development projects. Its major clients were the poorest of the poor. From information available to me, it is evident that this mandate is being pursued with clarity of focus and distinction, thanks to the able leadership of the past and present chief executives of IFAD, the dedication of IFAD staff and wise guidance of IFAD governing bodies.



Mr Chairman,

With 25 years of operation and experience in designing projects and programmes to combat rural poverty, IFAD has no doubt acquired considerable advantage and is becoming a knowledge-based organization in this regard. IFAD must continue to strive to build on its comparative advantage and strength. Strict adherence to its unique mandate is what makes it what it is. The emerging synergy between IFAD and multilateral organizations in addressing the problem of rural poverty is commendable and should be strengthened. Strategic partnerships with other stakeholders, national governments, multilateral, regional and bilateral donor agencies, other international financial institutions and non-governmental organizations, should be strengthened to optimize resource utilization for greater impact on poverty reduction.

The very reasons that established IFAD still remain as valid as they were 25 years ago. The global economic circumstances of today have even further strengthened the validity and reinforced the justification for its creation. It is, however, sad to note that IFAD's field exposure has been severely curtailed by funding constraints, despite the commendable performance of the Fund. In this respect, I am pleased to note that in spite of our own very difficult economic circumstances and the rapid decline in contributions by several Member States, Nigeria's commitment to IFAD's resources has remained strong, and we have been consistent in making our contributions.

The restructuring of IFAD, which was concluded in January 1995, was intended primarily to enhance resource mobilization in a more predictable manner. While we appreciate the efforts that have been made by most Member States in the face of budgetary constraints, I regret to note that this expectation has yet to be realized. Member States that are in a position to do so should increase their contributions to the resources of IFAD. We would also encourage increased cofinancing of development projects among international financial institutions so as to benefit from economy of scale. Rural poverty reduction must remain at the centre of the global development agenda, and IFAD, with its comparative advantage, should serve as a major catalyst for implementation. We would urge the industrialized nations to increase the present official development aid to agriculture and to reverse the declining trend.

This address would not be complete without reference to the problem of financing health services, especially HIV/AIDS, tuberculosis and malaria in the developing countries and in sub-Saharan Africa in particular. As we are all aware, the HIV/AIDS scourge has reached an alarming and pandemic proportion in many countries. Prevalence rates have continued to rise in most sub-Saharan countries, where new HIV infections are occurring among the more productive segments of the population and at a higher rate than ever before. The HIV/AIDS situation, which has been compounded by natural and sometimes man-made disasters, and the heavy debt exposure of the affected countries, is undermining poverty-eradication programmes in the affected countries.

Mr Chairman,
Honourable Members of IFAD Governing Council,
Your Excellencies,
Distinguished Delegates,

I have in this address attempted to share with you some of my thoughts about a very topical issue which, as I said at the beginning of my address, is very dear to my heart.

I would like to submit that rural poverty has far-reaching dimensions and implications for the social harmony and stability of the entire global community. In discussing financing for development, we must take full cognizance of the central place of rural development and rural poverty reduction in the strategies to be fashioned for a global agenda.



Indeed, there is unanimity of mind on the issues, but what appears to be lacking is the unanimity of will to confront the problems. I therefore urge the international community represented by you, distinguished delegates, to rise to the occasion and address the issues squarely. In this respect, I would like to suggest that one of your recommendations to the Mexico Conference on Financing for Development should be the establishment of an IFAD-led global coalition comprising all stakeholders to combat rural poverty.

I thank you all.



**Statement of Appreciation by the Acting Governor for The Netherlands
on behalf of the Member States of IFAD,
for the Keynote Address by
His Excellency Olusegun Obasanjo,
President of the Federal Republic of Nigeria**

Mr. President,

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

Your perception of the problems besetting not only your own country, but also many other African countries, is exemplary. Only with the dedication and wisdom of leaders such as yourself is it possible to strengthen the combined efforts and strategies being put into motion the world over to address just such problems. And therefore the whole world is not only looking forward to, but also needs, the success of the New Partnership for Africa's Development (NEPAD).

Nigeria, as you mentioned, is one of IFAD's recipient countries and also one of its donor Member States, a long-standing financial and moral supporter of the Fund's work. As part of the Organization of the Petroleum Exporting Countries – indeed as a very active part of OPEC – it helped create IFAD's very foundation. It is a foundation that draws its strength from the partnerships of its individual members, and it is a foundation that you have further solidified today.

Mr President,

I am certain I speak for all present when I say that your words will be an inspiration to us to reinforce our commitment to work together and to ensure that all possible means within our power are directed towards enabling our less fortunate brothers and sisters to overcome their plight.

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



Financing Development – The Rural Dimension

Summary Remarks delivered by the Chairman of the Governing Council, Mr Jannes Hutagalung

Distinguished Governors,

The Governing Council had an extremely rich and deep exchange of ideas on its theme “Financing Development – The Rural Dimension”. The Millennium Summit goals, especially the goal to reduce poverty by half by 2015, were the starting point for the discussion. The Governors agreed that the United Nations International Conference on Financing for Development provides a timely and important opportunity to translate this vision into reality.

Governors noted that the present rate of poverty reduction must be accelerated substantially in order to achieve the target. Further noting that the large majority of the poor live in rural areas where agriculture and related activities are the main source of livelihood, Governors also emphasized the importance of increasing the rate of rural and agricultural development. This is critical in order to step up overall national growth rates and create the conditions under which the rural poor can work their way out of poverty. One Governor underlined, “the centrality of agricultural development in alleviating poverty among the world’s poorest citizens, most of whom live in rural areas.”

In this regard, our guest of honour, His Excellency President Obasanjo, stressed that, “rural poverty reduction must remain at the centre of the global development agenda.”

Governors also noted the very sharp decline in external development assistance for rural development, which has taken place over the last decade, and which has been paralleled by substantial falls in domestic resource allocations for the rural sector. Again, to quote President Obasanjo, “We may ask what has happened? What has gone wrong and what remedial action must we take.” President Obasanjo also expressed his hope that the Council discussions would find answers to this and show the way ahead, especially in the context of the Financing for Development conference.

Our interactive dialogue provided a variety of important insights into this crucial issue. Ambassador Jacoby, who provided an overall context for the Financing for Development process, observed that the outcome document, the Monterrey Consensus, which had been prepared for the conference, provides a basic platform. The political leadership provided by the heads of state and government at Monterrey would provide the opportunity to push this basic platform further. Many Governors noted that the Monterrey Consensus has few references to rural development, agriculture or rural poverty. In this regard, as emphasized by another panellist, Mr Sartaj Aziz, it is important for participating heads of state and government and ministers at Monterrey to reflect on the rural dimension of financing development in their own addresses to the conference.

The other panellists, Mr Robert Bissio and Mrs Maggi Kigozi, offered important ideas on specific ways in which poverty reduction can be intensified by empowering the poor at the community level. They highlighted the role that microfinance and rural finance systems can play in mobilizing resources in support of the poor. Mr Bissio also emphasized the need for accountability and monitoring of the implementation of decisions of international conferences. Governors particularly welcomed the strong note of hope and optimism that Mrs Kigozi emphasized – that poverty can be eradicated as has been done in her own country, Uganda, with poverty being reduced in the last ten years from 56 to 35%. This is all the more encouraging given her own grass-roots experience with AIDS orphans, who are surely among the poorest of the poor.



During the discussions, some Governors emphasized the need for further efforts at Monterrey to enhance the level of official development assistance. A number of Governors referred to the importance of AIDS and other diseases, especially in Africa, and the need to expand education services, above all for girls. At the same time, they emphasized the need for a greater balance between investment in the social sectors and resources for agriculture and other productive sectors that determine the livelihoods of the rural poor. In this context, some Governors urged countries in a position to do so to spell out at Monterrey how they would move towards the internationally agreed target for official development assistance (ODA), while also specifying the time frame for doing so.

Governors also emphasized the importance of policy coherence in development, trade and systemic policies to create an enabling international environment for achieving the Millennium Summit poverty goal. This would complement and reinforce domestic governments in their effort to build enabling national environments for rapid poverty reduction and development.

In this regard, many Governors highlighted the need for transparent and accessible markets, especially for developing country agricultural exports and textiles. A number of Governors drew attention to the effects of export and other agricultural subsidies by developed countries, which presently are a multiple of total ODA. Such subsidies prevent a level playing field for developing country producers. They called for urgent reforms in this area as foreseen by the new trade round launched at Doha recently.

Governors emphasized the importance of private investment, including foreign direct investment for agriculture and rural development. They noted that more-accessible international markets, together with enhanced development assistance, would help create the conditions in which poor developing countries could attract foreign direct investment for agricultural development.

Another major issue to which Governors drew attention was that of the debt burden of developing countries. They welcomed the impact made by the Debt Initiative for Heavily Indebted Poor Countries (HIPC) but noted the importance of strengthening the debt efforts to ensure that the debt burden is truly sustainable.

Finally, Governors stressed the relevance and importance of IFAD to rural poverty reduction and the Millennium Summit poverty goals. It was emphasized that, "IFAD, with its singular focus on rural poverty, is unique among international institutions and is thus well positioned to play an important role in this endeavour." President Obasanjo indeed suggested an IFAD-led global coalition comprising all stakeholders to combat rural poverty.

Distinguished Governors,

I believe we have had an important and fruitful discussion on the present trends that affect, and limit, agricultural and rural development and the rate of poverty reduction. The insights provided during our discussion show the way ahead. May I express my own hope, that the heads of delegations at the Monterrey conference will incorporate strong references to the importance of rural poverty reduction and the imperative of greater support, priority and resources for agricultural and rural development to achieve the Millennium Summit goals.



**Statement by the Chairman,
Mr Jannes Hutagalung,
Closing the Twenty-Fifth Session of the Governing Council**

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

We have come to the end of the Twenty-Fifth Session of the Governing Council, a milestone session that will be remembered as a turning point in the Governing Council's history. For the first time, the Governors of the Fund met to deliberate and exchange views on an overall theme; that of "Financing Development – The Rural Dimension" – a welcomed initiative that was reflected in the statements and speeches given by Governors and guests alike. The theme was the basis for discussion by Governors in an interactive dialogue. This was complemented by roundtable discussions on the Fund's regional strategies. Both events generated strong positive reactions, creating a path, I am certain, to more meaningful and interesting Council sessions.

We were greatly honoured by the address of the President of the Federal Republic of Nigeria, His Excellency Olusegun Obasanjo, for whom the Governing Council's theme had a special appeal, as it touched directly on one of the major focuses of Nigeria's current development strategy. On a global basis, the President's concern centred on the apparent lack of unanimity of will to confront the problems of rural development and rural poverty reduction, and he asked the international community to address the issue squarely.

The Council welcomed the message of the President of the Italian Republic, His Excellency Carlo Azeglio Ciampi, delivered on his behalf by His Excellency Mario Baccini, Under-Secretary of State at the Ministry of Foreign Affairs. President Ciampi expressed his satisfaction at the ever-increasing collaboration between IFAD and its host country in their common struggle against one of the top international priorities of our times – that of hunger and poverty. As a sign of its conviction of the fundamental relevance of the Fund's work, last year Italy tripled its supplementary contributions to IFAD and is currently studying the possibility of further supporting the specific goals our institution is setting itself in the light of the Millennium Development Goals.

The message of Mr Kofi Annan, Secretary-General of the United Nations, commending IFAD for sharing its knowledge of the priorities, capacities and needs of the rural poor, was delivered by Mrs Catherine Bertini, Executive Director of the World Food Programme (WFP). Mrs Bertini also presented the Council with her personal statement, for the last time as the head of WFP. Over the past ten years the Governing Council has benefited, on almost every occasion, from Mrs Bertini's dedicated and compassionate statements. In her final statement, she left us with a plea – that of feeding and, more importantly, educating the women and girls who constitute seven out of ten victims of hunger.

Mr David Harcharik, Deputy Director-General, brought us the message of Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations (FAO). The message was one of a shared commitment among the three Rome-based United Nations organizations – the latest manifestation of which is the joint preparatory work for the panel meeting being held in conjunction with the Conference on Financing for Development.

Distinguished Governors,

At our last session the Fund was able to announce the completion of the Fifth Replenishment of IFAD's Resources. At this session we were pleased to note that the receipt of instruments of



contribution and payments against pledges not supported by an instrument of contribution has now reached 64.7% of the total pledges made. Payments for an equivalent percentage of total complementary pledges have also been received. While we are well on our way, our call goes out to our fellow Member States who have yet to deposit their instruments of contribution or who are overdue with payments to please take action. Our total and collective commitment is required.

The Governing Council approved the administrative budget of IFAD for 2002 at a level of USD 41.72 million, including a contingency of USD 165 000, which represents zero real growth over that of 2001. Our compliments go to the President and his staff for the wise efforts being made in keeping the Fund's administrative budget prudent.

We have once again entrusted part of our membership with the very important task of reviewing the adequacy of the resources available to IFAD. With the establishment of the Consultation on the Sixth Replenishment of IFAD's Resources we will be taking a closer look at financing development – that of IFAD's immediate operations – for when we next meet, we will have already entered the last year of the Fifth Replenishment period.

The Consultation that negotiated the Fifth Replenishment supplied us with a Plan of Action, from 2000 to 2002, setting out recommendations to be incorporated in IFAD's policy framework and management tools. At this session we were pleased to receive the second annual report of the progress being made in its implementation. Another progress report was given – that of the Process Re-Engineering Programme – which has taken a new and stronger direction.

We have also heard two encouraging progress reports external to the Fund's core operations. The Popular Coalition to Eradicate Hunger and Poverty and the Global Mechanism of the Convention to Combat Desertification are major global partnerships that have found not only a home in IFAD but a responsive and collaborative partner willing to share its knowledge and to learn.

Sharing knowledge, learning from our contemporaries, exchanging ideas, thinking situations out together: these were the interactions the Governors so welcomed in the six roundtable discussions on the Fund's regional strategies. A Fund whose membership works together at all levels is a Fund that has success assured.

Fellow Governors,

Thank you for the collaboration you have afforded me. You have made the honour of presiding over this session also a pleasure. My special thanks go as well to the vice-chairmen of the Council, who have so graciously assisted me. Moreover, our appreciation should go to the staff of IFAD, who have all worked so diligently in organizing this conference in its usual impeccable manner and, of course, to the interpreters, technical staff, print shop and messengers without whom this conference would not have been possible.

Finally, I would like to voice the Council's particular appreciation to Mr John Westley, who has participated in this, his final session, as Vice-President of the Fund. Many of us – some more closely than others – have worked with Mr Westley. And to them it was evident that his wisdom, experience and managerial skills have been a strong contribution to the Fund's management. Mr Westley, please accept this Council's best wishes to you for every personal and professional success and, once again, our thanks for the hard work and dedication you have afforded our Fund.



Ladies and Gentlemen,

I believe a wise quote should be disseminated as widely as possible. I therefore permit myself to repeat Mr Bill Clinton's comment as quoted yesterday by our eminent guest, President Obasanjo, "If the wealthiest countries ended their agricultural subsidies, levelling the playing field for the world's farmers, that alone could increase the income of developing countries by USD 20 billion a year". We know the sensitivity of the issue. If developing countries are requested to reduce subsidies in their economies, the richer countries need to do so also. We realize this will not be a quick process, but a start should be made.

With this thought, I hereby close the Twenty-Fifth Session of the Governing Council.

Thank you.

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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Governing Council – Twenty-Fifth Session

Rome, 19-20 February 2002

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

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

**LISTA DE LOS PARTICIPANTES EN EL 25º PERÍODO DE SESIONES
DEL CONSEJO DE GOBERNADORES**

Acting Chairman: Jannes Hutagalung (Indonesia)
Président chargé d'affaires:
Presidente encargado:

Vice-Chairmen: William E. Schuerch (United States)
Vice-Présidents: Roy Fanourakis (Swaziland)
Vicepresidentes:



MEMBER STATES

ÉTATS MEMBRES

ESTADOS MIEMBROS

AFGHANISTAN

Governor Hamidullah Nasser ZIA
Minister Plenipotentiary
Permanent Representative of the
Islamic State of Afghanistan to
the United Nations Agencies
for Food and Agriculture
Rome

Adviser Abdul Razak AYAZI
Agricultural Attaché
Alternate Permanent Representative
of the Islamic State of Afghanistan
to the United Nations Agencies
for Food and Agriculture
Rome

ALBANIA

Governor Thoma MIÇO
Vice-Minister for Agriculture
and Food
Tirana

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

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



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ALGERIA

Gouverneur	Said BARKAT Ministre de l'agriculture Alger
Gouverneur suppléant	Mokhtar REGUIEG Ambassadeur de la République algérienne démocratique et populaire auprès du FIDA Rome
Conseiller	Larbi BOUMAZA Directeur d'études Direction générale du budget Ministère des finances Alger
Conseiller	Idir BAIS Directeur de la programmation, des investissements et des études économiques Ministère de l'agriculture Alger
Conseiller	Mohamed Amin MESLEM Chef du bureau des questions financières et monétaires Ministère des affaires étrangères Alger
Conseiller	Ahmed HACHEMI Conseiller Représentant permanent adjoint de la République algérienne démocratique et populaire auprès du FIDA Rome
Conseiller	Hassen HAMDANI Attaché Ambassade de la République algérienne démocratique et populaire Rome



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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	Alfonso Pedro 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	Tobias LOPES Directeur adjoint Cabinet du Ministre de l'agriculture et du développement rural Luanda
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	Olinda GRACIETE Secrétaire Ministère de l'agriculture et du développement rural Luanda



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ARGENTINA

Gobernador Suplente Hilda GABARDINI
Consejera
Representante Permanente Alternativa
de la República Argentina
ante el FIDA
Roma

Asesor Ariel FERNÁNDEZ
Secretario
Representante Permanente Alternativo
de la República Argentina
ante el FIDA
Roma

ARMENIA

Governor David ZADOYAN
Minister for Agriculture
Yerevan

Alternate Governor
(acting) Gaghik BAGHDASSARIAN
Ambassador of the Republic
of Armenia to Italy
Rome

Adviser Gagik MATEVOSYAN
Project Director
North-West Agricultural
Services Project
Ministry of Agriculture
Yerevan

AUSTRALIA

Governor
(acting) Murray Alexander COBBAN
Ambassador of the Commonwealth
of Australia to Italy
Rome

Alternate Governor
(acting) Robin DAVIES
Counsellor (Development Cooperation)
Australian Permanent Delegation
to the OECD
Paris



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Alternate Governor Herbert JÄGER
Minister
Embassy of the Republic
of Austria
Rome

Adviser Klaus OEHLER
Counsellor
International Finance Institutions
Federal Ministry of Finance
Vienna

BANGLADESH

Governor
(acting) Ayub QUADRI
Secretary
Ministry of Agriculture
Dhaka

Alternate Governor
(acting) Mohammad ZIAUDDIN
Ambassador of the People's
Republic of Bangladesh to the
United Nations Agencies for
Food and Agriculture
Rome

Adviser Mohammad MEJBAHUDDIN
Economic Counsellor
Alternate Permanent Representative
of the People's Republic of Bangladesh to the
United Nations Agencies for
Food and Agriculture
Rome

BELGIUM

Gouverneur Christian MONNOYER
Ambassadeur du Royaume de
Belgique auprès du FIDA
Rome



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BELGIUM (cont'd)

Gouverneur suppléant Bernard DE SCHREVEL
Premier secrétaire
Coopération internationale
Représentant permanent suppléant
du Royaume de Belgique
auprès du FIDA
Rome

Conseiller Astrid CASTELEIN
Secrétaire
Représentation permanente
du Royaume de Belgique
auprès du FIDA
Rome

BENIN

Gouverneur Théophile NATA
Ministre de l'agriculture,
de l'élevage et de la pêche
Cotonou

Gouverneur suppléant Abdoulaye Soulé MANIGUI
Directeur de la programmation
et de la prospective
Ministère de l'agriculture,
de l'élevage et de la pêche
Cotonou

Conseiller Imorou ADAM
Directeur de l'agriculture
Ministère de l'agriculture,
de l'élevage et de la pêche
Cotonou

Conseiller Kouagou Eric N'DA
Directeur
Ministère de l'agriculture,
de l'élevage et de la pêche
Cotonou



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BHUTAN

Governor Sherab TENZIN
First Secretary
Permanent Mission of the Kingdom
of Bhutan to the United Nations
Geneva

BOLIVIA

Gobernador David BLANCO ZABALA
Embajador de la República
de Bolivia ante los Organismos
de las Naciones Unidas
Roma

Gobernador Suplente Mireya DURÁN
Ministra Consejera
Representante Permanente Alterna
de la República de Bolivia
ante el FIDA
Roma

Asesor Erika J. CUELLAR CHÁVEZ
Segunda Secretaria
Representante Permanente Alterna
de la República de Bolivia
ante el FIDA
Roma

BOSNIA AND HERZEGOVINA

Governor Lukša ŠOLJAN
Ambassador of Bosnia and Herzegovina
to the United Nations Agencies for
Food and Agriculture
Rome

Alternate Governor Branko KESIC
Counsellor
Alternate Permanent Representative
of Bosnia and Herzegovina to the
United Nations Agencies for Food
and Agriculture
Rome



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BRAZIL

Governor (acting)	Julio César GOMES DOS SANTOS Ambassador of the Federative Republic of Brazil to IFAD Rome
Adviser	Irene Pessoa DE LIMA CÂMARA Minister Counsellor Deputy Permanent Representative of the Federative Republic of Brazil to IFAD Rome
Adviser	Arnaldo DE BAENA FERNANDES Second Secretary Alternate 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
Alternate Governor (acting)	Fimba Julien LOMPO Directeur de l'unité de coordination du programme spécial pour la conservation des eaux et du sol dans le Plateau central (Phase II) Ministère de l'agriculture Ouagadougou
Conseiller	Ibrahima KABORE Directeur des études et de la planification Ministère de l'agriculture Ouagadougou

BURUNDI

Gouverneur	Pierre NDIKUMAGENGE Ministre de l'agriculture et de l'élevage Bujumbura
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BURUNDI (cont'd)

Gouverneur suppléant Vénérand BAKEVYUMUSAYA
Ambassadeur de la République
du Burundi
Paris

CAMEROON

Gouverneur Abdoulaye ABOUBAKRY
Secrétaire d'état
Ministère de l'agriculture
Yaoundé

Gouverneur suppléant Prosper BOMBA NGONG
Premier conseiller
Chargé d'affaires, a.i.
Ambassade de la République
du Cameroun
Rome

CANADA

Governor
(acting) Bruce MONTADOR
Associate Vice-President
Multilateral Programmes Branch
Canadian International
Development Agency (CIDA)
Hull

Adviser Charles PARKER
Counsellor (Development)
Alternate Permanent Representative
of Canada to the United Nations
Food and Agriculture Agencies
Rome

Adviser Danièle TESTELIN
Senior Programme Manager
International Financial
Institutions Division
Multilateral Programmes Branch
Canadian International
Development Agency (CIDA)
Hull



ANNEX I

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

Governor (acting)	Hassanty OUMAR CHAIB 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	LIU Jian Vice-Minister for Agriculture Beijing
Alternate Governor	MA Shiqing Minister Plenipotentiary Permanent Representative of the People's Republic of China to the United Nations Agencies for Food and Agriculture Rome



CHINA (cont'd)

- Adviser LONGYUE Zhao
Deputy Director-General
Department of International
Cooperation
Ministry of Agriculture
Beijing
- Adviser HU Yuankun
Director
Ministry of Agriculture
Beijing
- Adviser GUO Handi
First Secretary
Alternate Permanent Representative
of the People's Republic of China
to the United Nations Agencies
for Food and Agriculture
Rome
- Adviser WANG Weiqin
Deputy Director
Department of International
Cooperation
Ministry of Agriculture
Beijing
- Adviser YE Anping
Second Secretary
Alternate Permanent Representative
of the People's Republic of China
to the United Nations Agencies
for Food and Agriculture
Rome
- Adviser BING Zhao
Second Secretary
Alternate Permanent Representative
of the People's Republic of China
to the United Nations Agencies
for Food and Agriculture
Rome

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COLOMBIA

Gobernador	Fabio VALENCIA COSSIO Embajador de la República de Colombia ante el FIDA Roma
Gobernador Suplente	Dario Alberto BONILLA GIRALDO Consejero Representante Permanente Alterno de la República de Colombia ante el FIDA Roma
Asesor	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	Emile ESSEMA Deuxième conseiller Représentant permanent adjoint de la République du Congo auprès du FIDA Rome

COSTA RICA

Gobernador Suplente	Yolanda GAGO Ministra Consejera Representante Permanente Alternativa de la República de Costa Rica ante el FIDA Roma
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CÔTE D'IVOIRE

Gouverneur (provisoire)	Richard Gbaka ZADY Ambassadeur de la République de Côte d'Ivoire auprès des Organisations spécialisées des Nations Unies Rome
Conseiller	Aboubakar BAKAYOKO Conseiller Représentant permanent adjoint de la République de Côte d'Ivoire auprès des Organisations spécialisées des Nations Unies Rome

CROATIA

Governor	Drago KRALJEVIC Ambassador of the Republic of Croatia to the United Nations Agencies for Food and Agriculture Rome
Alternate Governor	Vlado MATIJASIC Counsellor Alternate Permanent Representative of the Republic of Croatia to the United Nations Agencies for Food and Agriculture Rome

CUBA

Gobernador Suplente	Juan NUIRY SÁNCHEZ Embajador de la República de Cuba ante los Organismos de las Naciones Unidas Roma
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CYPRUS

Governor	George F. POULIDES Ambassador of the Republic of Cyprus to the United Nations Agencies for Food and Agriculture Rome
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ANNEX I

CYPRUS (cont'd)

Alternate Governor
(acting) Artemis ANTONIADES
Agricultural Attaché
Alternate Permanent Representative
of the Republic of Cyprus to the
United Nations Agencies for
Food and Agriculture
Rome

D.P.R. KOREA

Governor KIM Yong Suk
Vice-Minister for Agriculture
Pyongyang

Alternate Governor KIM Hung Rim
Ambassador of the Democratic
People's Republic of Korea
to IFAD
Rome

Adviser BONG Hyon Hak
Counsellor
Deputy Permanent Representative
of the Democratic People's Republic
of Korea to IFAD
Rome

Adviser SIN Kyu Sam
Senior Officer
Department of International
Organizations
Ministry of Foreign Affairs
Pyongyang

Adviser RI Hyong Chol
Second Secretary
Alternate Permanent Representative
of the Democratic People's Republic
of Korea to IFAD
Rome



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D.R. CONGO

Gouverneur suppléant	Edouard Umba ILUNGA Ambassadeur de la République démocratique du Congo auprès des organisations des Nations Unies Rome
Conseiller	Innocent MOKOSA MANDENDE Ministre conseiller Représentant permanent adjoint de la République démocratique du Congo auprès des organisations des Nations Unies Rome
Conseiller	Phoba DINKA Conseiller Ambassade de la République démocratique du Congo Rome

DENMARK

Governor	Ove ULLERUP-PETERSEN Ambassador Under-Secretary for Multilateral Affairs Ministry of Foreign Affairs Copenhagen
Alternate Governor (acting)	Jorgen MAERSK-PEDERSEN Minister Counsellor Deputy Permanent Representative of the Kingdom of Denmark to the United Nations Food and Agriculture Agencies Rome
Adviser	Dorte CHORTSEN Head of Section Department for the United Nations Development Assistance Ministry of Foreign Affairs Copenhagen



ANNEX I

DENMARK (cont'd)

Adviser Anne-Sofie HENNINGS
Attaché
The Royal Danish Embassy
Rome

Adviser Line URBAN
Attaché
The Royal Danish Embassy
Rome

DOMINICAN REPUBLIC

Gobernador Leonardo MATOS BERRIDO
Embajador de la República Dominicana
ante el FIDA
Roma

Gobernador Suplente (interino) Fernando MANGUAL
Director Nacional de Planificación
Secretariado Técnico de la Presidencia
Santo Domingo, D.N.

Asesor Dolores Margarita CEDEÑO
Ministra Consejera
Representante Permanente Alternativa
de la República Dominicana
ante el FIDA
Roma

Asesor Joselyn FELIX
Asistente
Departamento Nacional de Planificación
Secretariado Técnico de la Presidencia
Santo Domingo, D.N.

Asesor Anabel BUENO
Consejera
Representante Permanente Alternativa
de la República Dominicana
ante el FIDA
Roma



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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
- Asesor María Mercedes GUEVARA AGUIRRE
Agregada
Representante Permanente Alternativa
de la República del Ecuador
ante los Organismos de las
Naciones Unidas
Roma

EGYPT

- Governor Mariem MOUSA
Agricultural Minister
Deputy Permanent Representative
of the Arab Republic of Egypt
to the United Nations Food and
Agriculture Agencies
Rome
- Adviser Nehal HEGAZY
Second Secretary
Alternate Permanent Representative
of the Arab Republic of Egypt
to the United Nations Food and
Agriculture Agencies
Rome

EL SALVADOR

- Gobernador Salvador URRUTIA LOUCEL
Ministro de Agricultura y Ganadería
San Salvador



ANNEX I

EL SALVADOR (cont'd)

Gobernador Suplente	Joaquín RODEZNO MUNGUIA Embajador de la República de El Salvador Roma
Asesor	María Eulalia JIMÉNEZ ZEPEDA Ministra Consejera Representante Permanente Adjunta de la República de El Salvador ante los Organismos de las Naciones Unidas Roma

ERITREA

Governor (acting)	Petros TSEGGAI First Counsellor Permanent Representative of the State of Eritrea to IFAD Rome
Adviser	Yohannes TENSUE First Secretary Alternate Permanent Representative of the State of Eritrea to IFAD Rome

ETHIOPIA

Governor (acting)	Mulatu TESHOME Minister for Agriculture Addis Ababa
Adviser	Fortuna DIBACO Second Secretary Economic Division Embassy of the Federal Democratic Republic of Ethiopia Rome



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FINLAND

Governor
(acting) Ulla-Maija FINSKAS-AHO
Minister Counsellor
Permanent Representative of the
Republic of Finland to the
United Nations Food and
Agriculture Agencies
Rome

Adviser Seija TORO
Counsellor
Deputy Permanent Representative
of the Republic of Finland
to the United Nations Food
and Agriculture Agencies
Rome

FRANCE

Gouverneur
(provisoire) Ambroise FAYOLLE
Sous-directeur
Dette, développement et
marchés 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
Attaché
Ambassade de France
Rome



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GABON

Gouverneur (provisoire)	Pierre CLAVER MAGANGA MOUSSAVOU Ministre d'État Ministre de l'agriculture, de l'élevage et du développement rural Libreville
Gouverneur suppléant (provisoire)	Vincent BOULÉ Ambassadeur de la République gabonaise auprès du FIDA Rome
Conseiller	Jean Gérard MEZUI M'ELLA Secrétaire général permanent Commission nationale de la FAO Ministère de l'agriculture, de l'élevage et du développement rural Libreville
Conseiller	Julie MOUSSAVOU Chef du Protocole Ministère de l'agriculture, de l'élevage et du développement rural Libreville
Conseiller	Ivone Alves DIAS DA GRAÇA Premier conseiller Représentant permanent adjoint de la République gabonaise auprès du FIDA Rome
Conseiller	Louis Stanislas CHARICAUTH Conseiller Représentant Permanent Suppléant de la République gabonaise auprès du FIDA Rome

GERMANY

Governor	Michael HOFMANN Director-General Federal Ministry of Economic Cooperation and Development Bonn
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GERMANY (cont'd)

Alternate Governor	Jobs HOLBORN Head of Division Federal Ministry of Finance Berlin
Adviser	Guntram Freiherr VON SCHENCK Ambassador of the Federal Republic of Germany to IFAD Rome
Adviser	Rudolf Josef HUBER First Counsellor Alternate Permanent Representative of the Federal Republic of Germany to IFAD Rome
Adviser	Hans-Wolf RACKL Deputy Head of Division Federal Ministry of Economic Cooperation and Development Bonn

GHANA

Governor (acting)	Kofi DSANE-SELBY Ambassador of the Republic of Ghana to IFAD Rome
Adviser	Kwaku NICOL Minister Counsellor Alternate Permanent Representative of the Republic of Ghana to the United Nations Agencies for Food and Agriculture Rome

GREECE

Governor (acting)	Emmanuel MANOUSSAKIS Minister Plenipotentiary (Agricultural Affairs) Alternate Permanent Representative of the Hellenic Republic to IFAD Rome
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GUATEMALA

Gobernador	Acisclo VALLADARES MOLINA Embajador de la República de Guatemala ante el FIDA Roma
Gobernador Suplente (interino)	Ileana RIVERA DE ANGOTTI Primera Secretaria Representante Permanente Alternativa de la República de Guatemala ante el FIDA Roma

GUINEA

Gouverneur	Jean Paul SARR Ministre de l'agriculture et de l'élevage Conakry
Gouverneur suppléant (provisoire)	Souhaïb Deen BANGOURA Ambassadeur de la République de Guinée auprès du FIDA Rome
Conseiller	Abdel Aziz SOUMAH Consul général de la République de Guinée en Italie Rome

HAÏTI

Gouverneur suppléant	Jean WALNARD DORNEVAL Ministre conseiller Représentant permanent de la République d'Haïti auprès des organisations des Nations Unies Rome
Conseiller	Patrick SAINT-HILAIRE Premier secrétaire Représentant permanent suppléant de la République d'Haïti auprès des organisations des Nations Unies Rome



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HONDURAS

Gobernador	Mariano JIMÉNEZ TALAVERA Secretario de Estado en el Despacho de Agricultura y Ganadería Tegucigalpa, D.C.
Gobernador Suplente	Mayra Aracely REINA DE TITTA Consejera Representante Permanente Alternativa de la República de Honduras ante el FIDA Roma
Asesor	Marcio SIERRA Asesor Técnico Ministerio de Agricultura y Ganadería Tegucigalpa, D.C.
Asesor	Luis GRADIZ Asesor Técnico Ministerio de Agricultura y Ganadería Tegucigalpa, D.C.

ICELAND

Governor	Sveinn Ágúst BJÖRNSSON Minister Counsellor Ministry of Foreign Affairs Reykjavik
Alternate Governor	Jón Erlingur JÓNASSON Counsellor (Agricultural Affairs) Deputy Permanent Representative of the Republic of Iceland to FAO Rome

INDIA

Alternate Governor	Adarsh KISHORE Additional Secretary (Fund Banking) Department of Economic Affairs Ministry of Finance New Delhi
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ANNEX I

INDIA (cont'd)

Adviser
Govindan NAIR
Minister (Agriculture)
Alternate Permanent Representative
of the Republic of India to the
United Nations Food and
Agriculture Agencies
Rome

INDONESIA

Governor
(acting)
Jannes HUTAGALUNG
Special Adviser to the
Minister for Finance
Jakarta

Alternate Governor
(acting)
Natigor SIAGIAN
Assistant Minister for Agriculture
and Director
Bureau for International Cooperation
Department of Agriculture
Jakarta

Adviser
Wahib ABDULJAWAD
Counsellor
Alternate Permanent Representative
of the Republic of Indonesia to IFAD
Rome

Adviser
Sunggul SINAGA
Agricultural Attaché
Alternate Permanent Representative
of the Republic of Indonesia to IFAD
Rome

IRAN, ISLAMIC REPUBLIC OF

Alternate Governor
(acting)
Mohammad Saeid NOORI NAEINI
Ambassador of the Islamic Republic
of Iran to the United Nations Agencies
for Food and Agriculture
Rome



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IRAN, ISLAMIC REPUBLIC OF (cont'd)

Adviser Mostafa JAFARI
Alternate Permanent Representative of
the Islamic Republic of Iran to the
United Nations Agencies for
Food and Agriculture
Rome

IRAQ

Governor Motasim Arif AL-FITYAN
(acting) Second Secretary
Alternate Permanent Representative
of the Republic of Iraq to the
United Nations Agencies for
Food and Agriculture
Rome

IRELAND

Alternate Governor Anthony DEVLIN
First Secretary (Agriculture)
Alternate Permanent Representative
of Ireland to the United Nations
Agencies for Food and Agriculture
Rome

Adviser Damien COLE
First Secretary
Development Cooperation Division
Department of Foreign Affairs
Dublin

ITALY

Gouverneur Vito TANZI
Sous-secrétaire
Ministère de l'économie
et des finances
Rome



ANNEX I

ITALY (cont'd)

Gouverneur suppléant (provisoire)	Augusto ZODDA Directeur général Affaires générales, personnel et processus organisationnels Ministère de l'économie et des finances Département du Trésor Rome
Conseiller	Gaetano MARTINEZ TAGLIAVIA Conseiller Représentant permanent adjoint de la République italienne auprès du FIDA Rome
Conseiller	Paolo DUCCI Conseiller Direction générale de la coopération économique et financière multilatérale Ministère des affaires étrangères Rome
Conseiller	Giorgio LECCESI Chef du Service chargé des Banques de développement multilatéral Ministère de l'économie et des finances Département du Trésor Rome
Conseiller	Filippo ALESSI Conseiller principal Direction générale de la coopération au développement Ministère des affaires étrangères Rome
Conseiller	Nicola FAVIA Directeur Présidence du Conseil des ministres Rome
Conseiller	Simona D'AMBROSIO Conseiller Ministère de l'économie et des finances Département du Trésor Rome



ANNEX I

ITALY (cont'd)

Conseiller Chiara MORINI
Ministère des affaires étrangères
Rome

JAMAICA

Governor Salvatore ALFANO
(acting) Consul of Jamaica
Rome

JAPAN

Governor Akira HAYASHI
Ambassador of Japan
to Italy
Rome

Alternate Governor Kaoru KUSUDA
(acting) Minister
Embassy of Japan
Rome

Adviser Masaharu SATO
Counsellor
Embassy of Japan
Rome

Adviser Takeo TOMONO
Assistant Director
General Food Policy Bureau
Ministry of Agriculture, Forestry
and Fisheries
Tokyo

Adviser Masaru HARADA
Officer
Multilateral Cooperation Division
Economic Cooperation Bureau
Ministry of Foreign Affairs
Tokyo



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JORDAN

Governor (acting)	Nael HAJAJ Director Multilateral Cooperation Department Ministry of Planning Amman
Adviser	Awni SHDAIFAT Director of the Development Project Ministry of Agriculture Amman

KAZAKHSTAN

Governor (acting)	Angelika SHELUKHINA Second Secretary Embassy of the Republic of Kazakhstan Rome
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KENYA

Alternate Governor (acting)	Bruce Misoga MADETE Ambassador of the Republic of Kenya to IFAD Rome
Adviser	Samuel Cherunge YEGON Agricultural Attaché Alternate Permanent Representative of the Republic of Kenya to IFAD Rome
Adviser	Thomas Mboya ADUR Second Secretary Alternate Permanent Representative of the Republic of Kenya to IFAD Rome



ANNEX I

KUWAIT

Governor (acting)	Hesham I. AL-WAQAYAN Deputy Director-General Operations and Disbursement Kuwait Fund for Arab Economic Development Kuwait City
Adviser	Fatimah Hasan J. HAYAT Counsellor Permanent Representative of the State of Kuwait to FAO Rome

LEBANON

Gouverneur (provisoire)	Ali Ojeij ABDALLAH Ministre de l'agriculture Beyrouth
Gouverneur suppléant (provisoire)	Joseph JABBOUR Directeur général Ministère de l'agriculture Beyrouth
Conseiller	Fadi HAJJ ALI Premier secrétaire Représentant permanent suppléant de la République libanaise auprès des organisations des Nations Unies Rome
Conseiller	Zein TALHOUK Fonctionnaire Ambassade de la République libanaise Rome

LESOTHO

Governor (acting)	Rachel Refiloehape MATHABO NTSINSYI Ambassador of the Kingdom of Lesotho to IFAD Rome
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ANNEX I

LESOTHO (cont'd)

Adviser
Kabelo MAFURA
Counsellor
Alternate Permanent Representative
of the Kingdom of Lesotho
to IFAD
Rome

LIBERIA

Governor
(acting)
Robert FREEMAN
Financial Consultant
Embassy of the Republic
of Liberia
Rome

Alternate Governor
(acting)
Marco BOURELLY
Itinerant Ambassador of
the Republic of Liberia

LIBYAN ARAB JAMAHIRIYA

Governor
(acting)
Nuri Ibrahim HASAN
Ambassador of the Socialist
People's Libyan Arab
Jamahiriya to IFAD
Rome

LUXEMBOURG

Gouverneur
(provisoire)
Paul Victor Joseph FABER
Ambassadeur du Grand-Duché
de Luxembourg auprès du FIDA
Rome

Gouverneur suppléant
Georges HEINEN
Directeur
Financement du développement
multilatéral
Ministère des finances
Luxembourg-Ville



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MADAGASCAR

Gouverneur (provisoire)	Georges RUPHIN Ambassadeur de la République de Madagascar auprès du FIDA Rome
Gouverneur suppléant (provisoire)	Rasoarimanana Yannick Ariane RABEMANANTSOA Secrétaire général Ministère de l'agriculture Antananarivo
Conseiller	Suzelin RATOHIARIJAONA Directeur de la programmation et du budget Ministère de l'agriculture Antananarivo
Conseiller	Monsieur MONJA Conseiller Représentant permanent adjoint de la République de Madagascar auprès du FIDA Rome

MALAYSIA

Alternate Governor	Shamsudin BIN ABDULLAH Ambassador of Malaysia to the United Nations Agencies for Food and Agriculture Rome
Adviser	Syed Bakri RAHMAN Second Secretary Alternate Permanent Representative of Malaysia to the United Nations Agencies Rome

MALI

Gouverneur suppléant	Ibrahim Bocar DAGA Ambassadeur de la République du Mali auprès du FIDA Rome
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ANNEX I

MALI (cont'd)

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

Adviser Joanne MERCIECA
First Secretary
Embassy of the Republic
of Malta
Rome

MAURITANIA

Gouverneur (provisoire) Hamoud OULD ELY
Ambassadeur de la République
islamique de Mauritanie
auprès du FIDA
Rome

MAURITIUS

Governor Pravind Kumar JUGNAUTH
Minister for Agriculture, Food
Technology and Natural Resources
Port Louis

Alternate Governor Santi Bai HANOOMANJEE
Permanent Secretary
Ministry of Agriculture, Food
Technology and Natural Resources
Port Louis

Adviser Denis CANGY
Consul of the Republic
of Mauritius
Rome



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MEXICO

Gobernador Suplente Víctor Hugo MORALES MELÉNDEZ
Consejero
Representante Permanente Adjunto
de los Estados Unidos Mexicanos
ante el FIDA
Roma

MOROCCO

Gouverneur Hassan BENEBDERAZIK
Secrétaire général
Ministère de l'agriculture,
du développement rural et
des eaux et forêts
Rome

Gouverneur suppléant
(provisoire) Ali LAMRANI
Chef de division
Ministère de l'économie et
des finances
Rabat

Conseiller Ahmed FAOUZI
Ministre plénipotentiaire
Représentant permanent adjoint
du Royaume du Maroc
auprès du FIDA
Rome

Conseiller Jamila ALAOUI
Secrétaire des affaires étrangères
Représentant permanent suppléant
du Royaume du Maroc
auprès du FIDA
Rome

MOZAMBIQUE

Governor
(acting) Manuel CHANG
Vice-Minister of Planning
and Finance
Ministry of Planning and Finance
Maputo



ANNEX I

MOZAMBIQUE (cont'd)

Alternate Governor (acting)	Francisco Elias Paulo CIGARRO Ambassador of the Republic of Mozambique to Italy Rome
Adviser	António PINTO DE ABREU Executive Director Banco de Mozambique Maputo
Adviser	Gabriel Angelo TEMBE National Director of Rural Development Ministry of Agriculture and Rural Development Maputo
Adviser	Isabel Maria SUMAR Desk Officer Ministry of Planning and Finance Maputo
Adviser	Elsa CHAMBAL Desk Officer Banco de Mozambique Maputo
Adviser	Ananias Benjamin SIGAÚQUE Second Secretary Alternate Permanent Representative of the Republic of Mozambique to the United Nations Agencies for Food and Agriculture Rome

MYANMAR

Governor (acting)	Aung MYINT Minister Counsellor Alternate Permanent Representative of the Union of Myanmar to IFAD Rome
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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	Lakshman PRASAD METHA Minister of State for Agriculture and Cooperatives Kathmandu
Adviser	Rajendra PRASDA DAHAL Section Officer Ministry of Finance Kathmandu
Adviser	Ramesh KUMAR ADHIKARI Section Officer Ministry of Agriculture and Cooperatives Kathmandu

NETHERLANDS

Governor (acting)	Jan BERTELING Ambassador of the Kingdom of The Netherlands to the United Nations Organizations for Food and Agriculture Rome
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ANNEX I

NETHERLANDS (cont'd)

Alternate Governor (acting) Jeroen T.M.G. STEEGHS
Counsellor
Deputy Permanent Representative of the
Kingdom of The Netherlands to the
United Nations Organizations
for Food and Agriculture
Rome

Adviser Loes J. LAMMERTS
Coordination and Institutional
Affairs Division
Ministry of Foreign Affairs
The Hague

Adviser Jacco BOS
Second Secretary
Alternate Permanent Representative of the
Kingdom of The Netherlands to the
United Nations Organizations
for Food and Agriculture
Rome

NEW ZEALAND

Governor Peter Robert BENNET
Ambassador of New Zealand
to the United Nations Agencies
for Food and Agriculture
Rome

Alternate Governor Godfrey R.B. PAYNE
First Secretary
Alternate Permanent Representative
of New Zealand to the United Nations
Agencies for Food and Agriculture
Rome

NIGER

Gouverneur Wassalké BOUKARY
Ministre du développement agricole
Niamey



ANNEX I

NIGER (cont'd)

Gouverneur suppléant	Mounkaila ARFOU Deuxième secrétaire Représentant Permanent suppléant de la République du Niger auprès du FIDA Rome
Conseiller	Adamou DANGUIOUA Directeur des études et de la programmation Ministère du développement agricole Niamey

NIGERIA

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Adviser	Salihu INGAWA Head Project Co-ordinating Unit Federal Ministry of Agriculture and Rural Development Abuja
Adviser	Falalu BELLO Managing Director Agricultural Bank Abuja



ANNEX I

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OMAN

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Representante Permanente Adjunto
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ante el FIDA
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ANNEX I

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Gobernador Lilia ROMERO PEREIRA
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Gobernador Suplente Oswaldo DEL AGUILA RAMÍREZ
Primer Secretario
Representante Permanente Alternativo
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QATAR

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ANNEX I

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Alé NDIAYE
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Ministère de l'agriculture
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ANNEX I

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Département fédéral des
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Chef de secteur des institutions
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Domaine de prestations,
développement et transition
Secrétariat d'état à l'économie
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Conseiller Lothar CAVIEZEL
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Département fédéral des
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ANNEX I

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Adviser	Majd JAMAL Director of Agricultural Research Ministry of Agriculture and Agrarian Reform Damascus
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TANZANIA, UNITED REPUBLIC OF

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ANNEX I

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ANNEX I

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**THE FORMER YUGOSLAV REPUBLIC
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TONGA

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High Commissioner for
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ANNEX I

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Gouverneur suppléant (provisoire)	Kamel BEN REJEB Directeur général de la coopération financière multilatérale Ministère de la coopération internationale et de l'investissement extérieur Tunis
Conseiller	Mohamed LASSOUED Directeur de la coopération internationale Ministère de l'agriculture Tunis
Conseiller	Moez SINAOUI Conseiller Représentant permanent adjoint de la République tunisienne auprès des Organisations des Nations Unies Rome

TURKEY

Governor	Necati UTKAN Ambassador of the Republic of Turkey to IFAD Rome
Adviser	Serap ÖZCOSKUM Counsellor Alternate Permanent Representative of the Republic of Turkey to IFAD Rome
Adviser	Talat YILMAZ Deputy Director-General Ministry of Agriculture and Rural Affairs Ankara



ANNEX I

UGANDA

Governor (acting)	Wilburforce Kisamba MUGERWA Minister for Agriculture, Animal Industry and Fisheries Entebbe
Alternate Governor (acting)	Vincent KIRABOKYAMARIA Ambassador of the Republic of Uganda to IFAD Rome
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UNITED ARAB EMIRATES

Governor (acting)	Majed Ali Ahmed OMRAN AL SHAMSI Assistant Director Revenue Department Ministry of Finance and Industry Abu Dhabi
----------------------	--

UNITED KINGDOM

Governor	Tony FAINT Director, International Department for International Development London
Alternate Governor (acting)	Peter REID First Secretary (Rural Livelihoods) Permanent Representation of the United Kingdom to the United Nations Food and Agriculture Agencies Rome



ANNEX I

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- Governor William E. SCHUERCH
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International Development, Debt
and Environmental Policy
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- Alternate Governor
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- Adviser Lucy TAMLYN
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International Cooperation
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Foreign Agricultural Service
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URUGUAY

- Gobernador Julio César LUPINACCI
Embajador de la República Oriental
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ANNEX I

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Asesor Gabriel BELLÓN
Tercer Secretario
Representante Permanente Adjunto
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ante el FIDA
Roma

Asesor Laura GALARZA
Agregada
Representante Permanente Alterna
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ante el FIDA
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VENEZUELA

Gobernador Fernando GERBASI
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de Venezuela ante los Organismos
de las Naciones Unidas
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Asesor Wladimir SERRANO
Vice-Presidente
Promoción y Desarrollo
Banco de Desarrollo Económico
y Social de Venezuela (BANDES)
Caracas

Asesor Carlos POZZO BRACHO
Ministro Consejero
Representante Permanente Adjunto
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Venezuela ante los Organismos
de las Naciones Unidas
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Ambassador of the Socialist
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ANNEX I

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YEMEN

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ZAMBIA

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ANNEX I

ZAMBIA (cont'd)

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ANNEX I

HOLY SEE

SAINT-SIÈGE

SANTA SEDE

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Vincenzo BUONOMO
Conseiller
Cité du Vatican

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Cité du Vatican



THE PALESTINIAN AUTHORITY

L'AUTORITÉ PALESTINIENNE

LA AUTORIDAD PALESTINA

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Minister for Agriculture
Ramallah

Walid Abed RABBOH
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ANNEX I

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President
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**Arab Bank for Economic Development
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Hassan SEOUD
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ANNEX I

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ANNEX I

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ANNEX I

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ANNEX II



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Fifth Session

Rome, 19-20 February 2002

PROGRAMME OF WORK AND
AGENDA OF THE
TWENTY-FIFTH SESSION OF THE GOVERNING COUNCIL

1. On 6 September 2001, President Båge wrote to all IFAD Governors soliciting ideas for making the Twenty-Fifth Session of the Governing Council – his first as President of the Fund – more interactive, substantive and productive. To that end, the President proposed “Financing Development – The Rural Dimension” as the overall theme of the Council. The replies received fully endorsed the proposed theme.
2. The Twenty-Fifth Session of the Governing Council will be held at a particularly important time in terms of world events, including the International Conference on Financing for Development to be held in Mexico in March 2002. That being the case, IFAD feels it would be particularly appropriate to focus on the goal set forth in the United Nations Millennium Declaration “To halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day”. As a result of that declaration, many multilateral institutions and donor countries now accord greater priority to reducing poverty. With its longstanding focus on rural poverty, IFAD is now faced with new opportunities – and a corresponding level of responsibility – for playing a stronger catalytic role in promoting poverty-alleviation efforts in the developing world and in helping to attain the Millennium goal, which will call for greater resources in terms of external development assistance and domestic investment, especially in the rural sector. In this regard, the proposed theme of the Council will have a strong link with discussions in other fora and may also contribute to their outcome.
3. It is proposed to hold an interactive policy discussion – guided by a panel of high-level development experts – in plenary during the first day of the Session. On the second day, it is also proposed to hold, at one and the same time, six roundtable discussions on specific regions and topics, drawing on the regional assessments and strategies currently being developed by IFAD. These roundtable discussions will cover the regions indicated in the Programme of Work.
4. Each roundtable will be chaired by a minister or senior representative from the region concerned; IFAD division directors and senior economists will assist the groups and introduce the relevant regional strategies. National delegations are invited to attend the roundtable discussions of their choice and, in order to maximize interaction, may even wish to have different members attend different discussion groups.

ANNEX II

PROGRAMME OF WORK

Tuesday, 19 February 2002

Morning Session

10.00 – 13.00 hrs

Opening of the Session
Commencement of agenda items as indicated on the Provisional Agenda

Afternoon Session

14.30 – 18.45 hrs

14.30 – 16.30 hrs

Interactive dialogue on the theme of the Governing Council. The panel will be composed of the President of IFAD, the Chairperson of the Governing Council, two-to-three guest speakers and two-to-three heads of delegation, each of whom will speak for five minutes. That will be followed by a question-and-answer period.

16.30 – 18.45 hrs

Further agenda items

19.00 hrs

Reception

Wednesday, 20 February 2002

Morning Session

9.00 – 13.00 hrs

9.00 – 11.00 hrs

Six roundtables will be held simultaneously on specific regions and topics, based on IFAD's Strategic Framework, regional assessments and strategies. The roundtables may be chaired by either ministers or senior representatives from the regions involved and include heads of delegations, the IFAD staff concerned and, if possible, guests invited to the Council. These roundtable discussions will cover the following regions:

- (a) Asia and the Pacific;
- (b) Central Eastern Europe and Newly Independent States;
- (c) Eastern and Southern Africa;
- (d) Latin America and the Caribbean;
- (e) Near East and North Africa; and
- (f) West Africa.

11.00 – 13.00 hrs

Continuation of agenda items

13.00 – 14.30 hrs

Lunch hosted by President Båge for heads of delegation

Afternoon Session

15.00 – 18.00 hrs

Conclusion of remaining agenda items, including general statements.

Closure of the Session



ANNEX II

AGENDA

1. Opening of the Session
2. Adoption of the Agenda
3. Election of the Bureau of the Governing Council
4. Statement of the President of IFAD
5. General Statements
6. Report on the Fifth Replenishment of IFAD's Resources
7. Sixth Replenishment of IFAD's Resources
8. Audited Financial Statements of IFAD – 31 December 2000
9. Proposed Administrative Budget of IFAD for 2002
10. Progress Report on the IFAD V: Plan of Action (2000-2002)
11. Progress Report on the Process Re-Engineering Programme
12. Membership of the Executive Board
13. Progress Report on the Popular Coalition to Eradicate Hunger and Poverty
14. Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification
15. Other Business

Approval of Disclosure of Documents

ANNEX III

**LIST OF DOCUMENTS PLACED BEFORE THE
TWENTY-FIFTH SESSION OF THE GOVERNING COUNCIL**

Document No.	Agenda Item	Title
GC 25/L.1/Rev.1	2	Programme of Work and Agenda of the Twenty-Fifth Session of the Governing Council
GC 25/L.1/Add.1	2	Schedule of Work for the Session
GC 25/L.2 + Add.1	6	Report on the Fifth Replenishment of IFAD's Resources
GC 25/L.3	7	The Establishment of the Consultation on the Sixth Replenishment of IFAD's Resources
GC 25/L.4	8	Audited Financial Statements of IFAD as at 31 December 2000
GC 25/L.5 + Corr.1* + Add.1	9	Programme of Work and Administrative Budget of IFAD for 2002
GC 25/L.6	10	Progress Report on the IFAD V: Plan of Action (2000-2002)
GC 25/L.7	11	Progress Report on the Process Re-Engineering Programme
GC 25/L.8	12	Membership of the Executive Board
GC 25/L.9	13	Progress Report on the Popular Coalition to Eradicate Hunger and Poverty
GC 25/L.10	14	Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
GC 25/L.11		Theme Paper for the Twenty-Fifth Session of the Governing Council – Financing Development – The Rural Dimension
GC 25/INF.1		Arrangements for the Twenty-Fifth Session of the Governing Council
GC 25/INF.2		IFAD's Participation in the Debt Initiative for Heavily Indebted Poor Countries: Progress Report for 2001
GC 25/INF.3		Information Note on the <i>Rural Poverty Report 2001</i>

* English only



ANNEX III

Document No.	Agenda Item	Title
GC 25/INF.4 + Add.1		General Statements – Information for Delegates
GC 25/INF.6		Financial Highlights for the Year Ended 31 December 2001
GC 25/INF.7 + Rev.1 + Rev.2	5	Order of Speakers – Statements Delivered during Plenary Meetings
GC 25/INF.9		Staff of the International Fund for International Development
GC 25/INF.10		Interactive Dialogue on the Theme of the Twenty-Fifth Session of the Governing Council: Financing Development – The Rural Dimension
GC 25/INF.11		Roundtable Discussions on IFAD's Draft Regional Strategies
GC 25/Resolutions		Resolutions Adopted by the Governing Council at its Twenty-Fifth Session

ANNEX IV



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council - Twenty-Fifth Session
Rome, 19-20 February 2002

RESOLUTIONS ADOPTED BY THE GOVERNING COUNCIL
AT ITS TWENTY-FIFTH SESSION

1. The Governing Council, at its Twenty-Fifth Session, adopted Resolutions 127/XXV and 128/XXV on 19 February 2002.
2. These Resolutions are transmitted for the information of all Members of IFAD.

**THE ESTABLISHMENT OF THE CONSULTATION ON THE
SIXTH REPLENISHMENT OF IFAD'S RESOURCES**

Resolution 127/XXV

The Establishment of the Consultation on the Sixth Replenishment of IFAD's Resources

The Governing Council of IFAD,

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

Further recalling that the period established by Governing Council Resolution 119/XXIV for the Fifth Replenishment of IFAD's Resources will conclude on 19 February 2004;

Having considered the statement of the President of IFAD on the need for a review of the adequacy of the resources available to IFAD and document GC 25/L.3 thereon;

Having further considered the need for the establishment of a Consultation on the Sixth Replenishment of IFAD's Resources;

Decides that:

1. A Consultation on the Sixth Replenishment of IFAD's Resources ("the Consultation") shall be established under the chairmanship of the President of IFAD to discuss all aspects of the Sixth Replenishment of IFAD's Resources and to negotiate the conclusion of that replenishment. The first session of the Consultation shall be held, as soon as possible during 2002, on such date as the President of IFAD shall decide, after appropriate consultation with the members of the Consultation, and with such further sessions as the Consultation may deem appropriate.
2. The Consultation shall consist of all Member States from Lists A and B and twelve Member States from List C, the latter to be appointed by the members of List C and communicated to the President of IFAD no later than 20 February 2002. The Consultation may subsequently invite such other Member States to participate in the Consultation as may facilitate its deliberations.
3. The Consultation shall submit a report on the results of its deliberations and any recommendations thereon to the Twenty-Sixth Session and, if required, subsequent sessions of the Governing Council, through the Executive Board, with a view to adopting such resolutions as may be appropriate.
4. The President of IFAD is requested to keep the Executive Board informed of the progress of the deliberations of the Consultation.
5. The President of IFAD is requested to provide such assistance to the Consultation as may be necessary for the effective and efficient discharge of its functions.



THE ADMINISTRATIVE BUDGET OF IFAD FOR 2002

Resolution 128/XXV

The Administrative Budget of IFAD for 2002

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-Fourth Session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2002 in the amount of SDR 354.5 million and a total Programme Development Financing Facility of USD 26.7 million;

Having considered the review of the Seventy-Fourth Session of the Executive Board concerning the proposed administrative budget of IFAD for 2002;

Approves the administrative budget of IFAD for 2002, as contained in document GC 25/L.5 and its addendum, in the amount of USD 41 722 000 determined on the basis of a rate of exchange of EUR 1.146/USD 1.00, including a contingency of USD 165 000;

Decides that, in the event the average value of the United States dollar in 2002 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2002 bears to the budget exchange rate.